2023

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

CHAPTER 7: THE PEOPLE OF BT. MANAGEMENT OF HUMAN RESOURCES

CHAPTER 8: RISK MANAGEMENT

CHAPTER 9: CORPORATE GOVERNANCE

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	**Retail –** Freemium approach 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. Premium – additionally chargeable products and services (credit cards, BT24, NeoBT, subscription to finance solution packages).	**Companies** – Segmented approach. 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. 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.	
Relationship with the clients	Integrated offer: banking, microfinance, consumer finance, lease, asset management, brokerage etc. Consultancy & support in branches/agencies and call center, support via chatbots, self-service via internet banking, mobile banking, apps, customized services, social media.		
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.

2

2023, a Prolific Year

- Macroeconomic climate
- Romanian banking sector
- Banca Transilvania through the eyes of clients and employees
- Awards and recognition
- The impact of BT in the economy and society in 2023. Infographic
- BT, part of the community

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.

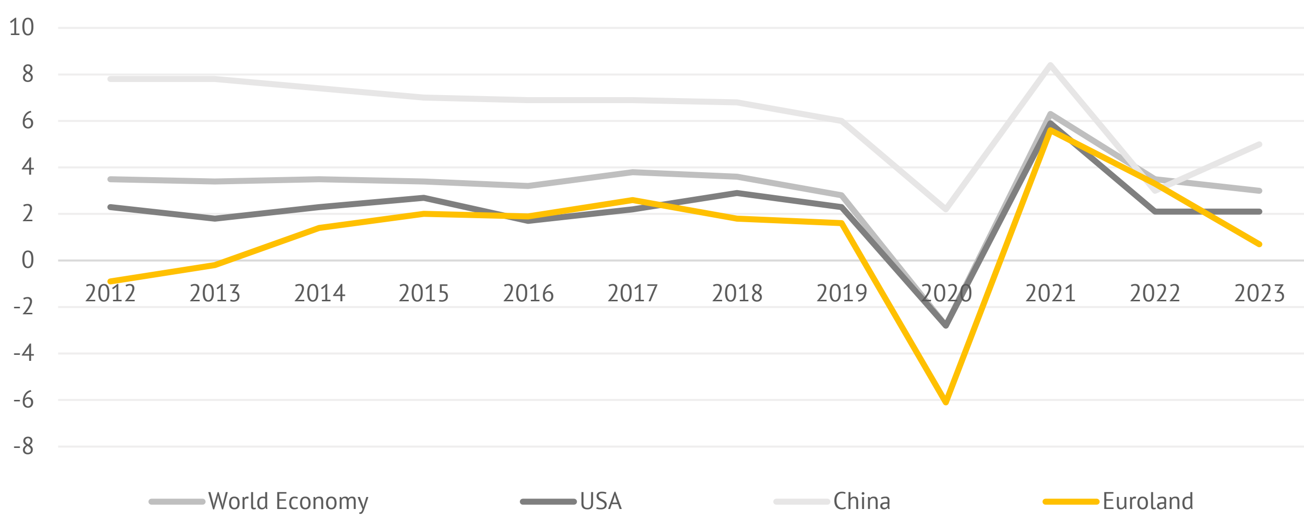
There can be noticed the increase of the value added in the services sector by an accelerating pace to 5.8% YoY in 2023. At the same time, the value added in the secondary sector rose by 4.7% YoY in 2023.

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%.

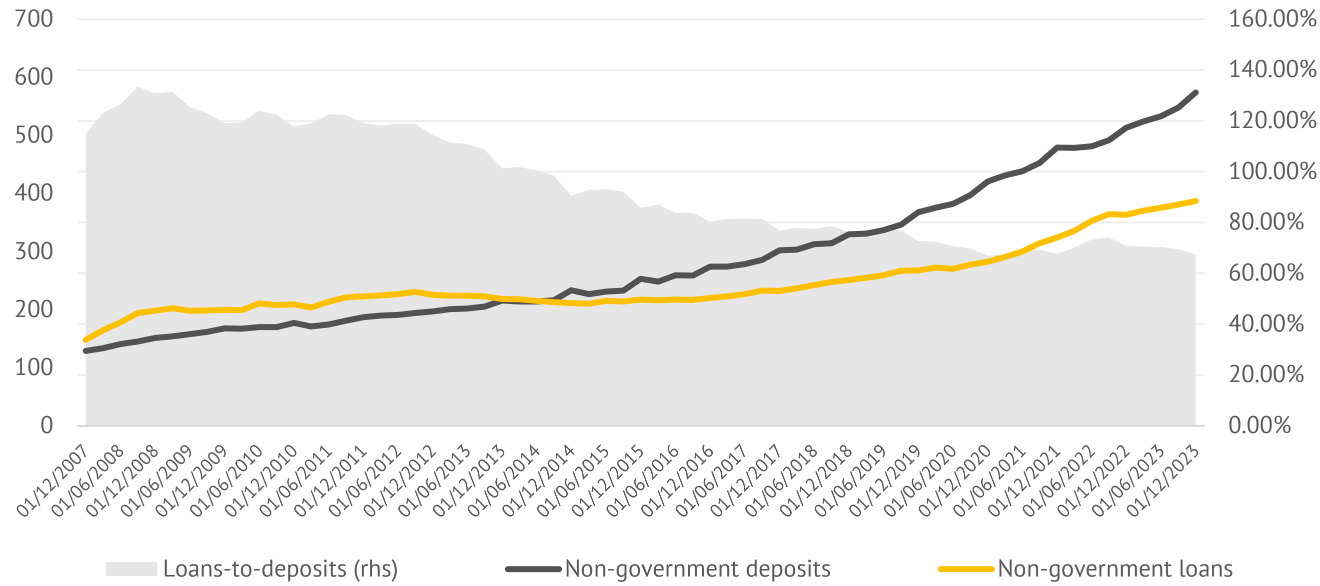
On the FX loans-to-deposits the ratio rose from 64.6% in December 2022 to 71.0% in December 2023.

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 • 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**
• 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**
• 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: • 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**
• 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	>270,000	RON 138.1 billion
BT Group Assets	New loans granted by BT in 2023	BT Group customer deposit balance in 2023

RON 2,984.2 million	RON 2,490.6 million	RON 3,501.7 million
BT Group net profit **+20%** in 2023 vs. 2022	BT Net profit **+14%** in 2023 vs. 2022	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.

3

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:

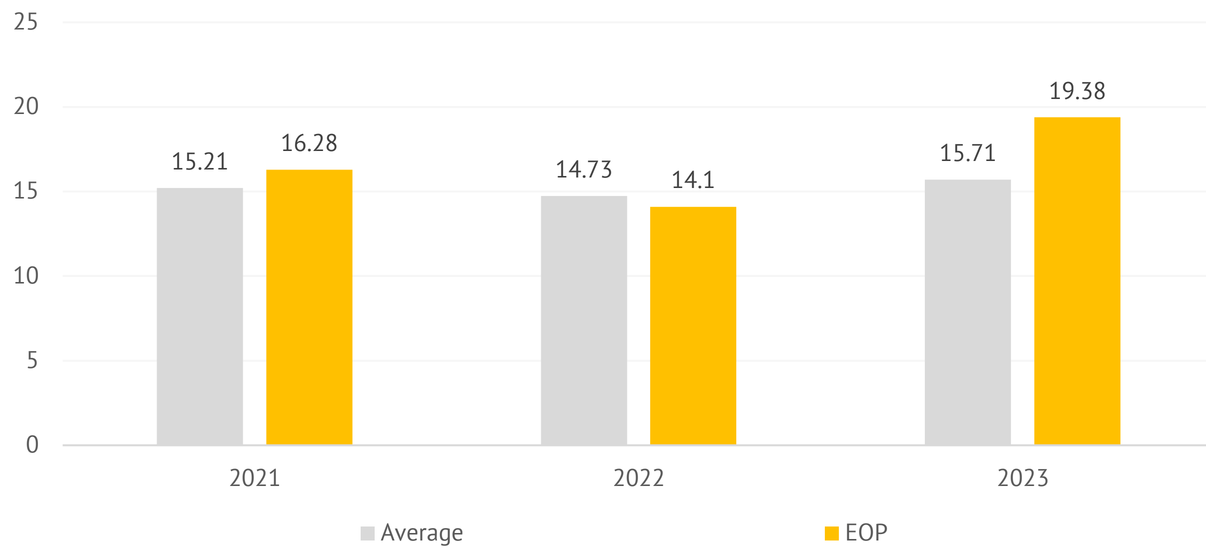
- **investor.relations@btrl.ro**
- Tel: + 40 264 407 150
- Fax : + 40 264 301 128
- **www.bancatransilvania.ro/en/investor-relations**
- **www.bancatransilvania.ro**

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 SAFPAP 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.

4

Banca Transilvania Financial Group

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

	The Bank		The Group	
Financial Information of 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
Other information				
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 Microfinanţare 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 Microfinanţare 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 Microfinanţare 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 Brâncuşi 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 Racoviţă 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 Microfinanţare IFN S.A.

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

BT Microfinancing is the largest microfinance company in Romania, working with over 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 Microfinantare was founded in 2016.
- Headquarters: Bucharest, 43 Bucureşti – Ploieşti 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 Brâncuşi 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 Brâncuşi 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, Chişinău, 60 A, Puşkin 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, Chișinău, 141, 31 August 1989 Street.

Last year, Victoriabank's firm commitment to fully acquire the shares held by BCR Romania at BCR Chișinău 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 became 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 Antrepreneur 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
Hardware IT	54.72
Software IT	236.80
Retail and cards, of which:	147.60
Hardware retail cards	29.84
Software retail cards	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**

5

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:

	BANK				GROUP		
RON Million	**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)

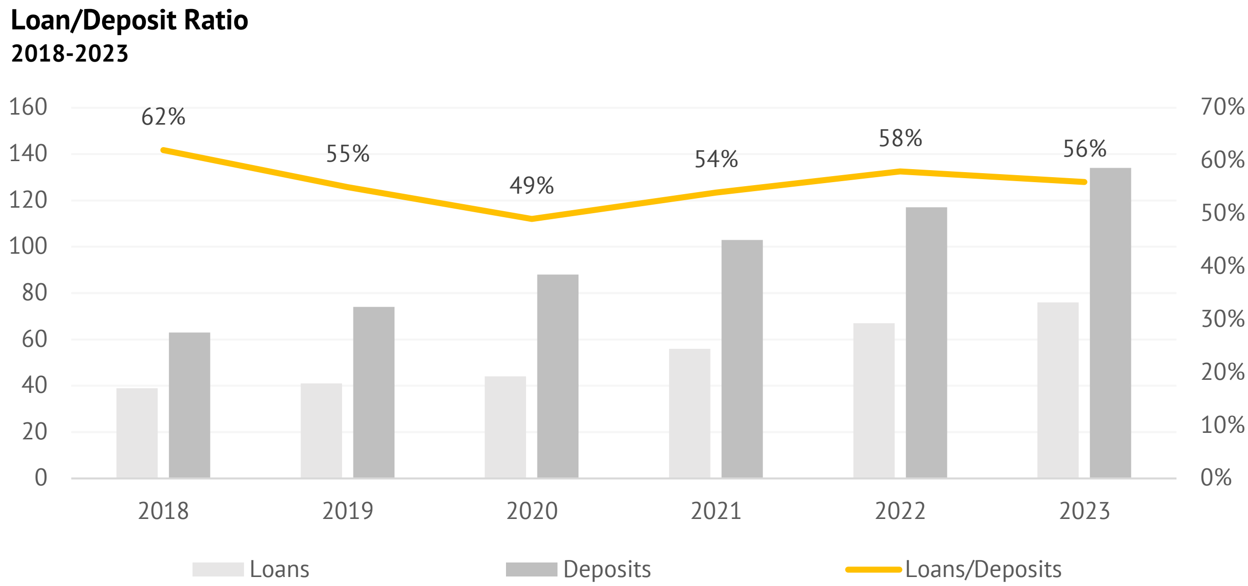
- Portfolio of securities and derivatives: +9.3% vs. last year, amounting to RON 50,076 million at bank level.
- The main component of the securities portfolio is represented by securities issued by central governments, amounting to RON 37,960 million at group level.

Fixed assets (31.12.2023)

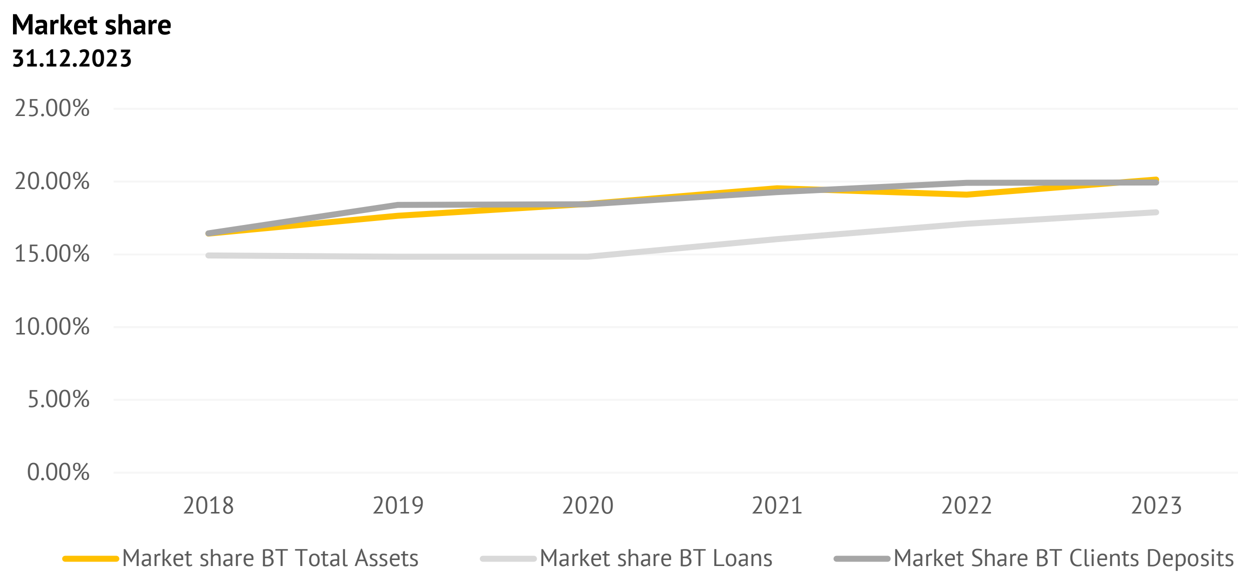
- +12.6% vs. 2022, to RON 2,889 million. A significant weight is represented by the assets related to the right of use, which as of 31 December 2023 totaled RON 698 million at bank level and RON 514 million at BT Group level. Likewise, the increase in the volume of IT investments for digitization and 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 RON 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.



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



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 **AIIB** (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 AIIB, 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:

	BANK				GROUP		
RON Millions	**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

Sustenability & 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 it's 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 it's 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 it's 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 Înțelesul 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 it's 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 I*mportance 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.

7

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 Babeș-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 Suppor** *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 though 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 or 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.

9

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 additional 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 GMS 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 Duration of the current mandate: April 2022- April 2026	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**.

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 – Independent non-executive director BoD attendance in 2023: 11 out of 11 meetings	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**.
Ivo Gueorguiev Date of first election: April 2014 Duration of the current mandate: April 2022- April 2026 Non-executive director independent. BoD attendance in 2023: 11 out of 11 meetings	Member	Alberta University, Edmonton, Canada. The CV including information about other current positions held is available **here**.
Vasile Pușcaș Date of first election: April 2012 Duration of the current mandate: April 2022- April 2026 Non-executive director independent. BoD attendance in 2023: 11 out of 11 meetings	Member	Babeş- 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**.

Mirela Bordea Date of first election: April 2017 Duration of the current mandate: April 2022- April 2026 Independent non-executive director BoD attendance in 2023: 11 out of 11 meetings	Member	Bucharest University of Economic Studies, External Trade Department. The CV including information about other current positions held is available **here**.
Lucyna Stanczak Wuczynska Date of first election: April 2022, Duration of the current mandate: April 2022- April 2026 Independent non-executive director BoD attendance in 2023: 11 out of 11 meetings	Member	Warsaw School of Economics, Poland, Master of Economics, Finance and Statistics, Econometrics and Postgraduate Studies – Advanced European Studies at the College of Europe, Bruges, Belgium, Economics and European Integration. CV, including information on current positions held in other company **here**.
Florin Predescu Vasvari Date of first election: April 2022 Duration of the current mandate: April 2022- April 2026 Non-executive director BoD attendance in 2023: 11 out of 11 meetings	Member	Graduated of Quantitative Economic Sciences, Faculty of Economic Cybernetics, Statistics and Informatics, University of Economic Studies, Bucharest, Romania, and PhD in Accounting, Rotman School of Management, University of Toronto, Canada (Specialization in Finance and Econometrics). CV, including information about current positions held in other companies **here**.

COMMITTEES REPORTING TO THE BOARD OF DIRECTORS

Audit Committee

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

Remuneration Committee

Vasile Puşcaş – 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**.
Alphabetical order		
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 Chișinău (January)

Victoriabank acquired BCR Chișinău 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 Chișinău 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

Newsroom

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.

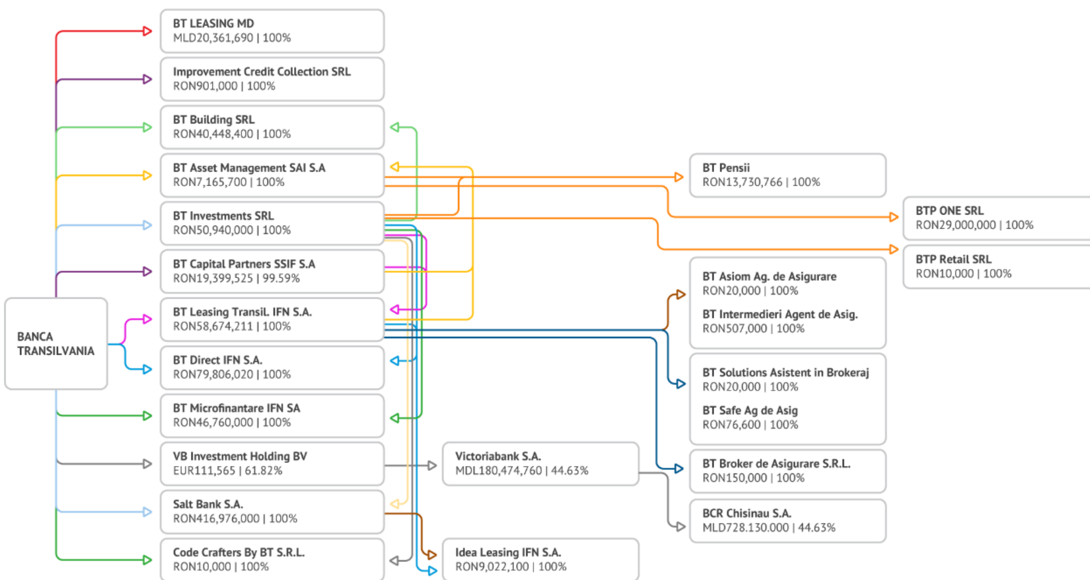
In order to facilitate the presentation of numerical information, some of the indicators presented in the report have been rounded or converted from one unit of measurement to another, e.g. from euro to lei. Therefore, in some cases, there may be small differences between the values presented and the 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 kineto 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 wel-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.

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

Victoriabank
Total investment budget: ~RON 265,000
Total number of projects supported: 17
Total number of partner organizations: 14

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.

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.

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/m3	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
of which renewable electricity	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 Argeș 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 December2023. 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 Duration of this mandate: April 2022 - April 2026 Non-Executive Director	Chairman of the BoD, RemCO Member	Polytechnic Institute Cluj-Napoca, Faculty of Automation and Computers. CV, including information on current positions held in other companies, **here**.

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 Attendance in the Board of Directors for 2023: 11 out of 11 meetings	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**.
Ivo Georgiev Date of first election: April 2014 Duration of this mandate: April 2022 - April 2026 Non-Executive Director Independent Attendance in the Board of Directors for 2023: 11 out of 11 meetings	BoD Member Chairman of the AC	University of Alberta, Edmonton, Canada. CV, including information on current positions held in other companies, **here**.
Vasile Pușcaș Date of first election: April 2012 Duration of this mandate: April 2022 - April 2026 Non-Executive Director Independent Attendance in the Board of Directors for 2023: 11 out of 11 meetings	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**.

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 2022[2] and 20.64% in 2021[3]), 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 31.12.2022[4] (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 Group[5] (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 begining 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 begining 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 begining 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 begining 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**.
Alphabetical order		
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	Babeş-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.

2023

SWIFT: BTRLRO22
C.U.I. RO 50 22 670
R.B. - P.J.R. 12 - 019 - 18.02.1999
Nr. Înreg. Reg. Com.: J12 / 4155 / 1993

ANNUAL REPORT

for the financial year 2023

In compliance with the Financial Supervision Authority's Regulation no. 5/2018

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

Contents

Issuer Identification Data

Report date: 22.03.2024
Name of the company: BANCA TRANSILVANIA S.A.
Registered office: 30-36 Calea Dorobanţilor street, Cluj-Napoca, Cluj county, code 400117
Phone/fax: 0264.407.150; 0264.301.128
Tax identification no.: RO5022670
Trade Register no. : J12/4155/1993
Registered capital, subscribed and paid: RON 7,986,582,330
The regulated market where the issued securities are traded: Bucharest Stock Exchange
Main features of the securities issued by the company:
798,658,233 NOMINAL SHARES, at the value of RON 10/share.

1. Analysis of the Bank's Activity

a) Description of the Bank's main activity

Banca Transilvania S.A. („the Bank" or „BT") is a joint-stock company headquartered in Cluj-Napoca, 30-36 Calea Dorobanţilor, Cluj county, Romania.

The Bank operates pursuant to Company Law no. 31/1990 and Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy (as subsequently amended). According to Article 6 in the Bank's Articles of Association, its main field of activity is represented by "other monetary intermediation activities".

b) The Bank's establishment date

Banca Transilvania S.A. was incorporated in December 1993 and became effectively operational on February 16, 1994. The Bank was recorded with the Trade Register under no. J12/4155/1993 on 16.12.1993; the Bank's tax identification number is RO5022670. The Bank was recorded with the Bank Register under no. RB-PJR-12-019 on 18.02.1999.

c) Significant mergers and reorganizations of the Bank, its subsidiaries or controlled companies during the financial year

BANCA TANSILVANIA S.A.
BT is a joint-stock banking institution (with foreign and domestic shareholders).
Banca Transilvania Financial Group ("the Group" or "BT Group") was established in 2003, Banca Transilvania being the main entity and parent company. The Group subsidiaries where BT has direct and indirect shareholding at the 31st of December 2023 are: Victoriabank S.A., Salt (Idea) Bank S.A., BT Capital Partners S.A., BT Leasing Transilvania IFN S.A., Idea Leasing IFN S.A., BT Investments S.R.L., Idea Broker de Asigurare S.R.L., BT Direct IFN S.A., BT Building S.R.L., BT Asset Management SAI S.A., BT Solution Asistent de Brokeraj S.R.L., BT Asiom Agent de Asigurare S.R.L., BT Safe Agent de Asigurare S.R.L., BT Intermedieri Agent de Asigurare S.R.L., BT Leasing Moldova(MD) S.R.L., BT Microfinanţare IFN S.A., VB Investment Holding B.V., Improvement Credit Collection S.R.L., BT Pensii S.A. and Code Crafters by BT S.R.L.

The Group's main fields of activity are: banking through Banca Transilvania S.A., Victoriabank S.A. and Salt (Idea) Bank S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., Idea Leasing IFN, BT Direct IFN S.A., BT Microfinanţare IFN S.A. and BT Leasing MD S.R.L., asset management through BT Asset Management S.A.I S.A., investment and brokerage through BT Capital Partners S.A. and administration of pension funds (except for those in the public system) through BT Pensii S.A.. Moreover, the Bank controls two investment funds that are also included in the consolidation and holds 31.09% shares in Sinteza S.A.

At the subsidiaries level the following significant changes took place:

BT ASSET MANAGEMENT SAI S.A.

- On 31.03.2023, the Financial Supervisory Authority ("ASF") issued the decision authorizing Mr. Dascăl Sergiu Dan as Director of the company for a new mandate (01.06.2023-31.05.2027);
- On 26.04.2023, Ms. Ilaș Ioana-Mihaela was appointed as a member of the Board of Directors in place of Ms. Nistor Gabriela Cristina, for a term of 4 (four) years starting from the date of the approval decision issued by ASF, respectively date of 25.09.2023;
- Following the appointment of Mr. Bernat Aurel of the position of Executive Director of Financial Institutions and Investor Relations within Banca Transilvania, the Board of Directors approved on 19.07.2023:
    - the termination of the mandate of Mr. Bernat Aurel as General Director by agreement parties, starting from 01.08.2023;
    - the appointment of Mr. Dascăl Sergiu-Dan as General Manager, starting on 01.08.2023 and ending on 31.05.2027;
    - the appointment of Mr. Irimiea Victor Tudor as Deputy General Director, for a term of 4 (four) years starting from the date of the approval decision issued by ASF;
- Considering the appointment of Deloitte Audit S.R.L. as auditor of the parent company Banca Transilvania, the Ordinary General Meeting of Shareholders decided on 18.09.2023 to revoke the financial auditor of the company, KPMG Audit S.R.L., and appoint Deloitte Audit S.R.L. as financial auditor of the company and of the administered funds for auditing the financial statements related to the 2023-2026 financial years.

BT BUILDING S.R.L.

- On 31.03.2023, Mr. Levon Khanikyan was appointed as the administrator of the company.

BT CAPITAL PARTNERS S.A.

- On 18.05.2023, ASF issued the authorizations by which Mrs. Daniela Secară and Mr. Vasile Mihai Milchiș were authorized as Directors of the company for a new 4-year term, starting on 28.06.2023;
- Considering the appointment of Deloitte Audit S.R.L. as auditor of the parent company Banca Transilvania, the Ordinary General Shareholders Meeting decided on 08.09.2023 to revoke the financial auditor of the company, KPMG Audit S.R.L., and appoint Deloitte Audit S.R.L. as the financial auditor of the company for auditing the financial statements related to the financial years 2023-2026.

BT DIRECT IFN S.A.

- On 31.01.2023, the mandate of the company's managers was extended, as follows:
    - Nicoleta Bott, having the position of Deputy General Director - extension of the mandate by 4 years, until 20.02.2027;

- Gabriel Gogu, having the position of Deputy General Director - extension of the mandate by 3 years, until 20.02.2026;

- On 22.06.2023, taking note of the termination of the mandate of the financial auditor KPMG Audit SRL, the company's shareholders decided to appoint Deloitte Audit SRL as the company's financial auditor with a mandate from 01.01.2023 to 31.12.2026, to audit the related financial statements financial years 2023-2026;
- On 09.08.2023, the appointment of Ms. Puhalschi Iuliana as Manager and Deputy General Director was approved for a mandate that will take effect from the date of approval by the National Bank of Romania until 01.08.2027;
- On 12.12.2023 it was approved the removal from the description of the object of activity of CAEN code 6499 - factoring operations as well as the issuance of guarantees and the assumption of commitments.

BT LEASING MD S.R.L.

- On 28.02.2023:
  - Mr. Şerban Liviu Onut was appointed as a member of the Company Council;
  - Mr. Bogdan Plesuvescu was appointed President of the Society's Council.

BT LEASING TRANSILVANIA IFN S.A.

- Starting from 01.01.2023, Mr. Mihai Nicolescu was appointed as Leader and Deputy General Director, for a mandate valid until 06.03.2026;
- Starting from 01.01.2023, Mr. Mihai Moraru resigned from the position of Leader and Deputy General Director;
- On 01.02.2023 the merger of BT Leasing Transilvania IFN with Tiriac Leasing IFN took place, a merger approved by Extraordinary General Meeting of Shareholders(“EGM”) on 23.01.2023 and registered with the Trade Register Office (“ORC”) on 26.01.2023;
- On 03.02.2023, the company's Articles of Association were updated in accordance with the amendments made to Law no. 31/1990 by Law no. 265/2022;
- On 06.02.2023, the mandate of General Director Ionuţ Morar was extended for another 4 years, until 06.03.2027;
- On 20.03.2023, the mandate of all members of the Board of Administration was extended until 08.04.2027;
- On 15.05.2023, the Board of Directors decided:
  - the appointment of Ms. Portase Corina as Leader and Deputy General Director, starting on 01.07.2023, for a mandate valid until 01.07.2027;
  - the appointment of Mr. Serban Liviu Onut as Leader and Deputy General Director, starting on 01.07.2023, for a mandate valid until 01.07.2027;
- On 20.06.2023, taking note of the termination of the mandate of the financial auditor KPMG Audit SRL, the shareholders decided to appoint Deloitte Audit SRL as the financial auditor of the company with a mandate from 01.01.2023 to 31.12.2026, for auditing the financial statements related to the financial years financial 2023-2026;
- On 20.06.2023, the shareholders decided to remove from the secondary activity object the activity "issuance of guarantees and the assumption of commitments, including credit guarantee" mentioned in the detailing of the activity with CAEN code 6499 - Other financial intermediation n.c.a. (“not elsewhere classified”);
- On 03.08.2023, the mandate of Mrs. Simona Sopon as Leader and Deputy General Manager ended, her duties being taken over by Mr. Ionuţ Morar - General Manager on an interim basis.

BT MICROFINANTARE IFN S.A.

- On 17.01.2023, the mandate was extended for the following managers of the company:
  - Şindile Cristina Dalia, having the position of General Director - extension of the mandate by 4 years, until 09.03.2027;
  - Cojocaru Dan Ioan, having the position of Deputy General Director - extension of the mandate by 4 years, until 09.03.2027;
- On 21.06.2023, taking note of the termination of the mandate of the financial auditor KPMG Audit SRL, the company's shareholders decided to appoint Deloitte Audit SRL as the company's financial auditor with a mandate from 01.01.2023 to 31.12.2026, for auditing the financial statements related to the financial years 2023-2026.

BT PENSII S.A.F.P.F. S.A.

- On 02.05.2023, ASF issued the decision authorizing the amendment of the Constitutive Act, according to EGM Decisions 5/09.06.2022 and 1/24.03.2023;
- On 07.09.2023, the Ordinary General Shareholders Meeting approved the increase of the company's capital through a cash contribution of RON 5,000,000 through the issuance of 5,000,000 new shares with a nominal value of RON 1 /share from the existing shareholders, proportional to the number of shares he owns. ASF issued on 22.11.2023 the decision approving the increase of the company's capital, from the value of RON 8,730,766 to the value of RON 13,730,766;
- Considering the appointment of Deloitte Audit S.R.L. as auditor of the parent company Banca Transilvania, the Ordinary General Meeting of Shareholders decided on 27.09.2023 to revoke the financial auditor of the company, KPMG Audit S.R.L. and the appointment of Deloitte Audit S.R.L. as financial auditor of the company and of the managed fund for auditing the financial statements related to the financial years 2023-2026.

BTP ONE S.R.L.

- On 06.04.2023, the documents related to the establishment of the company BTP One S.R.L. were issued by the ONRC Cluj, having as its sole associate the BT Property Real Estate Fund for Alternative Investments managed by BT Asset Management SAI S.A. and main activity object "Renting and subletting of own or leased real estate".

CODE CRAFTERS BY BT S.R.L.

- On 09.02.2023, Mr. Teodor Torgie was appointed as a member of the Board of Directors of the company, following the revocation of the mandate of Mrs. Gabriela-Cristina Nistor.

IDEA BROKER DE ASIGURARE S.R.L.

- Sole associate Idea Leasing IFN S.A. approved on 08.06.2023 the transfer of all 600 shares, representing 100% of the share capital of Idea Broker de Asigurare S.R.L., with a nominal value of RON 250/share, to BT Leasing Transilvania IFN S.A., transfer registered at ORC on 16.11.2023, after its approval by the ASF;
- On 23.11.2023, the sole associate BT Leasing Transilvania IFN S.A. decided to change the name of the company to BT Broker de Asigurare SRL. The decision will be registered at the ORC after obtaining the opinion from the ASF.

IDEA LEASING IFN S.A.

- On 25.07.2023, the company's shareholders decided to appoint Deloitte Audit SRL as the company's financial auditor with a mandate from 01.01.2023 to 31.12.2026, for the audit

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

of the financial statements related to the financial years 2023-2026, as well as the termination of the auditor's mandate existing.

IMPROVEMENT CREDIT COLLECTION S.R.L.

- On 21.11.2023, the General Meeting of Associates decided to revoke the financial auditor of the company, KPMG Audit SRL and appoint Deloitte Audit SRL as financial auditor, the term of office being 01.01.2023 - 31.12.2026;
- On 21.11.2023, the General Meeting of Associates decided to change the registered office of the company in the municipality of Cluj-Napoca, Constantin Brâncuşi street numbers 74-76, 2nd floor, Cluj county.

SALT BANK S.A. (former IDEA BANK S.A.)

- In November 2023, the name of the Bank was changed to Salt Bank SA, according to the General Meeting of ("GMS") decision no. 6/10/11/2023;
- From November 2023, the subsidiary Idea Broker de Asigurare SRL left the consolidation perimeter of Salt Bank, as a result of obtaining the approval of the Financial Supervision Authority for the transfer of the shares to BT Leasing Transilvania SA;
- On December 7, 2023, the bank's share capital was increased to RON 416,976,000, through the contribution of both shareholders, as follows:
  BT Investments SRL shareholder: RON 2,084,879.9
  Banca Transilvania shareholder: RON 162,915,510.2.

The activity of the subsidiaries and the Bank's shareholding in the subsidiaries are presented in ANNEX 1 of the present report.

d) Description of the acquisitions and/or sales of assets

The gross value of Banca Transilvania's investments in the Group, in accordance with the International Financial Reporting Standards endorsed by the European Union, is RON 873.3 million at the end of 2023, increasing by 23% versus 2022.

Banca Transilvania is engaged in ensuring that its subsidiaries have an adequate CAR (Capital Adequacy Ratio) level, contributing to the improvement of risk management, by involving the audit and compliance functions from within the Bank.

e) The main results of the assessment of the Bank's activity

External Audit

As a result of the Decisions of the Ordinary General Meeting of Transilvania Bank Shareholders of April 26, 2023, it was decided to appoint Deloitte Audit SRL as the bank's financial auditor for the audit of the bank's financial statements for the financial years 2023-2027, drawn up in accordance with the International Standards of Financial Reporting, according to the Order of the National Bank of Romania ("NBR") no. 27/2010 with subsequent amendments, as well as the termination of the mandate of the existing auditor. The completion of the process of approval and registration before the competent authorities of the financial auditor was completed at the beginning of August 2023.

The external auditor of the Bank – Deloitte Audit S.R.L. - has audited the separate and consolidated financial statements as at December 31, 2023.

According to the audit opinion, the separate and consolidated financial statements reflect in all significant aspects the Bank's separate financial position, the separate results and cash flows according to the International Financial Reporting Standards, endorsed by the European Union.

Internal Audit

The Audit Committee carries out its activity according to the applicable legal framework, notably: the Company law - Law 31/1990 and Banca Transilvania's Rules of organization and administration. The number of committee members and their competence are approved by the Board of Directors.

The Audit Committee supervises the performance of the external auditors, makes recommendations on their appointment and remuneration, and reviews the internal audit system developed by the Head of the Internal Audit Department, who reports to the Board of Directors for this system. The Committee has the right to make recommendations to the Board of Directors on the effectiveness of the Internal Audit Department's performance and on the remuneration of the head and staff of that department.

The members of the Audit Committee meet regularly with the external auditor of the Bank to discuss any issues related to the auditing activities, as well as the Bank's executive management answers, on these meetings being also assessed the degree of objectivity and independence of the opinions expressed by the external auditors. The Committee monitors the compliance with the legal provisions in Romania regarding the financial statements and accounting principles, compliance with the provisions of the National Bank of Romania, assesses the external auditor's report on the financial consolidate statements (IFRS), reviews and pre-approves the financial consolidated statements (IFRS) of the Bank. The full list of responsibilities delegated to the Audit Committee is mentioned in the Regulation of the Audit Committee, a regulation published on the Bank's website.

Audit Committee's Report for 2023

Audit Committee, consisting of 3 non-executive independent members, held 11 physical meetings during 2023, as well as several conference calls and meetings in absentia, in order to review, discuss and approve a number of topics ad-hoc. The degree of presence in the meetings, mentioned bellow, has been determined taking into consideration the physical presence but also the justified absences according to the Bank's policy.

The members of the Audit Committee in 2023 were the following:

- Ivo Gueorguiev – Audit Committee chairman; independent non-executive director with audit experience, attending 11 out of 11 meetings;
- Thomas Grasse – Audit Committee member; independent non-executive director with audit experience, attending 11 out of 11 meetings;
- Mirela Bordea – Audit Committee member; independent non-executive director with audit experience, attending 10 out of 11 meetings.

During the meetings held in 2023, the Audit Committee carried out the following actions:

- Analysis of the financial statements and audit report prepared by the external auditor for the year 2022, analyzing the significant accounting and reporting aspects and their impact on the financial statements;
- Monitoring of the internal control efficiency, internal audit and risk management by analyzing the specific reports provided by the Bank's control functions and other relevant reports;
- Analyzing the NBR reports and implementing the communicated recommendations;
- Implementing the recommendations of the external auditor's letter addressed to management.

The Audit Committee met the Bank's external auditor, and worked, together with the Deputy Chief Executive Officer-CFO on the Bank's financial results, audited and reviewed by the external financial auditor, making recommendations to the Board of Directors regarding their approval.

Audit planning and reporting meetings were held with the external auditor including sessions without management presence. The Committee also discussed the updated information received from the external auditor and Bank's Management on the changes to the Romanian law with impact on banks, in particular the current and forthcoming amendments to the IFRS accounting standards.

The Audit Committee also examined the robustness of the Bank's internal controls, working both with the external auditor and with the internal auditor to closely monitor any deficiencies identified in the internal control and to observe the follow-up of such deficiencies by careful analysing their remediation. Moreover, the Audit Committee has obtained information regarding the external regulatory controls (of the authorized institutions).

The Audit Committee is responsible for assessing the performance, objectivity and independence of the external auditor and for the delivery of quality audit reports.

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

Based on the auditor's declaration of independence obtained by the Audit Committee and its own assessment the Committee remains satisfied that the Bank's external auditor is independent in providing their audit services to Banca Transilvania and will continue to deal with requests for the auditors to perform non-audit services, in the limits imposed by regulation.

1.1. General items of the assessment for the financial year ended December 31, 2023

The economic environment has been volatile and uncertain both in international markets and domestically. The Romanian economy, although it grew last year by about 2%, represents only half compared to 2022 and below the forecasts of the beginning of the year. However, it also marked performances: inflation decreased to 6.7%, compared to 16% (2022), interest rates in lei and the exchange rate stabilized.

The year 2023 was a good year for Banca Transilvania Group. It grew faster than the market, continued to contribute to increasing financial inclusion, digitalization of Romanians and job creation.

The separate and consolidated financial statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union (NBR Order no. 27/2010, as subsequently amended and supplemented) are presented below:

▪ Gross profit	RON 3,128.5 million
▪ Net profit	RON 2,490.6 million
▪ Total assets	RON 161,785 million
▪ Capital adequacy ration (CAR) (without the profit of the second half of the year 2023 included)	21.61%
▪ Return on equity (ROE)	24.41%
▪ Market share in terms of assets	20.14%
▪ Liquidity Coverage Ratio	767.3%

Banca Transilvania is now rated by two international rating agencies: Fitch and Moody's. BT at it's first assessment from the international rating agency Moody's, which confirms BT's solid position.

Moody's ratings for BT, on November 2023:

- Baa2/P-2 for long-term and short-term deposits;
- Baa3/P-3 for long-term and short-term issuers;
- Stable outlook on long-term ratings;
- Long and short-term counterparty risk ratings (CRR) Baa1/P-2;
- Basic Credit Assessment (BCA) ba1 and an adjusted BCA;
- Counterparty risk (CR) assessments Baa2(cr)/P-2(cr).

1.2.Assessment of the Bank's operational level

The unit network of Banca Transilvania as at 31 December 2023: 511 functional units (excluding the Headquarters and the Regional Office in Bucharest), compared to 513 functional units at 31 December 2022. Currenly, the Bank has also one branch in Italy.

In 2023, Banca Transilvania continued to expand its ATM network, reaching 1,865 ATM terminals, out of which 616 are multifunctional ATMs. Also, the Bank owns 494 BT Express terminals used for various operations other than cash withdrawals, has over 120,000 POSs installed and collaborates with almost 6,000 e-commerce merchants.

Banca Transilvania is the leader in the card market, having 6 million cards in its portfolio, of which over 640,000 are credit cards. The transactions made with the 6 million cards increased by 22% in 2023 compared to 2022.

Description of the main products supplied and/or services rendered:

The offer of Banca Transilvania has expanded during 2023 with products, services and campaigns aimed at individuals and companies, to support its client's activities effectively and continuously.

RON operations

- cash operations;
- settlement operations;
- current accounts;

- deposits;
- loans to companies and individuals;
- online credit for individuals;
- letters of guarantee;
- payments through the Direct Debit and Standing Order systems;
- the BT Ultra-Multicash electronic service;
- Internet Banking and Mobile Banking BT 24;
- the electronic confirmation service for customs payments (Vama On-Line);
- the Trezo Direct service;
- depositing and keeping in the vault of items and other valuables that require vault storage;
- economic and financial consultancy, technical support, services at the Payment Incidents Register;
- services at the Central Credit Register;
- information on exchange rates applied for the previous period;
- operations with government securities;
- card operations in RON;
- factoring;
- project co-financing with EU Funds;
- BT Pay-wallet;

FCY operations

- operations on foreign exchange markets;
- deposits;
- loans to companies and individuals;
- cheque operations;
- payment order operations;
- operations with documentary letters of credit (export and import);
- incasso operations;
- guarantee based operations;
- transmission of letters of credit, letters of guarantee, amendments, investigations (SWIFT fees);
- transfer of FCY amounts (Western Union);
- travel visa fee payment;
- FCY card operations, etc.

New products launched in 2023:

- the launch of the BT Go application dedicated to clients of legal entities;
- deploy BT Pos App;
- adding new features in BT Pay (virtual card issuance; RCA insurance; travel insurance; BT pay Kiddo; currency exchange; setting up deposits).

In addition to the above data related to the description of the products, to the following should be point out:

a) the main markets for each product and service, as well as the methods of distribution are the domestic and international banking markets; the entire range of financial products, provided by BT and the Group's subsidiaries, are offered to customers through a unique distribution network embedded under the recognized logo of BT;

b) the weight of each product or service type in the Bank's revenues and total turnover are presented in the Consolidated and Separate Financial Statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, for the financial exercise closed on the 31st of December 2023;
c) the new products and services considered, for which a substantial volume of assets will be allocated in the next financial year, are those related to new features in the BT pay and BT Go application.

1.3. Assessment of the technical and material supply activities (domestic and foreign sources)

This item is not significant for the Bank.

1.4. Assessment of the operational activity

In the context of continuing 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 in terms of 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, digitization and infrastructure development. The financial results for 2023 confirm the expectations of the bank's management and show the strengthening of the bank's and BT Group's position on the local market.

The number of active clients increased by 8% in 2023, as compared to 2022, from 3.93 million to 4.24 million.

The number of active clients structured per business lines is the following:

Active BT clients*	12/31/2023	12/31/2022	2023/2022
Large Corporate clients	1,517	1,419	6.91%
Mid Corporate clients	11,197	10,548	6.15%
SME clients	25,358	22,438	13.01%
Micro Business clients	415,679	387,727	7.21%
Retail	3,785,742	3,509,320	7.88%
TOTAL	**4,239,493**	**3,931,452**	**7.84%**

* The classification of legal persons within the segments is regulated by internal rules which set the conditions for the classification of clients per business segments.

Banca Transilvania Financial Group Business Lines Performance

Large Corporate Customers

Within this structure, over 1,500 customers with large and sophisticated businesses are assisted by a centralized team of relationship managers and experts for structured financing. This type of setup ensures both a dedicated and careful approach to the strategic sectors and a professional individual approach.

At the Bank's level, new loans for large corporate clients were in amount of RON 10.2 billion, 23.5% more loans being granted in 2023 compared to 2022; the balance of the gross loans reached RON 24.5 billion at the end of 2023.

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.

The strategic approach focused on sectors agreed under the sustainable finance framework approved in October 2023: such as health, agribusiness, utilities and FMCG.

Mid Corporate Clients

Over 11,000 Mid Corporate companies are serviced in the Bank's network of branches. Each customer benefits from the support of a dedicated relationship manager, who offers personalized services to the clients' needs. The loans balance increased at a consolidated level by 15.8% reaching RON 11.5 billion, while the customer deposits increased by 33.9%, reaching at the end of the year the value of RON 13.4 billion.

Small and Medium Enterprises (SMEs)

This business segment has a base of over 25,000 active customers. The focus of the business line has materialized in granting approximately RON 2.9 billion new loans. Total loans balance at a Group level exceeded RON 5.4 billion, representing an increase of 17.4% as compared to the previous year.

During 2023, more than 9,100 loans were granted under government programs for SMEs: 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.

In order 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.

Micro Business Clients

Micro Business line has exceeded the benchmark of 415,000 active customers, being 7.2% higher than last year. The volume of new loans granted in 2023 was RON 2.7 billion. At the consolidated level, the balance of gross loans increased by 3.5%, reaching RON 4.8 billion.

In order to support access to finance, an important role was also played by the microfinance subsidiary, BT Mic. Micro business clients have benefited from government programs to support Romanian entrepreneurship.

Banca Transilvania continued its activity through the Stup concept to facilitate entrepreneurs' connections with service providers and products for setting up, managing, managing a business.

Retail Customers

BT has over 3.7 million digitized customers, representing 89% of the active clients. This is one of the indicators closely monitored reflecting the Bank's level of digital progress. These clients – individuals and companies use at least one of the Bank's digital solutions – BT Pay, Internet Baking or Mobile Banking.

Banca Transilvania is the market leader in the field of cards, having 6 million cards in its portfolio, of which over 640,000 are credit cards. The transactions made with the 6 million cards increased by 22% in 2023 compared to 2022.

The Bank reached over 3.5 million unique cards in the BT Pay, Apple Pay and Garmin Pay wallets. The number of phone payments increased by 48% in 2023 compared to 2022. At the same time, BT Pay money transfers are increasingly appreciated, their volume increased by 75% compared to those made in 2022.

During 2023, over 530,000 indivuals chose to become BT customers. At the end of 2023, over 1.7 million customers had one of the current account subscriptions.

Compared to the previous year, in 2023 there were 63% more interactions in the BT Visual Help application, the digital platform through which customers calling the Call Center team are guided to the digital self-service area, where they have access to account information, cards and transactions and can perform some card specific actions using the phone. The month-over-month increase was steady, reaching 3.5 million in 2023.

Over 110,000 consumer loans, worth approximately RON 4.4 billion, were granted during 2023.

More than 16,000 mortgage loans were granted with BT's help, the amount granted being over RON 3.6 billion. The balance of mortgage/real estate loans is RON 18.7 billion.

Treasury

The Treasury activities in Banca Transilvania are complementary to other products and services offered to the customers of the Bank's five business lines.
The principles and the strategic objectives linked to the treasury activities are:

- The principle of precaution - with respect to the management of the Bank's liquidity surplus, the maturity date of assets and debts, the interest rate structure and the market risks to which the Bank is exposed, in accordance with the risk limits established in the Bank's Risk Strategy and/or the regulations governing the Romanian banking sector;
- The principle of dispersion - concerning the counterparty exposures resulting from all specific treasury operations;
- Income maximization - under prudent conditions and considering the estimated multiannual evolution of the cyclical macroeconomic indicators.

Following the general trend of the increasing number of operations at the entire Bank's level, the foreign currency exchange was also stimulated, showing an increase of the net income, which grew with approximately 20% on a consolidated level compared to the previous year, reaching a level of RON 685 million in 2023.

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

2023 Statement of Financial Position

The situation of the financial position in 2023 in accordance with the International Financial Reporting Standards adopted by the European Union (NBR's Order No. 27/2010 as subsequently amended and supplemented) is presented below:

BT ended the year 2023 with total assets amounting to RON 161,785 million, 20.8% higher compared to the end of 2022. At consolidated level, total assets amounted to RON 169,169 million.

Loans portfolio: At the end of 2023, Banca Transilvania's gross loan portfolio balance was 12.5% higher than at the end of 2022, even though in 2023 write-offs in amount of RON 103.8 million were performed.

Non-performing loans overdue for more than 90 days represented 1.62% of Banca Transilvania's total loan portfolio; non-performing loans according to EBA requirements was 1.98% as at 31st December 2023.

Provision balance: In 2023, Banca Transilvania recorded a net impairment allowance on financial assets on other risks and loan commitments in amount of RON 373 million (including recoveries from previously written-off loans).

The high level of provisioning reflects the Bank's prudent and preventive approach as well as the recommendations of the NBR and EBA.

The coverage of non-performing loans with mortgage collateral and specific provisions remained at a comfortable level of 120%, in accordance with the Bank's risk appetite. The total balance of adjustments (impairment allowances) was RON 4,371 million as at December 31, 2023, increasing by 8.6% versus the previous year. The category Provisions for other risks and loan commitments increased by 28% year-on-year, the largest increase being represented by provisions set up for risks and expenses (mainly related to litigation), while the provisions for lending commitments, financial guarantees and other given commitments, decreasing during the year at the bank level.

Cash and current accounts with Central Bank: Cash and current accounts with Central Bank amounted to RON 22,286 million, being approximatively 76.2% higher compared to the previous year, but above the minimum acceptable level required by the Bank to cover liquidity risk. Cash and current accounts with Central Bank consist mainly of cash on hand and placements with central banks, 82% of the total balance being represented by the minimum required reserve held with the NBR.

Placements to banks and public institutions: At December, 31 2023, placements to banks include rever-repo bills, term deposits, loans and advances to credit insititions with maturity lower than three months which all are included in the individual and consolidated cash flows and represent RON 12,619 million, above the value at the end of 2022, the increase being due to the position Sight, collateral and term deposits with other banks and public institutions.

Securities: Securities and derivative financial instruments increased by 9% versus last year, reaching RON 50,076 million, at the Bank's level, growth driven by the debt instruments category. The securities issued by the Central Administrations have the largest weight in this category, amounting to RON 37,745 million.

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

Fixed assets increased by 13% versus 2022, to RON 2,889 million. The largest increase compared to last year is represented by intangible assets (+31% at Bank level, respectively +37% at Group level). Financial assets represent RON 873 million, tangible assets RON 755 million, and assets related to the right of use, RON 698 million.

Customer deposits: Deposits increased further by 15% versus the previous year. As at December 31, 2023, 64% of customer deposits are retail deposits, while 36% represent company deposits.

Loan/deposit ratio for the Bank was 56.5% at the end of 2023.

The capital adequacy ratio with the annual profit included continues to be at a comfortable level of 23.58%. The Bank preserved an adequate level of capital and of general financial ratios, in accordance with the prudent banking practices.

The equity of Banca Transilvania as of 31.12.2023 amounted to RON 11,829,366,611, of which:

- The share capital registered with the Trade Register at December 31, 2023 is represented by 798,658,233 shares with a par value of 10 RON/share, plus RON 86,501,040 as capital adjustment to inflation and surplus from the revaluation of fixed assets, used for the share capital increase but not realized until the date of the transition to the International Financial Reporting Standards adopted by the European Union;
- Premiums for conversion of bonds into shares: RON 28,613,972;
- Statutory reserves: RON 1,037,130.226;
- Banking risks reserves: RON 77,892,714;
- Reserves from change in fair value of financial assets measured at fair value through other comprehensive income, net of tax: RON -1,498,237,389;
- Reserves from the revaluation of tangible and intangible assets, net of tax: RON 28,738,049;
- Retained earnings (excluding the profit for the year and profit distribution): RON 1,912,911,684;
- Own shares: RON -12,982,146;
- Profit for year: RON 2,490,571,678;
- Profit distribution: RON -308.355.548.

Cost/Income ratio recorded a comfortable level of 45.6% in 2023, decreasing from 49.7% at the end of the previous year. This ratio is under strict supervision, operating efficiency continuing to be one of the Bank's objective for 2023.

Operating income increased significantly during 2023, reaching RON 6,437 million, higher by 20.1% than the previous year.

The most important income categories are the following:

- Net interest income: RON 4,319 million in 2023, at the Bank level, respectively RON 5,257 million at Group level, thus registering increases of 18%, respectively 19% compared to the previous year. The increase in net interest income was impacted by a higher number of loans granted and by the general increase in interest rates.

- Net commission income: Net commission income increased by 11%, reaching RON 1,106 million. Both influenced by the restrictions imposed during the pandemic and thanks to new digital solutions, card transactions increased by 22%, compared to the previous year, in a context in which the bank offered more solutions for transparency and open banking, speed and reactivity in work systems and customer service and support.
- Net trading income: This income category decreased by 10% at the Bank level and by 4% at the 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.
- Net gains/(losses) on financial assets measured at fair value through other comprehensive income registered a positive value of RON 166 million at the Bank level.
- Net gains/(losses) on financial assets designated mandatorily at fair value through profit or loss registered a positive value of RON 178 million at the Bank level.

Operating expenses before the net impairment allowance and provisions for other risks and charges and loan commitments amounted to RON 2,935 million as at the end of the year at the Bank level, versus RON 2,661 million as at the end of 2022. The increase in operating expenses was mainly mainly generated by the intensification of inflationary pressures due to the increase in the number of employees, maintenance expenses due to the process of automation and digitization of operational products and processes, and then inflationary pressures.

Personnel expenses: At the Bank level, this category of expenses increased by 17% compared to the previous year, as a result of the expansion of the employee base and the increase in benefits for them, while at the Group level, these grew by 19%.

The Bank also continued the program for performance rewarding, the Stock Options Plan, based on which the employees with good performances may exercise their right to purchase at a preferential price or to receive free of charge a certain number of shares issued by the Bank. The program generated for the Bank expenses worth of RON 64.6 million, down 30% compared to 2022.

Operational result at the level of the Bank is 30% higher than that of the previous year, reaching RON 3,502 million, while at the Group level, it reached RON 4,219 million lei, 28% above the one achieved in 2022.

Net provision expenses: amounted to RON 373 million, +34% compared to last year's level, as a result of the increase in the loan portfolio and in line with the prudent and preventive approach of the Bank's risk policy, in a macroeconomic context with moderating tendencies of inflationary pressures and decelerations in the economic growth rate.

Gross profit achieved by the Bank in 2023 was of RON 3,128 million versus RON 2,421 million in the previous year, increasing by 29%. At Group level, the gross profit was RON 3,706 million, as compared to RON 2,801 million in the previous year.

The net profit achieved in 2023 by Banca Transilvania S.A. is RON 2,491 million, up by 14% compared to the level of RON 2,178 million in 2022. At the level of the Banca Transilvania Financial Group, the net profit is RON 2,984 million compared to RON 2,488 million recorded in the previous year.

1.5. Assessment of the aspects related to the Bank's and the Group's employees/staff

The Bank's number of active employees as at December 31, 2023 was 9,547 (2022: 9,109 employees). The values include the number of employees of BT Italy.

The Group's number of active employees as at December 31, 2023 was 11,841 (2022: 11,256 employees).

The average age of employees in 2023 was 38 years (2022- 38 years). Breakdown per genders 2023: 73% women and 27% men (2022- 74% women and 26% men).

Within Banca Transilvania S.A., the employment relations in 2023 were regulated by the Collective Labor Agreement no. 319/09.12.2019, starting with August 2023 by the Collective Labor Agreement no. 237/17.08.2023 and the Internal Regulations (R.15.9.13). The relationships between the manager and the employees and any conflicting elements that have arisen, have been investigated and resolved based on these regulations.

The priorities of the human resources department continued to be in 2023: ensuring a constructive working climate, health, protection and safety of employees and their families, quality selection and recruitment, continuous professional and personal development of all colleagues, career plan for the network and some departments from the Headquarter, the development of management and leadership skills for all levels of coordination and management with the objective of supporting and sustaining the work of subordinate colleagues. All of this had a decisive impact on the bank's performance, increasing employee retention and commitment to the bank.

1.6. Assessment of the aspects related to the environmental impact of the issuer's main activity

Although at the level of the banking system the environmental impact is largely indirect, generated by the projects that the Bank chooses to finance, and by some of the daily administrative activity.

BT received EUR 100 million from International Finance Corporation ("IFC") and EUR 100 million from Asian Infrastructure Investment Bank ("AIIB"), as part of a EUR 200 million subordinated bond issue. BT committed to to invest these funds in green mortgages (EPC level A).

RON 827 milion of green mortgages were granted in 2023. 15% of mortgages granted in 2023 qualify as green (EPC grade A).

Over 7.5% of the total retail loan portfolio is represented by green loans, amounting to RON 2.2 billion.

1 in 2 leasing financings granted by BT Leasing in 2023 were for hybrid and/or electric vehicles, amounting to RON 840 million. 30% of the total leasing portfolio is for the hybrid and electric vehicles.

Financing to renewable energy projects increased by 200%, while special climate projects, including water efficiency, increased almost 4 times.

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

BT published it’s first Sustainable Financing Framework, in November 2023, which is endorsed by a Second Party Opinion issued by Sustainalytics. The bank attracted EUR 500 million in its first sustainable bond issue. 57% of the issue was subscribed by investors with a dedicated ESG investing policy.

Banca Transilvania has committed to support Via Transilvanica through a strategic partnership, for at least three years, with Tășuleasa Social. BT contributes to this project financially, and through volunteering and promotion activities.

Via Transilvanica - The road that unites the country is addressed to people of all ages, who want to discover places, history, culture and communities as well as to do outdoor activities. The 1,400-kilometre-long route links the country diagonally from Putna to Drobeta Turnu-Severin, passing through 10 counties.

The collaboration between Banca Transilvania and the Tășuleasa Social Association has a ten-year history, through the volunteer afforestation programs, i.e. Transylvania Forest. Over the years, BT, Tășuleasa Social and more than 15,000 volunteers have afforested a total area of 75 hectares with 450,000 seedlings, in several counties of the country.

1.7. Assessment of the research and development activities

The research and development activity consists of investments in technology, digitization, innovation, and process improvement/simplification.

1.8. Assessment of the Bank’s activity regarding risk management

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

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

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

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 lending 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 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.

With a view to responsible lending, in the financing process within Banca Transilvania, the following will be taken into account:

- strict funding of those activities that comply with applicable national environmental, health and safety laws and regulations;
- 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 constantly 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.

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

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 though an efficient allocation of the resources attracted from customers, in the context of a proper management, consciously assumed and adapted to the market conditions, the current legal framework and the development targets of the BT Financial Group. Liquidity management is realized centrally and aims to combine prudential requirements with profitability requirements.

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

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

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

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

During 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 banking operational risk, Banca Transilvania:

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

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

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

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

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

- 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 components of the portofolio of financial instruments (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.

In order to ensure sound strategic risk management, the BT Group conducts regular reassessments of its business strategy, draws up plans for the introduction of new business lines, products and services, for the expansion of existing services and for the infrastructure consolidation. The Group also performs analyzes of the environment in which it operates in order to highlight the strategic risk factors to which it is exposed.

Systemic Risk

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

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

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

Compliance Risk

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

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

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

The appetite for compliance risk in Banca Transilvania was set in 2023 as *low*.

Capital Adequacy

Capital adequacy means the process of identifying, measuring, managing and monitoring 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 process of evaluating the adequacy of capital to risks is to establish the directions of action for:

- ensuring the necessary capital for the good performance of the activity;
- ensuring the maintenance of a level of own funds that is permanently at least at the level of capital requirements (established by EU/national regulations in the field and internal provisions) to cover risks.

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

Also, the internal process of evaluating the adequacy of capital to risks is integrated into the general risk management practices, by using it in:

- the strategic planning process at group level;
- ensuring the continuous effectiveness of the risk appetite framework;
- risk management process, capital management, including anticipatory financing strategies;
- monitoring of capital adequacy indicators in order to identify and assess potential threats in a timely manner;
- obtaining practical conclusions and undertaking preventive actions.

In order to determinate the minimum capital requirement, Banca Transilvania and Banca Transilvania Financial Group use the following approaches:

- Credit risk: risk-weighted assets are calculated based on the standard approach;
- Market risk: capital requirements with respect to the exchange risk and the trading portfolio are calculated based on the standard approach;
- Operational risk: the basic approach is used to calculate 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 (core tier 1, additional tier 1 and tier 2) on the one hand and risk-weighted assets (RWA) on the other hand.

Internal and exteranl 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 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 SRL - has audited the individual and consolidated financial statements of the bank as at December 31, 2023.

1.9. Aspects related to the perspectives of the Bank's activity

During the Extraordinary General Meeting of Transilvania Bank, which took place on October 18, 2022, financing with bonds with a value of up to EUR 1 billion was approved, through separate issues, carried out over a maximum period of ten years. The bonds are intended for institutional investors - local and international, and the bond issues provided for in the framework plan will support the fulfillment of the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirements and the financing of the economy and the population.

European standards require banks to permanently ensure an optimal level of MREL eligible funds. They cannot be made from deposits made by customers, guaranteed by the Bank Deposit Guarantee Fund. The instruments will not benefit from the guarantee and will not be convertible at the initiative of the investors.

Following the success of the bond issue approved in October 2022, at the Extraordinary General Meeting of Transilvania Bank, on September 29, 2023, a program of corporate bond issuances, denominated in EUR and/or RON and/or in another currency, as the case may be, under market conditions in terms of interest rate, with a maturity of maximum 10 years, was approved, with the annual or semi-annual coupon frequency, for an amount not exceeding EUR 1,500,000,000 or equivalent, based on a flexible structure, through several separate issues, running for a maximum period of 5 years.

The first tranche of the *EUR 1,500,000,000 Euro Medium Term Note Programme (EMTN 2023)* was issued on November 29, 2023. This bond issue is the first with an ESG label for Banca Transilvania, with a social component (minimum 50%) and a green one. The bonds are MREL type.

For the year 2024, the Bank proposes the following qualitative and quantitative objectives:

Qualitative objectives:

- Supporting lending and the development of the Romanian economy in the coming period, in the volatile and challenging context, including inflationary pressures, energy crisis, geopolitical tensions, crowded electoral calendar locally and globally. At the same time, BT will remain a reliable partner for national and European programmes aimed at supporting companies and the population, access to finance, implementation of projects at national level (infrastructure, administration reforms, digitalization and transition to a more sustainable economy);
- Strengthening our position as the largest lender in Romania through organic growth and maintaining our interest in acquisitions or mergers with entities that can bring added value for our clients;
- Consolidating the position of top player in all business segments: leasing, asset management, financial intermediation, etc. and increasing synergies between group companies;
- Implementing the 2024 milestone of our multi-year sustainable growth plan through the continued development of the BT Group team's ESG competencies, of sustainable finance products and programmes for our customers and the incorporation of sustainability principles into all our activities. A significant complementary role to the multi-annual plan will be played by the independent ESG assessment;
- Digital: a constant focus on automating operations and innovating interaction flows for the benefit of customers, through investments in technology, digitization initiatives and the related infrastructure;
- Building the first 100% digital bank in Romania: for the next period, one of BT's priorities is the operationalization of the first fully digital bank, which is able to offer the target segment of customers a complete offer of banking products and services, which can be accessed 100% securely online.
- Updating an organizational culture characterized by values of collaboration and functional interaction, diversification and continuous adaptation to changes in the business environment through 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%

The development plan for 2024 is presented in the table below:

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

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.

The Bank estimates a growth rate of 10.3% for total assets as compared with previous period (up to RON 178,789 million). The structure of assets is projected to comprise a weight of 45.6% of gross loans, a weight of 22.5% of cash and cash equivalents and a weight of 30.7% of investments in treasury bills.

Regarding the structure of liabilities and equity forecasted for 2024, the Bank considered a growth rate of resources from non-banking clients of 9.1% as compared with 2023, meaning a weight in total liabilities of 89.0%.

The 2024 budgeted ratios subject to the GMS approval are determined so as to support the business objectives and are correlated with the specific prudential and supervisory standards.

2. The Bank's Tangible Assets

2.1. Location and properties of the main production capacities owned by the Bank

Until now, the Bank currently owns tangible assets in the form of buildings, which represent the offices of its subsidiaries/agencies located in: Bistrița, Brașov, Bucharest Obor, Cluj-Napoca, Bucharest Regional Office, Bucharest Cash Processing Center, Cluj-Napoca Cash Processing Center, Constanța, Dej, Deva, Drobeta Turnu-Severin, Miercurea-Ciuc, Râmnicu-Vâlcea, Turda, Zălau, Suceava, Iași, as well as four buildings accommodating the Bank's Headquarters. The other locations where BT units are currently operating are rented offices.

2.2. Description and analysis of the degree of wear and tear of the Bank's properties

The net tangible assets as at 31 December 2023 amount to RON 755.41 million, of which 37% are buildings and land. The majority of real estate properties were recently built or refurbished.

A detailed analysis of the Bank's fixed assets is presented in the Notes to the Financial Statements.

Tangible assets do not include rights-of-use assets recorded in accordance with IFRS 16.

2.3. Notes on the potential issues related to the ownership of the Bank's tangible assets

Not applicable.

3. The stock exchange where the securities issued by the company are traded

3.1. Romanian and foreign markets where the securities issued by the Bank are traded

As of 15.10.1997 (the first trading day), Banca Transilvania became the first Romanian banking institution listed on the Bucharest Stock Exchange. The Bank's shares are indivisible common dematerialized nominal shares.

At the beginning of 2023, the share capital registered with the Trade Register was RON 7,076,582,330.

As a result of the Decisions of the Extraordinary General Meeting of Transilvania Bank Shareholders of April 26, 2023, it was decided to increase the share capital by the amount of RON 910,000,000 by issuing a number of 91,000,000 new shares, with a nominal value of 10 RON/share. The increase of the share capital was achieved by incorporating the reserves constituted from the net profit of the year 2022, in the amount of RON 910,000,000, by issuing a number of 91,000,000 shares with a nominal value of 10 RON/share, for the benefit of the shareholders registered in the Shareholders' Register held by the Central Depository. Therefore, the new share capital is RON 7,986,582,330, respectively 798,658,233 shares with a nominal value of RON 10/share.

The legal procedures for registering the capital increase at the National Trade Register Office, ASF and the Central Depositary were finalized in the second part of 2023, and the capital increase became effective on 24th of July 2023.

The share capital structure as at 31.12.2023 and 31.12.2022 was as follows:

Shareholders	31-Dec-23	31-Dec-22
NN Group (*)	9.36%	10.11%
European Bank for Reconstruction and Development (EBRD)	6.87%	6.87%
Romanian individuals	22.37%	22.2%
Romanian companies	45.13%	43.11%
Foreign individuals	1.09%	1.05%
Foreign companies	15.18%	16.66%
Total	**100%**	**100%**

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

The Bank's market cap as at 31 December 2023 was RON 19.4 billion, respectively EUR 3.9 billion (31 December 2022: RON 14.1 billion, respectively EUR 2.85 billion).

3.2. The Bank's policy regarding dividends

In 2023, the Bank distributed the profit of 2022 (RON 897,540,893) as well as part of the reserves of the previous years (RON 4,914,768.77 from the net profit reserves of the previous years) as cash dividends in a total amount of RON 902,455,661.77, the gross value of the dividend per share being RON 1.13.

In 2022, the Bank distributed cash dividends in amount of RON 800,000,000 from the profit of 2021, the gross value of the dividend per share being RON 0,1267533618.

In 2021, the Bank distributed the profit of 2020 (RON 425,754,277) as well as part of the reserves of the previous years (RON 74,245,723 from the net profit reserves of the previous years – 2019) as cash dividends in a total amount of RON 500,000,000, the gross value of the dividend per share being RON 0.0792210443.

In 2020, the Bank distributed cash dividends in amount of RON 600,000,000 from the profit of 2019, the gross value of the dividend per share being RON 0.1150286771.

In 2019, BT distributed cash dividends in amount of RON 818,565,850 from the profit of 2018, the gross value of the dividend per share being RON 0.17.

In 2018, BT distributed cash dividends in amount of RON 610,000,000 from the profit of 2017, the gross value of the dividend per share being RON 0.140506.

In 2017, BT distributed cash dividends in amount of RON 219,000,000 from the profit of 2016, the gross value of the dividend per share being RON 0.060065.

In 2016, BT distributed cash dividends in amount of RON 1,200 million from the profit of 2015, the gross value of the dividend per share being RON 0.396558.

BT also distributed cash dividends in amount of RON 50 million from the profit of 2008, when the gross value of the dividend per share was RON 0.047200.

In the other years, the policy of Banca Transilvania regarding profit distribution was focused on capitalization.

Proposals regarding the distribution of profit for the financial year 2023

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 registred 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 inflatation of the share capital and surplus from the re-evaluation of fixed assets used to increase the share capital.

3.3. The Bank's share buyback activities

The share buyback from 2023 are part of the program approved by the Decisions of the Ordinary and Extraordinary General Meeting of Shareholders of Banca Transilvania dated 26.04.2023 when the Board of Directors of Banca Transilvania S.A. has approved the buyback by the Bank, in accordance with the applicable legal provisions, under the following terms and conditions: up to 5,000,000 shares (0.71% of the total shares included in the share capital) with a nominal value of RON 10/share at a minimum price equal to the market price on BSE at the moment of the buyback and a maximum price of RON 30 for a period of maximum 18 months as of the publishing date of the EGMS resolution in the Official Gazette of Romania, Part IV, part of a stock option plan with the purpose of implementing a remuneration program and a personnel incentive program for a period of at least 3 years as well as the payment of fixed remuneration, and the granting of a mandate for the Board of Directors for the enforcement of this resolution.

3.4. The number and nominal value of the shares issued by the parent company and owned by the subsidiaries

As at 31.12.2023, BT Group has in balance the amount of RON 15.3 million own shares at acquisition value (~2.1 milion shares), which are held by BT INVEST1, a Group subsidiary.

BT group subsidiary	Number of shares held	Nominal value at 31.12.2023	Percentage held of the Bank's share capital as at 31.12.2023
BT INVEST1	2,112,261	21,122,610	0.26%
Total BT Invest1 shares held	**2,112,261**	**21,122,610**	**0.26%**

3.5. Bonds issued by the Bank

In 2013 Banca Transilvania issued a number of 50,000,000 unsecured subordinated convertible bonds, due in 2020, each with a nominal value of EUR 0.60, and a total nominal value of EUR 30,000,000. These are nominal, dematerialized bonds.

As at 31 December 2013 the Bank had a balance of issued subordinated term bonds of EUR 30 million.

On 3.11.2014, BT converted 33,453,730 bonds with a nominal value of EUR 20,072,238 into 49,444,546 shares.

As at 31 December 2014, the Bank counted 16,546,270 outstanding subordinated bonds, amounting to EUR 9,927,762.

As at 31 December 2015, the Bank counted the same 16,546,270 outstanding subordinated bonds, amounting to EUR 9,927,762.

As at 31 December 2016, the Bank had a balance of 16,507,930 issued subordinated bonds, amounting to EUR 9,904,758.

In 2017, the Bank converted bonds in amount of EUR 2,122, equivalent to RON 9,683, amount that was used as follows: RON 3,483 for the increase of the share capital and RON 6,200 for the constitution of the capital premiums.

The value of convertible bonds as at 31.12.2017 was EUR 9,902,636, equivalent of RON 46,143,312 (31.12.2016: EUR 9,904,758, equivalent of RON 44,978,497).

As at 31 December 2017, the Bank had a balance of 16,504,393 issued subordinated bonds, amounting to EUR 9,902,635.8.

As at 31 December 2018, the Bank had a balance of 16,504,393 issued subordinated bonds, amounting to EUR 9,902,635.8, equivalent of RON 46,184,903, plus 2,850 bonds with a nominal value of EUR 100,000 (31.12.2017: EUR 9,902,636 equivalent of RON 44,978,497).

During 2018, Banca Transilvania S.A. issued 2,850 bonds, with a nominal value of one bond amounting to EUR 100,000. The bonds were made available for subscription through private

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

placements to a limited number of eligible investors. The private placement of Equity Tier 2 bonds, subordinated unsecured, denominated in EUR, with a interests equal to the EURIBOR6M + 3.75% per year, maturity in 2028, with a total face value of EUR 285,000,000 (being in equivalent of RON 1,410,009 thousand at December 31, 2022), was finalized on June 26, 2018, the settlement date being June 28, 2018, and the maturity date June 28, 2028. The bonds became tradable on the regulated spot market managed by the Bucharest Stock Exchange under the ISIN code ROTLVADBC023 and the TLV28E symbol starting with July 6, 2018.

As at 31 December 2018, in the balance there were subordinated bonds issued by the Bank amounting to EUR 294,902,635.80, equivalent of RON 1,375,396,403.11.

In 2019, the Bank converted a total of 8,920 bonds amounting EUR 2,122, equivalent of RON 9,829, amount that was used to increase the share capital.

As at 31 December 2019, in the balance there were subordinated bonds issued by the Bank amounting to EUR 294,897,283.8, equivalent of RON 1,409,402,588.5.

As at 31 December 2020, in the balance there were subordinated bonds issued by the Bank amounting to EUR 285,000,000, equivalent of RON 1,387,779,000.

In 2020, the Bank converted bonds amounting to EUR 83 thousand, equivalent to RON 391 thousand, an amount that was allocated as follows: RON 173 thousand to increase the share capital and RON 218 thousand to share premiums.

The balance of convertible bonds in amount of EUR 9,814 thousand, equivalent to RON 47,523 thousand, was repaid on May 22, 2020. At December 31, 2020 the balance of convertible bonds was RON 0 (zero).

During 2021, the Bank did not issue bonds.

During 2022, the Bank did not issue bonds.

In 2023, within the *EUR 1,000,000,000 Euro Medium Term Note Program*, Banca Transilvania issued bonds totaling EUR 790,000,000, with ISIN XS2616733981, annual interest rate 8.875% and maturity 27.04.2027.

The first tranche of the *EUR 1,500,000,000 Medium Term Note Programme (EMTN 2023*) was issued on 29 November 2023 for EUR 500,000,000 with ISIN XS2724401588, a rate of 7.25% per annum and maturity 07.12.2028. This bond issue is the first with an ESG label for Banca Transilvania, with a social component (minimum 50%) and a green one.

4. Bank Management

Corporate governance plays an essential role in increasing the performance of Banca Transilvania. Gives a strategic direction, helpd to achive the goals, to properly manage the riscks and resources to be used responsibly. It is the fundamental of BT's business model: sustainable with possitive impact.

Banca Transilvania uses the Code of Corporate Governance of the Bucharest Stock Exchange, considering the former's capacity as issuer on the capital market and applies the principles defined by the latter. The Code of Corporate Governance of BSE is available of the official website of BSE (ww.bvb.ro). Currently, there are no provisions of the Code for which compliance is not ensured by Banca Transilvania.

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

The General Meeting of Shareholders (GMS)

The strategic management of the Bank is ensured by the General Meeting of Shareholders which is in charge of establishing strategic organizational objectives and of allocating the required resources for the achievement thereof.

The Board of Directors

Banca Transilvania's management structure includes the supervisory management body, i.e. the Board of Directors and the top management bodies, i.e. the Leaders/Leaders' Committee.

The Bank's top management is ensured by individuals, who are mandated with the current management activity of the credit institution and are responsible for the fulfilment of these responsibilities towards the management body, based on the management agreements, the relevant NBR regulations, the legal requirements of Law 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 administrators 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 Board of Directors (BOD) is the body responsible with the guidance, coordination, supervision and control functions, as stipulated by the specific regulations issued by the NBR. In Banca Transilvania, the Board of Directors has the following structure:

- Chairman of the Board of Directors of BT;
- 6 administrators - members of the Bank's Board of Directors.

The eligibility criteria for joining the Board of Directors are those stipulated in the specific legislation (Law no.31/1990- company law, Gov. Ordinance no.99/2006 and the specific NBR regulations), as well as those stipulated in Banca Transilvania S.A.'s Articles of Association.

Subsequent to the shareholders approval within the GMS and before the beginning of the mandate, the newly appointed members must obtain the approval from the National Bank of Romania.

The Board of Directors' members are not involved in the fulfilment of operational tasks - this being a responsibility awarded to the top management.

Board of Directors' Attributions:

- Follows the completion of the strategy and the established objectives mentioned in the policy statement approved by Shareholders General Assembly and in the midterm Strategic Plan, approves and revises, at least once a year, the general strategies and the policies related to Bank's activity;
- Approves the Business Plan and of the income and expenditure budget, the Investment Program and the profit and loss account, prepares the Report regarding the Bank's activity, which is presented to approval to the General Meeting of Shareholders, prepares the proposals for net profit distribution, presented to approval of the General Meeting of Shareholders;
- Approves and follows the implementation of two-years strategic plan which should be revised annually;
- Approves Organization and Administration Regulations, the Code of Ethics and Conduct Code, the organizational structure, as well as the principles of staff remuneration and

loyalty programs, approves the individual exposures to a person in special relations with the Bank, within the limits established by the Board of Directors;
- Supervises compliance risk management;
- Creates the proper required conditions for an independent, efficient, permanent compliance function;
- Evaluates permanently the capital adequacy to risks, originating the capital distribution in an appropriate manner with the assumed risks both for the Bank and for its subsidiaries;
- Approves the accounting policies, the ones of the financial controlling as well as the ones for significant risks management;
- Approves other internal norms and policies in accordance with the Bank's Organization and Administration Regulations.

The Board of Directors usually meets once a quarter and whenever necessary, in the presence of at least half of its members, and may exercise its specific duties also through committees set up at the level of the Board of Directors and consisting of 2-3 members based on the mandate and in compliance with the legal requirements applicable to forum. The committees set up at the level of the Board of Directors are: the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee. The Board of Directors and its committees are governed by the terms of reference on corporate governance published on the BT website.

4.1. List of Bank Directors

During the year 2023 there were no resignation among the members of the Board of Directors and the executive management.

The members of the Board of Directors (BoD) on 31.12.2023 are:

Name	Position	Percentage held of the share capital of the Bank as of 31.12.2023
Ciorcilă Horia	Chairman of the Board of Directors	4.629915% directly and together with shareholder BT Castorius Limited
Grasee Thomas Gunther	Vice-Chairman of the Board of Directors	0.000000%
Gueorguiev Ivo	Non-executive Member of the Board of Directors	0.075984%
Puşcaş Vasile	Non-executive Member of the Board of Directors	0.043830%
Bordea Mirela Ileana	Non-executive Member of the Board of Directors	0.012826%
Stanczak-Wuczynska Lucyna	Non-executive Member of the Board of Directors	0.000000%
Predescu Vasvari Florin	Non-executive Member of the Board of Directors	0.000000%

Note: direct holdings except where it is presented otherwise

The members of Banca Transilvania's Bord of Directors and their professional training, on the 31st of December 2023, are as follows:

Ciorcilă Horia was born in 1963 in Cluj-Napoca and graduated from the Faculty of Automation and Computers, at the Polytechnic Institute of Cluj-Napoca, in 1989. He participated, as a founding member, to the establishment of Banca Transilvania S.A. and of several companies from Banca

Transilvania S.A. Group, operating in the finance sector (insurance, leasing, etc.) since 1993. He also contributed, as a founding member, to the establishment of companies such as the groups Astral TV, Maestro Industries and RomVioCons-Omniconstruct. He was also a Board member of BT Asigurari SA, BT Asset Management SAI and Chairman of the Board for BT Aegon. He is currently in the Boards of ACI SA and SIF MOLDOVA SA.
He has been a member of the Board of Directors of Banca Transilvania since its founding, and, starting with 2002, he has been the Chairman of the Bank's Board of Directors.

Grasee Thomas (born 1955, German nationality) gained broad experience in commercial and investment banking while working for HypoVereinsbank, Munich, (now UniCredit Bank) until 2009 in a number of senior executive managerial positions in Germany, Luxembourg and as CFO and COO of UniCredit Market &Investment Banking Poland based in Warsaw.

While at HypoVereinsbank he gained significant experience in Corporate Development and strategic M&A, both domestic and cross-border (growth and restructuring). He was responsible for numerous corporate transactions with focus on Financial Institutions in Germany, Austria, United Kingdom, Russia and CIS, as well as managing strategic partnerships and ownership in various strategic investments.

He has extensive Board Director experience in commercial banks in CIS and SEE region, Corporate Development, Mergers & Acquisitions, Finance, Risk Management, Corporate Governance including audit and regulatory compliance issues, Corporate restructuring, Business transformation, Joint ventures.

Since 2009 he served as Independent Director and Non-Executive Director on various Boards.

His past Board Director assignments include Non-Executive Director positions in Supervisory Boards where he was nominated by the European Bank for Reconstruction and Development: Banca Intesa Russia, member of Intesa SanPaolo Group, Milan and Credit Bank of Moscow. He served as Independent Director on the Board of Alliance Bank, Kazakhstan, International Moscow Bank, Russian Federation and HVB Bank Ukraine.

Currently Mr Grasse is Independent Director and Deputy Chairman Banca Transilvania S.A., listed on Bucharest Stock Exchange, and Deputy Chairman B.C. Victoriabank S.A., listed on Moldova Stock Exchange, Chisinau. He is Advisory Board member of privately owned Specta Group, a leading international Industrial Packaging company.

Since his appointment 2014 to the Board of Directors he chairs the Risk Committee of Banca Transilvania. Starting with his appointment in September 2018 Mr Grasse is Chairman Audit Committee and Chairman Risk Committee of the Board of Administration Victoriabank.

He is a incumbent member of the Audit Committee of Banca Transilvania He chaired for five years the Audit, Risk and Recovery Committee of JSC Alliance Bank, Almaty/Kazakhstan (today: Forte Bank). Thomas Grasse is member FEA, Financial Experts Association e.V., a leading association in Germany focussing on supporting independent professional Board Directors‘ in corporate governance, risk management, accounting, internal control and compliance. Since 2017 he is Managing Partner Romoto GmbH (Munich, Germany).

Education: Bankademie Frankfurt, Business School of Finance and Management; Apprenticeship HYPO-Bank AG, a predecessor institution of HypoVereinsbank AG, Munich.

He has been a member of the Board of Directors of Banca Transilvania since 29.04.2014. The NBR approval was granted on 30.12.2014.

Gueorguiev Ivo was born in 1964. He graduated from the University of National and World Economy of Sofia, Bulgaria, in 1990 and holds an MBA from Alberta University of Edmonton, Canada since 1993. He has held many other positions, such as: Management Consultant of Varsity Consulting Group Edmonton, Canada, Principal Banker of the EBRD for the Baltics/Belarus Group, Chairman of the Management Board of Hermis Finance - Lithuania, Deputy Chairman of the Management Board Hermis Bank – Lithuania, Senior Banker of the EBRD for the Financial Institutions Group, Managing Director and Chairman of the Management Board of TBIF Financial Services BV, Chairman of the Supervisory Board of TBI Bank.

He has been on several Boards of Directors: Chairman of Hermis Finance Lituania, Vice-Chairman of Hermis Bank Lithuania, Board member of the Baltics Small Equity Fund, Export & Credit Bank Macedonia, and of the Bulgarian Insurance and Pension Holding, Chairman of the Board for TBI Broker doo Serbia, Chairman of TBI Lizing doo Serbia, Board Chairman of TBI Bulgaria, CEO member of the Board of TBIF Bulgaria, Chairman of the Board - TBI Invest / Asset Management Bulgaria, Vice-chairman of the Board - TBI Credit SA Romania, Vice-chairman of the Board - TBI Credit SA Romania, Chairman of the Board - TBI Credit EAD Bulgaria, Chairman of the Board - TBI Leasing AD Bulgaria.

He has also been a member of numerous Supervisory Councils (SC), in the capacity of: Member of the SCs of Energo SA Poland, Pension Fund Doverie Bulgaria, Chairman of the SC for Sympatia Finance Slovakia, Member of the SCs of Sovcom Bank Russia, TBI Holding Company - Netherlands, and Arka Consumer Finance Russia, Vice-Chairman of the Supervisory Council of VABank Ukraine, and SC Chairman for TBI Bank Bulgaria.
At the present, he is a private investor and member of the Board of Directors of Credibul AD Sofia Bulgaria. He has been a member of the Board of Directors of Banca Transilvania since 29.04.2014; the NBR approval was obtained on 27.11.2014.

Puşcaş Vasile was born in 1952, in the town of Surduc, Salaj County. He graduated from the Faculty of History and Philosophy of Babeş-Bolyai University, Cluj-Napoca, holding a Bachelor Degree in History and Social Sciences. He obtained a PhD in History from Babeş-Bolyai University, Cluj-Napoca, and, since 1995, he is a Professor at the Faculty of History and Philosophy, the Department of Contemporary History and International Affairs, Babeş-Bolyai University. During the period December 2000 - December 2004, he served as Minister Delegate for the Nastase Government and as Chief Negotiator of Romania to the European Union. In December 2008, he was appointed State Secretary within the Department for European Affairs (DEA), and, at the beginning of 2009, his position was upgraded to Head of the DEA Department, with the rank of Minister. From 2009 to 2013, he acted as Main Advisor for the Department of European Affairs. Since 2012, he is also a Professor within the European Studies Department of the University. Starting from 1999 he has also been the Director of the Institute for International Studies within the Faculty of History and Philosophy, Babes-Bolyai University. From 2002, he has been a member of the National Commission for the Certification of Titles and Degrees (Ministry of Education and Research). Since 2011, he is an "Ad Personam Jean Monnet Chair" and coordinates the Negotiation and European Policy module within the Department of International Studies and Contemporary History of Babes-Bolyai University, Cluj-Napoca.

He has been a member of the Board of Directors of Banca Transilvania since November 2013.

Bordea Mirela Ileana graduated from the Bucharest Academy of Economic Studies - Faculty of Commerce - Foreign Trade specialization in 1978. She started her professional activity as an economist at SARO Targoviste. Between 1985-1991 she worked at the Ministry of Foreign Trade as a commercial representative with the Brussels economic agency. Between 1992-1993 she held the position of financial manager at SC Comex SRL. She joined the banking system in 1993 - starting with Banca de Credit Industrial şi Comercial, Finansbank and Credit Europe Bank. Her banking career started with the credit activity and continued until 2002, when she took over the non-performing loan recovery department. In June 2003 she was appointed Vice-President of the bank and of the Board of Directors. In her position as Executive Vice-President, she coordinated the Risk Management and Control Division.
In 2014, she was elected as a Board member of the Romanian Association of Banks (ARB).
She was appointed as a member of the Board of Directors of Banca Transilvania on 26.04.2017, filling a vacant position.

Stanczak-Wuczynska Lucyna graduated from the Warsaw School of Economics in 1990 with a Master's degree in Economics, Finance and Statistics, Econometrics. She started her professional activity as a senior officer in Agricultural Credits, Corporate Finances. In the period 1998-2000 she held the position of vice president of ABN AMRO Bank. Between 2000 and 2014 she worked at the European Bank for Reconstruction and Development. From 2013 to 2014, she acted as a member of the Supervisory Board and as chairman and member of the Investment Committees of the Board of the Polish State Wealth Fund of Polskie Inwestycje Rozwojowe, now PFR. Since 2015, she holds the position of Member of the Supervisory Board of Erste Bank Hungary. In 2021, she was appointed chairman of the Supervisory Board and member of the Risk, Audit and Nomination/Remuneration committees of BNP Paribas Bank Polska.
She is elected a member of the Board of Directors of Banca Transilvania S.A. from 28.04.2022. NBR approval 31.10.2022.

Predescu Vasvari Florin graduated from the Faculty of Economic Cybernetics, Statistics and Informatics within the Academy of Economic Studies in Bucharest. He obtained his Master's degree in Economics from the Department of Economics of the University of Toronto, Canada and in 2006 completed his PhD in Accounting from the same university. He started his professional activity in 2006 at the London Business School, holding the position of Professor of Accounting and Head of Department in the Faculty of Accounting, which he currently holds. Since 2019 he has been appointed Academic Director at the Institute of Entrepreneurship and Private Capital and a member of the Board of Directors and the Finance Committee at London Business School. From 2021, he holds the position of president of Alkeemia SPA and the position of Director of the Board of Directors of Sunwave Pharma.
He is elected a member of the Board of Directors of Banca Transilvania S.A. from 28.04.2022. NBR approval 31.10.2022.

There is no information on any agreement, understanding or family relationship between the members of the Board of Directors and other persons to help appoint the respective persons in the position of member of the Board of Directors in 2023.

The list of affiliated persons is available in ANNEX 2 to this report.

4.2. The Bank's executive management

At the executive management level, on 29.03.2023 the National Bank of Romania approved the appointment of Mr. Bogdan Pleşuvescu as Deputy General Manager.

The Bank's management, organization and curent activity coordination is assured by the Leaders Committee with the following structure:

Name	Position	Percentage held of the Bank's share capital as at December 31, 2023
Tetik Ömer	Chief Executive Officer	0.203110%
Runcan Luminița	Deputy Chief Executive Officer, CRO	0.120457%
Toderici Leontin	Deputy Chief Executive Officer, COO	0.121302%
Călinescu George	Deputy Chief Executive Officer, CFO	0.014309%
Ilaş Oana	Deputy Chief Executive Officer, Retail Banking	0.003605%
Pleşuvescu Bogdan	Deputy Chief Executive Officer, CLO	0.016922%
Moisă Tiberiu	Deputy Chief Executive Officer, SME Banking	0.074089%

There is no information on any agreement, understanding, or family relationship between executive members and other people to help appoint the respective person to the executive board in 2023.

4.3 For all the persons included at 4.1. and 4.2. must be presented any possible litigation or administrative proceedings in which they have been involved in the last 5 years with regard to their activity within the Bank, as well as other aspects related to their capacity to perform their duties within the Bank

There are no such events to be declared.

5. Statement of financial position

The information presented in the consolidated and individual financial statements of the Group and Bank for 2023 is based on the rules for accounting organization and management, in accordance with Law no. 82/1991 republished with subsequent amendments, the Government Emergency Ordinance no. 99/2006 regading the financial institutions and capital adequacy with subsequant amendments, NBR Order no. 27/2010 approving the accounting rules under International Financial Reporting Standards adopted by the European Union applicable to financial institutions with subsesequant amendments as well as other NBR instructions in the field.

Subsequent events to the date of the consolidated statement of financial position

On January 15th, 2024, Victoria Bank S.A. Chişinău acquired 100% of the share package in BCR Chişinău S.A.. Subsidiary Victoriabank S.A. is controlled by Bana Transilvania S.A., therefore, starting from this date, Banca Transilvania also holds control in BCR Chişinău S.A.

The Board of Directors of Banca Transilvania approved on February 8th, 2024 the completion of the transaction for the acquisition of 100% of the shares of OTP Bank Romania S.A. as well as other companies within the OTP Romania Group (including OTP Asset Management SAI S.A. and OTP Leasing Romania IFN S.A.). The total transaction price to be paid by Banca Transilvania is EUR 347.5 million. Until the completion of the transaction, both Banca Transilvania and OTP Bank Romania S.A. will act as separate entities. Following signing and in order to integrate the above-mentioned entities in the BT Financial Group, we will initiate and implement the legal procedures necessary for obtaining all necessary approvals from the competent authorities

The Bank calculated and paid its monthly duties to the public budget and to the special funds, as well as the quarterly and half-yearly duties to the local budget; related to the income tax, the Bank made quarterly prepayments in accordance with the applicable law.

The analysis of the economic and financial situation of the Bank and of the Group, based on the financial statements, comparatively in the last 3 years, is presented below:

a) The Bank's and the Group's statement of financial position

	Bank			Group		
Indicators (RONmn)	**Dec'23**	**Dec'22**	**Dec'21**	**Dec'23**	**Dec'22**	**Dec'21**
Cash and current accounts with Central Bank	22,286	12,645	16,764	24,253	14,541	18,321
Placements with banks and public institutions	12,619	6,635	9,613	12,273	5,567	10,394
Treasury financial instruments	50,076	45,823	42,786	51,775	47,191	44,204
Loans and advances to customers, net	71,550	63,450	52,239	72,008	65,201	54,630
Finance lease receivables	-	-	-	3,563	2,813	1,488
Tangible and intangible assets	2,889	2,566	2,429	2,642	2,327	1,989
Other assets	2,365	2,841	1,232	2,655	2,871	1,475
Total assets	**161,785**	**133,960**	**125,062**	**169,169**	**140,511**	**132,501**
Deposits from customers	134,443	116,504	102,698	138,053	119,732	108,022
Deposits from banks	1,082	1,632	952	1,035	1,678	1,024
Loans from banks and other financial institutions	8,584	3,562	7,458	9,549	4,841	7,930
Subordinated loans	2,404	1,719	1,706	2,423	1,748	1,762
Other liabilities	3,443	2,585	2,894	4,213	3,040	3,199
Total liabilities	**149,956**	**126,002**	**115,709**	**155,273**	**131,039**	**121,937**
Equity	11,829	7,958	9,353	13,897	9,472	10,564
Total liabilities and equity	**161,785**	**133,960**	**125,062**	**169,169**	**140,511**	**132,501**

At the end of 2023, Banca Transilvania's assets weight in the total assets of BT Group is 95.63% (2022: 95.34% and 2021: 94.39%).

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

b) Statement of profit and loss

	Bank			Group		
Indicators (RONmn)	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Net interest income	4,319	3,658	2,740	5,257	4,427	3,142
Net fees and commission income	1,106	998	806	1,268	1,168	961
Net trading income	540	597	461	657	686	529
Net income from financial assets measured at fair value through comprehensive income	166	(126)	179	168	(122)	179
Net income from financial assets which are required to be measured at fair value	178	(14)	64	143	(17)	38
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(87)	(144)	(82)	(94)	(154)	(90)
Other operating income	215	390	179	326	292	174
Total operating income	**6,437**	**5,360**	**4,348**	**7,725**	**6,280**	**4,934**
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(373)	(278)	(235)	(513)	(495)	(257)
Personnel expenses	(1,614)	(1,385)	(1,159)	(1,968)	(1,656)	(1,328)
Depreciation and amortization	(404)	(351)	(341)	(451)	(393)	(358)
Other operating expenses	(917)	(925)	(591)	(1,088)	(935)	(696)
Total operating expenses	**(3,309)**	**(2,939)**	**(2,326)**	**(4,019)**	**(3,479)**	**(2,639)**
Bargain gain	0	0	0	0	0	7
Profit before income tax	**3,128**	**2,421**	**2,022**	**3,706**	**2,801**	**2,303**
Income tax expense	(638)	(243)	(240)	(722)	(313)	(278)
Net profit	**2,491**	**2,178**	**1,783**	**2,984**	**2,488**	**2,025**
Profit of the Group attributable to equity holders of the Bank	2,491	2,178	1,783	2,890	2,404	1,983
Profit of the Group attributable to non-controlling interests	0	0	0	95	84	41
Net profit	**2,491**	**2,178**	**1,783**	**2,984**	**2,488**	**2,025**

At the end of 2023, Banca Transilvania's profit weighted 83.46% in the Group's total profit (87.53% in 2022 and 88.06% in 2021).

c) Cash flow: Statement of Cash Flows

	Bank			Group		
Indicators (RONmn)	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Cash and cash equivalents at the beginning of the period	**15,343**	**24,880**	**24,803**	**18,459**	**27,028**	**26,650**
± Net cash from /(used in) operating activities	5,263	(4,404)	12,096	6,050	(3,301)	12,369
± Net cash from / (used in) the investment activity	6,558	(4,671)	(11,080)	6,418	(4,886)	(10,918)

± Net cash from/(used in) the financing activity	5,577	(462)	(939)	5,187	(382)	(1,073)
Cash and cash equivalents at the end of the period	**32,741**	**15,343**	**24,880**	**36,113**	**18,459**	**27,028**

The statement of financial position is detailed in the Financial statements enclosed.

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

The following documents are enclosed to this report:

- The Separate and consolidated Report of the Board of Directors of Banca Transilvania for the year 2023 which includes also the non-financial statement on environmental, social and personnel issues, respect for human rights and the fight against corruption and bribery;
- The management statement on taking responsibility for drafting the financial statements for the year 2023;
- The financial statements, at individual and consolidated IFRS level, together with explanatory notes;
- The Independent Auditor's Report Deloitte Audit S.R.L., to the IFRS separate and consolidated financial statements.

The annual report shall be accompanied by copies of the following documents:

a) copies of supporting documents for all amendments made to the Articles of Association in 2023:

Please note that the decisions of the General Shareholders Meeting have been transposed into the Articles of Association, they have been implemented and approved by the competent bodies. We are attaching the amended articles of incorporation based on the GSM decisions.

b) resignation/dismissal documents regarding the members of the Board of Directors, executive management:

There were no acts of dismissal/resignation.

c) list of Bank's subsidiaries and companies controlled by the Bank - The list of BT Subsidiaries is enclosed as an Annex to this report (ANNEX 1);

d) list of Bank's affiliates - The list of related persons of BT is enclosed as an Annex to this report (ANNEX 2).

CHAIRMAN OF THE BOARD OF DIRECTORS	**CHIEF EXECUTIVE OFFICER**	**DEPUTY CHIEF EXECUTIVE OFFICER**
HORIA CIORCILĂ	**ÖMER TETIK**	**GEORGE CĂLINESCU**

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

SWIFT: BTRLRO22
C.U.I. RO 50 22 670
R.B. - P.J.R. 12 - 019 - 18.02.1999
Nr. Înreg. Reg. Com.: J12 / 4155 / 1993

ANNEX 1

Banca Transilvania Group (the "Group") includes the Parent-company, Banca Transilvania S.A. (the "Bank") and its subsidiaries, based in Romania and in the Republic of Moldova. The individual and consolidated financial statements as at 31.12.2023 comprise Banca Transilvania S.A. (the "Parent company" or "BT") and its subsidiaries (hereinafter referred to as the "Group").

The Group's subsidiaries are represented by the following entities:

Subsidiary	Field of activity	Percentage of direct and indirect stake 2023	Percentage of direct and indirect stake 2022
Victoriabank S.A.	Financial-banking activity and licensed investment activities	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 Asistent in Brokeraj 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 Microfinanţare IFN S.A.	Consumer Loans	100%	100%
Improvement Credit Collection S.R.L	Activity of the Collection Agents and Credit Reporting Bureaus	100%	100%
VB Investment Holding B.V.	Activities of holdings	61.82%	61.82%
BT Pensii S.A.	Administration of pension funds (except for those in the public system)	100%	100%
Salt(Idea)Bank S.A.	Services of financial and monetary intermediation	100%	100%
Idea Leasing IFN S.A.	Leasing	100%	100%
Idea Broker de Asigurare S.R.L.	Insurance Broker	100%	100%
Code Crafters by BT	Custom software development activities	100%	100%
Ţiriac Leasing IFN S.A.	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%	-

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

ANNEX 2

THE BANK'S RELATED PARTIES
as at 31.12.2023

NO.CRT	NAME
1	A C I CLUJ SA
2	ACT MANAGEMENT SERVICES B.V.
3	ADMIN DEVELOPMENT DESIGN SRL
4	ALEXANDRU VALENTINA
5	ALL PLUS IT SRL
6	ALPHA ENERGY SRL
7	ANTREPRIZA CLUJ ZALAU SA
8	ARCADE INVEST LLC
9	ARCADE TRUST LLC
10	ASOCIATIA CLUB SPORTIV U-BT
11	ASOCIATIA CLUB SPORTIV WINNERS TENNIS CLUB
12	ASOCIATIA CORPUL OPERATORILOR ARHIVEI ELECTRONICE
13	ASOCIATIA PLAYFIELD
14	ASOCIATIA TRANSILVANIA EXECUTIVE-EDUCATION
15	AVIATIQ SUPPORT SRL
16	BANCA TRANSILVANIA SA
17	BANU DRAGOS MIHAI
18	BANU IULIANA
19	BENEA DANA CORINA
20	BERINDEAN CATALIN VASILE
21	BERINDEAN MONICA IOANA
22	BERNAT AUREL
23	BERNAT LIGIA MARIA
24	BETTER BREAD S R L
25	BILLIE BG
26	BILLIE UK
27	BIRLE IOAN
28	BIRLE LILIANA DORINA
29	BIRLE T LILIANA-DORINA - CABINET INDIVIDUAL DE PSIHOLOGIE
30	BORDEA MIRELA ILEANA
31	BOTT CONSTANTIN CATALIN
32	BOTT NICOLETA
33	BOUTIQUE DEVELOPMENT SRL
34	BT ASIOM AGENT DE ASIGURARE SRL
35	BT ASSET MANAGEMENT S A I SA
36	BT BUILDING SRL
37	BT CAPITAL PARTNERS
38	BT DIRECT IFN SA
39	BT INTERMEDIERI-AGENT DE ASIGURARE SRL
40	BT INVESTMENTS SRL
41	BT LEASING MD

NO.CRT	NAME
42	BT LEASING TRANSILVANIA SA
43	BT MICROFINANTARE IFN S.A.
44	BT PENSII - SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII FACULTATIVE S.A.
45	BT SAFE-AGENT DE ASIGURARE SRL
46	BT SOLUTION ASISTENT IN BROKERAJ S.R.L.
47	BTP ONE SRL
48	BTP RETAIL S R L
49	BUDUROIU MIRELA LENUTA
50	BUNEA IOANA CATALINA
51	BUSINESS SUPORT SRL
52	CA&BI CONT SRL
53	CALIN COSMIN ANTOINE CONSTANTIN
54	CALINESCU DANIELA MIHAELA
55	CALINESCU GEORGE RAZVAN
56	CANTINA DEJ SA
57	CAPITALIO HOLDING S.R.L.
58	CASTORIUS LIMITED
59	CATBER ADMIN S R L
60	CAZAN ADRIANA ELVIRA
61	CAZAN CRISTIAN GABRIEL
62	CC ADVANCED TEAM SRL
63	CC PRO LEVEL SRL
64	CENTRAL SA
65	CENTRS A LLC
66	CHERECHESIU ANCA CRISTINA
67	CHERNYSHOVA OLENA
68	CHESA RUXANDRA LAURA
69	CIMPIAN VIRGIL FLORIAN
70	CIORCILA HORIA
71	CIORCILA PATRICK
72	CIORCILA SIMONA NICULINA
73	CIUCESCU ION GELU
74	CIUCESCU MARIA MELANIA
75	CMD EXPERT S.R.L.
76	CODE CRAFTERS BY BT S.R.L.
77	COJOCARU CORINA-MADALINA
78	COJOCARU DANIEL
79	COJOCARU DAN-IOAN
80	CONDOR ANNAMARIA KATALIN
81	CONDOR CALIN PAUL
82	CONSTRUCTII DEJ SA
83	CONSTRUCTII MONTAJ SA
84	CORNICIUC VITALIE
85	COSMA CRISTIAN VALENTIN
86	COSMA DANA

NO.CRT	NAME
87	COSMA HORATIU AURELIAN
88	COSMOTOP IMPEX SRL
89	CRACIUN ANCA EUGENIA
90	CRACIUNAS ANDREEA SORANA
91	CRACIUNAS ANDREEA SORANA PFA
92	CRACIUNAS MARIUS CALIN
93	DACRI BUSINESS CONSULTING S.R.L.
94	DASCAL SERGIU DAN
95	DICAMO CONSULTING
96	DOMINION INVEST SA
97	DONICA VASILE
98	DRAGOMIR RALUCA-IRINA
99	DRAGOMIR STEFAN DAN
100	DREAM GOLF RESIDENCE
101	DUMITRESCU SORIN
102	DUNCA A. ISABELA- CABINET MEDICAL DE MEDICINA DE F
103	DUNCA ISABELA
104	DUNCA NELU
105	EFFICIENT GLOBAL SERVICES S R L
106	ELBA NOVO SRL
107	ENE ANA MARIA
108	ENE MARIAN
109	EUR CONSULT SRL
110	FC U CLUJ RETAIL S.R.L.
111	FINAS CENTRAL SRL
112	FLOREA ALINA
113	FRANKLIN PETER MORRIS
114	FUNDATIA CENTRUL DE DEZVOLTARE MANAGERIALA
115	FUNDATIA CLUBUL INTREPRINZATORULUI ROMAN
116	FUNDATIA CLUJUL ARE SUFLET
117	FUNDATIA TRANSILVANIA
118	GAZ MARIA
119	GEAINV SA
120	GIURGIU BIANCA VIORICA
121	GOGU DANIELA
122	GOGU GABRIEL
123	GRASSE BURKLE PAULA
124	GRASSE THOMAS GUNTHER
125	GUEORGUIEV IVO ALEXANDROV
126	IDEA BROKER DE ASIGURARE SRL
127	IDEA LEASING IFN SA
128	IG CAPITAL EOOD
129	ILAS DAN GEORGE
130	ILAS IOANA MIHAELA
131	IMPROVEMENT CREDIT COLLECTION SRL

NO.CRT	NAME
132	INTER SAT SRL
133	INTERA FINANCIAL SERVICES
134	INTUITIVE TEACHING CENTER SRL
135	JEKABPILS PARKS LLC
136	KAFSINKAF SRL
137	KHANIKYAN LEVON
138	KIRCALI SEDA
139	KIRCALI SINAN
140	KRASLAVAS KRUSTOJUMS LLC
141	LACATUS EMILIA
142	LACATUS V. VIOREL-DORIN - EXPERT CONTABIL, AUDITOR
143	LACATUS VIOREL DORIN
144	LAPUSAN ELENA FIRUTA
145	LAPUSAN SEVER VASILE
146	LIMUZINE TRANSILVANIA SRL
147	LIONACHESCU AIDA
148	LIONACHESCU AIDA PFA
149	LIONACHESCU COSTEL
150	LK MANAGEMENT SOLUTIONS SRL
151	LUCYNA STANCZAK-WUCZYNSKA
152	M&B 2003 SRL
153	MALOS ELENA IONELA
154	MANCINSKA MADARA
155	MANCINSKIS MARIS
156	MANOLESCU DAN
157	MANSOUR TATIANA
158	MATES MARIA
159	MATYUS ECATERINA ELENA
160	MICROCREDIT AD
161	MIHACHER SRL
162	MILCHIS ADINA
163	MILCHIS VASILE MIHAI
164	MIRCEA FLORENTINA VIRGINIA
165	MIRCEA FLORENTINA-VIRGINIA PFA
166	MIRCEA VALENTIN
167	MIRZA GABRIEL HORATIU
168	MIRZA LIDIA
169	MIT SERV SRL
170	MLAD CONSULT SRL
171	MOISA EMILIA SANDA
172	MOISA TIBERIU
173	MOLDOVAN SABINA
174	MORADIS CONSULTING SRL
175	MORAR ADINA IULIA
176	MORAR IONUT CALIN

NO.CRT	NAME
177	MOVEMENT TEAM S.R.L.
178	MT MANAGEMENT EVENTS SRL
179	MUNTEANU-CRISAN DELIA
180	MUNTEANU-CRISAN MIHAI-PAUL
181	NICOLESCU IOANA
182	NICOLESCU MIHAI CRISTIAN
183	NISTOR GABRIELA CRISTINA
184	NISTOR IOAN ALIN
185	NISTOR ROXANA MARIA
186	NISTOR STELIAN MIHAI
187	OBLU EXIM S.R.L.
188	OLANESCU IOANA FLORINA
189	OLTEAN IOAN CRISTIAN
190	OLTEAN SANDA ADINA
191	OPRIS SIMONA ALINA
192	PALECREST BULGARIA
193	PASCU RADU
194	PAYNETICS EAD
195	PAYNETICS UK LTD
196	PHOS BULGARIA EOOD
197	PHOS SERVICES LTD
198	PHYRE AD
199	PHYRE NEXT LEVEL
200	PINTILIE IOANA
201	PINTILIE VLAD
202	PIRVU MIHAELA NINA
203	PLAYFIELD TEAM SRL
204	PLESUVESCU BOGDAN
205	POPESCU CONSTANTIN-DANIEL
206	POPESCU DANUT
207	POPESCU MIOARA
208	PORTASE CORINA
209	PORTASE RAZVAN-FLORIN
210	PREDESCU-VASVARI FLORIN-DANUT
211	PREVA CAPITAL S R L
212	PUHALSCHI IULIANA
213	PUHALSCHI RADU CRISTIAN
214	PUSCAS MARIANA
215	PUSCAS MARIANA CABINET MEDICAL
216	PUSCAS MARIUS EMIL
217	PUSCAS VASILE
218	QUALEX CONSULT SRL
219	QUATTRO CONSULTING SRL
220	REDSTONE REAL ESTATE INVESTMENT LTD
221	RENAISSANCE NAILS SRL

NO.CRT	NAME
222	RF METERS S R L
223	ROMOTO GmbH
224	RONSIDE AG S.R.L.
225	ROSSI FRANCO
226	ROXMAR SRL
227	RUNCAN LUMINITA DELIA
228	RUNCAN MIREL
229	SABAZ MEHMET MURAT
230	SABAZ OZLEM
231	SALT BANK S.A.
232	SALZBERGWERK RESSOURCEN UND INVESTITIONEN SRL
233	SAVIN ALEXANDRU
234	SCHIOPU IRINA NARCISA
235	SECARA DANIELA
236	SECRET BOX EVENTS S.R.L.
237	SERBAN LAVINIA-FLORINA
238	SERBAN LIVIU ONUT
239	SERBAN SORIN
240	SIGUR AUTOTRANSPORT SRL
241	SIMA IOANA MARIA
242	SIMA RAZVAN IOAN
243	SINDILE CRISTINA DALIA
244	SINDILE MARIUS
245	SINTEZA SA
246	SOPON SERGIU
247	SOPON SERGIU MIHAI INTREPRINDERE INDIVIDUALA
248	SOPON SIMONA
249	SOTER PROPERTY S R L
250	SPECTA-GROUP AG
251	SPOIALA IGOR
252	SPOIALA OLGA GHEORGHE
253	STANCZAK-WUCZYNSKA LUCYNA MARIA
254	STROE ANDREEA CLAUDIA
255	STROE IONUT FLORENTIN
256	SZEKELY DANIEL
257	TEHNOFRIG CENTER SA
258	TENT I SERGIU BOGDAN PFA
259	TENT JUDITH STEFANIA
260	TENT SERGIU BOGDAN
261	TETIK ALEXANDRA
262	TETIK OMER
263	TODERICI AURELIA ELVIRA
264	TODERICI LEONTIN
265	TORGIE ANICA
266	TORGIE TEODOR

NO.CRT	NAME
267	TRIF RARES NICOLAE
268	TUPA PAUL
269	TURCAN VICTOR
270	TURCU VASILE COSMIN
271	TURISM LOTUS FELIX SA
272	U-BT FAN SHOP S R L
273	URBAN ROOTS SRL
274	URS PETRU
275	VALEVA GLORIA
276	VASILACHE ANNEMARIE
277	VASILACHE DANIEL GEORGE
278	VB INVESTMENT HOLDING BV
279	VICTORIABANK SA
280	VOUILLOUX ANNIE JEANNE
281	WAVE PARK CENTRAL SRL
282	WINNERS CENTER SA
283	WINNERS EVENTS SRL-D
284	WINNERS FIRST SA
285	WINNERS HOLDING INVESTMENTS S.R.L.
286	WINNERS PARCUL ROZELOR SA
287	WINNERS RESOURCES SRL
288	WINNERS SPORTS ARCHITECTS SRL
289	YAMAN REAL ESTATE DEVELOPMENT SRL

Head Office: 30-36 Calea Dorobanţilor street, 400117, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

Code provisions	Complies	Does not comply or partially complies	Reason for non-compliance
A.1 All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	Complies		
A.2 Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	Complies		
A.3 The Board of Directors or the Supervisory Board should have at least five members.	Complies		

A.4 The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria: **A.4.1.** Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years; **A.4.2.** Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years; **A.4.3.** Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director; **A.4.4.** Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it; **A.4.5.** Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;	Complies		

A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it; **A.4.7.** Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director; **A.4.8.** Not to have been a non-executive director of the company for more than twelve years; **A.4.9.** Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.			
A.5 A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	Complies		
A.6 Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	Complies		
A.7 The company should appoint a Board secretary responsible for supporting the work of the Board.	Complies		
A.8 The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	Complies		
A.9 The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	Complies		
A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	Complies		

SWIFT: BTRLRO22
C.U.I. RO 50 22 670
R.B. - P.J.R. 12 - 019 - 18.02.1999
Nr. Înreg. Reg. Com.: J12 / 4155 / 1993

A.11 The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	Complies		
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	Complies		
B.2 The audit committee should be chaired by an independent non-executive member.	Complies		
B.3 Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Complies		
B.4 The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	Complies		
B.5 The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	Complies		
B.6 The audit committee should evaluate the efficiency of the internal control system and risk management system.	Complies		
B.7 The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	Complies		
B.8 Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	Complies		
B.9 No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	Complies		

Sediul Central: Calea Dorobantilor nr. 30-36, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

SWIFT: BTRLRO22
C.U.I. RO 50 22 670
R.B. - P.J.R. 12 - 019 - 18.02.1999
Nr. Înreg. Reg. Com.: J12 / 4155 / 1993

B.10 The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	Complies		
B.11 The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	Complies		
B.12 To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	Complies		
C.1 The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	Complies		

Sediul Central: Calea Dorobantilor nr. 30-36, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

SWIFT: BTRLRO22
C.U.I. RO 50 22 670
R.B. - P.J.R. 12 - 019 - 18.02.1999
Nr. Înreg. Reg. Com.: J12 / 4155 / 1993

D.1 The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	Complies		
D.1.1 Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	Complies		
D.1.2 Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	Complies		
D.1.3 Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	Complies		
D.1.4 Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	Complies		
D.1.5 Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	Complies		
D.1.6 The name and contact data of a person who should be able to provide knowledgeable information on request;	Complies		
D.1.7 Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	Complies		

Sediul Central: Calea Dorobantilor nr. 30-36, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

D.2 A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	Complies		
D.3 A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	Complies		
D.4 The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	Complies		
D.5 The external auditors should attend the shareholders' meetings when their reports are presented there.	Complies		
D.6 The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	Complies		
D.7 Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	Complies		
D.8 The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	Complies		
D.9 A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/ conference calls.	Complies		

SWIFT: BTRLRO22
C.U.I. RO 50 22 670
R.B. - P.J.R. 12 - 019 - 18.02.1999
Nr. Înreg. Reg. Com.: J12 / 4155 / 1993

D.10 If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	Complies		

Sediul Central: Calea Dorobantilor nr. 30-36, Cluj-Napoca
Tel: + 40 264 407 150; Fax: + 40 264 301 128; www.bancatransilvania.ro

Banca Transilvania S.A.
LEI CODE: 549300RG3H390KEL8896

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

For the year ended 31 December 2023

Banca Transilvania S.A.

CONTENTS

Consolidated and Separate Statement of Profit or Loss
For the year ended 31 December

	Notes	Group 2023 *RON thousand*	Group 2022 *RON thousand*	Bank 2023 *RON thousand*	Bank 2022 *RON thousand*
Interest income calculated using the effective interest method		8,432,799	5,769,630	7,676,359	5,136,663
Other interest like income		408,201	262,146	40,878	30,203
Interest expense calculated using the effective interest method		(3,579,328)	(1,602,950)	(3,389,598)	(1,502,270)
Other similar interest expense		(4,992)	(2,167)	(8,451)	(6,356)
Net interest income	8	**5,256,680**	**4,426,659**	**4,319,188**	**3,658,240**
Fee and commission income		2,058,966	1,781,324	1,773,058	1,526,826
Fee and commission expense		(791,319)	(613,492)	(667,069)	(528,369)
Net fee and commission income	9	**1,267,647**	**1,167,832**	**1,105,989**	**998,457**
Net trading income	10	657,016	686,070	539,743	597,139
Net gain / (loss) from financial assets measured at fair value through other items of comprehensive income	11	167,647	(121,638)	166,329	(126,119)
Net gain / (loss) from financial assets which are required to be measured at fair value through profit or loss	12	143,466	(17,252)	178,247	(13,842)
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	13	(93,647)	(153,684)	(86,886)	(143,513)
Other operating income	14	326,153	291,969	214,536	389,627
Operating income		**7,724,962**	**6,279,956**	**6,437,146**	**5,359,989**
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	15(a)	(420,716)	(553,162)	(273,152)	(320,081)
(Other) Provisions and reversal of provisions	15(b)	(92,372)	58,007	(100,026)	42,060
Personnel expenses	16	(1,967,518)	(1,655,533)	(1,613,996)	(1,385,160)
Depreciation and amortization		(450,548)	(392,996)	(404,248)	(350,902)
Other operating expenses	17	(1,087,845)	(935,219)	(917,228)	(925,226)
Operating expenses		**(4,018,999)**	**(3,478,903)**	**(3,308,650)**	**(2,939,309)**
Profit before income tax		**3,705,963**	**2,801,053**	**3,128,496**	**2,420,680**
Income tax expense (-)	18	(721,733)	(312,636)	(637,924)	(242,681)
Net profit for the year		**2,984,230**	**2,488,417**	**2,490,572**	**2,177,999**
Net Profit of the Group attributable to:					
Equity holders of the Bank		2,889,718	2,404,376	-	-
Non-controlling interests		94,512	84,041	-	-
Net Profit for the year		**2,984,230**	**2,488,417**	**2,490,572**	**2,177,999**
Basic earnings per share	42	3.6241	3.0143	-	-
Diluted earnings per share	42	3.6241	3.0143	-	-

Consolidated and Separate Statement of Comprehensive Income

For the year ended 31 December

	Notes	Group 2023 *RON thousand*	Group 2022 *RON thousand*	Bank 2023 *RON thousand*	Bank 2022 *RON thousand*
Net Profit for the year		**2,984,230**	**2,488,417**	**2,490,572**	**2,177,999**
Items that will not be reclassified as profit or loss, net of tax		**7,407**	**23,000**	**6,309**	**16,897**
Increase from property and equipment and intangible assets revaluation		10,718	21,527	9,371	14,876
Other elements of comprehensive income		(1,634)	4,652	(1,546)	4,401
Tax related to items that will not be reclassified to profit or loss		(1,677)	(3,179)	(1,516)	(2,380)
Items which are or may be reclassified to profit or loss		**2,303,465**	**(2,751,752)**	**2,238,230**	**(2,731,981)**
Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:		*2,655,573*	*(3,254,670)*	*2,653,334*	*(3,254,846)*
Net gain / loss (-) from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account		(167,647)	121,638	(166,329)	126,119
Fair value changes of financial assets measured at fair value through other items of comprehensive income		2,823,220	(3,376,308)	2,819,663	(3,380,965)
Translation of financial information of foreign operations to presentation currency		*75,116*	*(23,717)*	*(222)*	*5*
Income tax on items which are or may be reclassified to profit or loss		*(427,224)*	*526,635*	*(414,882)*	*522,860*
Total comprehensive income for the period		**5,295,102**	**(240,335)**	**4,735,111**	**(537,085)**
Total comprehensive income attributable to:					
Equity holders of the Bank		5,200,590	(324,376)	-	-
Non-controlling interest	1	94,512	84,041	-	-
Total comprehensive income for the period		**5,295,102**	**(240,335)**	**4,735,111**	**(537,085)**

The financial statements were approved by the Board of Directors on March 22, 2024 and were signed on its behalf by:

Horia Ciorcilă
Chairman

George Călinescu
Deputy CEO

Consolidated and Separate Statement of Financial Position

At 31 December	Notes	Group		Bank	
		2023	**2022**	**2023**	**2022**
Assets		***RON thousand***	***RON thousand***	***RON thousand***	***RON thousand***
Cash and curent accounts with Central Banks	19	24,252,600	14,540,717	22,286,257	12,645,157
Derivatives	43	124,817	218,443	124,817	218,443
Financial assets held for trading	21	345,756	321,370	36,303	30,693
Financial assets which are required to be measured at fair value through profit or loss	21	1,232,598	1,106,041	1,670,155	1,474,595
Financial assets measured at fair value through other items of comprehensive income	24	40,600,026	43,485,732	40,264,202	43,124,154
- of which pledged securities (repo agreements)		368,480	1,833,170	368,480	1,833,170
Financial assets at amortized cost - of which:		95,733,542	74,714,992	93,979,518	72,995,600
- Placements with banks and public institutions	20	12,272,959	5,567,332	12,619,341	6,634,858
- Loans and advances to customers	22	72,008,224	65,200,920	71,550,404	63,449,954
- Debt instruments	24	9,472,245	2,059,712	7,980,071	975,159
- Other financial assets	30	1,980,114	1,887,028	1,829,702	1,935,629
Finance lease receivables	23	3,562,683	2,812,597	-	-
Investments in subsidiaries	25	-	-	873,300	708,412
Investment in associates		1,326	3,737	-	-
Property and equipment and investment property	26	1,278,903	1,174,446	755,413	731,037
Intangible assets	27	693,671	506,238	562,009	429,960
Goodwill	27	154,363	154,363	-	-
Right-of-use assets	28	514,060	487,957	697,963	696,798
Current tax receivables		-	14,947	-	26,627
Deferred tax assets	29	354,481	791,605	337,282	747,800
Other non-financial assets	31	320,399	177,610	197,752	130,953
Total assets		**169,169,225**	**140,510,795**	**161,784,971**	**133,960,229**

Consolidated and Separate Statement of Financial Position

At 31 December	Notes	Group		Bank	
		2023 *RON thousand*	**2022** *RON thousand*	**2023** *RON thousand*	**2022** *RON thousand*
Liabilities					
Derivatives	43	88,809	41,695	88,809	41,695
Deposits from banks	32	1,034,613	1,678,082	1,081,766	1,631,542
Deposits from customers	33	138,052,954	119,731,729	134,443,350	116,503,842
Loans from banks and other financial institutions	34	9,548,567	4,840,928	8,583,795	3,562,483
Subordinated liabilities	35	2,423,218	1,748,260	2,403,652	1,718,909
Lease liabilities	28	533,351	492,956	669,778	663,680
Other financial liabilities	37	2,521,170	1,764,364	1,847,667	1,315,969
Current tax liability		103,884	-	113,280	-
Provisions for other risks and loan commitments	36	651,144	500,546	551,539	431,296
Other non-financial liabilities	38	288,057	215,374	171,969	132,636
Total liabilities excluding financial liabilities to holders of fund units		**155,245,767**	**131,013,934**	**149,955,605**	**126,002,052**
Financial liabilities to holders of fund units		26,950	25,328	-	-
Total liabilities		**155,272,717**	**131,039,262**	**149,955,605**	**126,002,052**
Equity					
Share capital	39	8,073,083	7,163,083	8,073,083	7,163,083
Treasury shares		(28,269)	(64,750)	(12,982)	(49,463)
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		5,444,429	4,457,854	4,095,127	3,558,320
Revaluation reserves from tangible and intangible assets		43,839	70,355	28,738	35,678
Reserves on financial assets measured at fair value through other items of comprehensive income		(1,488,214)	(3,728,492)	(1,498,237)	(3,736,653)
Other reserves		1,147,889	989,581	1,115,023	958,598
Total equity attributable to equity holders of the Bank		**13,223,992**	**8,918,866**	**11,829,366**	**7,958,177**
Non-controlling interest	1	672,516	552,667	-	-
Total equity		**13,896,508**	**9,471,533**	**11,829,366**	**7,958,177**
Total liabilities and equity		**169,169,225**	**140,510,795**	**161,784,971**	**133,960,229**

The financial statements were approved by the Board of Directors on March 22, 2024 and were signed on its behalf by:

Horia Ciorcilă
Chairman

George Călinescu
Deputy CEO

Consolidated Statement of Changes in Equity

For the year ended 31 December

Group

In RON thousand	Notes	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured at fair value through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
		Attributable to the equity holders of the Bank									
Balance as at 01 January 2023		**7,163,083**	**(64,750)**	**31,235**	**70,355**	**(3,728,492)**	**989,581**	**4,457,854**	**8,918,866**	**552,667**	**9,471,533**
Profit for the year		-	-	-	-	-	-	2,889,718	**2,889,718**	94,512	**2,984,230**
Profit/(Loss) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	2,240,278	-	-	**2,240,278**	-	**2,240,278**
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	9,041	-	-	-	**9,041**	-	**9,041**
Retained earnings from revaluation reserves		-	-	-	(15,121)	-	-	15,121	**-**	-	**-**
Foreign currency translation of foreign operations		-	-	-	564	-	-	62,623	**63,187**	-	**63,187**
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(1,634)	**(1,634)**	-	**(1,634)**
Total comprehensive income for the period		-	-	-	**(5,516)**	**2,240,278**	**-**	**2,965,828**	**5,200,590**	**94,512**	**5,295,102**
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of retained earnings	39	910,000	-	-	-	-	-	(910,000)	**-**	-	**-**
Distribution to statutory reserves		-	-	-	-	-	158,308	(158,308)	**-**	-	**-**
Acquisition of treasury shares		-	(32,329)	-	-	-	-	-	**(32,329)**	-	**(32,329)**
Payments of treasury shares		-	68,810	-	-	-	-	(66,329)	**2,481**	-	**2,481**
Dividends distributed to shareholders(*)		-	-	-	-	-	-	(902,456)	**(902,456)**	-	**(902,456)**
SOP 2022 Scheme		-	-	-	-	-	-	68,382	**68,382**	-	**68,382**
Transfer of retained earnings to liabilities to holders of fund units		-	-	-	-	-	-	1,622	**1,622**	-	**1,622**
Other items		-	-	-	(21,000)	-	-	(12,164)	**(33,164)**	25,337	**(7,827)**
Total contributions of/distributions to the shareholders		**910,000**	**36,481**	**-**	**(21,000)**	**-**	**158,308**	**(1,979,253)**	**(895,464)**	**25,337**	**(870,127)**
Balance at 31 December 2023		**8,073,083**	**(28,269)**	**31,235**	**43,839**	**(1,488,214)**	**1,147,889**	**5,444,429**	**13,223,992**	**672,516**	**13,896,508**

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.13, for a reference share capital (share capital registered at the Trade Register) of 798,658,233 shares

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31 December

Group						**Attributable to the equity holders of the Bank**					
In RON thousand	**Notes**	**Share capital**	**Treasury shares**	**Share premiums**	**Revaluation reserves**	**Reserves from financial assets measured at fair value through other items of comprehensive income**	**Other reserves**	**Retained earnings**	**Total attributable to the equity holders of the Bank**	**Non-controlling interest**	**Total**
Balance as at 01 January 2022		**6,397,971**	**(15,287)**	**31,235**	**73,292**	**(996,697)**	**864,893**	**3,736,875**	**10,092,282**	**471,852**	**10,564,134**
Profit for the year		-	-	-	-	-	-	2,404,376	**2,404,376**	84,041	**2,488,417**
Profit/(Loss) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(2,731,795)	-	-	**(2,731,795)**	-	**(2,731,795)**
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	18,348	-	-	-	**18,348**	-	**18,348**
Retained earnings from revaluation reserves		-	-	-	(21,066)	-	-	21,066	**-**	-	**-**
Foreign currency translation of foreign operations		-	-	-	(219)	-	-	(19,738)	**(19,957)**	-	**(19,957)**
Other items of comprehensive income, net of tax		-	-	-	-	-	-	4,652	**4,652**	-	**4,652**
Total comprehensive income for the period		-	-	-	**(2,937)**	**(2,731,795)**	**-**	**2,410,356**	**(324,376)**	**84,041**	**(240,335)**
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of retained earnings	39	765,112	-	-	-	-	-	(765,112)	**-**	-	**-**
Distribution to statutory reserves		-	-	-	-	-	124,688	(124,688)	**-**	-	**-**
Acquisition of treasury shares		-	(150,297)	-	-	-	-	-	**(150,297)**	-	**(150,297)**
Payments of treasury shares		-	100,834	-	-	-	-	(102,910)	**(2,076)**	-	**(2,076)**
Dividends distributed to shareholders(*)		-	-	-	-	-	-	(800,000)	**(800,000)**	-	**(800,000)**
SOP 2021 Scheme		-	-	-	-	-	-	95,142	**95,142**	-	**95,142**
Transfer of retained earnings to liabilities to holders of fund units		-	-	-	-	-	-	8,125	**8,125**	-	**8,125**
Other items		-	-	-	-	-	-	66	**66**	(3,226)	**(3,160)**
Total contributions of/distributions to the shareholders		**765,112**	**(49,463)**	**-**	**-**	**-**	**124,688**	**(1,689,377)**	**(849,040)**	**(3,226)**	**(852,266)**
Balance at 31 December 2022		**7,163,083**	**(64,750)**	**31,235**	**70,355**	**(3,728,492)**	**989,581**	**4,457,854**	**8,918,866**	**552,667**	**9,471,533**

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 0.126753, for a reference share capital (share capital registered at the Trade Register) of 7,076,582,330 shares

Banca Transilvania S.A.

Separate Statement of Changes in Equity
For the year ended 31 December

Bank		Attributable to the equity holders of the Bank							
In RON thousand	**Notes**	**Share capital**	**Treasury shares**	**Share premiums**	**Revaluation reserves**	**Reserves from financial assets measured at fair value through other items of comprehensive income**	**Other reserves**	**Retained earnings**	**Total**
Balance as at January 1, 2023		**7,163,083**	**(49,463)**	**28,614**	**35,678**	**(3,736,653)**	**958,598**	**3,558,320**	**7,958,177**
Profit for the year		-	-	-	-	-	-	2,490,572	**2,490,572**
Profit/(Loss) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	2,238,416	-	-	**2,238,416**
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	7,855	-	-	-	**7,855**
Retained earnings from revaluation reserves		-	-	-	(14,795)	-	-	14,795	**-**
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(1,732)	**(1,732)**
Total comprehensive income for the period		**-**	**-**	**-**	**(6,940)**	**2,238,416**	**-**	**2,503,635**	**4,735,111**
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of retained earnings	39	910,000	-	-	-	-	-	(910,000)	**-**
Distribution to statutory reserves		-	-	-	-	-	156,425	(156,425)	**-**
Acquisition of treasury shares		-	(32,329)	-	-	-	-	-	**(32,329)**
Payments of treasury shares to the employees		-	68,810	-	-	-	-	(66,329)	**2,481**
Dividends distributed to shareholders (*)		-	-	-	-	-	-	(902,456)	**(902,456)**
SOP 2022 Scheme		-	-	-	-	-	-	68,382	**68,382**
Other items		-	-	-	-	-	-	-	**-**
Total contributions of/distributions to the shareholders		**910,000**	**36,481**	**-**	**-**	**-**	**156,425**	**(1,966,828)**	**(863,922)**
Balance at 31 December 2023		**8,073,083**	**(12,982)**	**28,614**	**28,738**	**(1,498,237)**	**1,115,023**	**4,095,127**	**11,829,366**

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.13, for a reference share capital (share capital registered at the Trade Register) of 798,658,233 shares

Separate Statement of Changes in Equity *(continued)*

For the year ended 31 December

Bank		Attributable to the equity holders of the Bank							
In RON thousand	**Notes**	**Share capital**	**Treasury shares**	**Share premiums**	**Revaluation reserves**	**Reserves from financial assets measured at fair value through other items of comprehensive income**	**Other reserves**	**Retained earnings**	**Total**
Balance as at January 1, 2022									
Profit for the year		**6,397,971**	**-**	**28,614**	**42,234**	**(1,004,667)**	**837,564**	**3,051,409**	**9,353,125**
Profit/(Loss) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	-	-	2,177,999	**2,177,999**
Revaluation of property and equipment, net of income tax		-	-	-	-	(2,731,986)	-	-	**(2,731,986)**
Retained earnings from revaluation reserves		-	-	-	12,496	-	-	-	**12,496**
Other items of comprehensive income, net of tax		-	-	-	(19,052)	-	-	19,052	-
Total comprehensive income for the period		-	-	-	-	-	-	4,406	**4,406**
Contributions of/distributions to the shareholders		**-**	**-**	**-**	**(6,556)**	**(2,731,986)**	**-**	**2,201,457**	**(537,085)**
Increase in share capital through the conversion of retained earnings	39	765,112	-	-	-	-	-	(765,112)	-
Distribution to statutory reserves		-	-	-	-	-	121,034	(121,034)	-
Acquisition of treasury shares		-	(150,297)	-	-	-	-	-	**(150,297)**
Payments of treasury shares to the employees		-	100,834	-	-	-	-	(102,910)	**(2,076)**
Dividends distributed to shareholders (*)		-	-	-	-	-	-	(800,000)	**(800,000)**
SOP 2021 Scheme		-	-	-	-	-	-	94,510	**94,510**
Other items		-	-	-	-	-	-	-	-
Total contributions of/distributions to the shareholders		**765,112**	**(49,463)**	**-**	**-**	**-**	**121,034**	**(1,694,456)**	**(857,863)**
Balance at 31 December 2022		**7,163,083**	**(49,463)**	**28,614**	**35,678**	**(3,736,653)**	**958,598**	**3,558,320**	**7,958,177**

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 0.126753, for a reference share capital (share capital registered at the Trade Register) of 7,076,582,330 shares

Consolidated and Separate Statement of Cash Flows

For the year ended 31 December

In RON thousand	Notes	Group 2023	Group 2022	Bank 2023	Bank 2022
Cash-flow from operating activities					
Profit for the year		**2,984,230**	**2,488,417**	**2,490,572**	**2,177,999**
Adjustments for:					
Depreciation and amortization	26,27, 28	450,548	392,996	404,248	350,902
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		739,459	713,779	535,116	486,859
Adjustment of financial assets at fair value through profit or loss		(143,466)	17,252	(178,247)	13,842
Income tax expense	18	721,733	312,636	637,924	242,681
Interest income	8	(8,841,000)	(6,031,776)	(7,717,237)	(5,166,866)
Interest expense	8	3,584,320	1,605,117	3,398,049	1,508,626
Other adjustments		233,627	732,985	179,492	72,117
Net profit adjusted with non-monetary elements		**(270,549)**	**231,406**	**(250,083)**	**(313,840)**
Changes in operating assets and liabilities					
Change in financial assets at amortized cost and placements with banks		(6,086,270)	(526,369)	(5,146,275)	(3,060,649)
Change in loans and advances to customers		(7,151,787)	(11,158,763)	(8,257,577)	(11,600,432)
Change in finance lease receivables		(693,717)	(1,318,265)	-	-
Change in financial assets at fair value through profit or loss		16,909	(14,977)	(17,313)	(22,940)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		93,626	(137,516)	93,626	(138,601)
Change in equity instruments		(3,272)	(7,516)	(5,610)	514
Changes in debt instruments		(21,114)	24,596	-	-
Change in other financial assets		(111,388)	(808,577)	75,772	(1,041,226)
Change in other assets		(231,847)	(76,488)	(158,434)	(78,142)
Change in deposits from customers		17,884,427	11,435,219	17,499,759	13,523,038
Change in deposits from banks		(639,012)	648,927	(545,528)	673,760
Change in financial liabilities held-for-trading		47,114	2,516	47,114	3,006
Change in repo operations		(1,453,998)	(4,683,166)	(1,453,998)	(4,683,166)
Change in other financial liabilities		704,265	(121,720)	479,442	(182,931)
Change in other liabilities		72,683	21,287	37,112	(10,864)
Income tax (paid)/recovered		(586,381)	(332,891)	(503,896)	(264,029)
Interest received		6,945,490	4,713,394	5,914,761	3,911,387
Interest paid		(2,638,610)	(1,192,131)	(2,506,562)	(1,118,807)
Net cash-flow from/ (used in) operating activities		**5,876,569**	**(3,301,034)**	**5,302,310**	**(4,403,922)**

Consolidated and Separate Statement of Cash Flows
For the year ended 31 December

		Group		Bank	
In RON thousand	**Notes**	**2023**	**2022**	**2023**	**2022**
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income	24	(17,936,513)	(12,131,322)	(17,817,334)	(11,932,842)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income	24	23,271,444	6,716,802	23,121,982	6,712,862
Acquisitions of property and equipment		(201,047)	(209,080)	(105,567)	(160,200)
Acquisitions of intangible assets		(297,107)	(178,077)	(227,467)	(170,884)
Proceeds from disposal of property and equipment		3,041	4,531	1,702	12,086
Acquisition of subsidiaries net of cash acquired through business combinations (*)	45	-	(267,347)	(162,916)	(338,597)
Proceeds from sale of equity investments		-	(16,964)	-	188,105
Dividends collected	14	14,981	5,489	5,912	8,719
Cupon collected, at term, during the year of debt instruments		1,748,651	1,189,997	1,741,572	1,009,855
Net cash-flow from/ (used in) investment activities		**6,603,450**	**(4,885,971)**	**6,557,884**	**(4,670,896)**
Cash-flow from financing activities					
Gross proceeds from loans from banks and other financial institutions	44	6,661,129	1,739,558	6,383,654	1,010,144
Gross payments from loans from banks and other financial institutions	44	(775,489)	(874,049)	(177,368)	(218,290)
Gross receipts from subordinated debts from banks and financial institutions	44	991,660	-	991,660	-
Gross payments from subordinated loans from banks and other financial institutions	44	(320,310)	(24,700)	(311,256)	-
Repayment of principal lease liabilities	28	(144,756)	(147,641)	(168,719)	(208,488)
Dividend payments		(898,221)	(801,623)	(898,221)	(801,623)
Payments for treasury shares		(32,329)	(150,297)	(32,329)	(150,297)
Interest paid		(298,628)	(122,799)	(240,294)	(93,749)
Net cash-flow from / (used in) financing activities		**5,183,056**	**(381,551)**	**5,547,127**	**(462,303)**

(*) refers to Tiriac Leasig aquisition in 2022

	Notes	**Group**		**Bank**	
In RON thousand		**2023**	**2022**	**2023**	**2022**
Cash and cash equivalents at January 1		**18,459,296**	**27,027,852**	**15,342,973**	**24,880,094**
The impact of exchange rate variations on cash and cash equivalents		14,915	2,441	7,552	(1,962)
Net increase/decrease (-) in cash and cash equivalents		17,648,160	(8,570,997)	17,399,769	(9,535,159)
Cash and cash equivalents as at December 31	19	**36,122,371**	**18,459,296**	**32,750,294**	**15,342,973**

Notes to the consolidated and separate financial statements

1. Reporting entity

Banca Transilvania S.A.

Banca Transilvania S.A. (the “Parent company”, “The Bank”) is a joint-stock company incorporated in Romania. The Bank started its activity as a banking institution in 1993 and is licensed by the National Bank of Romania (“BNR”, the “Central Bank”) to conduct banking activities. The Bank started its activity in 1994 and its main operations involve banking services for legal entities and individuals.

Banca Transilvania Group (the “Group”) includes the Parent company and its subsidiaries, based in Romania and in the Republic of Moldova. The consolidated and separate financial statements as at 31 December 2023 comprise the Parent company and its subsidiaries (hereinafter referred to as the “Group”).

The Group’s fields of activity are: banking through Banca Transilvania S.A., Victoriabank S.A. and Salt (Idea) Bank S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., Idea Leasing IFN S.A., BT Direct IFN S.A., BT Microfinanţare IFN S.A., BT Leasing MD S.R.L. and Țiriac Leasing IFN S.A., asset management through BT Asset Management S.A.I. S.A. brokerage and investments through BT Capital Partners S.A, and pension funds management BT Pensii S.A. Additionally, the Bank also has control over two investment funds it consolidates and is associated in Sinteza S.A. with a holding percentage of 31.09%.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 42 branches, 454 agencies, 4 work units, 8 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest (2022: 42 branches, 454 agencies, 6 work units, 8 healthcare division units, 2 private banking agencies in Romania and 1 branch in Italy and 1 regional office located in Bucharest).

The Group’s number of active employees as at 31 December 2023 was 11,841 (2022: 11,256 employees).

The Bank’s number of active employees as at 31 December 2023 was 9,547 (2022: 9,109 employees).

The registered address of the Bank is 30-36 Calea Dorobanților, Cluj-Napoca, Romania.

The ownership structure of the Bank is presented below:

	2023	**2022**
NN Group (*)	9.36%	10.11%
The European Bank for Reconstruction and Development (“EBRD”)	6.87%	6.87%
Romanian individuals	22.37%	22.20%
Romanian companies	45.13%	43.11%
Foreign individuals	1.09%	1.05%
Foreign companies	15.18%	16.66%
Total	**100%**	**100%**

(*) NN Group N.V. and the pension funds managed by NN Pensii SAFPAP S.A. and NN Asigurări de Viață S.A.

The Bank’s shares are listed on the Bucharest Stock Exchange and are traded under the symbol TLV.

1. Reporting entity *(continued)*

The Group's subsidiaries are represented by the following entities:

Subsidiary	Field of activity	Percentage of direct and indirect stake 2023	Percentage 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 Asisitent in Brokeraj 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 Microfinanţare 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%
BT Pensii S.A.	Activities of pension funds (except those in the public social security system)	100%	100%
Salt (Idea) Bank S.A.	Financial and banking activities	100%	100%
Idea Leasing IFN S.A.	Financial leasing	100%	100%
Idea Broker de Asigurare S.R.L.	Activities of insurance agents and brokers	100%	100%
Code Crafters by BT S.R.L.	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%	-

BT Leasing Transilvania IFN S.A.

BT Leasing Transilvania IFN S.A. operates through its head office located in Cluj-Napoca, 1 agency and 39 work units (2022: 1 agency and 22 work units) throughout the country. The company is authorized by the National Bank of Romania to provide leases for various types of vehicles, technical and other types of equipment.

The number of active employees as at 31 December 2023 was 305 (2022: 131 employees).

The registered address of BT Leasing Transilvania IFN S.A. is 74-76 Constantin Brâncuşi Street, 1st floor, Cluj-Napoca, Romania.

1. Reporting entity *(continued)*

BT Asset Management SAI S.A.

BT Asset Management SAI S.A. is an investment management company, member of Banca Transilvania Financial Group, authorized by the National Securities Commission (currently the Financial Supervisory Authority, also named „ASF") through the decision No. 903/29.03.2005, ASF Public Register No. PJR05SAIR/120016 dated 29.03.2005.

BT Asset Management SAI S.A. manages both open and alternative investment funds. As at 31 December 2023, BT Asset Management SAI S.A. managed 17 investment funds, of which: 14 open funds and 3 alternativ investment funds (2022: 17 investment funds, of which: 14 open funds and 3 alternativ investment funds).

BT Asset Management SAI S.A. offers a full range of investment products, from fixed income funds, mixed funds and index funds, to equity and one real estates funds. The access to the capital market is provided to customers through investments in Romania, as well as in the EU countries (mainly Austria); placements can be made in lei, euro, american dollars and pounds.
The number of active employees as at 31 December 2023 was 42 (2022: 37 employees). The company's registered address is in Cluj-Napoca, 22 Emil Racoviţă Street, 1st floor + garret, Cluj county, Romania.

BT Capital Partners S.A.

At the beginning of 2016, BT Securities – the brokerage company of Banca Transilvania Financial Group – became BT Capital Partners S.A., after taking over the investment banking activity of Capital Partners, the most important independent consulting Romanian company in the field of M&A and Corporate Finance, BT Capital Partners is also an exclusive member in Romania of Oaklins, the world's most important alliance of M&A professionals.

In its new formula, BT Capital Partners S.A. offers consulting services for raising funds via the capital market, consultancy on mergers and acquisitions, brokerage services, structuring of complex financing schemes, market research and strategic advisory.

At 31 December 2023 the company counted 57 active employees (2022: 59 employees). The company undertakes its activity through its headquarters located in Cluj-Napoca, 74-76 Constantin Brâncuşi Street, ground floor, Cluj county, Romania, and through 9 work units.

BT Direct IFN S.A.

BT Direct IFN S.A. it is authorized by the National Bank of Romania to carry out lending operations to individuals through credit cards as well as through consumer loans, having as object of activity the financing of natural persons.

BT Direct IFN S.A. and ERB Retail Services IFN S.A. have become the same company starting with August 1, 2019. Following the merger by absorption of BT Direct IFN S.A., ERB Retail Services IFN S.A. has become part of the Group keeping the name BT Direct IFN S.A..
As at 31 December 2023, the company has a registered office for the purpose of payroll taxes in Bucharest and another 116 offices in the locations of the main partners (2022: 107 offices).

The number of active employees at 31 December 2023 was 187 (2022: 179 employees). The company operates through its head office located in Cluj-Napoca, 74-76 Constantin Brâncuşi Street, 3rd floor, Cluj county, Romania.

1. Reporting entity *(continued)*

BT Microfinanţare IFN S.A.

BT Microfinanţare IFN S.A. is a non-banking financial institution authorized by the National Bank of Romania established in 2016. The company's object of activity is financing small businesses. The company's registered address is Bucharest, 43 Bucureşti – Ploieşti Street.

The number of active employees as at 31 December 2023 was 253 (2022: 205 employees).

In 2023, BT Microfinanţare IFN S.A. financed around 8,600 micro-enterprises (2022: 6,500 micro-enterprises) (loans for the support and development of current activities, procurement loans, loans for supplier payments, investment loans for existent and/or new work units, loans for the acquisition of machinery/equipment etc.). The outstanding balance for loans at the end of 2023 was RON 1009.1 million (2022: RON 780.7 million).

B.C. „VICTORIABANK" S.A.

B.C. „VICTORIABANK" S.A. was founded on 22 December 1989, being the first commercial bank in the Republic of Moldova to be registered with the Central Bank of USSR on 22 February 1990, being reorganized on 26 August 1991 into a joint-stock company (joint-stock commercial bank).

On 29 November 2002, Victoriabank S.A. was re-registered as a commercial bank, open joint-stock company, and its shares were registered and listed on the Moldova Stock Exchange. Victoriabank S.A. is authorized to carry out banking activities pursuant to its license issued by the National Bank of Moldova.

In 2018, Banca Transilvania S.A. became an indirect shareholder of Victoriabank S.A., holding together with EBRD 72.19% of the participation in this financial institution. At the beginning of 2018, Banca Transilvania S.A. purchased 61.82% of the shares of VB Investment Holding B.V. , the remaining 38.13% being owned by the EBRD. Also in 2018, VB Investment Holding B.V. increased its investment to 72.19% in Victoriabank SA, so that Banca Transilvania S.A.'s indirect effective holding in this financial institution became 44.63%. Consequently, thanks to having majority of voting rights, Banca Transilvania S.A. controls Victoriabank SA through VB Investment Holding B.V. Starting from April 2018, Banca Transilvania S.A. appointed representatives in the management and in the Board of Directors of Victoriabank S.A., thus taking control of Victoriabank S.A.

Victoriabank S.A. carries out its activity through its headquarter located in Chişinău, 31 August 1989 Street No 141, and through 30 branches and 38 agencies throughout the Republic of Moldova (2022: 30 branches and 41 agencies).The number of active employees as at 31 December 2023 was 1,138 (2022: 1,097 employees).

The share capital of B.C. „Victoriabank" S.A. consists of MDL 250,000,910, divided into 25,000,091 class I nominal ordinary shares, with voting rights, at a face value of MDL 10/share. The nominal ordinary shares issued by Victoriabank S.A. (ISIN: MD14VCTB1004) are admitted to trading on the regulated market at the Moldova Stock Exchange.

SALT (IDEA) Bank S.A.

Salt Bank S.A. was founded in 1998, and during 2021, was bought by Banca Transilvania S.A., a Romanian credit institution, which, starting with 29 October 2021 became the sole shareholder (direct and indirect) of this entity.

Currently, IDEA Bank S.A. runs banking and financial services operations with individuals and legal entities. These include according to constitutive act: current accounts, raise deposits, loan lending, financing for current activities, medium and long term financing, letters of guarantee and documentary credits, internal and external payment services, foreign exchange operations, deposits services.Starting with 2023, the Bank is 100% digital, through the registered office in Bulevardul Dimitrie Pompeiu, number 5-7, et. 6, sector 2, Bucharest, Romania. Salt Bank operates as a cashless bank from June 14, 2022 and proposes a complete digital transformation process, so that it becomes the first fully digital "made in Romania" bank, without banking units, thus offering customers banking services only through digital channels.

1. Reporting entity *(continued)*

SALT (IDEA) Bank S.A (continued)

Concretely, Salt Bank will offer its services through a mobile banking application (and wallet). As an element of differentiation compared to other neo-banks or fintechs that offer such platforms, Salt Bank intends to offer customer support services through its own call center.

As at 31 December 2023 the Bank had 163 active employees (2022: 130 active employees).

IDEA Leasing IFN S.A.

IDEA Leasing IFN S.A. (“Idea Leasing”) is a Romanian entity founded in 2000. The main activitity of Idea Leasing represents crediting based on contract - CAEN code 6491 and mostly financial leasing for legal entities, having under the lease agreements vehicles and equipments. The headquarter of Idea Leasing is located on 19-21 București-Ploiești Street, 2nd floor, Sector 1, Bucharest, Romania. As of 31 December 2023, Idea Leasing had 96 active employees (2022: 112 active employees).

2. Basis of preparation

a) Statement of compliance

The consolidated and separate financial statements of the Group and of the Bank have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as endorsed by the European Union and with the National Bank of Romania’s Order no. 27/2010 for the approval of the accounting regulations in acordance with IFRS, with subsequent changes („NBR Order no. 27/2010”), effective as at the Group’s and Bank’s annual reporting date, 31 December 2023.

The consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with the going concern principle, which assumes the continuity of the activity in the foreseeable future. In addition, management is not aware of any material uncertainties that could cast significant doubt on their ability to continue as a going concern. Therefore, the consolidated and separate financial statements are prepared on a going concern basis.

b) Basis of measurement

The consolidated and separate financial statements were prepared on historical cost basis, except for the financial instruments recognized at fair value through profit or loss, the financial instruments at fair value through other items of comprehensive income and the revaluation of property and equipment and investment property.

c) Functional and presentation currency – “RON”

The items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The functional currency of the entities within the Group is the Romanian leu “RON”, “EUR” and the Moldovan leu “MDL”. The consolidated and separate financial statements are presented in Romanian lei “RON”, rounded to the nearest thousand.

d) Use of estimates and judgements

The preparation of the consolidated and separate financial statements in accordance with the IFRS as endorsed by the European Union implies that the management uses estimations and judgements that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical data and various other factors that are believed to be relevant under the given circumstances. The result of which forms the basis of the judgements used in assessing the carrying value of the assets and liabilities for which no other evaluation sources are available. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. The review of the accounting estimates is recognized in the period in which the estimate is reviewed, if the review affects only that period, or in the period of the review and future periods if the review affects both current and future periods. The Group and the Bank make estimates and assumptions that affect the amounts of assets and liabilities reported within the next financial year.

2. Basis of preparation *(continued)*

d) Use of estimates and judgements (*continued*)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the given circumstances. Information about estimates used in the application of the accounting policies which have a significant impact on the consolidated and separate financial statements, as well as the estimates involving a significant degree of uncertainty, are described in Note 5.

e) Changes in material accounting policies

a. Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosure about the Pillar Two exposure (see Note 3 k).

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognized at that date, the retrospective application has no impact on the Group`s consolidated financial statements.

b. Material accounting policy information

Starting January 1, 2023, the Group and the Bank adopted the Amendments to IAS 1 and IFRS Practice Statement 2.

Although the amendments did not result in any changes in accounting policies, these had an impact on the information on accounting policies presented in the consolidated and separate financial statements. The amendments require the disclosure of "material", rather than "significant", accounting policy presentation. Moreover, these provide guidance on the concept of materiality in the presentation of accounting policies and guide entities in providing useful information, with reference to the specific accounting policies that users need to understand other information presented in the consolidated and separate financial statements. The Group and the Bank reviewed the accounting policies and updated the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

3. Material accounting policies

The Group and the Bank has consistently applied the following accounting policies to all periods presented in these consolidated and standalone financial statements, except if mentioned otherwise. In addition, the Group and the Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies.

a) Basis for consolidation

According to IFRS 10, control means that an investor has: 1) power over the investee; 2) exposure, or rights to variable returns from its involvement within the investee; 3) the ability to use its power over the investee to affect the amount of the investor's returns. The list of the Group’s subsidiaries is presented in Note 1.

(i) Business Combinations

A business combination is accounted using the acquisition method at the date when the control is acquired, except for the cases when the combination involves entities or parties under common control or the acquired entity is a subsidiary of an investment entity.

Each identifiable asset and acquired asset and assumed liability is evaluated at fair value at the acquisition date.

3. Material accounting policies *(continued)*

a) Basis for consolidation *(continued)*

(i) Business Combinations (continued)

The non-controlling interests in the acquired entity, which represent current ownership interest and entitle the holder to a proportional share of the entity's net assets in the event of liquidation, are measured either at fair value or proportionally with the acquired ownership interest in the entity's net identifiable assets. Non-controlling interests that are not current ownership interests are measured at fair value.

Goodwill is measured by deducting the identifiable net assets acquired from the aggregate of the consideration transferred, any non-controlling interests in the acquired entity and the fair value at the acquisition date of the equity participation in the acquired entity previously held by the acquiring entity. If the acquirer obtains a gain from a bargain purchase, this gain is recognized in the profit or loss after the management reassesses whether all the assets were acquired and all liabilities and contingent liabilities were assumed based on appropriate measurement.

The consideration transferred in a business combination is measured at the fair value of the assets transferred by the acquirer, the liabilities incurred or assumed and the equity instruments issued, but excludes the costs related to intermediation, advisory, legal, accounting, valuation and other professional or consulting services, general administrative costs that are recognized in the profit or loss.

(ii) Subsidiaries

The Group's subsidiaries are the entities under the Group's direct and indirect management. The management of an entity is reflected by the Group's capacity to exercise its authority in order to influence any variable return to which the Group is exposed based on its involvement in the entity. The factors that the Group must consider when deciding to include an entity in the consolidation are the following:

- the purpose and relevant activity of the entity;
- the entity's relevant activities and the manner in which they are determined;
- whether the Group's rights ensure its capacity to manage the entity's relevant activities;
- whether the Group is exposed or entitled to variable returns;
- whether the Group can use its capacity in order to influence returns.

If voting rights are relevant, the Group is considered to be in control if it holds, directly or indirectly, more than half of the voting rights of an entity, except when there is proof that another investor has the capacity of control over the relevant activities. Potential voting rights considered as substantial are also taken into account when determining the control of the entity. Moreover, the Group controls an entity even if it does not hold the majority of the voting rights, but however has the effective capacity to control the entity's relevant activities.

This situation may occur when the dimension and dispersion of the shareholders' participations give authority to the Group to control the activities subject to investment. The subsidiaries are included in the consolidation starting from the date when the control is transferred to the Group.

The Group revaluates on an ongoing basis the control over the entities subject to investment, at least upon each quarterly reporting date. Therefore, any structural modification leading to the change of one or several control parameters is subject to revaluation. Such modification may include the change of the decision-making rights, changes in the contractual terms, financial or capital structure modifications, modifications caused by an event anticipated upon the initial documentation.

3. Material accounting policies *(continued)*

a) Basis of consolidation *(continued)*

(iii) Non-controlling interest

The Group presents the non-controlling interest in its consolidated financial position within equity, separated from the equity of the parent company's shareholders. The non-controlling interest is measured proportionally with the percentage held in the net assets of the subsidiary. Changes in ownership interest which do not result in the loss of parent control of the subsidiary, are reflected as equity transactions.

(iv) Loss of control

If the parent loses the control of a subsidiary, it derecognizes the assets (including goodwill), the liabilities and the book value of any non-controlling interest at the date such control is lost. Any gain or loss arising from the loss of control is recognized in the profit or loss account.

Upon the loss of control over a subsidiary, the Group: a) derecognizes the assets (including the attributable goodwill) and liabilities of the subsidiary at their book value, b) derecognizes the book value of any non-controlling interests held in the former subsidiary, c) recognizes the consideration received at fair value, as well as any distribution of the subsidiary's shares, d) recognizes any investment in the former subsidiary at fair value and e) recognizes any difference resulting from the above elements as gain or loss in the income statement. Any amounts recognized in the previous periods as other items of comprehensive income in relation to the respective subsidiary, shall be either reclassified in the consolidated statement of profit or loss or transferred to retained earnings, if required by other IFRS standards.

(v) Investments in associates

An associate is an entity over which the Group exercises significant influence in terms of financial and operating policy decision making, but without controlling the entity. Significant influence is when the Group holds between 20% and 50% of the voting rights. The existence and impact of the potential rights that are currently enforceable or convertible are also taken into consideration in order to determine whether the Group exercises significant influence. Other factors taken into consideration in order to determine whether the Group exercises significant influence are the representation in the Board of Directors and the inter-company relevant transactions. The existence of such factors may require the application of the equity method of accounting for a certain investment, even if the Group's investment in voting shares is lower than 20%. Investments in associates are booked according to the equity method. The share of the Group resulting from the association is adjusted in order to be in line with the Group's accounting policies and is booked in the consolidated statement of profit or loss as net investment income (loss) according to the equity method. The Group's share in the profits or losses of the related parties resulting from inter-company sales is removed from the consolidation basis.

In accordance with the equity method, the Group's investments in associates and jointly controlled entities are initially booked at cost, including any costs directly connected with transactions, and are subsequently increased (or decreased) to reflect both the proportional share of the Group after the acquisition and the net income (or loss) of the related entity or of the jointly controlled entity, as well as other direct changes in the shareholders' equity of the related entity or of the jointly controlled entity. The goodwill generated by the acquisition of a related entity or of a jointly controlled entity is included in the investment book value. Since goodwill is not reported separately, it is not tested for impairment. In fact, the whole investment accounted based on the equity method is tested for impairment upon each balance sheet preparation.

3. Material accounting policies *(continued)*

a) Basis of consolidation *(continued)*

(v) Investments in associates (continued)

At the date when the Group ceases to have significant influence on the associates or the jointly controlled entity. The Group shall determine the profit or loss from the assignment of the investment based on the equity method, which shall be equal to the difference between: 1) the fair value of retained interest and any proceeds from disposing of a part of interest in the associate and 2) the carrying amount of the investemnts.

(vi) Management of investment funds

The Group manages and administrates assets invested in fund units on behalf of investors. The financial statements of these entities are not included in the consolidated financial statements, except when the Group controls the entity by holding authority, exposure or rights over variable incomes based on its participation of more than 50% in the open investment fund units. In line with the Group's strategy to develop open investment funds and to attract new investors, the Group removes from the consolidation basis the open funds managed by BT Asset Management SAI S.A., if the percentage of fund unit holdings decreases below 40% during two financial years.
As concerns the alternative funds managed by BT Asset Management SAI S.A.. The Group removes from the consolidation basis the holdings for which there is no significant influence of more than 20%.
If the Group holds units in open or alternativ investment funds managed by an investment management company which is not included in the consolidation, the funds shall not be consolidated because the Group does not have the authority and decision-making power regarding the relevant activities of such entity.

(vii) Transactions eliminated from consolidation

Intra-group settlements and transactions, as well as any unrealized gains resulted from the intra-group transactions have been fully eliminated in the preparation of the consolidated financial statements. Unrealized gains resulted from transactions with equity accounted investees are eliminated in correlation with the investment in the related entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(viii) Presentation of the legal merger through absorption in the financial statements

The Group applies the common control scope exclusion in IFRS 3 requirements "Business combination" by analogy to the accounting for common control transaction in separate financial statements to record the merger by absorption operations in the separate financial statement of the absorbing entity. The separate financial statements of the absorbing entity after merger are a continuation of the consolidated financial statements prepared starting with the date of acquisition of the absorbed entity.

The profit or loss and other comprehensive income of the absorbing entity includes the revenues and expenses as they were booked by the absorbed entity at individual level, for the period between the date of gaining the control and the merger date.

Due to the lack of specific requirements in the IFRS related to legal mergers through absorption, the Bank decided to present the book value of the acquired identifiable assets and undertaken liabilities in the separate financial statements at the legal merger date, after their initial recognition at fair value at the date when the control was acquired.

3. Material accounting policies *(continued)*

a) Basis of consolidation *(continued)*

b) Foreign currency transactions

(i) Foreign currency transactions

Transactions in foreign currency are recorded in RON at the official exchange rate at the date of the transaction. The exchange rate differences resulting from such transactions denominated in foreign currency are reflected in the statement of profit or loss at the transaction date and using the exchange rate valid at the respective date.
Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated and separate statement of financial position are translated to the functional currency at the exchange rate valid at that date.
FX differences are recognized in profit or loss.
Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated in the functional currency by using the exchange rate at the date of the transaction.
Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rate valid at the date when the fair value is determined.

(ii) Translation of foreign currency operations

The result and financial position of operations denominated in a currency different from the functional and presentation currency of the Group are translated into the presentation currency as follows:

- the assets and liabilities of this entity, both monetary and non-monetary, were translated at the closing rate at date of the consolidated and separate statement of financial position;
- income and expense items of these operations were translated at the average exchange rate of the period, as an estimate of the exchange rates at the dates of the transactions; and
- all resulting exchange differences have been recognized as OCI until the disposal of the investment.

The exchange rates for the major foreign currencies were:

Currency	**31 December 2023**	**31 December 2022**	**Variation %**
Euro (“EUR”)	1: RON 4.9746	1:RON 4.9474	0.55%
United States Dollar (“USD”)	1: RON 4.4958	1: RON 4.6346	-2.99%

c) Interest income and expenses

Recognition of interest income and expenses

Interest income and expense are recorded for all loans and debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

3. Material accounting policies *(continued)*

c) Interest income and expenses *(continued)*

Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination.

The Group does not designate loan commitments as financial liabilities at FVTPL.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit adjusted effective interest rate is applied to the amortised cost.

d) Fee and commission income

Fee and commission income represent commissions that are not an integral part of the effective interest rate of a financial instrument and that are accounted for in accordance with IFRS 15.

Such income includes fee income in the banking units (*transactional fees,* such as: commissions for transactions at ATMs, commissions for payments, for issuing the account statement, commissions for the collection/encashment of dividends, commissions for currency exchanges*; brokerage and execution fees, syndication fees* etc.), fee income from capital markets (*advisory fees, investment activities fees, brokerage and execution fees, custodial fees*), fee income in wealth management.

The commissions and expenses obtained from the services provided over a certain period of time are recognized in that period as the services are provided. Commissions and expenses obtained for the completion of a specific service or significant event are recognized upon completion of the service or when the event occurs, for example, upon completion of the transaction to which it refers.

The obligation to perform the service (and the recognition of income) can be fulfilled at a given moment or over time. For each identified performance obligation, the Group establishes at the beginning of the contract whether it fulfills the performance obligation in time or at a given moment and whether the consideration is fixed or variable, including whether the consideration is limited, for example, by external factors that cannot be influenced by to the Group.

The group records income and expenses from commissions in profit or loss:

• either in time, because the performance obligation is satisfied in time, and the client simultaneously receives and consumes the benefits offered by the performance by the Group, as the Group fulfills the obligations (being one of the 3 criteria that must be met for a performance obligation to be satisfied in time). These include, for example, commissions for transactions with clients when the services are provided continuously, settlement commissions for financial instruments, custody commissions, consulting fees;

• or at the time when the service is provided, in cases where a performance obligation is not fulfilled in time. These include, for example, distribution commissions received and some consulting fees.

3. Material accounting policies *(continued)*

e) Net trading income

Net trading income represents the difference between the gain and loss related to financial assets held-for trading, foreign exchange transactions, derivatives and foreign exchange position revaluation.

f) Net loss/gain related to financial assets measured at fair value through other items of comprehensive income

The net loss/gain related to financial assets measured at fair value through other items of comprehensive income comprises the gain and loss from the sale of financial assets measured at fair value through other items of comprehensive income. Net gain and loss from the sale of financial assets measured at fair value through other items of comprehensive income are recognized in the income statement at the moment of their sale. For debt instruments, the net gain/loss related represents the difference between the sale price and the acquisition cost related to the financial assets measured at fair value through other items of comprehensive income.

g) Net loss/gain from financial assets which are required to be measured at fair value through profit or loss

The net loss/ gain from financial assets which are required to be measured at fair value through profit or loss includes the gain and loss both from the revaluation at fair value and the sale of financial assets which are required to be measured at fair value through profit or loss.

h) Other operating income

h1) Dividend income

Dividend income is recognized in profit or loss at the date when the right to receive such income is established and it is probable that the dividends will be collected. Dividends are reflected as a component of other operating income.
For some of the Bank's subsidiaries, the only profit available for distribution is the profit for the year recorded in the Romanian statutory accounts, which differs from the profit in these consolidated and separate financial statements prepared in accordance with IFRS, as endorsed by European Union, due to the differences between the applicable Romanian Accounting Standards and IFRS, as endorsed by the European Union.

h2) Income from insurance intermediation

The fees related to the intermediation for insurance services are recognised by the Bank in the month when the related insurance services are paid by the insurer to the Bank. If the computation of these fees is not finalized and agreed with the insurer by the end of the month the Group recognizes an accrued income into the consolidated income statement based on its own estimates.

3. Material accounting policies *(continued)*

h) Other operating income *(continued)*

h3) Income from VISA, MASTERCARD, WU services

The Group and the Bank recognizes income received from Visa, Mastercard and Western Union representing discounts granted for the volume of transactions performed. This income is booked on a monthly basis based on the invoice issued to the Group nd the Bank.

h4) Income from the assignment of shareholdings

This income represents a gain or a loss from disposal of shares in subsidiaries which is recognised in the statement of profit or loss. This gain or loss represent the difference between the selling price and the fair value of the net assets sold.

h5) Other operating income

The Group and the Bank also recognize the following types of income under "Other operating income": income from the disposal of tangible assets and those from the sale of the non-current assets held for sale, income from compensations, fines, penalties, income from: debt recoveries related to closed accounts, surplus from ATM transactions not claimed by customers, cash at hand differences, income from recovered legal expenses, other recoveries from operating expenses.

i) Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund

The retail deposits and certain legal entity deposits, including SME deposits, are guaranteed up to EUR 100,000 in Romania and MDL 100,000 in the Republic of Moldova) by the Bank Deposit Guarantee Fund (the "FGDB") according to the regulations in force (Law 311/2015 regarding the deposit guarantee scheme and the Deposit Guarantee Fund in Romania and the law regarding the deposit guarantee within the banking system no.575-XV from December 2003 23, in the Republic of Moldova).

The Romanian credit institutions are obliged to pay an annual contribution to the Deposit Guarantee Fund ("FGBD-Fondul de Garantare a Depozitelor Bancare"), in order to guarantee the clients' deposits in case of the credit institution's insolvency, as well as an annual contribution to the Resolution Fund ("Fondul de Rezolutie").

It is mandatory for the banks in the Republic of Moldova to contribute an annual fee to FGDB, through quarterly payments which are calculated based on the value of the pledged deposits and the risk grade for each bank, and also an annual fee to the Resolution Fund.

The Group and the Bank applied IFRIC 21 "Levies" to determine when the obligation to be recognized. As this contribution to the FGDB corresponds to a tax therefore it needs to be fully recognized as an expense at the time the obligating event occurs. In this case, the obligation arises annually on January 1, as the Bank performs activities related to deposits received.

3. Material accounting policies *(continued)*

j) Lease assets and liabilities

Group applies IFRS 16 provisions to all leases, including leases of right-of-use assets in a sublease, except for:

a) leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
b) leases of biological assets within the scope of IAS 41 Agriculture held by a lessee;
c) service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements;
d) licenses of intellectual property granted by a lessor within the scope of IFRS 15 Revenue from Contracts with Customers; and
e) rights held by a lessee under licensing agreements within the scope of IAS 38 Intangible Assets for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

The Group presents in this financial statements, lease assets and liabilities for the following types of transactions:

a) __as a lessee:__

- Lease of properties used for financial activities;
- Lease of land;
- Lease of vehicles;
- Lease of other low-value items.

b) __as a lessor:__

- Finance lease of vehicles and equipment;
- Finance lease of real estate.

Identification of a lease contract

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.
To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:
(a) the right to obtain substantially all of the economic benefits from use of the identified asset and
(b) the right to direct the use of the identified asset.

3. Material accounting policies *(continued)*

j) Lease assets and liabilities *(continued)*

a) The Group as a lessee

As per IFRS 16 provisions, a lessee is required to recognise a right-of-use asset and a lease liability at the initial recognition of the contract.

Right of use – initial measurement

The right-of-use asset shall comprise:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liability – initial measurement
Represents the present value of the lease payments that are not paid at commencement date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:
(a) fixed payments, less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering all the relevant factors); and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement - Right-of-use asset
The Group shall measure the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability due to lease contract. If the lease transfers ownership of the underlying asset to the Group as a lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Subsequent measurement - Lease liability
The Group measures the lease liability by:
a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

3. Material accounting policies *(continued)*

j) Lease assets and liabilities *(continued)*

a) The Group as a lessee (continued)

After the commencement date, the Group remeasures the lease liability to reflect changes to the lease payments. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, it recognizes any remaining amount of the remeasurement in the statement of profit or loss.

b) The Group as a lessor

Initial measurement

At the commencement date, the Group, as a lessor, recognizes assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The lessor uses the interest rate implicit in the lease to measure the net investment in the lease.

The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease.

The lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- fixed payments less any lease incentives payable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement

The Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease.

The Group aims to allocate finance income over the lease term on a systematic and rational basis and shall apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. It reviews regularly estimated unguaranteed residual values used in computing the gross investment in the lease. If there has been a reduction in the estimated unguaranteed residual value, the Group reviews the income allocation over the lease term and recognizes immediately any reduction in respect of amounts accrued.

3. Material accounting policies *(continued)*

k) Income tax expense

Income tax for the year includes the current tax and the deferred tax. The income tax is recognized in the result for the year or in the shareholders' equity, if the tax is related to shareholders' equity items.

Current tax is the tax payable with respect to the profit for the period, determined based on the percentages applied at the date of the consolidated and separate statement of financial position and all the adjustments related to the previous periods. The adjustments which influence the fiscal base of the current tax are: non-deductible expenses, non-taxable income, similar expense/ income items and other tax deductions.

Deferred tax is determined based on the balance sheet liability method for the temporary differences between the fiscal base for the calculation of the tax on assets and liabilities and their accounting value used for reporting under the consolidated and separate financial statements.
Deferred tax is not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities resulting from transactions which are not business combinations and do not affect the accounting or tax profit and differences resulting from investments in subsidiaries, provided that they are not reversed in the near future and the moment of reversal is being controlled by the entity.

The temporary differences may arise in a business combination, so that an entity may recognize any resulting deferred tax assets or liabilities as identifiable assets and liabilities at the acquisition date. The temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination affects neither accounting nor taxable profit or loss.

According to the local tax regulations, the fiscal loss of the entity that ceases to exist further to a legal merger through absorption can be acquired and recovered by the absorbing entity. The annual fiscal loss starting 2009, established through the tax statement shall be recovered from the taxable income of the next 7 consecutive years.

To report the unutilized fiscal losses, the deferred tax claims are recognized only to the extent to which it is probable to obtain taxable profit in the future after compensation with the tax loss from the previous years and with the recoverable tax on profit. Deferred tax claims are diminished to the extent to which the related tax benefits are unlikely to be achieved.

The Group has determined that the global minimum top-up tax – which is required to pay under Pillar Two legislation – is an income tax in scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up and accounts for it as a current tax when it is incurred.

The Group operates in Romania, which has enacted new legislation to implement the global minimum top-up tax. The Group expects to be subject to the top-up tax in relation to its operations in Romania, where the statutory tax rate is 16%, but receives additional tax deductions that reduce its effective tax rate to below 15%. Also, the Group expects to be subject to the top-up tax in relation to its operations in Moldovia, where the statutory tax rate is 12 %, and the domestic legislation does not contain any tax provision regarding Pillar Two Model Rules. However, since the newly enacted tax legislation in Romania is only effective from 1 January 2024, there is no current tax impact for the year ended 31 December 2023.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts on the top-up tax and accounts for it as a current tax when it is incurred (see Note 2 e).

3. Material accounting policies *(continued)*

l) Financial assets

The Group and the Bank classify the financial assets based on the cash flow characteristics of each instrument and the business model within which an asset is held. A business model reflects how the Group and the Bank manage the financial assets in order to achieve its business objectives. There are three types of business models:

"Hold to collect" business model:
This business model refers to financial assets that are classified in order to collect cash flows (for example: loans, government securities, bonds held outside the trading portfolio). If these assets pass the SPPI test (Solely Payment of Principal and Interest), they are measured at amortized cost and included in the periodical calculation of expected credit losses.
The general expectation is that the assets classified in this category are held until their maturity, however sales may incur and are acceptable; if they are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent), when the risk profile of such instruments increases and such assets no longer are in line with the Group's and the Bank's investment policy. A higher frequency of sales during a certain period is not necessarily in contradiction with this business model, if the Group and the Bank are able to justify the reasons for such sales and to prove that such sales do not reflect a change in the current business model. Nevertheless there are no such cases in 2023.

"Hold to collect and sell" business model:
Under this business model, financial assets are held to collect the contractual cash flows, but they may also be sold in order to cover liquidity requirements or to maintain a certain interest return on the portfolio. They are measured at fair value through other items of comprehensive income (reserves) and may include government securities and bonds, in case SPPI test is passed.

Other business models: are those which do not meet the criteria of the business models mentioned above, for example business models in which the primary objective is realizing cash flows through sale, held for trading business models, business models under which assets are managed on a fair value basis, business models under which financial assets are acquired for sale/trading and measured through profit or loss (tradable securities, tradable shares, etc.). The portfolio is managed based on the market value evolution in respect of the assets concerned and includes frequent sales and purchases for the purpose of maximizing profit.
The Group and the Bank recognize all financial assets and liabilities at the transaction date. The transaction date is the date when the Group and the Bank undertake to buy or to sell an asset.
At initial recognition, a financial asset can be classified as:

a) measured at amortized cost, provided that the following conditions are cumulatively fulfilled:

- the asset is held under a business model in which the primary objective is to collect contractual cash flows;
- the contractual terms of the financial asset generate cash flows at specific dates, representing solely payments of principal and interest.

3. Material accounting policies *(continued)*

l) Financial assets *(continued)*

b) measured at fair value through other comprehensive income are provided that the following conditions are cumulatively fulfilled:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) measured at fair value through profit or loss, if financial assets do not meet the criteria according to which the contractual cash flows need to be Solely Payments of Principal and Interest (the SPPI test) or if the assets are held for trading (for example derivatives, fund units and certain securities).
Investments in equity instruments are measured at fair value through profit or loss, However, provided that such instruments are not held for trading, the Group and Bank management can make an irrevocable election to present changes in fair value in other comprehensive income (except for dividend income which is recognised in profit or loss).

Therefore, if equity instruments are measured at fair value through other comprehensive income, such instruments will not be classified as monetary items and the accumulated profit or loss, including that resulting from currency exchange, will be transferred to the entity's equity upon the derecognition of such instruments.
If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

The gains and losses from investments in equity instruments measured at fair value through profit or loss are included in the statement of profit or loss under "Net trading income" for held for trading equity instruments.

Investments in equity instruments, representing usually strategic investments which are not planned to be disposed of in the foreseeable future and are not included in the trading portfolio, have been classified as financial assets required to be measured at fair value through other comprehensive income. In this case, the Group and the Bank have irrevocably decided to present fair value changes under comprehensive income, whereas the gains or losses related to the respective instruments will be transferred directly to the Group's equity, without being reclassified (or recycled) to profit or loss.

Government bonds, municipal bonds and other bonds issued by financial and non-financial institutions are measured at fair value through other items of comprehensive income, under the provisions of the SPPI test criteria and the "hold to collect and sell" business model. The Group and the Bank recognize an allowance for expected credit losses related to such assets measured at fair value through other items of comprehensive income. This provision will be recognized under other comprehensive income and does not diminish the book value of the financial asset.

Bonds which meet the SPPI test criteria and the "hold to collect" business model are measured at amortized cost. The Group and the Bank recognize impairment allowances related to financial assets measured at amortized cost.

Fund units held with mutual funds which fail the solely payments of principal and interest ("SPPI") criterion are mandatorily measured at fair value through profit or loss.

3. Material accounting policies *(continued)*

l) Financial assets *(continued)*

In the separate statement of financial position, equity instruments representing investments in subsidiaries continue to be measured at cost, according to IAS 27 - “Separate Financial Statements”. Derivative instruments are measured at fair value through profit or loss.
Impairment requirements under IFRS 9 are based on expected credit losses and imply the timely recognition of expected estimated credit losses. Expected credit losses (‘ECL’) are associated with financial instrument assets carried at amortised cost and fair value through other items of the comprehensive income and the exposure from loan commitments and financial guarantee contracts. In order to measure expected credit losses, the Group and the Bank are grouping their assets into three categories: stage 1 (assets with no increase in credit risk from initial recognition), stage 2 (assets for which significant increase in credit risk from initial recognition has been observed) and stage 3 (credit-impaired – assets that the Group and the Bank are considering to be nonperforming). More details about how the Group and the Bank are grouping their financial assets can be found in Note 4 “Risk management”.

Some financial instruments include both a loan and an undrawn commitment component and the Group’s and the Bank’s contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group’s and the Bank’s exposure to credit losses to the contractual notice period.

For such financial instruments, and only those financial instruments, the Group and the Bank shall measure expected credit losses over the period that the Group and the Bank are exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. Also, the Group and the Bank recognize a loss allowance for expected credit losses also for financial guarantee accordingly to IFRS 9 principles.

Expected credit losses for off-balance exposures are considered and recognised at the time when the Group and the Bank records in their off balance sheet records a commitment with the risk of being converted into a loan. The calculation basis for these losses includes exposures from commitments related to letters of credit, letter of guarantee, uncommitted amount of the loans granted by the Group and the Bank and factoring commitments.
The expected credit loss calculation is made according to IFRS 9 and is based on the probability of conversion into credit, the probability of default and loss given default.

Derecognition policy

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and

- the Group and the Bank transfer substantially all the risks and rewards of ownership, or
- the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank did not retain control.

The Group and the Bank shall directly reduce the gross carrying amount of a financial asset when they have no reasonable expectations of recovering this financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. The recovery procedures for these assets are not stopped, the loans being highlighted in off-balance sheet accounts, until the full collection of the receivables or until a definitive deletion. Information regarding the volume of these exposures is presented in the Notes 22 and 23.

3. Material accounting policies *(continued)*

l) Financial assets *(continued)*

Other events that lead to a derecognition are those of the type of definitive deletions from on balance sheet account records:

- Debt forgiveness following the exhaustion of the legal ways of recovery, the prescription for the terms of execution or some decisions regarding the opportunity to continue the recovery procedures (efforts/cost versus effects/revenues);
- Sale/assignment of receivables to a third party;
- Sale of loan portfolios.

The Group and the Bank enter into transactions where they retain the contractual rights to receive cash flows from assets but assume a contractual obligation to pay those cash flows to other entities and transfer substantially all of the risks and rewards.

The transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Group and the Bank:

- Have no obligation to make payments unless they collect equivalent amounts from the assets;
- Are prohibited from selling or pledging the assets; and
- Have an obligation to remit any cash they collect from the assets without material delay.

Collateral (shares and bonds) pledged by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

The Bank derecognizes a transferred financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset. The criteria set at Group level to evaluate modifications leading to derecognition of financial assets, are developed having in mind that they must reflect modifications that are substantial enough (either quantitatively or qualitatively) to satisfy the derecognition requirements. On the quantitative side, these criteria refer to a significance threshold of 10% by analogy to the de-recognition trigger set by IFRS 9 for modifications of financial liabilities. On the qualitative side, these criteria refer to contractual modifications that are substantially changing the nature of lender’s risks associated with the pre-existing loan contract.

m) Financial liabilities

A financial debt is any debt that represents:

(a) a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

(b) a contract that will be or can be settled in the entity's own equity instruments and is:

(i) a non-derivative instrument for which the entity is or may be obliged to deliver a variable number of its own equity instruments; or

(ii) a derivative instrument that will be or can be settled otherwise than by exchanging a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Examples of financial liabilities that can be found in the Group's financial position statement are: deposits received from customers, amounts owed to banks and other financial institutions, subordinated loans, other loans, bonds issued, derivative instruments and other financial instruments that meet the definition of a financial liability.

3. Material accounting policies *(continued)*

m) Financial liabilities *(continued)*

Classification and evaluation

The Group and the Bank classify financial liabilities at amortized cost with the exception of the following debt categories:

- financial liabilities measured at fair value through profit and loss (FVTPL). Financial liabilities measured at fair value through profit and loss contain two sub-categories: financial liabilities held for trading purposes, which includes derivative instruments, and financial liabilities designated at FVTPL upon initial recognition;
- financial liabilities that arise when a transfer of a financial asset does not meet the conditions to be derecognized or is accounted for using the going concern approach;
- commitments to provide a loan at an interest rate below the market value and financial guarantee contracts;
- the contingent compensation recognized by the Group as the acquiring entity in a business combination.

The financial liabilities valued at amortized cost held by the Group and the Bank include deposits drawn from customers, from banks, subordinated loans, bonds issued as well as other amounts in transit from customers and banks or amounts to be paid to suppliers.

These financial liabilities are recognized at the initial settlement date at fair value, which is, normally, the consideration received minus the transaction costs directly attributable to the financial liability. Subsequently, these instruments are valued at amortized cost using the effective interest method. If some debts also have an equity component, the Group and the Bank analyze the substance of the respective contracts so as to reflect the instrument in accordance with IFRS requirements.

Embedded derivatives are separated from the host contract if the separation criteria mentioned by IFRS 9 are met. Financial liabilities cannot be reclassified.

The Group derecognizes a financial liability when the contractual obligations are extinguished or canceled or have expired.

n) Cash and cash equivalents

Cash and cash equivalents include: cash at hand, unrestricted balances held with National Bank of Romania, National Bank of Moldova and National Bank of Italy and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of fair value changes.

The minimum required reserves to be held with the regulatory authorities consist of the average daily amounts held in the accounts opened with the regulatory authorities.

These amounts can be used every day in daily operations, the only requirement is to maintain an average monthly amount (over a period of 30 days) above a certain level, thus these amounts are not restricted and they must be included in cash and equivalents of cash. Cash and cash equivalents are carried at amortized cost in the consolidated and separate statement of financial position.

3. Material accounting policies *(continued)*

o) Tangible assets

(i) Recognition and measurement

Tangible assets are stated at the revalued amount less accumulated depreciation.

Measurement upon initial recognition
The cost of a fixed asset item consists in:

a) the acquisition price, including customs charges and non-refundable acquisition costs, after the deduction of all commercial discounts;
b) any costs directly incurred in order to bring the asset at the adequate location or condition required by the management for proper functioning.

Subsequent measurement
All tangible assets are stated at the revalued amount, less the accumulated depreciation and impairment losses.
The costs of tangible assets under construction are capitalized if the criteria for tangible asset recognition are met, notably: they generate future economic benefits, they can be measured reliably and they lead to the improvement of technical parameters, ensuring an ongoing use of the assets under normal conditions. The costs for maintenance and current repairs are not recognized under assets.

Tangible assets under construction are starting to be depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by management. This condition is fulfilled when there is a sign-off for reception and deployment by the asset's users.

The carrying amounts of assets are analyzed during the revaluation process upon the issuance of the statement of financial position. The Group and the Bank shall annually reassess all tangible assets with an external evaluator, who is not an employee of the Group or the Bank.
For revalued assets, if an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss, except the case when the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

When an item of property and equipment is revalued, the accumulated depreciation at the revaluation date is recalculated in proportion to the change in the gross carrying amount of the asset, so that the carrying amount of the asset, after revaluation, is equal to its revalued amount.
The revaluation reserve for premises and equipment included in equity is transferred directly to retained earnings when the revaluation surplus is realized on the retirement or disposal of the asset.

(ii) Subsequent costs

The Group and the Bank recognise in the carrying amount of tangible assets the cost of replacing such an item when that cost is incurred or if it is probable that the future economic benefits embodied with the item may be transferred to the Group and to the Bank and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

3. Material accounting policies *(continued)*

o) Tangible assets *(continued)*

(iii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of each item of tangible assets. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	50 years
Leasehold improvements (average)	6 years
Computers	4 years
Equipment	2 - 24 years
Furniture	3 - 20 years
Vehicles	4 - 5 years

The leasehold improvements are depreciated over the lease term, which varies between 1 and 15 years. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

p) Investment property

Investment property is property (land, buildings or parts of a building) held by the Group and the Bank to earn rent, for capital appreciation or both, rather than for:

- the use in production, the supply of goods or services or for administrative purposes; or
- the sale in the ordinary course of business.

(i) Recognition and measurement

Investment property is recognized as an asset when:

- it is probable that the future economic benefits that are associated with the investment may flow to the Group and to the Bank;
- the cost of the investment property can be measured reliably.

An investment property is measured initially at cost, including transaction costs. The cost of an investment property includes its purchase price (if purchased) and other directly attributable expenses (e.g. fees for legal services, property transfer taxes and other transaction costs).

(ii) Subsequent measurement

The accounting policy for the subsequent measurement of the investment properties of the Group and the Bank is based on the fair value model. This policy is applied consistently for all the investment properties held by the Group and the Bank.
When the Group and the Bank, as lessees use the fair value model to measure an investment property that is held as a right-of-use asset, they shall measure the right-of-use asset, and not the underlying property, at fair value.

Gains or losses from the change in the fair value of the investment properties are recognized in profit or loss in the period in which they arise.
The fair value of the investment properties reflects the market conditions at the reporting date.

(iii) Transfers

Transfers to or from investment property are made when, and only when, there is a change in use of the asse. For the transfer of an investment property, measured at fair value, to tangible assets, the property’s deemed cost for subsequent accounting is its fair value at the date of the change in use.
An investment property is derecognized on disposal or when it is permanently withdrawn from use and no future benefits are expected from its disposal.

The gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the period of the retirement or disposal.

3. Material accounting policies *(continued)*

p) Investment property *(continued)*

(iv) Disposals

Derecognition of an investment property will be triggered by a change in use or by sale or disposal or when it is permanently withdrawn from use and has no future economic value. When an investment property is disposed of, it is eliminated from the statement of financial position, while the gain or loss on the retirement or disposal of an investment property is recognized in the statement of profit or loss in the period the disposal is related to. The gain or loss arising on disposal is determined as the difference between any disposal proceeds and the carrying amount.

q) Intangible assets

Upon their initial recognition, intangible assets are measured at cost.
The cost elements of intangible assets under construction are capitalized if criteria for intangible asset recognition is being met: future economic benefits associated with the item will flow to the entity, cost of the item can be reliably measured, the result will increase the future performance rate and the asset is separately identifiable within an economic activity.

Maintenance costs and technical support are recognized in profit or loss as these are being incurred. Intangible assets in progress are recognized as intangible assets at the moment of reception and deployment.

(i) Goodwill and gain on a bargain purchase

Goodwill and gain on a bargain purchase arise on the acquisition of a new subsidiary by means of business combination. Goodwill represents the positive difference (excess) between the cost of acquisition and the net fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities.

Gain of a bargain purchase is immediately recognized in profit or loss, after reanalyzing the manner of identification and fair valuation of the assets, liabilities and identifiable contingent liabilities at the acquisition date.

Subsequent measurement

Goodwill is measured at cost, less accumulated impairment losses.

(ii) Software

Costs associated with the development and maintenance of software programs are recognized as an expense when incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and the Bank, and that will generate future economic benefits for a period exceeding one year, are recognized as intangible assets.
Subsequent expenditure on software assets is capitalized only if it increases the future performance of such assets, beyond initial specifications and lifespan. All other expenditure is reflected as an expense as incurred.

Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the intangible asset. The estimated useful lives of intangible assets are reviewed at the reporting date and range between 1 and 5 years. The useful life of intangible assets derived from contractual rights should not exceed the validity period of such contractual rights, but it may be shorter depending on the estimated period of use of such assets by the entity.

Intangible assets in progress are not amortized before they are put into service.

3. Material accounting policies *(continued)*

q) Intangible assets *(continued)*

(ii) Software (continued)

Subsequent measurement

Upon their initial recognition, intangible assets are measured at cost. After the initial recognition, intangible assets are carried at the acquisition amount less any subsequent accumulated amortization and any subsequent accumulated impairment losses.
At the end of each reporting period it has to be assessed whether there is an indication that an intangible asset may be impaired.
If an indication exists finite life intangibles are tested for impairment. Irrespective of whether there is an indication of impairment, intangible assets with an indefinite useful life, such as goodwill acquired in a business combination and an intangible asset not yet available for use is are tested annually for impairment.
For software, the software is assessed as impaired when the remaining utility of the software is permanently diminished below its book value.

r) Fixed assets held-for-sale

An asset is considered as a fixed asset held-for-sale if the following conditions are met: the asset value is recovered through sale and not by its continuous use, the asset must be available for immediate sale and the sale of the asset must be likely to happen, the probability of sale is justified by means of a sales plan at the level of the Group's and the Bank's management and by the active involvement of the Group and the Bank in identifying a buyer.
If the asset is reclassified from tangible assets according to IAS 16, the period between the date of reclassification and the date of sale should not exceed 12 months; the valuation of the asset classified as available-for-sale shall consider the lower value between the book value and the fair value, minus the sales-related costs.

s) Impairment of non-financial assets

An impairment loss is recognized if the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group generating cash flows and largely independent from other assets and groups.
Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of any goodwill allocated to the respective cash-generating unit (group of units) and then to reduce the carrying amount of any other assets in the unit on a pro rata basis.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less the cost of sale of such asset or unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset.
In respect of other non-financial assets, impairment losses are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss in other non-financial assets than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss on assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

t) Deposits from customers

Customer deposits are initially measured at fair value, minus incremental direct transaction costs, and are subsequently measured at amortized cost by using the effective interest method.

3. Material accounting policies *(continued)*

u) Issued bonds, loans from banks and financial institutions

Borrowings such as loans from banks and other financial institutions and issued bonds are initially recognized at fair value, notably as proceeds resulting from such instruments (fair value of consideration received), net of transaction costs incurred. Issued bonds and loans from banks and other financial institutions are subsequently carried at amortized cost.

v) Provisions

Provisions for other risks are recognized in the consolidated and separate statement of financial position when the Group and the Bank has an obligation as a result of a past event and it is probable that an outflow of economic resources may be required in the future to settle the obligation, such obligation being measured reliably.

The provisions' value is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market conditions and the risks specific to the respective liability.

This category includes mainly provisions for employees benefits (as described in section 3x), for litigations in which the Bank is involved estimated based on the loss probability for the Bank and provisions for abusive clauses of credit contracts (as described in section 5c).

w) Financial guarantees

Financial guarantees are contracts that require the Group and the Bank to make specific payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are measured at the higher value of the initially recognized value from which the accumulated depreciation recognized in the profit and loss account and a provision are deducted.

Financial guarantees are registered in off-balance sheet accounts, at the fair value on the date the guarantee is issued. The subsequent recognition respects the accounting principles of loans and advances to clients.

Financial guarantees are initially recognized in the consolidated and separate financial statements at fair value on the date granted. After the initial recognition, the Group and Bank's obligations under such guarantees are measured at the higher of the initial measurement, less amortization calculated recognized in the income statement and the expected credit loss provision.

x) Employee benefits

(i) Short-term benefits

Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expense as the services are rendered.

(ii) Defined contribution plan

In the normal course of business, the Bank and its subsidiaries make payments to the Romanian or Republic of Moldova public pension funds on behalf of their employees for retirement, healthcare and unemployment allowances.

All the employees of the Bank and its subsidiaries are members and are also legally obliged to make specific contributions (included in the social security contributions) to the Romanian public pension plan (a State defined contribution plan). All relevant contributions to the Romanian public pension plan are recognized as an expense in the income statement as incurred. The Bank and its subsidiaries do not have any further obligations.

(iii) Other benefits

The Bank and its subsidiaries from Romania are enrolled in an optional pension scheme Pillar III, within an established limit, for the employees eligible at the payment date, in accordance with the applicable Romanian legal provisions. The Bank and its subsidiaries, pursuant to the collective employment agreement, must pay the equivalent of three gross monthly salaries to the employees, upon retirement.

3. Material accounting policies *(continued)*

x) Employee benefits *(continued)*

(iii) Other benefits (continued)

The debt related to this benefit scheme is calculated on an actuarial basis, considering the salary estimated at the retirement date and the number of activity years of each individual employee. The fixed and variable remuneration may also be granted by means of a stock option plan, in the form of shares. The variable component of the total remuneration represents the remuneration that can be granted by the Bank in addition to the fixed remuneration, on condition that certain performance ratios are achieved. The variable remuneration may be granted either in cash or in the Bank's shares (TLV). In the case of the identified staff, in the establishment of the annual variable remuneration, one shall aim at limiting excessive risk-taking. A substantial part of the variable component of the total remuneration, in all cases at least 40%, is deferred for a period at least 3 years in the Remuneration Report and is correlated with the activity nature, the risks and the responsibilities of the respective staff. Based on the decision of the shareholders, the Board of Directors of the Bank decides in respect of the number of shares included in the employee loyalty plan. The fair value upon the vesting date of share-based awards - stock options – to employees is recognized as personnel expenses, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

The amount recognized as an expense is adjusted to reflect the value of awards for which the related services and non-market related performance conditions are expected to be fulfilled, so that the amount ultimately recognized as an expense is based on the actual compensation for the services and performance conditions which are not related to the market at the vesting date.

y) Segment reporting

An operational segment is a component of the Group and of the Bank:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's decision maker in order to make decisions about resources to be allocated to the segment and to assess its performance;
- for which discrete financial information is available.

The Group's and the Bank's format for segment reporting is presented in Note 6.

z) Earnings per share

The Group and the Bank presents basic and diluted earnings per share ("EPS") for its ordinary shares, Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and share options granted to employees.

aa) Treasury shares

Repurchased own equity instruments (treasury shares) are deducted from shareholders' equity. No gain or loss is recognized in the income statement from the purchase, sale, re-issue or cancellation of the Bank's own equity instruments.

3. Material accounting policies *(continued)*

ab)New and amended IFRS Accounting Standards that are effective for the current year.

In the current year, the Group and the Bank has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.The following new standards, as well as updates to existing standards, came into force for annual periods beginning after January 1, 2023 and may be applied earlier

IFRS 17 Insurance Contracts - New standard IFRS 17 "Insurance Contracts" including the June 2020 and December 2021 Amendments to IFRS 17 - issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied. Amendments to IFRS 17 "Insurance Contracts" issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.
Amendments to IFRS 17 "Insurance contracts" - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.
Amendments to IAS 1 - Disclosure of Accounting Policies - issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

Amendments to IAS 8 - Disclosure of Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

International Tax Reform — Pillar Two Model Rules issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect(see Note 3k).

3. Material accounting policies *(continued)*

ac)New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group and the Bank have not applied the following new and revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective.

Amendments to IFRS 16 "Leases" - Lease Liability in a Sale and Leaseback (IASB effective date: 1 January 2024) issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (IASB effective date: 1 January 2024). " - Non-current Liabilities with Covenants issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

ad)New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as the date of authorisation of these financial statements.

Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - Supplier Finance Arrangements issued by IASB on 25 May 2023. Amendments add disclosure requirements, and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" - Lack of Exchangeability issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

IFRS 14 "Regulatory Deferral Accounts" issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group and the Bank do not expect that the adoption of the Standards listed above will have a material impact on the financial statements. According to the Group and the Bank estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly impact the financial statements, if applied as at the balance sheet date.

4. Financial risk management and other significant risk management

a) *Introduction*

The Group and the Bank have exposures to the following risks derived from the use of financial instruments:

- Credit Risk;
- Liquidity risk;
- Market risk;
- Operational risk;
- Climatic risk.

This note presents information about the Group's and the Bank's exposure to each of the above risks. The Group's and the Bank's objectives, policies and processes for measuring and managing risk. The most important types of financial risk to which the Group and the Bank are exposed: credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity instruments' price risk.
Risk management is part of all decisional and business processes that take place in the Group's and the Bank's activity. The Board of Directors has the responsibility regarding the definition and monitoring of the general risk management framework for the Group and the Bank.

The risk management in Banca Transilvania S.A. is performed at 2 levels: a strategic level represented by the Board of Directors and the Leaders' Committee and an operational level represented by: Assets - Liabilities Committee ("ALCO"), Credit Policy and Approval Committee, Head Office Credit and Risk Committees (loan approval), Credit and Risk Committee of the branches/agencies, Workout Committee ("CRW"), the Bank's Leaders, Executive Directors and risk management structures within the Bank that are responsible for the definition and/or monitoring of risk management policies in their field of expertise. The Board of Directors periodically reviews the activity of these committees.

The Board of Directors monitors the compliance with the Group's and the Bank's risk policies and the adequacy of the general risk management framework in connection with the risks to which the Group and the Bank are exposed to.

The Risk Management Committee advises the Board of Directors regarding the risk appetite and the global strategy regarding the management of the current and future risks and assists the Board of Directors in overseeing the implementation of the strategy by the Leaders' Committee.

The Group's and the Bank's objective in terms of risk management is to integrate the assumed medium-risk appetite in the decision-making process, by promoting a proper alignment between assumed risks, available capital and performance targets, while also considering the tolerance to financial and non-financial risks.
In determining the risk appetite and tolerance, the Group and the Bank take into consideration all the material risks it is exposed to, given its specific activity and being mainly influenced by the credit risk.
Risk management policies and systems are reviewed regularly (mainly annually) with the participation of the Leaders' Committee and the responsible persons from different Departments involved, in order to reflect the changes in the market conditions, the products and services provided.

The crisis simulation program (stress testing) is an integral part of the risk management framework and of the internal risk capital adequacy assessment process.
The Bank reviews the crisis simulation program regularly, at least semi-annually, and assesses its efficiency and adequacy to the defined purposes/objectives.

4. Financial risk management and other significant risk management *(continued)*

b) ***Credit risk***

The Group's and the Bank's Audit Committees reports to the Board of Directors and are responsible for monitoring compliance with the Bank's risk management procedures.

The Audit Committees is assisted in these functions by the Internal Audit. The Internal Audit department undertakes both regular and ad-hoc reviews of risk management controls and procedures. The results of which are reported to the Audit Committee.

The Board of Directors and the Management of the subsidiaries which constitute the Group have responsibilities regarding significant risk management in correlation with their specific business characteristics and applicable laws and regulations.

(i) Credit risk management

The objective of the Group and of the Bank as concerns the management of credit risk is to ensure a balanced distribution of capital among various business lines, which allows the achievement of comfortable RAROC (Risk-adjusted return on capital) levels considering the proportion of the lending activity in the Bank's assets and its commercial bank profile.

The Group and the Bank are exposed to credit risk through the trading, lending, investment and guarantee issuing activities.

The credit risk arising from trading and investment activities is mitigated by selecting only counterparties with good credit standing and by monitoring their activities and ratings, by using exposure limits and, when necessary, by requesting collaterals.

The Group's and the Bank's primary exposure to credit risk arises from loans and advances to customers.

The amount of credit risk exposure is represented by the carrying amounts of the assets on the consolidated and separate statement of financial position.

The Group and the Bank are exposed to credit risk derived from other financial assets, including derivative instruments and debt investments; the current credit risk exposure in respect of these instruments is equal to the carrying amount of the assets in the consolidated and separate statement of financial position.

In addition, the Group and the Bank are exposed to off balance sheet credit risk from credit and guarantee commitments (see Note 41).

In order to minimize the risk, the Group and the Bank have defined procedures to assess customers before loan granting, to monitor their capacity to reimburse the principal and related interest during the entire loan period and to define exposure limits.

In addition, the Group and the Bank have implemented procedures for monitoring the risks related to the loan portfolio and have defined exposure limits by types of loans, economic sectors, types of collateral, maturity, etc.

The Board of Directors has assigned the responsibility for credit risk management to the Leaders' Committee, Credit Policy and Approval Committee, Head Office Credit and Risk committees (credit approval), Remedy and Workout Committee at HQ level and Credit and Risk Committees in branches/ agencies.

4. Financial risk management and other significant risk management *(continued)*

b) ***Credit risk (continued)***

(i) Credit risk management (continued)

Moreover, several departments with risk attributions operate within the Bank, reporting to the Head Office Committees with respect to:

- The analysis, assessment and monitoring of specific risks within the lending activity;
- The risk analysis of the loan portfolio/large exposures, with recommendations submitted to the Leaders' Committee/Board of Directors;
- Monitoring the application of internal policies specific to the lending activities;
- Elaborating proposals for the reduction of specific risks, in order to maintain healthy standards in the lending activity;
- Elaborating an efficient credit risk rating process capable of rendering the variable level, nature and determining factors related to credit risk, which could occur in time, so as to ensure in a reasonable manner that all the credit exposures are properly monitored and the ECL-related allowances are properly measured;
- Monitoring the granted loans, in accordance with the client's financial performance, loan type, collateral type and debt service, in accordance with the internal lending policies and procedures;
- The approval and monitoring of ratios related to the establishment/modification of the branches' lending competences, according to specific internal policies;
- The periodic reviews and recommendations to the Leaders' Committee on the risk levels accepted by the Group and the Bank;
- Identifying, monitoring and controlling the credit risk at branch level and subsidiary level;
- The risk analysis with respect to new lending products/changes of loan products, including recommendations to the involved Departments;
- The periodical reporting to the Deputy CEO - Chief Risk Officer, Leaders' Committee, Risk Management Committee and the Board of Directors on the evolution of significant risks (the implications of risk correlation, forecasts etc.);
- Elaborating the methodology for the early identification of credit risks deterioration (early warning system);
- Elaborating processes to be 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;
- Establishing and reviewing the 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.

Each branch/agency implements at local level the Group's and the Bank's policies and regulations regarding credit risk, having loan approval competences established by the Leaders' Committee.

Each branch/agency is responsible for the quality and performance of its loan portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to Head Office approval.

The Internal Audit Department and the Internal Control Department carry out periodical reviews of the branches and agencies.

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure

Concentrations of credit risk that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The major concentrations of credit risk arise by single debtor counterparty and by type of customer in relation to the Group's and the Bank's loans and advances, loan commitments, finance lease and guarantees issued.

The table below contains the on-balance and off-balance sheet exposures (loans and advances to customers and financial lease receivables), split by economic sector concentration:

	Group		**Bank**	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Retail	40.30%	41.40%	39.33%	40.92%
Trading	11.43%	12.31%	10.34%	11.60%
Production	7.68%	6.72%	7.22%	6.36%
Constructions	4.71%	4.02%	4.03%	3.42%
Agriculture	4.10%	4.31%	4.05%	4.36%
Services	4.83%	4.32%	4.19%	3.79%
Real estate	3.57%	3.31%	3.76%	3.53%
Transportation	4.07%	4.08%	2.97%	3.05%
Others	1.97%	1.89%	1.57%	1.53%
Self-employed	1.48%	1.47%	1.12%	1.17%
Financial institutions	1.00%	0.97%	5.77%	4.01%
Energy industry	3.06%	2.89%	3.19%	3.08%
Telecommunications	0.53%	0.49%	0.49%	0.45%
Mining industry	0.13%	0.20%	0.10%	0.17%
Chemical industry	0.19%	0.10%	0.18%	0.10%
Government institutions	10.92%	11.49%	11.65%	12.43%
Fishing	0.03%	0.03%	0.04%	0.03%
	100%	**100%**	**100%**	**100%**

4. Financial risk management and other significant risk management *(continued)*

b) ***Credit risk (continued)***

(ii) Credit risk exposure (continued)

The table below presents the concentration by class of the on-balance sheet exposures related to the Bank's and Group's loan and leasing portfolio:

	Group		Bank	
RON thousand	**2023**	**2022**	**2023**	**2022**
Corporate and public institutions	31,891,165	28,526,290	35,424,045	30,397,258
Small and medium enterprises	10,254,551	9,294,327	9,063,280	8,156,625
Consumer loans and card loans granted to retail customers	13,392,845	12,649,654	12,674,358	11,836,977
Mortgage loans	19,053,458	17,384,457	18,701,951	17,018,290
Loans and finance lease receivables granted by non-banking financial institutions	5,765,371	4,600,644	-	-
Other	63,142	74,139	57,578	64,945
Total loans and advances to customers and financial lease receivables before impairment allowance	**80,420,532**	**72,529,511**	**75,921,212**	**67,474,095**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(4,849,625)	(4,515,994)	(4,370,808)	(4,024,141)
Total loans and advances to customers and financial lease receivables net of impairment allowance	**75,570,907**	**68,013,517**	**71,550,404**	**63,449,954**

At 31 December 2023, the total on-balance and irrevocable off-balance sheet exposure was of RON 85,485,284 thousand (2022: RON 76,641,699 thousand) for the Group and RON 79,930,464 thousand (2022: RON 70,676,453 thousand) for the Bank.

The Group and the Bank hold guarantees for loans and advances to customers in the form of pledge over cash deposits, mortgage over property, guarantees and other pledges over equipment and/or receivables.

The estimates of fair value are based on the collateral value assessed at the date of lending, except when a loan is individually assessed subsequently. Collateral is generally not held over loans and advances to banks.

The Group and the Bank use risk grades for loans both individually and collectively assessed. According to the Group's and the Bank's policies, a loan can be assigned a corresponding risk grade based on a 6-level classification: very low risk, low risk, moderate risk, sensitive risk, high risk and defaulted.

The classification of loans into groups is mainly based on the client scoring systems of the Group and the Bank, where performing exposure (classified below in “very low risk”, “low risk”, “moderate risk”, “sensitive risk”, “high risk” categories) are within 1-9 grade (for companies) or 1-8 grade (for retail), and for nonperforming/ defaulted exposure within 10-12 grade for companies or 9 grade for retail.

Very low risk: financial instruments with low default risk, judged to be of the highest quality and the borrower has strong capacity to meet contractual cash flow obligations in the near terms.

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Low risk: financial instruments are judged to be of good quality and are subject to low credit risk. The borrower has strong capacity to meet contractual cash flow obligations.

Moderate risk: financial instruments are judged to be of standard quality. The borrower has an average solvency and has the ability to meet the debt payment obligations, but may be sensitive to adverse changes in economic conditions.

Sensitive risk: financial instruments are judged to be of substandard quality and the borrower presents a financial deterioration, but has sufficient cash flows to meet the debt payment obligations; may be more vulnerable to negative economic conditions than the moderate risk category.

High risk: the financial instruments are judged to be of doubtful quality. The borrower presents an increase in credit risk or financial deterioration and is vulnerable to negative economic condition. Repayment of debt obligation on time is uncertain and depends on an economic and financial favorable environment to avoid the entering in default state.

Defaulted: financial instruments where the borrowers are not fulfilling their financial commitments to repay in accordance with their contractual agreements. Further information on non-performing loans can be found below on paragraph "*Definition of default and credit-impaired assets*".

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at 31 December 2023, are presented below:

At amortized cost	**Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)**	**Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Assets impaired at the reporting date (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total 2023**
In RON thousand					
Corporate and public institutions	27,214,754	3,963,579	629,127	83,705	**31,891,165**
Small and medium enterprises	7,347,895	2,365,008	520,639	21,009	**10,254,551**
Consumer loans and card loans granted to retail customers	9,662,434	2,762,363	890,221	77,827	**13,392,845**
Mortgage loans	16,834,009	1,988,896	196,245	34,308	**19,053,458**
Loans and finance lease receivables granted to non-banking financial institutions	4,682,085	684,547	370,843	27,896	**5,765,371**
Other	16	46,376	16,674	76	**63,142**
Total loans and advances to customers and financial lease receivables before impairment allowance	**65,741,193**	**11,810,769**	**2,623,749**	**244,821**	**80,420,532**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,364,287)	(1,758,552)	(1,673,914)	(52,872)	**(4,849,625)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**64,376,906**	**10,052,217**	**949,835**	**191,949**	**75,570,907**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2023**
Corporate and public institutions	15,365,050	9,068,726	2,707,216	73,761	**27,214,753**
Small and medium enterprises	3,220,049	3,302,019	825,827	-	**7,347,895**
Consumer loans and card loans granted to retail customers	5,109,834	3,870,005	658,021	24,574	**9,662,434**
Mortgage loans	9,766,590	6,249,633	712,053	105,733	**16,834,009**
Loans and finance lease receivables granted by non-banking financial institutions	3,562,617	1,118,352	1,117	-	**4,682,086**
Other	-	-	2	14	**16**
Total loans and advances to customers and financial lease receivables before impairment allowance	**37,024,140**	**23,608,735**	**4,904,236**	**204,082**	**65,741,193**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(282,384)	(665,077)	(398,781)	(18,045)	**(1,364,287)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**36,741,756**	**22,943,658**	**4,505,455**	**186,037**	**64,376,906**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	**0 days**	**1-15 days**	**16-30 days**	**Total 2023**
Corporate and public institutions	27,196,089	18,443	221	**27,214,753**
Small and medium enterprises	7,151,589	175,496	20,810	**7,347,895**
Consumer loans and card loans granted to retail customers	9,354,754	246,838	60,842	**9,662,434**
Mortgage loans	16,441,647	314,864	77,498	**16,834,009**
Loans and finance lease receivables granted by non-banking financial institutions	4,490,660	38,383	153,043	**4,682,086**
Other	16	-	-	**16**
Total loans and advances to customers and financial lease receivables before impairment allowance	**64,634,755**	**794,024**	**312,414**	**65,741,193**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,328,196)	(16,412)	(19,679)	***(1,364,287)***
Total loans and advances to customers and financial lease receivables net of impairment allowance	**63,306,559**	**777,612**	**292,735**	**64,376,906**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2023**
Corporate and public institutions	3,312,007	513,631	137,941	**3,963,579**
Small and medium enterprises	1,725,638	462,041	177,328	**2,365,007**
Consumer loans and card loans granted to retail customers	1,602,473	769,167	390,723	**2,762,363**
Mortgage loans	1,407,670	409,874	171,353	**1,988,897**
Loans and finance lease receivables granted by non-banking financial institutions	631,701	46,403	6,442	**684,546**
Other	5,594	40,783	-	**46,377**
Total loans and advances to customers and financial lease receivables before impairment allowance	**8,685,083**	**2,241,899**	**883,787**	**11,810,769**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(843,394)	(555,767)	(359,391)	**(1,758,552)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**7,841,689**	**1,686,132**	**524,396**	**10,052,217**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2023**
Corporate and public institutions	3,957,918	5,661	-	**3,963,579**
Small and medium enterprises	2,282,420	69,686	12,901	**2,365,007**
Consumer loans and card loans granted to retail customers	2,626,011	108,126	28,226	**2,762,363**
Mortgage loans	1,885,104	87,600	16,193	**1,988,897**
Loans and finance lease receivables granted by non-banking financial institutions	631,701	40,983	11,862	**684,546**
Other	46,316	41	20	**46,377**
Total loans and advances to customers and financial lease receivables before impairment allowance	**11,429,470**	**312,097**	**69,202**	**11,810,769**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,640,703)	(90,489)	(27,360)	**(1,758,552)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**9,788,767**	**221,608**	**41,842**	**10,052,217**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3	**0-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total 2023**
Corporate and public institutions	321,960	58,546	33,318	215,304	**629,128**
Small and medium enterprises	138,097	63,351	40,746	278,446	**520,640**
Consumer loans and card loans granted to retail customers	168,147	92,615	68,064	561,395	**890,221**
Mortgage loans	75,896	42,972	21,625	55,751	**196,244**
Loans and finance lease receivables granted by non-banking financial institutions	169,429	47,329	21,453	132,632	**370,843**
Other	15,207	4	6	1,456	**16,673**
Total loans and advances to customers and financial lease receivables before impairment allowance	**888,736**	**304,817**	**185,212**	**1,244,984**	**2,623,749**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(448,397)	(163,904)	(100,069)	(961,544)	**(1,673,914)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**440,339**	**140,913**	**85,143**	**283,440**	**949,835**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at 31 December 2022, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2022
In RON thousand					
Corporate and public institutions	23,847,856	3,757,281	777,495	143,658	**28,526,290**
Small and medium enterprises	6,402,597	2,507,699	352,313	31,718	**9,294,327**
Consumer loans and card loans granted to retail customers	8,863,654	3,005,369	685,385	95,246	**12,649,654**
Mortgage loans	15,997,110	1,165,452	178,275	43,620	**17,384,457**
Loans and finance lease receivables granted to non-banking financial institutions	3,504,776	669,249	393,398	33,221	**4,600,644**
Other	59	59,862	13,139	1,079	**74,139**
Total loans and advances to customers and financial lease receivables before impairment allowance	**58,616,052**	**11,164,912**	**2,400,005**	**348,542**	**72,529,511**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,161,644)	(1,699,201)	(1,564,848)	(90,301)	**(4,515,994)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**57,454,408**	**9,465,711**	**835,157**	**258,241**	**68,013,517**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2022**
Corporate and public institutions	13,766,008	7,865,119	2,157,105	59,624	**23,847,856**
Small and medium enterprises	2,937,630	2,864,838	597,585	2,544	**6,402,597**
Consumer loans and card loans granted to retail customers	4,643,141	3,606,733	585,601	28,179	**8,863,654**
Mortgage loans	8,605,050	6,355,821	859,327	176,912	**15,997,110**
Loans and finance lease receivables granted by non-banking financial institutions	2,778,063	726,407	-	306	**3,504,776**
Other	-	-	15	44	**59**
Total loans and advances to customers and financial lease receivables before impairment allowance	**32,729,892**	**21,418,918**	**4,199,633**	**267,609**	**58,616,052**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(242,614)	(598,177)	(301,264)	(19,589)	**(1,161,644)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**32,487,278**	**20,820,741**	**3,898,369**	**248,020**	**57,454,408**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	**0 days**	**1-15 days**	**16-30 days**	**Total 2022**
Corporate and public institutions	23,804,838	37,884	5,134	**23,847,856**
Small and medium enterprises	6,158,897	173,963	69,737	**6,402,597**
Consumer loans and card loans granted to retail customers	8,553,563	250,997	59,094	**8,863,654**
Mortgage loans	15,546,428	349,273	101,409	**15,997,110**
Loans and finance lease receivables granted by non-banking financial institutions	3,286,517	125,500	92,759	**3,504,776**
Other	59	-	-	**59**
Total loans and advances to customers and financial lease receivables before impairment allowance	**57,350,302**	**937,617**	**328,133**	**58,616,052**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,129,993)	(20,365)	(11,286)	**(1,161,644)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**56,220,309**	**917,252**	**316,847**	**57,454,408**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2022**
Corporate and public institutions	3,160,631	496,425	100,225	**3,757,281**
Small and medium enterprises	1,969,110	390,043	148,546	**2,507,699**
Consumer loans and card loans granted to retail customers	1,903,769	723,049	378,551	**3,005,369**
Mortgage loans	696,524	328,868	140,060	**1,165,452**
Loans and finance lease receivables granted by non-banking financial institutions	629,280	30,216	9,753	**669,249**
Other	8,402	51,460	-	**59,862**
Total loans and advances to customers and financial lease receivables before impairment allowance	**8,367,716**	**2,020,061**	**777,135**	**11,164,912**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(846,373)	(523,382)	(329,446)	**(1,699,201)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**7,521,343**	**1,496,679**	**447,689**	**9,465,711**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2022**
Corporate and public institutions	3,750,255	6,579	447	**3,757,281**
Small and medium enterprises	2,425,934	67,393	14,372	**2,507,699**
Consumer loans and card loans granted to retail customers	2,863,091	112,758	29,520	**3,005,369**
Mortgage loans	1,086,949	66,801	11,702	**1,165,452**
Loans and finance lease receivables granted by non-banking financial institutions	629,280	30,216	9,753	**669,249**
Other	59,759	47	56	**59,862**
Total loans and advances to customers and financial lease receivables before impairment allowance	**10,815,268**	**283,794**	**65,850**	**11,164,912**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,598,702)	(75,785)	(24,714)	**(1,699,201)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**9,216,566**	**208,009**	**41,136**	**9,465,711**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3	**0-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total 2022**
Corporate and public institutions	508,882	6,859	61,316	200,438	**777,495**
Small and medium enterprises	93,405	33,701	24,935	200,272	**352,313**
Consumer loans and card loans granted to retail customers	140,698	79,681	69,304	395,702	**685,385**
Mortgage loans	70,518	38,078	18,518	51,161	**178,275**
Loans and finance lease receivables granted by non-banking financial institutions	124,561	57,163	16,864	194,810	**393,398**
Other	11,997	11	13	1,118	**13,139**
Total loans and advances to customers and financial lease receivables before impairment allowance	**950,061**	**215,493**	**190,950**	**1,043,501**	**2,400,005**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(521,588)	(100,348)	(124,623)	(818,289)	**(1,564,848)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**428,473**	**115,145**	**66,327**	**225,212**	**835,157**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as at 31 December 2023, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2023
In RON thousand					
Corporate and public institutions	30,843,984	3,896,939	600,660	82,462	**35,424,045**
Small and medium enterprises	6,427,637	2,222,138	397,984	15,521	**9,063,280**
Consumer loans and card loans granted to retail customers	9,048,237	2,743,213	806,763	76,145	**12,674,358**
Mortgage loans	16,498,339	1,982,593	186,710	34,309	**18,701,951**
Other	17	40,868	16,617	76	**57,578**
Total loans and advances to customers and financial lease receivables before impairment allowance	**62,818,214**	**10,885,751**	**2,008,734**	**208,513**	**75,921,212**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,301,239)	(1,677,555)	(1,356,393)	(35,621)	**(4,370,808)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**61,516,975**	**9,208,196**	**652,341**	**172,892**	**71,550,404**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 1	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2023**
Corporate and public institutions	18,438,052	9,624,954	2,707,217	73,761	**30,843,984**
Small and medium enterprises	2,625,327	2,976,483	825,827	-	**6,427,637**
Consumer loans and card loans granted to retail customers	5,109,837	3,260,232	653,594	24,574	**9,048,237**
Mortgage loans	9,766,590	5,919,811	706,205	105,733	**16,498,339**
Other	-	-	2	15	**17**
Total loans and advances to customers and financial lease receivables before impairment allowance	**35,939,806**	**21,781,480**	**4,892,845**	**204,083**	**62,818,214**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(287,203)	(598,395)	(397,596)	(18,045)	**(1,301,239)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**35,652,603**	**21,183,085**	**4,495,249**	**186,038**	**61,516,975**

Gross value of loans and advances granted to clients, not impaired, Stage 1	**0 days**	**1-15 days**	**16-30 days**	**Total 2023**
Corporate and public institutions	30,832,623	11,361	-	**30,843,984**
Small and medium enterprises	6,357,065	63,340	7,232	**6,427,637**
Consumer loans and card loans granted to retail customers	8,771,295	221,044	55,898	**9,048,237**
Mortgage loans	16,119,852	306,837	71,650	**16,498,339**
Other	17	-	-	**17**
Total loans and advances to customers and financial lease receivables before impairment allowance	**62,080,852**	**602,582**	**134,780**	**62,818,214**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,285,007)	(12,941)	(3,291)	**(1,301,239)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**60,795,845**	**589,641**	**131,489**	**61,516,975**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 2	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2023**
Corporate and public institutions	3,245,367	513,631	137,941	**3,896,939**
Small and medium enterprises	1,594,150	453,056	174,932	**2,222,138**
Consumer loans and card loans granted to retail customers	1,590,297	762,193	390,723	**2,743,213**
Mortgage loans	1,403,166	408,074	171,353	**1,982,593**
Other	83	40,785	-	**40,868**
Total loans and advances to customers and financial lease receivables before impairment allowance	**7,833,063**	**2,177,739**	**874,949**	**10,885,751**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(779,881)	(540,959)	(356,715)	**(1,677,555)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**7,053,182**	**1,636,780**	**518,234**	**9,208,196**

Gross value of loans and advances granted to clients, not impaired, Stage 2	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2023**
Corporate and public institutions	3,891,278	5,661	-	**3,896,939**
Small and medium enterprises	2,150,931	59,589	11,618	**2,222,138**
Consumer loans and card loans granted to retail customers	2,613,835	101,951	27,427	**2,743,213**
Mortgage loans	1,880,600	86,554	15,439	**1,982,593**
Other	40,808	40	20	**40,868**
Total loans and advances to customers and financial lease receivables before impairment allowance	**10,577,452**	**253,795**	**54,504**	**10,885,751**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,577,190)	(77,761)	(22,604)	**(1,677,555)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**9,000,262**	**176,034**	**31,900**	**9,208,196**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	over 90 days	Total 2023
Corporate and public institutions	319,343	57,560	33,318	190,439	**600,660**
Small and medium enterprises	81,613	34,904	32,268	249,199	**397,984**
Consumer loans and card loans granted to retail customers	156,006	87,476	62,724	500,557	**806,763**
Mortgage loans	72,154	41,561	19,824	53,171	**186,710**
Other	15,209	4	6	1,398	**16,617**
Total loans and advances to customers and financial lease receivables before impairment allowance	**644,325**	**221,505**	**148,140**	**994,764**	**2,008,734**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(370,176)	(133,520)	(82,782)	(769,915)	**(1,356,393)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**274,149**	**87,985**	**65,358**	**224,849**	**652,341**

The exposures to credit risk for loans and advances to customers at Bank level, as at 31 December 2022, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2022
In RON thousand					
Corporate and public institutions	25,849,924	3,696,136	751,853	99,345	**30,397,258**
Small and medium enterprises	5,384,495	2,416,945	333,164	22,021	**8,156,625**
Consumer loans and card loans granted to retail customers	8,136,588	2,986,380	627,095	86,914	**11,836,977**
Mortgage loans	15,642,497	1,159,993	172,259	43,541	**17,018,290**
Other	60	51,524	13,080	281	**64,945**
Total loans and advances to customers and financial lease receivables before impairment allowance	**55,013,564**	**10,310,978**	**1,897,451**	**252,102**	**67,474,095**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,081,557)	(1,636,145)	(1,253,317)	(53,122)	**(4,024,141)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**53,932,007**	**8,674,833**	**644,134**	**198,980**	**63,449,954**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 1	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2022**
Corporate and public institutions	15,293,579	8,339,634	2,157,105	59,606	**25,849,924**
Small and medium enterprises	2,149,385	2,637,525	597,585	-	**5,384,495**
Consumer loans and card loans granted to retail customers	4,643,143	2,883,919	581,369	28,157	**8,136,588**
Mortgage loans	8,605,050	6,004,406	856,129	176,912	**15,642,497**
Other	-	-	15	45	**60**
Total loans and advances to customers and financial lease receivables before impairment allowance	**30,691,157**	**19,865,484**	**4,192,203**	**264,720**	**55,013,564**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(222,964)	(538,927)	(300,099)	(19,567)	**(1,081,557)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**30,468,193**	**19,326,557**	**3,892,104**	**245,153**	**53,932,007**

Gross value of loans and advances granted to clients, not impaired, Stage 1	**0 days**	**1-15 days**	**16-30 days**	**Total 2022**
Corporate and public institutions	25,829,647	19,627	650	**25,849,924**
Small and medium enterprises	5,345,201	36,524	2,770	**5,384,495**
Consumer loans and card loans granted to retail customers	7,880,960	207,404	48,224	**8,136,588**
Mortgage loans	15,202,610	341,677	98,210	**15,642,497**
Other	60	-	-	**60**
Total loans and advances to customers and financial lease receivables before impairment allowance	**54,258,478**	**605,232**	**149,854**	**55,013,564**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,066,250)	(12,438)	(2,869)	**(1,081,557)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**53,192,228**	**592,794**	**146,985**	**53,932,007**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	Total 2022
Corporate and public institutions	3,100,112	496,148	99,876	**3,696,136**
Small and medium enterprises	1,906,308	367,872	142,765	**2,416,945**
Consumer loans and card loans granted to retail customers	1,898,852	712,766	374,762	**2,986,380**
Mortgage loans	692,856	327,296	139,841	**1,159,993**
Other	64	51,460	-	**51,524**
Total loans and advances to customers and financial lease receivables before impairment allowance	**7,598,192**	**1,955,542**	**757,244**	**10,310,978**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(796,802)	(514,278)	(325,065)	**(1,636,145)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**6,801,390**	**1,441,264**	**432,179**	**8,674,833**

Gross value of loans and advances granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	Total 2022
Corporate and public institutions	3,689,740	6,299	97	**3,696,136**
Small and medium enterprises	2,363,132	44,824	8,989	**2,416,945**
Consumer loans and card loans granted to retail customers	2,858,174	102,475	25,731	**2,986,380**
Mortgage loans	1,083,282	65,229	11,482	**1,159,993**
Other	51,421	47	56	**51,524**
Total loans and advances to customers and financial lease receivables before impairment allowance	**10,045,749**	**218,874**	**46,355**	**10,310,978**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,549,133)	(66,545)	(20,467)	**(1,636,145)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**8,496,616**	**152,329**	**25,888**	**8,674,833**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, impaired, Stage 3	**0-30 days**	**31-60 days**	**61-90 days**	**over 90 days**	**Total 2022**
Corporate and public institutions	507,071	6,859	61,279	176,644	**751,853**
Small and medium enterprises	88,198	32,018	23,553	189,395	**333,164**
Consumer loans and card loans granted to retail customers	133,888	76,833	64,569	351,805	**627,095**
Mortgage loans	68,175	37,260	18,263	48,561	**172,259**
Other	11,997	11	13	1,059	**13,080**
Total loans and advances to customers and financial lease receivables before impairment allowance	**809,329**	**152,981**	**167,677**	**767,464**	**1,897,451**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(473,044)	(80,311)	(111,940)	(588,022)	**(1,253,317)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**336,285**	**72,670**	**55,737**	**179,442**	**644,134**

As at 31 December 2023, the financial assets measured at fair value through other items of comprehensive income include treasury bills and bonds issued by the Ministry of Finance of Romania, with BBB- rating, bonds issued by the Government of the Republic of Moldova with a sovereign rating B-, bonds issued by the Government of Italy with a rating of BBB-, bonds issued by the Government of Germany with a rating of AAA, bonds issued by the Government of Hungary with a rating of BBB-, bonds issued by the Government of Republic of Poland with a rating of A-, bonds issued by municipalities with a rating of BBB- and BB+, bonds issued by credit institutions and other financial institutions rated A, A-, A+,AAA,BB,BB+, BBB, BBB- and BBB+ and bonds issued by other non-financial institutions rated B and BBB (Note 24).

As at 31 December 2022, the financial assets measured at fair value through other items of comprehensive income include treasury bills and bonds issued by the Government of Romania, with BBB- rating, bonds issued by the Ministry of Finance of the Republic of Moldova with a sovereign rating B3, bonds issued by the Ministry of Finance of Italy with a rating of BBB-, bonds issued by the Government of Germany with a rating of AAA, bonds issued by the Government of Hungary with a rating of BBB, bonds issued by municipalities with a rating of BBB- and BB+, bonds issued by credit institutions and other financial institutions rated A, A-, A+,AAA,BB-,BB+ BBB, BBB- and BBB+ and bonds issued by other non-financial institutions rated B and BBB (Note 24).

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) ***Credit risk (continued)***

(ii) Credit risk exposure (continued)

Impairment allowances
The Group and the Bank calculate the expected credit loss ("ECL") related to the loans and advances to customers, financial lease receivables, debt instruments measured at amortized cost, certain loan commitments and financial guarantee contracts. Internal framework is designed considering IFRS 9 regulation as mentioned in the further sections.
Details regarding the movement in provisions can be seen in Note 22 and Note 23, as the case may be.
Loan collateral policy

The Group and the Bank hold collateral against loans and advances to customers in the form of mortgages over land and buildings, pledges on equipment and inventories, letter of guarantees, insurance policies and other guarantees. The Group and the Bank have ownership rights over these guarantees until the end of the contract. The estimates of fair value are based on the collateral value assessed on the loan granting date and periodically updated during the lifespan of the loan, at least annually, regardless of the collateral type.

The pledges presented below comprise pledges without dispossession and do not include guarantees related to the lease contracts granted by BT Leasing IFN S.A.

Property includes land, residential and commercial buildings, "Security interests in movable property" includes pledges on movable assets (cars, equipment, inventories etc.) and the category "Other collateral" includes collateral deposits and other guarantees received.

An analysis of the collateral values split per types of loans and advances and lease receivables granted to customers is presented below:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Collaterals related to loans and lease receivables with moderate, sensitive and high risk and impaired loans				
Property	10,310,465	9,134,817	10,203,057	8,998,014
Security interests in movable property	1,356,309	1,236,620	967,550	1,125,234
Other collateral	2,426,735	2,156,875	2,364,575	2,098,361
Total	**14,093,509**	**12,528,312**	**13,535,182**	**12,221,609**
Collaterals related to loans and lease receivables with very low risk and low risk				
Property	51,456,544	44,423,121	50,758,471	43,882,597
Security interests in movable property	3,578,133	3,720,619	2,633,557	2,528,006
Other collateral	6,789,005	6,283,139	6,368,216	5,934,177
	61,823,682	**54,426,879**	**59,760,244**	**52,344,780**
Total	**75,917,191**	**66,955,191**	**73,295,426**	**64,566,389**

The effect of the Group's and Bank's collateral is presented separately highlighting the collateral values, as follows:
(i) for those assets in which the market value of collateral is equal to or higher than the book value of the asset ("over-collateralization of assets");
(ii) for those assets in which the collateral is lower than the book value of the asset ("under-collateralization of assets").

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The effect of the Group guarantee as at 31 December 2023 is the following:

	Group 2023							
	Exposures stage 1		**Exposures stage 2**		**Exposures stage 3**		**POCI**	
In RON thousand	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**
Corporate								
- Gross exposure	20,832,352	6,382,402	2,362,538	1,601,041	337,735	291,392	3,447	80,258
- Collateral	3,941,546	12,786,793	974,101	2,849,112	97,063	626,218	424	348,818
Small and medium enterprises								
- Gross exposure	4,735,027	2,612,868	1,717,144	647,864	373,375	147,264	3,538	17,471
- Collateral	2,025,266	5,091,464	796,380	1,675,187	115,372	333,460	1,935	72,804
Consumer loans and card loans granted to retail customers								
- Gross exposure	8,270,433	1,392,001	2,344,927	417,436	719,929	170,292	14,502	63,325
- Collateral	46,091	5,389,769	47,100	1,154,343	51,001	441,953	6,582	168,826
Mortgage loans								
- Gross exposure	359,920	16,474,089	75,095	1,913,801	35,700	160,545	7,213	27,095
- Collateral	271,341	31,898,453	54,387	3,712,987	22,156	333,946	5,845	58,760
Loans and finance lease receivables granted by non-banking financial institutions								
- Gross exposure	4,653,369	28,716	663,788	20,759	366,935	3,908	27,896	-
- Collateral	323,402	49,557	41,811	64,361	17,365	9,388	299	262
Other								
- Gross exposure	16	-	45,451	925	16,674	-	76	-
- Collateral	-	-	4,051	7,212	-	-	-	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The effect of the Group guarantee as at 31 December 2022 is the following:

	Group 2022							
	Exposures stage 1		Exposures stage 2		Exposures stage 3		POCI	
In RON thousand	Under-collateralization	Over-collateralization	Under-collateralization	Over-collateralization	Under-collateralization	Over-collateralization	Under-collateralization	Over-collateralization
Corporate								
- Gross exposure	18,442,375	5,405,481	2,415,993	1,341,288	377,431	400,064	41,938	101,720
- Collateral	2,677,659	10,799,886	1,030,543	2,804,279	113,074	793,884	28,145	359,361
Small and medium enterprises								
- Gross exposure	4,206,740	2,195,857	1,857,982	649,717	251,035	101,278	5,686	26,032
- Collateral	2,166,233	4,217,788	860,174	1,789,130	49,810	291,988	3,170	93,301
Consumer loans and card loans granted to retail customers								
- Gross exposure	7,222,209	1,641,445	2,571,130	434,239	523,169	162,216	27,025	68,221
- Collateral	65,452	5,663,521	82,542	1,119,719	63,297	402,292	8,807	166,222
Mortgage loans								
- Gross exposure	465,848	15,531,262	81,735	1,083,717	49,783	128,492	14,954	28,666
- Collateral	339,363	28,215,931	58,751	1,935,667	30,527	274,221	10,885	61,127
Loans and finance lease receivables granted by non-banking financial institutions								
- Gross exposure	3,494,759	10,017	655,239	14,010	392,237	1,161	32,919	302
- Collateral	251,939	29,383	35,781	32,864	11,293	3,634	-	1,445
Other								
- Gross exposure	59	-	56,217	3,645	13,139	-	1,079	-
- Collateral	-	-	3,773	8,330	-	-	-	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The effect of the Bank guarantee as at 31 December 2023 is the following:

	Bank 2023							
	Exposures stage 1		Exposures stage 2		Exposures stage 3		POCI	
In RON thousand	Under-collateralization	Over-collateralization	Under-collateralization	Over-collateralization	Under-collateralization	Over-collateralization	Under-collateralization	Over-collateralization
Corporate								
- Gross exposure	24,468,963	6,375,021	2,311,217	1,585,722	316,754	283,906	3,446	79,016
- Collateral	3,843,351	12,612,270	949,103	2,822,877	92,558	615,023	424	343,203
Small and medium enterprises								
- Gross exposure	4,337,458	2,090,179	1,674,958	547,180	321,117	76,867	1,470	14,051
- Collateral	1,823,010	4,330,917	773,915	1,528,326	73,755	232,914	545	65,419
Consumer loans and card loans granted to retail customers								
- Gross exposure	7,666,069	1,382,168	2,325,810	417,403	636,922	169,841	12,873	63,272
- Collateral	44,429	5,365,962	47,100	1,154,267	50,905	440,927	6,581	168,704
Mortgage loans								
- Gross exposure	210,047	16,288,292	71,353	1,911,240	30,733	155,977	7,214	27,095
- Collateral	138,091	31,602,217	51,026	3,708,873	17,548	326,581	5,845	58,760
Other								
- Gross exposure	17	-	40,868	-	16,617	-	76	-
- Collateral	-	-	-	-	-	-	-	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The effect of the Bank guarantee as at 31 December 2022 is the following:

	Bank 2022							
	Exposures stage 1		**Exposures stage 2**		**Exposures stage 3**		**POCI**	
In RON thousand	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**
Corporate								
- Gross exposure	20,430,778	5,419,146	2,361,896	1,334,240	356,699	395,154	6,600	92,745
- Collateral	2,540,137	10,657,230	1,016,061	2,790,328	108,829	786,519	4,000	344,330
Small and medium enterprises								
- Gross exposure	3,668,113	1,716,382	1,800,618	616,327	237,281	95,883	3,017	19,004
- Collateral	1,758,126	3,541,143	827,196	1,741,947	41,142	283,904	1,495	78,549
Consumer loans and card loans granted to retail customers								
- Gross exposure	6,505,641	1,630,947	2,552,217	434,163	465,374	161,721	18,741	68,173
- Collateral	63,642	5,642,794	82,454	1,119,366	63,297	401,081	8,807	166,065
Mortgage loans								
- Gross exposure	249,254	15,393,243	78,922	1,081,071	46,346	125,913	14,954	28,587
- Collateral	154,221	27,987,487	56,364	1,931,291	27,717	269,031	10,885	60,951
Other								
- Gross exposure	60	-	51,524	-	13,080	-	281	-
- Collateral	-	-	-	-	-	-	-	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The exposure representing credit risk refers to the following balance-sheet and off balance-sheet items:

- Cash with Central Banks and Deposits with banks and public institutions;
- Financial assets measured at amortized cost - loans and advances to customers;
- Financial assets measured at amortized cost - finance lease receivables;
- Financial assets measured at amortised cost- debt securities (see Note 24b);
- Contingent liabilities representing credit risk (irrevocable financial guarantees and uncommitted irrevocable loan commitments).

The tables below show the reconciliation between the gross carrying amount and the net carrying amount of the individual components, of the risk exposure, consolidated as at 31 December 2023 and 31 December 2022:

		Group					
In RON thousand			**2023**			**2022**	
Assets	Notes	**Gross carrying amount**	**Loss allowance (*)**	**Carrying amount (*)**	**Gross carrying amount**	**Loss allowance (*)**	**Carrying amount (*)**
Cash and curent accounts with Central Banks	19	19,988,243	3,408	19,984,835	10,140,347	3,049	10,137,298
Placements with banks and public institutions	20	12,276,320	3,361	12,272,959	5,569,673	2,341	5,567,332
Loans and advances to customers	22	76,715,758	4,707,534	72,008,224	69,583,549	4,382,629	65,200,920
Finance lease receivables	23	3,704,775	142,091	3,562,683	2,945,962	133,365	2,812,597
Financial assets measured at amortized cost - debt securities	24b	9,503,650	31,405	9,472,245	2,066,363	6,651	2,059,712
Total on-balance sheet		**122,188,746**	**4,887,799**	**117,300,946**	**90,305,894**	**4,528,035**	**85,777,859**
Irrevocable commitments given		1,697,589	55,607	1,641,982	1,154,577	34,209	1,120,368
Irrevocable financial guarantees given		5,864,577	138,743	5,725,834	5,494,924	155,340	5,339,584
Total off-balance sheet		**7,562,166**	**194,350**	**7,367,816**	**6,649,501**	**189,549**	**6,459,952**
Total on and off-balance sheet		**129,750,912**	**5,082,149**	**124,668,762**	**96,955,395**	**4,717,584**	**92,237,811**

(*) For off-balance sheet items the carrying amount represent the maximum exposure committed in case of default and a for a loss allowance is the higher of unamortized balance and ECL

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The tables below show the reconciliation between the Gross carrying amount and the net book value of the individual components, of the risk exposure, separate as at 31 December 2023 and 31 December 2022:

In RON thousand		Bank					
		2023			2022		
Assets	Notes	**Gross carrying amount**	**Loss allowance (*)**	**Carrying amount (*)**	**Gross carrying amount**	**Loss allowance (*)**	**Carrying amount (*)**
Cash and curent accounts with Central Banks	19	18,291,377	1,696	18,289,681	8,573,411	1,398	8,572,013
Placements with banks and public institutions	20	12,628,331	8,990	12,619,341	6,644,007	9,149	6,634,858
Loans and advances to customers	22	75,921,212	4,370,808	71,550,404	67,474,095	4,024,141	63,449,954
Financial assets measured at amortized cost - debt securities	24b	7,999,897	19,826	7,980,071	981,697	6,538	975,159
Total on-balance sheet		**114,840,817**	**4,401,320**	**110,439,497**	**83,673,210**	**4,041,226**	**79,631,984**
Irrevocable commitments given		675,354	16,568	658,786	264,926	5,356	259,570
Irrevocable financial guarantees given		5,796,727	137,516	5,659,211	5,473,382	154,711	5,318,671
Total off-balance sheet		**6,472,081**	**154,084**	**6,317,997**	**5,738,308**	**160,067**	**5,578,241**
Total on and off-balance sheet		**121,312,898**	**4,555,404**	**116,757,494**	**89,411,518**	**4,201,293**	**85,210,225**

(*) For off-balance sheet items the carrying amount represent the maximum exposure committed in case of "default" and a for a loss allowance is the higher of unamortized balance and ECL.

The Group and the Bank present the off balance sheet exposure for irrevobable facilities and the provisions related to the exposure of off-balance sheet risk as of December 31, 2023:

	Group				Bank			
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Irrevocable commitments given								
- Maximum exposure committed in case of "default"	1,225,315	450,664	21,611	**1,697,590**	327,412	334,979	12,963	**675,354**
- Loss allowance(*)	(28,461)	(9,373)	(17,773)	**(55,607)**	(3,867)	(220)	(12,481)	**(16,568)**
Irrevocable financial guarantees given								
- Maximum exposure committed in case of "default"	5,506,387	265,496	92,694	**5,864,577**	5,438,537	265,496	92,694	**5,796,727**
- Loss allowance(*)	(59,930)	(35,167)	(43,646)	**(138,743)**	(58,703)	(35,167)	(43,646)	**(137,516)**

(*) Higher of unamortized balance and ECL

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Irrevocable commitments and financial guarantees given Stage 1	Group Very low risk	Low risk	Moderate risk	Sensitive risk	Total 2023	Bank Very low risk	Low risk	Moderate risk	Sensitive risk	Total 2023
Corporate and public institutions	3,900,547	1,524,226	314,279	616	**5,739,668**	3,865,961	1,443,013	314,279	616	**5,623,869**
Small and medium enterprises	31,464	147,597	13,582	-	**192,643**	31,464	95,377	13,582	-	**140,423**
Retail	1,657	89,933	-	-	**91,590**	1,657	-	-	-	**1,657**
Non-banking financial institutions	70,076	637,725	-	-	**707,801**	-	-	-	-	**-**
Total irrevocable commitments and financial guarantees given before impairment provision	**4,003,744**	**2,399,481**	**327,861**	**616**	**6,731,702**	**3,899,082**	**1,538,390**	**327,861**	**616**	**5,765,949**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(31,572)	(48,790)	(7,968)	(61)	**(88,391)**	(27,643)	(26,898)	(7,968)	(61)	**(62,570)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**3,972,172**	**2,350,691**	**319,893**	**555**	**6,643,311**	**3,871,439**	**1,511,492**	**319,893**	**555**	**5,703,379**

Irrevocable commitments and financial guarantees given Stage 2	Group Low - moderate risk	Sensitive risk	High risk	Total 2023	Bank Low - moderate risk	Sensitive risk	High risk	Total 2023
Corporate and public institutions	566,860	17,342	115	**584,317**	564,351	17,342	115	**581,808**
Small and medium enterprises	15,633	3,640	782	**20,055**	14,245	3,640	782	**18,667**
Retail	5,680	-	-	**5,680**	-	-	-	**-**
Non-banking financial institutions	106,108	-	-	**106,108**	-	-	-	**-**
Total irrevocable commitments and financial guarantees given before impairment Provision	**694,281**	**20,982**	**897**	**716,160**	**578,596**	**20,982**	**897**	**600,475**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(40,633)	(3,827)	(80)	**(44,540)**	(31,480)	(3,827)	(80)	**(35,387)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**653,648**	**17,155**	**817**	**671,620**	**547,116**	**17,155**	**817**	**565,088**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

	Group						Bank					
Irrevocable commitments and financial guarantees given Stage 3	**3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**>1 year**	**Total 2023**	**3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**>1 year**	**Total 2023**
Corporate and public institutions	6,041	5,290	41,413	6,747	45,378	**104,869**	6,041	5,290	41,413	6,747	45,378	104,869
Small and medium enterprises	-	196	25	479	88	**788**	-	196	25	479	88	788
Retail	37	31	63	28	1,220	**1,379**	-	-	-	-		-
Non-banking financial institutions	4,589	295	215	281	1,889	**7,269**	-	-	-	-		-
Total irrevocable commitments and financial guarantees given before impairment provision	**10,667**	**5,812**	**41,716**	**7,535**	**48,575**	**114,305**	**6,041**	**5,486**	**41,438**	**7,226**	**45,466**	**105,657**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(8,474)	(3,583)	(10,662)	(6,577)	(32,123)	(61,419)	(4,922)	(3,337)	(10,486)	(6,372)	(31,010)	**(56,127)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**2,193**	**2,229**	**31,054**	**958**	**16,452**	**52,886**	**1,119**	**2,149**	**30,952**	**854**	**14,456**	**49,530**

The Group and the Bank present the off balance sheet exposure for irrevocable facilities and the provisions related to the exposure of off-balance sheet as of December 31, 2022:

	Group				Bank			
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Irrevocable commitments given								
- Maximum exposure committed in case of "default"	908,431	214,250	31,896	**1,154,577**	240,993	22,642	1,291	**264,926**
- Loss allowance(*)	(22,203)	(6,976)	(5,030)	**(34,209)**	(4,100)	(82)	(1,174)	**(5,356)**
Irrevocable financial guarantees given								
- Maximum exposure committed in case of "default"	5,080,340	278,620	135,965	**5,494,925**	5,058,797	278,620	135,965	**5,473,382**
- Loss allowance(*)	(65,565)	(19,581)	(70,194)	**(155,340)**	(64,936)	(19,581)	(70,194)	**(154,711)**

(*) Higher of unamortized balance and ECL

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Irrevocable commitments and financial guarantees given Stage 1	Grup Very low risk	Grup Low risk	Grup Moderate risk	Grup Sensitive risk	Grup Total 2022	Bank Very low risk	Bank Low risk	Bank Moderate risk	Bank Sensitive risk	Bank Total 2022
Corporate and public institutions	3,435,226	1,527,977	312,047	4,276	**5,279,526**	3,433,727	1,428,312	312,047	4,276	**5,178,362**
Small and medium enterprises	30,972	110,733	9,110	-	**150,815**	30,796	81,357	9,110	-	**121,263**
Retail	165	91,951	1	210	**92,327**	165	-	-	-	**165**
Non-banking financial institutions	51,727	414,375	-	-	**466,102**	-	-	-	-	**-**
Total irrevocable commitments and financial guarantees given before impairment provision	**3,518,090**	**2,145,036**	**321,158**	**4,486**	**5,988,770**	**3,464,688**	**1,509,669**	**321,157**	**4,276**	**5,299,790**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(10,521)	(63,406)	(12,642)	(1,199)	**(87,768)**	(10,382)	(44,816)	(12,642)	(1,196)	**(69,036)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**3,507,569**	**2,081,630**	**308,516**	**3,287**	**5,901,002**	**3,454,306**	**1,464,853**	**308,515**	**3,080**	**5,230,754**

Irrevocable commitments and financial guarantees given Stage 2	Group Low - moderate risk	Group Sensitive risk	Group High risk	Group Total 2022	Bank Low - moderate risk	Bank Sensitive risk	Bank High risk	Bank Total 2022
Corporate and public institutions	263,313	34,891	2,895	**301,099**	249,833	34,891	2,895	**287,619**
Small and medium enterprises	17,620	1,596	534	**19,750**	11,352	1,596	493	**13,441**
Retail	2,616	683	141	**3,440**	-	202	-	**202**
Non-banking financial institutions	164,290	2,713	1,578	**168,581**	-	-	-	**-**
Total irrevocable commitments and financial guarantees given before impairment provision	**447,839**	**39,883**	**5,148**	**492,870**	**261,185**	**36,689**	**3,388**	**301,262**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(18,363)	(7,255)	(939)	**(26,557)**	(12,159)	(6,846)	(658)	**(19,663)**
Total a*ngajamente irevocabile date, garanții financiare și de bună execuție* nete de ajustari pentru provision	**429,476**	**32,628**	**4,209**	**466,313**	**249,026**	**29,843**	**2,730**	**281,599**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

	Grup						Banca					
Irrevocable commitments and financial guarantees given Stage 3	**3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**>1 year**	**Total 2022**	**3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**>1 year**	**Total 2022**
Corporate and public institutions	14,967	24,373	3,463	27,670	66,002	**136,475**	14,967	24,373	3,463	27,670	66,002	136,475
Small and medium enterprises	476	186	5	5	111	**783**	474	186	5	5	111	781
Retail	33	108	11	7	1,440	**1,599**	-	-	-	-	-	-
Non-banking financial institutions	26,185	614	396	364	1,445	**29,004**	-	-	-	-	-	-
Total irrevocable commitments and financial guarantees given before impairment provision	**41,661**	**25,281**	**3,875**	**28,046**	**68,998**	**167,861**	**15,441**	**24,559**	**3,468**	**27,675**	**66,113**	**137,256**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(14,142)	(15,852)	(2,657)	(19,240)	(23,333)	(75,224)	(11,668)	(15,654)	(2,531)	(19,115)	(22,400)	(71,368)
Total irrevocable commitments and financial guarantees given net of impairment provision	**27,519**	**9,429**	**1,218**	**8,806**	**45,665**	**92,637**	**3,773**	**8,905**	**937**	**8,560**	**43,713**	**65,888**

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. The likelihood of customers defaulting and the resulting losses).
The financial assets that are the subject of this chapter are:

- Loans and advances to customers at amortized cost;
- Finance lease recivables;
- Lending commitments and financial guarantees offered by the Group and the Bank (e.g. letter of credit, letter of guarantees);
- Placements made in other banks, including mandatory minimum reserves (RMO) and loans to other bank institutions;
- Portfolio of financial instruments measured at FVOCI (e.g. government bonds, corporate or municipal bonds, etc.);
- Financial instrument portfolio measured at amortized cost (corporate bonds).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for ECL.

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

Measurement of the expected credit loss allowance (continued)

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition or, for that assets there are no indicators fulfilled to presume that has been "an increase in credit risk" is classified in 'Stage 1';
- If a significant increase in credit risk ('SICR') since initial recognition is identified. The financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired. The financial instrument is then moved to 'Stage 3'.

For financial assets classified in "Stage 1", the amount of loss allowance is determined on the basis of the expected loss in the next 12 months (12M-ECL), which represent the credit losses in the event of default within a period of 12 months from the reporting date. For financial assets classified in "Stage 2" or "Stage 3", the amount of loss allowance is measured based on the expected credit losses over the entire lifetime (LT-ECL).

A general approach in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

The following diagram summarizes the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired "above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

Loss Given Default (LGD) represents a Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty and availability of collateral or other credit support.

4. Financial risk management and other significant risk management (*continued*)

b) ***Credit risk (continued)***
Measurement of the expected credit loss allowance (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. The ECL for each future month is then discounted back to the reporting date and summed.

The expected credit losses are calculated at each reporting date and they reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

Parameters used in the calculation of ECL are determined by considering the grouping of financial asset portfolios according to similar characteristics considered decisive in originating and monitoring credit risk, respectively the type of counterparty (debtor), products and currencies.
The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The determination of expected losses at the reporting date relies on the effective interest rate established upon the initial recognition, except financial assets with variable interest rate, for which the expected credit losses must be determined based on the current effective interest rate. As concerns the purchased or originated financial assets that are credit-impaired, the expected credit losses must be determined based on the credit-adjusted effective interest rate established upon the initial recognition.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 months or lifetime basis.
- For revolving products and other commitments, for determining the exposure in default, the unused part is taken into account, being applied a credit conversion factor, estimated by the Bank, based on its own historical analysis.

Significant increase in Credit Risk

In determining whether a significant increase in credit risk occurred since initial recognition the Group considers reasonable and supportable information that is relevant and can be obtained without undue cost and effort. The assessment of the significant increase of the risk is made at individual level, analyzing the criteria of each asset.
The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:
The Bank uses quantitative criteria as the primary indicator of significant increase in credit risk for all material portfolios. Quantitative SICR indicators include a comparison of the remaining lifetime PD at reporting data with the residual lifetime PD at the date of initial recognition. The Bank established thresholds for significant increases in credit risk based on both a percetange (relative) and absolute change in PD compared to initial recognition. The degree of deterioration will depend on the level of the initial rating.

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

Measurement of the expected credit loss allowance (continued)

In general, a significant increase in credit risk is considered to have occurred with a relative increase of more than 150% compared to the initial PD for companies and more than 100% for individuals. Regarding absolute threshold, this is set to more than 100bp for individuals and more then 200bp for companies.

Qualitative criteria for retail portfolios (individuals):

- Significant increase in credit risk perceived by the risk analysis team for individually assessed exposures;
- It is classified as performing restructured;
- LTV analysis for secured retail loans (above a relative threshold combined with days past due indicator);
- Denominated in high-risk currency category;
- Loan products with higher associated risk;
- Facilities owned by customers with sensitive ratings;
- Change in rating grade;
- The number of days past due recorded by the debtor.

Qualitative criteria for corporate and public institutions portfolios:

- Significant increase in credit risk perceived by the risk analysis team for individually assessed exposures (debtor level), concluded through including these in the Bank's Watch List;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates (rating deterioration);
- Actual or expected forbearance operation;
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans;
- The borrower is assigned to Remediation department;
- Facilities owned by customers with sensitive ratings;
- Customers operating in an industry sensitive to the effects of energy prices;
- Change in rating grade;
- The number of days past due recorded by the debtor.

The assessment of SICR incorporates forward-looking information.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1 (this is not applied to forbearance criteria - see below). If an exposure has been transferred to Stage 2 based on a mentioned indicator, the Group monitors whether that indicator continues to exist or has changed.

In relation to Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

4. Financial risk management and other significant risk management (*continued*)

b) ***Credit risk (continued)***

Measurement of the expected credit loss (continued)

If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognized, the Bank assesses whether there has been a significant increase in the credit risk of the financial instrument, compared to:

a) the risk of a default occurring at the reporting date (based on the modified contractual terms); and
b) the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

Especially for forborne loans (restructured operation made for debtors that are facing financial difficulties), the Bank considers them to have “significant increase in credit risk” implied. These types of operations determining that those assets are classified as stage 2 or stage 3 and the ECL is calculate on lifetime basis. The classification in Stage 3 is made accordingly to the type and nature of the restructuring, considering in this sense the provisions of the prudential regulations (EBA Guideline 2016-07 on the definition of default establishes when a restructuring is considered to be in a state of "default"). At the same time, when a new restructuring is applied to the exposure during the trial period or the debt service exceeds 30 days, that exposure will be reclassified in Stage 3.

For performing forborne financial assets, the Bank establishes a healing period (at least 2 years after the concluding event), in which the ECL lifetime mode is kept.

After those 2 years mentioned, the Bank is analyzing the financial standing of the borrower and the payments that have been made after the event (frequency and volume) and is concluding if the status should be changed and if so, then ECL calculation is made on 12 months basis.

Backstops

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. Also, when the whole outstanding amount of the loan becomes overdue (its final maturity date is passed), then it will be classified in stage 2.

Low credit risk exemption

The Group is using the low credit risk exemption only for debt financial instruments (e.g. sovereign bonds, municipal bonds, corporate bond and bonds issued by financial institutions). All financial assets with an assigned rating (at the reporting date) of an investment grade nature are classified as Stage 1.

Definition of default and credit-impaired assets

The Group and the Bank defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

- The exposure is more than 90 days past due on its contractual payments (also including the new default definition which is referring to significant overdue amount*);
- Exposures for which it is unlikely that the debtor will fully fulfill his payment obligations without the execution of guarantees, regardless of the existence of outstanding amounts or the number of days of delay in payment, respectively:
    - Significant financial difficulty of the issuer or the borrower;
    - The borrower is in nonperforming forbearance situation due to concessions that have been made by the Group and the Bank relating to the borrower’s financial difficulty;

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

Measurement of the expected credit loss (continued)

    - The borrower is in insolvency status or bankruptcy (or other type of judicial reorganization, both retail and companies) or is becoming probable that the borrower will enter bankruptcy;
    - The borrower for whom legal procedures have started (forced execution started by the Group and the Bank);
    - The borrower and/or the mortgage guarantor sent notification for "payment in kind";
    - The debtor is managed by the special recovery structures of the Bank (Workout unit etc.);
    - Stopped interest calculation;
    - Write off (total/partial) or sale;
    - Establishment of specific adjustments for credit risk due to the deterioration of credit quality, on the background of the exposure in Stage 3 (according to IFRS 9).
- An active market for that financial asset has disappeared because of financial difficulties;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

Exposures which are considered to be in default status for regulatory purposes (CRR art 178) will always be considered stage 3 exposures. Further on, stage 3 exposure are fully aligned with non-performing exposure (the entire amount of the customer's exposure is considered to be non-performing).

*Bank and its local subsidiaries have implemented at the end of 2020 the European Banking Authority's (the EBA's) definition of default (GL 2016-07), also considering the significance threshold of overdue obligation** established by National Bank of Romania in order to comply with art 178 CRR. This new indicator is considered a new "add-on" to default definition applied by the Group (the day past due indicator considering contractual payment schedules is not excluded/ eliminated). The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes.

** Threshold for assessing the material significance of a credit obligation, as provided for in Article 178 (1) (b) of Regulation (EU) No 1095/2010, 575/2013, consists of an absolute component and a relative component. The absolute component is expressed as the maximum value of the sum of all the overdues amounts that a debtor owes to the Bank. The relative component is expressed as a percentage that reflects the ratio between the value of the overdues loan obligations and the total exposures to that debtor.

For this indicator, it is considered that the debtor is in default when both the limit expressed as the absolute component of the significance threshold and the limit expressed as the relative component of the significance threshold are exceeded for 90 consecutive days. According to NBR Regulation 5/2018, the level of the relative component and the level of the absolute component of the significance threshold is as follows:

- For retail exposures:
    - The level of the relative component of the significance threshold is 1%;
    - The level of the absolute component of the significance threshold is RON 150.
- For other types of exposures than retail exposures:
    - The level of the relative component of the significance threshold is 1%;
    - The level of the absolute component of the significance threshold is RON 1,000.

The above criteria have been applied to all financial instruments held by the Group and are consistent with the definition of the default condition used for internal credit risk management purposes.

4. Financial risk management and other significant risk management *(continued)*

b) ***Credit risk (continued)***

Measurement of the expected credit loss (continued)

An instrument is considered to no longer be *in default* (i.e. has been "cured") when it no longer meets any of the default criteria for a consistent period of time, depending on the main trigger for the default classification.

This period has been determined applying the minimum requirements regulated by the EBA Guideline 2016-07 on the definition of default, considering also the expert's opinion. For example, the healing period for the loans in default status based on the days past due criteria start at 3 months while the healing period for nonperforming forborne asset start at one year.

Forward-looking economic information is also included in determining the 12-months and lifetime ECL. These assumptions vary by product type.

In normal market conditions, the assumptions underlying the ECL are monitored and reviewed on a bi-annual basis.

Forward-looking information incorporated in the ECL models

The assessment of SICR and estimation of expected credit losses involves forecasting future economic conditions.

The Group and the Bank have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Expert judgment has also been applied in this process. Forecasts of these economic variables are provided by the Group's Economics Research team and provide the best estimate view of the economy over the next three years.

After this period to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used. The impact of these economic variables has been determined by performing statistical regression analysis.

The economic forecasts are reflected within a baseline scenario and several alternative scenarios reflecting the expected developments for the macroeconomic variables selected as relevant.

The alternative variables are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts. The purpose of using multiple scenarios is to model the non-linear impact of assumptions based on macroeconomic factors on the expected credit losses.

Usually, the Bank uses three scenarios: base scenario (which is the most probable scenario of the economic environment), optimistic and adverse scenario (which is not necessarily a crisis scenario).

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible representative outcomes for each chosen scenario.

The macroeconomic scenarios applied in 2023 reflect a macroeconomic environment characterized by the persistence of uncertainties amid ongoing geopolitical tensions. Additionally, the conflict in the Middle East, with direct implications for the population and economic agents, is causing a rising trend in the prices of raw materials and agro-food products. This is compounded by existing pressures in the labor market, all of which will complicate economic growth.

Even though energy and gas prices have temporarily stabilized in European markets due to state support through price-capping programs for both residential and industrial consumers, the situation may be negatively influenced by a reconfiguration of current capping schemes. This is particularly concerning given the macroeconomic imbalance Romania is currently facing. Any additional shocks to energy prices or persistent internal inflation resulting from the most recent fiscal measures adopted could negatively impact the smooth recovery of the projected macroeconomic environment for 2024.

4. Financial risk management and other significant risk management *(continued)*

b) ***Credit risk (continued)***

Measurement of the expected credit loss (continued)

Scenarios weights, for the Bank:

	Optimist	Base case	Pessimist
Y2022	10%	55%	35%
Y2023	10%	55%	35%

Volatility from macroeconomic and geopolitical factors has dominated the business environment in the last period, and there are no significant developments in the economy during 2023. The path and influence of central banks' monetary policy tightening has dampened consumption and investment.Even energy prices have fallen, there are still questions about geopolitical tensions, supply chain disruptions and labour-market pressures. The macroeconomic outlook remains challenging and the conflict in the Middle East has added to uncertainty – disruption to the Suez Canal shipping route is affecting supply chains, particularly container and oil transport.

Inflationary pressure also manifested itself in 2023, eroding the economies of the population and the profit margins of companies. The economic activity is likely to be impacted in the shorter term and it is yet unknown to which extent governments will continue to support the economies. Further credit deterioration remains to be seen, as the effect is currently limited and mitigated by the continued government support packages. Despite the slowdown in the economy and turmoil in the financial markets in 2022, the Bank and the Group remain cautiously optimistic, considering the fact that the Romania's economy has become more and more resistant to shocks and challenges, an aspect also confirmed by the better evolution of the GDP compared to the Eurozone area dynamics from the incidence of the pandemic until now.

In the base case macroeconomic scenario, the Group and the Bank anticipate a slightly positive economic growth with no additional global downside risks materialize, but the interest rates remain high in the first half of 2024, with a downward trend for interest rates in the following quarters.

The expectation for the end of 2024 is that the Romanian inflation rate will decrease combined with the downward momentum in energy and food prices, in the context of the implementation of European programs.

The consumption prices could increase with annual dynamics of 5.5% in 2024, 5.2% in 2025 and 4.8% in 2026. The relaxation of inflationary pressures to a moderate level and the continuation of the economic recovery process will lead the central bank to recalibrate monetary policy by reducing the reference interest rate.

The adverse (pessimist) scenario sets out paths for key economic and financial variables in a hypothetical adverse situation triggered by the materialization of risks to which the economy is exposed: the persistently of high inflation, a tightening of financial conditions and a perceptible deteriorating in the economic outlook, driven by surging energy prices, supply shortages and geopolitical tensions. There is a risk of a deeper and more prolonged uncertainties, materialized in extremely high inflation, pressure on national currency or financial deterioration of companies because of production and supply chains disruptions which could conclude in an upward shift in the number of insolvencies.

In the optimistic macroeconomic scenario, growth it is expected of the Romanian economy with annual dynamics of 4.1% in 2024, 4.3% in 2025 and 5.45% in 2026, against the background of the evolution of productive investments with higher rates, with favorable consequences for the labor market and private consumption. The inflation rate is under control and falls above the expectations, while economic growth surprises on the upside. Current global headwinds get resolved and supply-chain issues ease.

4. Financial risk management and other significant risk management *(continued)*

b) ***Credit risk (continued)***
Measurement of the expected credit loss (continued)

For the Bank and its local subsidiaries the most important macro-economic indicators regarding the future considered in FLI modeling are as follows:

- GDP
- Unemployment rate
- Inflation rate
- Interest rate evolution (EURIBOR/ ROBOR)
- FX evolution
- Private consumption
- House price index

Optimist scenario Macro indicators	2024	2025	2026
Real GDP (%, YoY)	4,07	4,30	4,50
Unemployment rate (%)	5,45	5,43	5,39
Inflation (HICP) (%, year to year)	5,33	5,10	4,63
Key interest rate ROBOR 3M (%)	5,13	4,13	3,78
Key interest rate EURIBOR 3M (%)	3,00	1,66	2,08
House prices (%, year on year)	4,60	4,40	4,20

Base/central scenario Macro indicators	2024	2025	2026
Real GDP (%, YoY)	2,91	3,53	3,84
Unemployment rate (%)	5,51	5,49	5,46
Inflation (HICP) (%, year to year)	5,48	5,23	4,76
Key interest rate ROBOR 3M (%)	5,27	4,25	3,92
Key interest rate EURIBOR 3M (%)	3,55	2,68	2,60
House prices (%, year on year)	2,20	2,10	2,00

Pessimist scenario Macro indicators	2024	2025	2026
Real GDP (%, YoY)	0,23	0,87	1,72
Unemployment rate (%)	5,56	5,54	5,53
Inflation (HICP) (%, year to year)	8,32	7,56	7,31
Key interest rate ROBOR 3M (%)	8,12	6,59	6,46
Key interest rate EURIBOR 3M (%)	3,80	3,50	3,50
House prices (%, year on year)	-0,30	-0,20	-0,20

The table below illustrates the impact of changing scenarios weights for optimistic and adverse scenario, at the Bank level:

Changes in weights	100% pessimist	100% baseline	100% optimistic
ECL movement	+66 Mio RON	-30 mio RON	-80 mio RON

Considering that the applied scenarios differ from the scenarios used at 31 December 2022, the changes in sensitivities from end of 2023 to end of 2022 are therefore not directly comparable.

4. Financial risk management and other significant risk management *(continued)*

c) *Liquidity risk*

For example, the macroeconomic indicators used in the financial year 2022, for the baseline scenario are:

	2023	2024	2025
Real GDP (%, YoY)	2,33	4,16	5,01
Unemployment rate (%)	5,19	5,13	5,10
Inflation (HICP) (%)	8,59	4,65	5,21
Key interest rate ROBOR 3M (%)	7,18	5,21	4,89
Key interest rate EURIBOR 3M (%)	2,56	1,82	1,58

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group and the Bank consider these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Liquidity risk represents the current or future risk that the profit and capital may be negatively affected as a result of the Bank's incapacity to pay its due and payable debts when they become due.

Liquidity risk has 2 components: the difficulty in procuring funds at maturity in order to refinance current assets or the inability to convert an asset into cash at a value near its fair value in a reasonable period of time.

The purpose of the liquidity risk management is to obtain the expected return on assets, through a proper management of the liquidities, consciously assumed and adapted to the domestic and international market conditions, the growth of the institution and the general current legal framework.

The Group and the Bank are continuously acting to manage this type of risk.The Group and the Bank have access to a diverse funding base. Funds are raised by using a broad range of instruments, including deposits from customers or from banks, loans from development institutions and financial institutions and share capital. Access to diverse funding sources improves the flexibility to attract funds, limiting the dependence on one type of financing and on one type of partner and leading to an overall decrease of financing costs.

The Group and the Bank try to maintain a balance between continuity and flexibility in attracting funds, by signing financing contracts with different maturities and in different currencies. The Group and the Bank continually assess liquidity risk by identifying and monitoring changes in the financing contracts, and by diversifying the funding sources.

The operational liquidity management is also performed intraday, so as to ensure all the settlements/payments assumed by the Group and the Bank, on their own behalf or on behalf of their clients, in RON or FCY, on account or in cash, within the internal, legal and mandatory limits.

Defining elements of daily/intraday liquidity management are:

- Minimum Required Reserve
- Bonds portfolio
- Raised/placed deposits on the interbank market;
- Cash in cashiers and ATMs;
- Available in correspondent accounts

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

In addition, liquidity gaps (which describe maturity mismatches) are reported and monitored regularly. The risk of funding concentration (at the level of groups of depositors) is monitored and analyzed daily.

The Assets and Liabilities Management Committee of the Bank is responsible with the periodic review of liquidity indicators and with the establishment of corrective measures regarding balance sheet figures, so as to eliminate unacceptable deviations in terms of liquidity risk.

The monitoring and management of liquidity risk indicators is done on two levels, namely at the Board/Leader's Committee level and at the CRO/ALCO level.

At Board/Leader's Committee level, at least quarterly, the following indicators are monitored and managed, which define risk appetite: quick liquidity ratio, the weight of liquid assets in total assets and loans to attracted and borrowed resources ratio. At the CRO/ALCO level, an additional set of well diversified indicators is monitored, including the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

The contingency plan aims to provide the methodology for rapid detection of liquidity problems as well as appropriate and timely solutions.
The objectives of the plan include:

- Defining the measure levels associated with potential crisis conditions;
- Definition of informative reports on liquidity, including but not limited to the reporting of warning indicators that will be monitored in order to detect problems in time and provide quick answers;
- Carrying out preliminary preparations to ensure prompt solutions to financing problems. These preparations refer to the identification of responsible parties, general and specific solutions, the development of information that facilitates liquidity management, liquidity reporting, planning requirements, training and testing.
- Ensuring managerial flexibility in relation to the unique circumstances and characteristics of any financing crisis that may arise.

Crisis simulation scenarios have been elaborated by considering various severity levels, various probabilities and different periods of occurrence. Their purpose is to identify/assess potential losses and the potential impact of events or the factors that may generate a liquidity crisis. Additionally, they offer information regarding the impact of liquidity risk determinants on the Group's and Bank's capacity to provide liquidity to its customers and to maintain adequate liquidity levels.

The liquidity reserve is calibrated according to 3 factors:

a) severity and characteristics of crisis scenarios;
b) the time horizon established as a maintenance period;
c) the characteristics of the assets included in the reserve.

The Bank manages the stock of liquid assets in order to ensure, to the greatest extent possible, that it will be available in periods of stress. High concentrations in certain assets are avoided and possible legal, regulatory or operational impediments to the use of these assets are analysed.

Also, the Bank has defined mechanisms and measures to guarantee its access to adequate sources of financing in case of emergency (eg BNR, ECB facilities, attracting funds from other financial institutions, etc.)

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

The assets and liabilities of the Group as at 31 December 2023, analyzed as per the period remaining until the contractual maturity, on models based on the contractual maturity related to the liquidity band, are the following:

Group - *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial liabilities									
Deposits from banks	1,034,613	(1,035,253)	(914,716)	-	(24,873)	(95,664)	-	-	-
Deposits from customers	138,052,954	(139,015,735)	(74,972,348)	(10,888,544)	(11,844,928)	(36,752,444)	(3,938,845)	(618,626)	-
Loans from banks and other financial institutions	9,548,567	(11,822,996)	(502,105)	(472,113)	(560,979)	(2,361,616)	(7,356,160)	(570,023)	-
Subordinated liabilities and issued bonds	2,423,218	(3,933,724)	-	(121,894)	(112,817)	(433,912)	(1,792,972)	(1,472,129)	-
Financial liabilities held-for-trading	88,809	(88,809)	(3,520)	(101)	(382)	(34,451)	(41,215)	(9,140)	-
Lease liabilities	533,351	(566,665)	(36,230)	(36,107)	(69,198)	(218,405)	(125,637)	(81,088)	-
Other financial liabilities	2,521,170	(2,521,170)	(2,521,115)	(4)	(9)	(42)	-	-	-
Total financial liabilities	**154,202,682**	**(158,984,352)**	**(78,950,034)**	**(11,518,763)**	**(12,613,186)**	**(39,896,534)**	**(13,254,829)**	**(2,751,006)**	**-**
Financial assets									
Cash and curent accounts with Central Banks	24,252,600	24,257,117	24,257,117	-	-	-	-	-	-
Placements with banks and public institutions	12,272,959	12,350,096	11,435,854	588,224	20,484	263,720	1,463	40,351	-
Financial assets held for trading and measured at fair value through profit or loss	345,756	345,755	185,843	-	-	-	-	-	159,912
Derivatives	124,817	124,817	4,686	720	567	39,419	60,997	18,428	-
Loans and advances to customers	72,008,224	108,637,910	10,017,087	6,536,599	11,217,796	32,207,808	12,611,645	36,046,975	-
Finance lease receivables	3,562,683	4,203,431	413,194	344,208	673,305	1,958,227	795,586	18,911	-
Financial assets measured at fair value through other items of comprehensive income	40,600,026	50,608,529	38,100,622	602,748	906,953	4,104,812	2,840,989	3,898,244	154,161
Financial assets which are required to be measured at fair value through profit or loss	1,232,598	1,336,165	713,662	1,935	3,848	54,589	174,995	-	387,136
Financial assets at amortized cost - debt instruments	9,472,245	10,712,817	889,331	488,950	1,058,148	5,798,269	2,139,338	338,781	-
Other financial assets	1,980,114	2,048,781	1,898,489	91,535	57,322	115	57	1,263	-
Total financial assets	**165,852,022**	**214,625,418**	**87,915,885**	**8,654,919**	**13,938,423**	**44,426,959**	**18,625,070**	**40,362,953**	**701,209**
Net balance sheet position		**55,641,066**	**8,965,851**	**(2,863,844)**	**1,325,237**	**4,530,425**	**5,370,241**	**37,611,947**	**701,209**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

Group - *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
31 December 2023									
Off-balance sheet									
Irrevocable commitments given	1,641,982	1,697,589	564,313	78,277	215,998	668,867	143,872	26,262	-
Irrevocable financial guarantees given	5,725,834	5,864,577	1,076,939	1,532,095	799,475	861,101	935,454	659,513	-
Notional amount of swap and forward contracts									
- Deliverable amounts	(2,114,866)	(2,114,866)	(848,638)	(296,291)	(35,169)	(438,538)	(496,230)	-	-
- Receivable amounts	5,731,724	5,731,724	849,992	299,019	42,304	1,390,354	2,376,726	773,329	-
Net position of derivatives	**3,616,858**	**3,616,858**	**1,354**	**2,728**	**7,135**	**951,816**	**1,880,496**	**773,329**	-
Total off-balance sheet	**10,984,674**	**11,179,024**	**1,642,606**	**1,613,100**	**1,022,608**	**2,481,784**	**2,959,822**	**1,459,104**	-
Total net on- and off-balance sheet position		**44,462,042**	**7,323,245**	**(4,476,944)**	**302,629**	**2,048,641**	**2,410,419**	**36,152,843**	**701,209**

The assets and liabilities of the Group as at 31 December 2022, analyzed based on the period remaining until the contractual maturity, on models reflecting the customer's historic behavior typologies and on conventional assumptions concerning certain balance sheet items are the following:

Group - *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial liabilities									
Deposits from banks	1,678,082	(1,682,003)	(1,561,146)	(463)	(24,737)	(95,657)	-	-	-
Deposits from customers	119,731,729	(120,540,457)	(66,161,125)	(8,783,758)	(10,917,293)	(31,202,559)	(2,858,847)	(616,875)	-
Loans from banks and other financial institutions	4,840,928	(5,058,330)	(1,976,848)	(190,391)	(399,381)	(1,604,101)	(270,475)	(617,134)	-
Subordinated liabilities and issued bonds	1,748,260	(2,279,214)	(563)	(60,389)	(377,077)	(202,323)	(184,446)	(1,454,416)	-
Financial liabilities held-for-trading	41,695	(41,695)	(8,270)	(14)	(833)	(11,962)	(11,854)	(8,762)	-
Lease liabilities	492,956	(528,355)	(34,095)	(33,986)	(67,598)	(213,458)	(114,681)	(64,537)	-
Other financial liabilities	1,764,364	(1,764,364)	(1,764,232)	(52)	(10)	(38)	(32)	-	-
Total financial liabilities	**130,298,014**	**(131,894,418)**	**(71,506,279)**	**(9,069,053)**	**(11,786,929)**	**(33,330,098)**	**(3,440,335)**	**(2,761,724)**	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

Group - *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial assets									
Cash and curent accounts with Central Banks	14,540,717	14,543,766	14,543,766	-	-	-	-	-	-
Placements with banks and public institutions	5,567,332	5,605,453	3,499,398	266,329	1,548,392	253,332	1,460	36,542	-
Financial assets held for trading and measured at fair value through profit or loss	321,370	321,369	171,538	-	-	-	-	-	149,831
Derivatives	218,443	218,444	1,537	9,108	25,730	35,860	58,159	88,050	-
Loans and advances to customers	65,200,920	95,783,216	6,887,212	6,158,362	16,127,309	24,318,285	10,746,566	31,545,482	-
Finance lease receivables	2,812,597	3,207,773	347,365	281,163	534,533	1,485,849	547,801	11,062	-
Financial assets measured at fair value through other items of comprehensive income	43,485,732	55,852,388	43,005,095	454,350	1,479,765	3,526,973	3,070,794	4,163,718	151,693
Financial assets which are required to be measured at fair value through profit or loss	1,106,041	1,110,013	680,568	52,075	20,818	-	-	-	356,552
Financial assets at amortized cost - debt instruments	2,059,712	2,281,431	973,021	304,014	324,819	193,787	444,170	41,620	-
Other financial assets	1,887,028	1,944,681	1,743,570	79,585	112,966	3,349	57	5,154	-
Total financial assets	**137,199,892**	**180,868,534**	**71,853,070**	**7,604,986**	**20,174,332**	**29,817,435**	**14,869,007**	**35,891,628**	**658,076**
Net balance sheet position		**48,974,116**	**346,791**	**(1,464,067)**	**8,387,403**	**(3,512,663)**	**11,428,672**	**33,129,904**	**658,076**
Off-balance sheet									
Irrevocable commitments given based on expected cash flow	1,120,368	1,154,577	385,652	84,210	198,767	295,802	93,066	97,080	-
Irrevocable financial guarantees given based on expected cash flow	5,339,584	5,494,924	750,233	552,758	859,519	2,023,220	759,264	549,930	-
Notional amount of swap and forward contracts									
- Deliverable amounts	(2,544,468)	(2,544,468)	(1,467,177)	(151,682)	(388,809)	(289,300)	-	(247,500)	-
- Receivable amounts	5,463,259	5,463,259	1,458,945	163,365	403,274	513,511	1,232,878	1,691,286	-
Net position of derivatives	**2,918,791**	**2,918,791**	**(8,232)**	**11,683**	**14,465**	**224,211**	**1,232,878**	**1,443,786**	-
Total off-balance sheet	**9,378,743**	**9,568,292**	**1,127,653**	**648,651**	**1,072,751**	**2,543,233**	**2,085,208**	**2,090,796**	-
Total net on- and off-balance sheet position		**39,405,824**	**(780,862)**	**(2,112,718)**	**7,314,652**	**(6,055,896)**	**9,343,464**	**31,039,108**	**658,076**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

The assets and liabilities of the Bank as at 31 December 2023, analyzed based on the period remaining until the contractual maturity, on models reflecting the customer's historic behavior typologies and on conventional assumptions concerning certain balance sheet items are the following:

Bank – *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial liabilities									
Deposits from banks	1,081,766	(1,082,423)	(961,886)	-	(24,873)	(95,664)	-	-	-
Deposits from customers	134,443,350	(135,385,886)	(73,069,083)	(10,709,711)	(11,433,114)	(35,621,453)	(3,939,035)	(613,490)	-
Loans from banks and other financial institutions	8,583,795	(10,768,965)	(404,400)	(376,871)	(298,136)	(1,873,873)	(7,274,847)	(540,838)	-
Subordinated liabilities and issued bonds	2,403,652	(3,913,451)	-	(108,775)	(108,775)	(433,912)	(1,792,972)	(1,469,017)	-
Financial liabilities held-for-trading	88,809	(88,809)	(3,520)	(101)	(382)	(34,451)	(41,215)	(9,140)	-
Lease liabilities	669,778	(723,003)	(37,329)	(37,497)	(72,095)	(237,358)	(156,197)	(182,527)	-
Other financial liabilities	1,847,667	(1,847,667)	(1,847,667)	-	-	-	-	-	-
Total financial liabilities	**149,118,817**	**(153,810,204)**	**(76,323,885)**	**(11,232,955)**	**(11,937,375)**	**(38,296,711)**	**(13,204,266)**	**(2,815,012)**	**-**
Financial assets									
Cash and curent accounts with Central Banks	22,286,257	22,290,754	22,290,754	-	-	-	-	-	-
Placements with banks and public institutions	12,619,341	12,829,943	10,645,563	564,076	335,913	1,273,107	1,462	9,822	-
Financial assets at amortized cost - debt instruments	7,980,071	9,165,687	86,306	186,436	781,207	5,638,119	2,136,671	336,948	-
Derivatives	124,817	124,817	4,686	720	567	39,419	60,997	18,428	-
Equity instruments	36,303	36,303	18,151	-	-	-	-	-	18,152
Loans and advances to customers	71,550,404	106,940,432	9,795,147	6,340,008	10,969,267	31,557,991	12,610,123	35,667,896	-
Financial assets measured at fair value through other items of comprehensive income	40,264,202	50,259,418	37,908,100	594,888	907,481	4,091,920	2,839,831	3,897,798	19,400
Financial assets which are required to be measured at fair value through profit or loss	1,670,155	1,773,723	976,242	1,935	3,848	54,589	174,995	-	562,114
Equity investments	873,300	873,300	-	-	-	-	-	-	873,300
Other financial assets	1,829,702	1,861,024	1,716,428	87,324	57,272	-	-	-	-
Total financial assets	**159,234,552**	**206,155,401**	**83,441,377**	**7,775,387**	**13,055,555**	**42,655,145**	**17,824,079**	**39,930,892**	**1,472,966**
Net balance sheet position		**52,345,197**	**7,117,492**	**(3,457,568)**	**1,118,180**	**4,358,434**	**4,619,813**	**37,115,880**	**1,472,966**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

Bank – *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
31 December 2023									
Off-balance sheet									
Irrevocable commitments given based on expected cash flow	658,786	675,354	205,369	3,900	40,364	417,476	8,245	-	-
Irrevocable financial guarantees given based on expected cash flow	5,659,211	5,796,727	1,075,416	1,530,721	783,865	846,475	934,067	626,183	-
Notional amount of swap and forward contracts									
- Deliverable amounts	(2,114,865)	(2,114,865)	(848,637)	(296,291)	(35,169)	(438,538)	(496,230)	-	-
- Receivable amounts	5,731,723	5,731,723	849,992	299,019	42,304	1,390,353	2,376,726	773,329	-
Net position of derivatives	3,616,858	3,616,858	1,355	2,728	7,135	951,815	1,880,496	773,329	-
Total off-balance sheet	**9,934,855**	**10,088,939**	**1,282,140**	**1,537,349**	**831,364**	**2,215,766**	**2,822,808**	**1,399,512**	**-**
Total net on- and off-balance sheet position		**42,256,258**	**5,835,352**	**(4,994,917)**	**286,816**	**2,142,668**	**1,797,005**	**35,716,368**	**1,472,966**

Compared to 2022, the volume of attracted resources (customers and banks) for the Bank on December 31, 2023 increased from RON 118,135,384 thousand to RON 135,525,116 thousand. A significant mismatch is observed on over 5 years, due to the fact that most of the resources consists of attracted deposits of clients, whose maturities are less than 5 years.

The negative gaps between various balance sheet and off-balance sheet items, as they are presented above, are easy to manage due to the financial assets measured at fair value through other comprehensive income, which ensure a high level of flexibility through their diversification and possibility of trading on an active and liquid market. In order to cover currency gaps, the Group and the Bank can carry out various transactions on the FX or derivatives market.

Liquidity management is adapted and permanently adjusted to the conditions of the Romanian and international financial-banking market, as well as the general economic context.

In liquidity management, the Gruoup and the Bank applies a series of principles regarding the quality, maturity, diversity and degree of risk of assets and liabilities, as follows:

- will apply the rule of a diversified investment portfolio, taking into account the inverse correlation between the degree of risk and the degree of liquidity;
- will establish minimum and/or maximum levels accepted for the significant categories of investments, paying particular attention to liquid assets, easily liquidable or that fulfill the quality of assets eligible for guarantee;
- establishes the funding structure periodically , adapted to its development needs
- will concerned with the development of lasting correspondent relationships, which can ensure easy and safe access to funding sources, both in the short term, as well as in the medium and long term;

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

The assets and liabilities of the Bank as at 31 December 2022, analyzed based on the period remaining until the contractual maturity, on models reflecting the customer's historic behavior typologies and on conventional assumptions concerning certain balance sheet items are the following:

Bank - *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial liabilities									
Deposits from banks	1,631,542	(1,635,331)	(1,514,474)	(463)	(24,737)	(95,657)	-	-	-
Deposits from customers	116,503,842	(117,258,804)	(63,653,759)	(8,574,296)	(10,460,890)	(31,103,310)	(2,855,032)	(611,517)	-
Loans from banks and other financial institutions	3,562,483	(3,755,095)	(1,856,058)	(72,585)	(108,779)	(894,869)	(208,980)	(613,824)	-
Subordinated liabilities and issued bonds	1,718,909	(2,246,682)	-	(59,679)	(366,524)	(184,699)	(184,446)	(1,451,334)	-
Financial liabilities held-for-trading	41,695	(41,695)	(8,270)	(14)	(833)	(11,962)	(11,854)	(8,762)	-
Lease liabilities	663,680	(699,831)	(36,076)	(36,046)	(71,515)	(228,496)	(136,388)	(191,310)	-
Other financial liabilities	1,315,969	(1,315,969)	(1,315,969)	-	-	-	-	-	-
Total financial liabilities	**125,438,120**	**(126,953,407)**	**(68,384,606)**	**(8,743,083)**	**(11,033,278)**	**(32,518,993)**	**(3,396,700)**	**(2,876,747)**	**-**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

Bank – *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial assets									
Cash and curent accounts with Central Banks	12,645,157	12,646,556	12,646,556	-	-	-	-	-	-
Placements with banks and public institutions	6,634,858	6,720,007	3,243,124	608,441	1,903,680	952,752	1,460	10,550	-
Financial assets at amortized cost - debt instruments	975,159	1,175,430	521,245	1,339	37,904	140,343	434,340	40,259	-
Derivatives	218,443	218,443	1,536	9,108	25,730	35,860	58,159	88,050	-
Equity instruments	30,693	30,693	15,347	-	-	-	-	-	15,346
Loans and advances to customers	63,449,954	92,508,976	6,414,565	5,999,348	15,668,426	23,095,693	10,246,337	31,084,607	-
Financial assets measured at fair value through other items of comprehensive income	43,124,154	55,470,633	42,783,572	453,638	1,464,131	3,523,264	3,065,166	4,163,198	17,664
Financial assets which are required to be measured at fair value through profit or loss	1,474,595	1,478,567	901,733	52,075	20,818	-	-	-	503,941
Equity investments	708,412	708,412	-	-	-	-	-	-	708,412
Other financial assets	1,935,629	1,969,820	1,774,985	79,621	112,920	2,294	-	-	-
Total financial assets	**131,197,054**	**172,927,537**	**68,302,663**	**7,203,570**	**19,233,609**	**27,750,206**	**13,805,462**	**35,386,664**	**1,245,363**
Net balance sheet position		**45,974,130**	**(81,943)**	**(1,539,513)**	**8,200,331**	**(4,768,787)**	**10,408,762**	**32,509,917**	**1,245,363**
Off-balance sheet									
Irrevocable commitments given based on expected cash flow	259,570	264,926	44,530	6,306	60,242	128,339	1,186	24,323	-
Irrevocable financial guarantees given based on expected cash flow	5,318,671	5,473,382	743,973	546,365	855,898	2,017,565	759,651	549,930	-
Notional amount of swap and forward contracts									
- Deliverable amounts	(2,544,468)	(2,544,468)	(1,467,177)	(151,682)	(388,809)	(289,300)	-	(247,500)	-
- Receivable amounts	5,463,259	5,463,259	1,458,945	163,365	403,274	513,511	1,232,878	1,691,286	-
Net position of derivatives	2,918,791	2,918,791	(8,232)	11,683	14,465	224,211	1,232,878	1,443,786	-
Total off-balance sheet	**8,497,032**	**8,657,099**	**780,271**	**564,354**	**930,605**	**2,370,115**	**1,993,715**	**2,018,039**	**-**
Total net on- and off-balance sheet position		**37,317,031**	**(862,214)**	**(2,103,867)**	**7,269,726**	**(7,138,902)**	**8,415,047**	**30,491,878**	**1,245,363**

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk*

Market risk represents the risk that the earnings of the Group and the Bank or the value of financial instruments held may be negatively affected by adverse market changes in interest rates, foreign exchange rates or other financial ratios. The objective of market risk management is to monitor and maintain financial instrument portfolio exposures within acceptable risk parameters, while optimizing the return on investments.

d1) Interest rate risk from the banking book

Interest rate risk represents the current or future risk for profit and capital to be negatively affected as a result of adverse changes in interest rates.

The Group and the Bank undertake the interest rate risk resulting from funds raised and placed in relation to non-bank customers (interest rate risk from banking activities).
The main sources of interest rate risk are represented by the imperfect correlation between maturity dates (for fixed interest rates) or pricing reset dates (for variable interest rates) with respect to interest bearing assets and liabilities, the adverse changes of the yield curve (un-parallel shift of interest rate curves related to interest bearing assets and liabilities).

The management of interest bearing assets and liabilities is carried out in the context of the Group's/the Bank's exposure to interest rate fluctuations. The Group and the Bank use a mix of fixed and variable interest bearing instruments to control the mismatch between the dates on which the interest on assets and liabilities is adjusted to the market rates or the maturity mismatch between assets and liabilities.

Interest rate risk is managed by monitoring the interest rate GAP (mismatch) and by means of a system of limits and indicators well diversified.
The Assets and Liabilities Management Committee is the body that monitors the compliance with these limits, being assisted in the daily monitoring by the Treasury Department.

Interest rate risk management within the limits is accompanied by a sensitivity analysis of the Group's/the Bank's financial assets and liabilities to various standard interest rate scenarios.

On December 31, 2023 and December 31, 2022, the interest rate risk exposure of the Group and the Bank is presented below:

Structure, RON thousand	Group		Bank	
	Weight in total assets/liabilities - banking book			
	2023	**2022**	**2023**	**2022**
Assets with fixed IR	50.85%	38.50%	52.22%	39.07%
Assets with floating IR	49.15%	61.50%	47.78%	60.93%
Liabilities with fixed IR	45.86%	40.30%	47.97%	41.59%
Liabilities with floating IR	54.14%	59.70%	52.03%	58.41%

Structure, RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Assets with fixed IR	88,089,026	53,080,119	84,215,290	49,051,059
Assets with floating IR	85,394,685	81,933,788	77,049,707	76,481,172
Liabilities with fixed IR	72,897,288	54,397,704	72,006,128	52,675,843
Liabilities with floating IR	87,504,418	80,371,019	78,085,685	73,978,065

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

An analysis of the interest bearing assets' and liabilities' sensitivity to interest rate increases or decreases on the market is set out below at Group/Bank level:

	Group				**Bank**			
In RON thousand	**200 basis points**	**200 basis points**	**100 basis points**	**100 basis points**	**200 basis points**	**200 basis points**	**100 basis points**	**100 basis points**
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
31 December 2023								
Average for the period	14,006	(14,006)	7,003	(7,003)	16,507	(16,507)	8,253	(8,253)
Minimum for the period	(283,473)	(11)	(141,737)	(5)	(283,933)	720	(141,966)	360
Maximum for the period	346,668	(3,326)	173,334	(1,663)	346,668	(4,168)	173,334	(2,084)
31 December 2022								
Average for the period	9,817	(9,817)	4,908	(4,908)	11,398	(11,398)	5,699	(5,699)
Minimum for the period	(154,455)	236	(79,728)	118	(167,297)	668	(83,648)	334
Maximum for the period	307,647	(1,160)	(153,823)	(580)	307,535	(5,022)	153,768	(2,511)

In the sensitivity analysis regarding interest rate variation, the Group and the Bank have calculated the impact of potential market interest rate changes on the interest margin for the future financial periods, by taking into consideration the interest rate resetting/re-fixing date with respect to the balance sheet assets and liabilities.

The potential change of the Bank's economic value due to changes of the interest rate levels based on the standardized method is presented in the table below:

In RON thousand	**2023**	**2022**
Own funds	13,709,705	10,417,663
Potential decline in ec value +/- 200bp		
Absolute value	1,056,976	729,455
Impact on own funds	7.71%	7%

The potential change of the Group's economic value based on the standardized method is presented in the table below:

In RON thousand	**2023**	**2022**
Own funds	14,326,380	11,046,145
Potential decline in ec value +/- 200bp		
Absolute value	1,092,447	765,695
Impact on own funds	7.63%	6.93%

By undertaking GAP analyses, the Group and the Bank intended to reduce the gap between assets and liabilities that are sensitive to interest rate fluctuations, both overall and on various time intervals, so that the impact of interest rate fluctuations on the net incomes should be minimized.

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

The table below presents the aggregated amounts of the Group's banking book at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date, as at 31 December 2023:

In RON thousand	Up to 6 months	6 - 12 months	1-3 years	3 - 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Cash and curent accounts with Central Banks	24,252,600	-	-	-	-	-	**24,252,600**
Placements with banks and public institutions	12,233,947	497	-	1	38,514	-	**12,272,959**
Financial assets measured at amortized cost - debt instruments	2,828,783	744,108	4,062,122	1,654,519	182,713	-	**9,472,245**
Financial assets measured at fair value through other items of comprehensive income	35,867,965	137,200	1,618,631	1,269,016	1,072,722	-	**39,965,534**
Loans and advances to customers	49,444,311	4,157,793	12,327,464	5,586,016	492,640	-	**72,008,224**
Finance lease receivables	3,508,414	9,351	33,354	11,564	-	-	**3,562,683**
Other financial assets	385,071	36,177	-	-	-	1,558,866	**1,980,114**
Total financial assets	**128,521,091**	**5,085,126**	**18,041,571**	**8,521,116**	**1,786,589**	**1,558,866**	**163,514,359**
Financial liabilities							
Deposits from banks	914,076	24,873	95,664	-	-	-	**1,034,613**
Deposits from customers	114,654,598	16,754,782	6,628,923	11,254	3,397	-	**138,052,954**
Loans from banks and other financial institutions, subordinated debt and issued bonds	4,460,677	106,330	358,805	6,519,269	526,704	-	**11,971,785**
Lease liabilities	68,312	65,353	205,501	118,444	75,741	-	**533,351**
Other financial liabilities	-	-	-	-	-	2,521,170	**2,521,170**
Total financial liabilities	**120,097,663**	**16,951,338**	**7,288,893**	**6,648,967**	**605,842**	**2,521,170**	**154,113,873**
Net position	**8,423,428**	**(11,866,212)**	**10,752,678**	**1,872,149**	**1,180,747**	**(962,304)**	**9,400,486**
Irrevocable commitments given	624,492	198,862	659,345	134,070	25,213	-	**1,641,982**
Irrevocable financial guarantees given	2,585,971	765,041	830,914	932,592	611,316	-	**5,725,834**
Total off-balance sheet	3,210,463	963,903	1,490,259	1,066,662	636,529	-	7,367,816
Net position on- and off-balance sheet	**11,633,891**	**(10,902,309)**	**12,242,937**	**2,938,811**	**1,817,276**	**(962,304)**	**16,768,302**

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

The table below presents the aggregated amounts of the Group's banking book at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date, as at 31 December 2022:

In RON thousand	Up to 6 months	6 - 12 months	1-3 years	3 - 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Cash and curent accounts with Central Banks	14,540,717	-	-	-	-	-	**14,540,717**
Placements with banks and public institutions	4,271,236	1,288,112	-	-	7,984	-	**5,567,332**
Financial assets measured at amortized cost - debt instruments	1,272,981	279,290	101,855	387,605	17,981	-	**2,059,712**
Financial assets measured at fair value through other items of comprehensive income	32,056,108	289,165	1,087,625	1,390,799	1,210,434	-	**36,034,131**
Loans and advances to customers	48,296,611	9,113,254	5,445,830	1,680,083	665,142	-	**65,200,920**
Finance lease receivables	2,761,892	989	30,351	18,898	467	-	**2,812,597**
Other financial assets	300,737	82,852	1,929	-	-	1,501,510	**1,887,028**
Total financial assets	**103,500,282**	**11,053,662**	**6,667,590**	**3,477,385**	**1,902,008**	**1,501,510**	**128,102,437**
Financial liabilities							
Deposits from banks	1,557,688	24,737	95,657	-	-	-	**1,678,082**
Deposits from customers	102,289,447	14,530,165	2,902,492	5,779	3,846	-	**119,731,729**
Loans from banks and other financial institutions, subordinated debt and issued bonds	5,269,194	104,650	454,380	178,491	582,473	-	**6,589,188**
Lease liabilities	65,637	65,208	204,479	105,698	51,934	-	**492,956**
Other financial liabilities	-	-	-	-	-	1,764,364	**1,764,364**
Total financial liabilities	**109,181,966**	**14,724,760**	**3,657,008**	**289,968**	**638,253**	**1,764,364**	**130,256,319**
Net position	**(5,681,684)**	**(3,671,098)**	**3,010,582**	**3,187,417**	**1,263,755**	**(262,854)**	**(2,153,882)**
Irrevocable commitments given	453,166	194,285	286,954	90,415	95,548	-	**1,120,368**
Irrevocable financial guarantees given	1,240,864	817,604	1,991,142	756,289	533,685	-	**5,339,584**
Total off-balance sheet	**1,694,030**	**1,011,889**	**2,278,096**	**846,704**	**629,233**	-	**6,459,952**
Net position on- and off-balance sheet	**(3,987,654)**	**(2,659,209)**	**5,288,678**	**4,034,121**	**1,892,988**	**(262,854)**	**4,306,070**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

The table below presents the aggregated amounts of the Bank's banking book at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date, as at 31 December 2023:

In RON thousand	**Up to 6 months**	**6 - 12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Financial assets							
Cash and curent accounts with Central Banks	22,286,257	-	-	-	-	-	**22,286,257**
Placements with banks and public institutions	11,413,653	289,327	908,376	-	7,985	-	**12,619,341**
Financial assets at amortized cost - debt instruments	1,735,714	493,106	3,917,831	1,652,333	181,087	-	**7,980,071**
Financial assets measured at fair value through other items of comprehensive income	35,681,506	135,239	1,610,568	1,268,311	1,072,553	-	**39,768,177**
Loans and advances to customers	51,450,773	3,634,656	11,069,733	5,183,332	211,910	-	**71,550,404**
Net lease investments	-	-	-	-	-	-	**-**
Other financial assets	385,071	36,177	-	-	-	1,408,454	**1,829,702**
Total financial assets	**122,952,974**	**4,588,505**	**17,506,508**	**8,103,976**	**1,473,535**	**1,408,454**	**156,033,952**
Financial liabilities							
Deposits from banks	961,229	24,873	95,664	-	-	-	**1,081,766**
Deposits from customers	111,319,566	16,511,835	6,597,298	11,254	3,397	-	**134,443,350**
Loans from banks and other financial institutions, subordinated debt and issued bonds	3,623,428	83,940	239,090	6,514,285	526,704	-	**10,987,447**
Lease liabilities	68,749	66,323	218,784	144,413	171,509	-	**669,778**
Other financial liabilities	-	-	-	-	-	1,847,667	**1,847,667**
Total financial liabilities	**115,972,972**	**16,686,971**	**7,150,836**	**6,669,952**	**701,610**	**1,847,667**	**149,030,008**
Net position	**6,980,002**	**(12,098,466)**	**10,355,672**	**1,434,024**	**771,925**	**(439,213)**	**7,003,944**
Irrevocable commitments given	205,673	27,660	417,208	8,245	-	-	**658,786**
Irrevocable financial guarantees given	2,549,797	750,124	816,744	931,230	611,316	-	**5,659,211**
Total off-balance sheet	**2,755,470**	**777,784**	**1,233,952**	**939,475**	**611,316**	**-**	**6,317,997**
Net position on- and off-balance sheet	**9,735,472**	**(11,320,682)**	**11,589,624**	**2,373,499**	**1,383,241**	**(439,213)**	**13,321,941**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

The table below presents the aggregated amounts of the Bank's banking book at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date, as at 31 December 2022:

In RON thousand	**Up to 6 months**	**6 – 12 months**	**1-3 years**	**3 – 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Financial assets							
Cash and curent accounts with Central Banks	12,645,157	-	-	-	-	-	**12,645,157**
Placements with banks and public institutions	4,319,484	1,633,114	674,276	-	7,984	-	**6,634,858**
Financial assets at amortized cost – debt instruments	521,053	-	61,673	376,017	16,416	-	**975,159**
Financial assets measured at fair value through other items of comprehensive income	31,913,979	281,893	1,017,813	1,386,622	1,210,285	-	**35,810,592**
Loans and advances to customers	47,247,143	8,958,669	5,062,897	1,520,230	661,015	-	**63,449,954**
Net lease investments	-	-	-	-	-	-	**-**
Other financial assets	300,737	82,852	1,929	-	-	1,550,111	**1,935,629**
Total financial assets	**96,947,553**	**10,956,528**	**6,818,588**	**3,282,869**	**1,895,700**	**1,550,111**	**121,451,349**
Financial liabilities							
Deposits from banks	1,511,148	24,737	95,657	-	-	-	**1,631,542**
Deposits from customers	99,381,804	14,207,405	2,905,013	5,774	3,846	-	**116,503,842**
Loans from banks and other financial institutions, subordinated debt and issued bonds	4,161,765	73,269	298,009	165,876	582,473	-	**5,281,392**
Lease liabilities	69,109	68,559	218,394	128,895	178,723	-	**663,680**
Other financial liabilities	-	-	-	-	-	1,315,969	**1,315,969**
Total financial liabilities	**105,123,826**	**14,373,970**	**3,517,073**	**300,545**	**765,042**	**1,315,969**	**125,396,425**
Net position	**(8,176,273)**	**(3,417,442)**	**3,301,515**	**2,982,324**	**1,130,658**	**234,142**	**(3,945,076)**
Irrevocable commitments given	49,570	59,954	125,647	1,127	23,272	-	**259,570**
Irrevocable financial guarantees given	1,228,583	814,058	1,985,670	756,674	533,686	-	**5,318,671**
Total off-balance sheet	**1,278,153**	**874,012**	**2,111,317**	**757,801**	**556,958**	**-**	**5,578,241**
Net position on- and off-balance sheet	**(6,898,120)**	**(2,543,430)**	**5,412,832**	**3,740,125**	**1,687,616**	**234,142**	**1,633,165**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d2) Currency risk

The Group and the Bank are exposed to currency risk through open positions generated by FX transactions. There is also a risk that the net values of monetary assets and liabilities in foreign currency may change, as a result of exchange rate variation.

The Group and the Bank manage the currency risk based both on classic approach as strict currency position and "stop-loss" limits monitored in real time but also based on VaR type calculations to assess possible changes in the assets and liabilities values.

The Group's monetary assets and liabilities denominated in RON and FCY at 31 December 2023 are presented below:

In RON thousand	RON	EUR	USD	Other currencies	Total
Monetary assets					
Cash and curent accounts with Central Banks	18,496,256	4,082,218	290,777	1,383,349	**24,252,600**
Placements with banks and public institutions	7,436,324	2,479,676	1,631,716	725,243	**12,272,959**
Financial assets held for trading and measured at fair value through profit or loss	119,106	10,549	-	-	**129,655**
Derivatives	112,180	12,637	-	-	**124,817**
Loans and advances to customers	47,977,456	22,257,474	222,906	1,550,388	**72,008,224**
Finance lease receivables	124,567	3,426,277	-	11,839	**3,562,683**
Financial assets measured at fair value through other items of comprehensive income	22,562,188	14,959,857	2,802,809	121,012	**40,445,866**
Financial assets which are required to be measured at fair value through profit or loss	351,288	225,906	362,484	-	**939,678**
Financial assets at amortized cost - debt instruments	1,518,557	6,462,953	76,719	1,414,016	**9,472,245**
Other financial assets	1,805,784	105,022	24,136	45,172	**1,980,114**
Total monetary assets	**100,503,706**	**54,022,569**	**5,411,547**	**5,251,019**	**165,188,841**
Monetary liabilities					
Deposits from banks	459,857	427,702	144,225	2,829	**1,034,613**
Deposits from customers	87,831,019	40,916,837	5,513,132	3,791,966	**138,052,954**
Loans from banks and other financial institutions, subordinated debt	402,769	11,538,034	-	30,982	**11,971,785**
Financial liabilities held-for-trading	75,709	13,100	-	-	**88,809**
Lease liabilities	21,457	510,021	428	1,445	**533,351**
Other financial liabilities	1,636,936	679,238	83,541	121,455	**2,521,170**
Total monetary liabilities	**90,427,747**	**54,084,932**	**5,741,326**	**3,948,677**	**154,202,682**
Net currency position	**10,075,959**	**(62,363)**	**(329,779)**	**1,302,342**	**10,986,159**
Gross value of swap and forward contracts					
- Payable amounts	(756,542)	(1,105,899)	(32,235)	(220,190)	**(2,114,866)**
- Receivable amounts	2,202,330	3,412,376	32,235	84,783	**5,731,724**
Net position of derivatives	1,445,788	2,306,477	-	(135,407)	**3,616,858**
Net on- and off-balance sheet position	**11,521,747**	**2,244,114**	**(329,779)**	**1,166,935**	**14,603,017**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d2) Currency risk (continued)

The Group's monetary assets and liabilities denominated in RON and FCY at 31 December 2022 are presented below:

In RON thousand	**RON**	**EUR**	**USD**	**Other currencies**	**Total**
Monetary assets					
Cash and curent accounts with Central Banks	8,705,617	4,310,700	311,503	1,212,897	**14,540,717**
Placements with banks and public institutions	870,605	2,755,336	1,411,120	530,271	**5,567,332**
Financial assets held for trading and measured at fair value through profit or loss	97,692	10,849	-	-	**108,541**
Derivatives	213,581	4,862	-	-	**218,443**
Loans and advances to customers	43,701,475	19,890,934	316,315	1,292,196	**65,200,920**
Finance lease receivables	179,801	2,632,796	-	-	**2,812,597**
Financial assets measured at fair value through other items of comprehensive income	24,431,042	15,306,122	3,499,411	97,464	**43,334,039**
Financial assets which are required to be measured at fair value through profit or loss	324,060	515,530	24,414	-	**864,004**
Financial assets at amortized cost - debt instruments	157,018	861,388	-	1,041,306	**2,059,712**
Other financial assets	1,697,765	118,820	35,785	34,658	**1,887,028**
Total monetary assets	**80,378,656**	**46,407,337**	**5,598,548**	**4,208,792**	**136,593,333**
Monetary liabilities					
Deposits from banks	1,471,848	189,191	16,443	600	**1,678,082**
Deposits from customers	69,416,036	41,705,206	5,405,369	3,205,118	**119,731,729**
Loans from banks and other financial institutions, subordinated debt	1,127,931	5,263,109	191,897	6,251	**6,589,188**
Financial liabilities held-for-trading	33,562	8,133	-	-	**41,695**
Lease liabilities	14,711	476,209	489	1,547	**492,956**
Other financial liabilities	1,345,389	299,651	66,129	53,195	**1,764,364**
Total monetary liabilities	**73,409,477**	**47,941,499**	**5,680,327**	**3,266,711**	**130,298,014**
Net currency position	**6,969,179**	**(1,534,162)**	**(81,779)**	**942,081**	**6,295,319**
Gross value of swap and forward contracts					
- Payable amounts	(1,474,728)	(776,345)	(12,977)	(280,418)	**(2,544,468)**
- Receivable amounts	1,473,754	3,683,314	7,184	299,007	**5,463,259**
Net position of derivatives	**(974)**	**2,906,969**	**(5,793)**	**18,589**	**2,918,791**
Net on- and off-balance sheet position	**6,968,205**	**1,372,807**	**(87,572)**	**960,670**	**9,214,110**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d2) Currency risk (continued)

The Bank's monetary assets and liabilities denominated in RON and foreign currencies at 31 December 2023 are presented below:

In RON thousand	RON	EUR	USD	Other currencies	Total
Monetary assets					
Cash and curent accounts with Central Banks	18,444,613	3,502,507	102,665	236,472	**22,286,257**
Placements with banks and public institutions	7,376,282	3,108,383	1,413,595	721,081	**12,619,341**
Financial assets at amortized cost - debt instruments	1,513,817	6,389,535	76,719	-	**7,980,071**
Derivatives	112,180	12,637	-	-	**124,817**
Loans and advances to customers	47,256,091	23,768,656	181,999	343,658	**71,550,404**
Financial assets measured at fair value through other items of comprehensive income	22,395,318	14,929,370	2,802,809	117,305	**40,244,802**
Financial assets which are required to be measured at fair value through profit or loss	680,047	335,625	362,011	-	**1,377,683**
Other financial assets	1,729,164	86,918	13,055	565	**1,829,702**
Total monetary assets	**99,507,512**	**52,133,631**	**4,952,853**	**1,419,081**	**158,013,077**
Monetary liabilities					
Deposits from banks	463,879	466,727	147,711	3,449	**1,081,766**
Deposits from customers	88,037,668	40,075,003	5,147,463	1,183,216	**134,443,350**
Loans from banks and other financial institutions, subordinated debt	360,131	10,627,316	-	-	**10,987,447**
Financial liabilities held-for-trading	75,709	13,100	-	-	**88,809**
Lease liabilities	16,812	652,538	428	-	**669,778**
Other financial liabilities	1,269,040	546,421	10,173	22,033	**1,847,667**
Total monetary liabilities	**90,223,239**	**52,381,105**	**5,305,775**	**1,208,698**	**149,118,817**
Net currency position	**9,284,273**	**(247,474)**	**(352,922)**	**210,383**	**8,894,260**
Gross value of swap and forward contracts					
- Payable amounts	(756,542)	(1,105,899)	(32,235)	(220,189)	**(2,114,865)**
- Receivable amounts	2,202,330	3,412,376	32,235	84,782	**5,731,723**
Net position of derivatives	**1,445,788**	**2,306,477**	**-**	**(135,407)**	**3,616,858**
Net on- and off-balance sheet position	**10,730,061**	**2,059,003**	**(352,922)**	**74,976**	**12,511,118**

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d2) Currency risk (continued)

The Bank's monetary assets and liabilities denominated in RON and foreign currencies at 31 December 2022 are presented below:

In RON thousand	RON	EUR	USD	Other currencies	Total
Monetary assets					
Cash and curent accounts with Central Banks	8,649,472	3,559,711	105,174	330,800	**12,645,157**
Placements with banks and public institutions	1,234,480	3,657,542	1,219,201	523,635	**6,634,858**
Financial assets at amortized cost - debt instruments	150,908	824,251	-	-	**975,159**
Derivatives	213,581	4,862	-	-	**218,443**
Loans and advances to customers	42,845,868	19,954,541	286,947	362,598	**63,449,954**
Financial assets measured at fair value through other items of comprehensive income	24,263,112	15,250,514	3,499,411	93,454	**43,106,491**
Financial assets which are required to be measured at fair value through profit or loss	623,553	585,388	23,942	-	**1,232,883**
Other financial assets	1,812,494	100,344	22,125	666	**1,935,629**
Total monetary assets	**79,793,468**	**43,937,153**	**5,156,800**	**1,311,153**	**130,198,574**
Monetary liabilities					
Deposits from banks	1,475,150	150,908	2,955	2,529	**1,631,542**
Deposits from customers	69,468,654	40,726,866	5,060,515	1,247,807	**116,503,842**
Loans from banks and other financial institutions, subordinated debt	1,045,633	4,043,935	191,824	-	**5,281,392**
Financial liabilities held-for-trading	33,562	8,133	-	-	**41,695**
Lease liabilities	13,155	650,068	457	-	**663,680**
Other financial liabilities	1,016,683	233,808	57,210	8,268	**1,315,969**
Total monetary liabilities	**73,052,837**	**45,813,718**	**5,312,961**	**1,258,604**	**125,438,120**
Net currency position	**6,740,631**	**(1,876,565)**	**(156,161)**	**52,549**	**4,760,454**
Gross value of swap and forward contracts					
- Deliverable amounts	(1,474,728)	(776,345)	(12,977)	(280,418)	**(2,544,468)**
- Receivable amounts	1,473,754	3,683,314	7,184	299,007	**5,463,259**
Net position of derivatives	**(974)**	**2,906,969**	**(5,793)**	**18,589**	**2,918,791**
Net on- and off-balance sheet position	**6,739,657**	**1,030,404**	**(161,954)**	**71,138**	**7,679,245**

By determining and monitoring the net FCY positions and the exchange rate volatility, the Bank has aimed to create a portfolio that is optimally correlated in terms of FCY assets and liabilities, as well as a balanced approach to trading operations on the foreign exchange market.
The table below presents the Profit/Loss sensitivity in the event of potential changes of the exchange rates applicable at the end of the reporting period in relation to the functional currency of the Group entities, considering that all the other variables remain constant:

	Impact on Profit or Loss	
In RON thousand	**2023**	**2022**
EUR increase by up to 20%	6,296	22,055
EUR decrease by up to 20%	(6,296)	(22,055)
USD increase by up to 20%	5,901	46,139
USD decrease by up to 20%	(5,901)	(46,139)

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d3) Market risk related to trading activity

The main purpose of market risk management is to achieve the expected performance of the trading portfolio, with a proper management of the inherent market risk, consciously assumed and adapted to the market conditions and development of the Group and the Bank, and last but not least to the current legal framework.

General principles applied in order to ensure the adequate management of market risk are:

- Market risk management is adapted and adjusted constantly to the Romanian and the international financial and banking market conditions and to the general economic context.
- In the management of market risk, the Bank applies clear principles regarding the suitability, maturity, diversity and risk degree of the component elements.
- Market risk is analyzed within the stress tests operated on the bond, equity and collective investment units portfolios held by the Bank.

The Group and the Bank manage the exposure to market risk by monitoring on a daily basis the market value of the held-for-trading portfolio in relation to a system of risk limits approved by the Assets and Liabilities Committee. The held-for-trading portfolio includes fixed-income securities issued on the Romanian or the European market (sovereign, municipal and corporate bonds), denominated in RON, EUR and USD, as well as shares issued by Romanian or European entities traded on the Bucharest Stock Exchange or Vienna Stock Exchange (which are not directly exposed to interest rate and currency risk, but are exposed to price risk) and collective investment units issued by Romanian entities.

Exposure to market risk related to trading activities

Exposure represents market risk relates mainly to the following balance sheet items:

- Held-for-trading financial assets measured at fair value through profit or loss;
- Derivatives;
- Financial assets which are required to be measured at fair value through profit or loss;
- Financial assets measured at fair value through other items of comprehensive income.

The risk exposure on a consolidated and separate basis as at 31 December 2023, respectively 31 December 2022 is presented below:

		Group		**Bank**	
In RON thousand		**2023**	**2022**	**2023**	**2022**
Assets	Notes	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**
Held-for-trading financial assets measured at fair value through profit or loss	21	129,655	108,541	-	-
Derivatives	43	124,817	218,443	124,817	218,443
Financial assets which are required to be measured at fair value through profit or loss	21	939,678	864,004	1,377,683	1,232,883
Financial assets measured at fair value through other items of comprehensive income	24	480,332	7,299,908	476,625	7,295,899
Total on-balance sheet		**1,674,482**	**8,490,896**	**1,979,125**	**8,747,225**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d3) Market risk related to trading activity (continued)

Exposure to market risk related to trading activities (continued)

The following table presents the sensitivity impact of a possible change in interest rates of +/- 1.00% and a decrease in market prices of +/- 10% at equity level and P&L level, considering that all the other variables remain constant:

Group	**31 December 2023**		**31 December 2022**	
In RON thousand	**Impact in profit or loss**	**Impact in equity**	**Impact in profit or loss**	**Impact in equity**
Shares	(3,696)	-	(3,124)	-
OTC derivatives	(106,483)	-	(98,727)	-
Bonds and T-bills	-	(1,381,314)	-	(1,362,585)
Total impact	**(110,180)**	**(1,381,314)**	**(101,851)**	**(1,362,585)**

Bank	**31 December 2023**		**31 December 2022**	
In RON thousand	**Impact in profit or loss**	**Impact in equity**	**Impact in profit or loss**	**Impact in equity**
Shares	(3,630)	-	(3,069)	-
OTC derivatives	(103,970)	-	(95,771)	-
Bonds and T-bills	-	(1,380,753)	-	(1,361,859)
Total impact	**(107,600)**	**(1,380,753)**	**(98,840)**	**(1,361,859)**

e) *Capital management*

The Bank's Board of Directors approves the conceptual design of the internal process for the assessment of the capital adequacy to risks, at least the scope, methodology and general objectives, and establishes the strategy regarding the planning of the capital, own funds and the capital adequacy to risks in Banca Transilvania S.A..

The Board of Directors makes decisions regarding the directions to be followed within the capital adequacy process, establishes the main projects in the field to be implemented, as well as the main objectives to be met for the best control of the correlation of the risks to which the Bank is exposed, the necessary shareholders' equity required to cover them and the development of sound risk management systems. The National Bank of Romania monitors capital requirements both at Group and Bank level.

Capital adequacy is determined according to the Regulation (EU) No 575/2013 of the European Parliament and of the Council and requires a minimum mandatory own funds level of:

- 4.5% for core tier 1 own funds;
- 6.0% for tier 1 own funds;
- 8.0% for total own funds.

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

e) *Capital management* (*continued*)

Likewise, pursuant to the regulated approaches for the determination of the minimum capital requirements and the EU Regulation 575/2013 corroborated with the provisions of the NBR Regulation 5/2013 and considering the capital buffers required by the NBR, the Group and the Bank maintain:

- a capital preservation buffer of 2.5% of the total value of the risk-weighted exposures between 01 January 2023-31 December 2023;
- an O-SII buffer of 2% of the total risk weighted exposures;
- the value of systemic risk buffer is 0% of the value of the risk-weighted exposures;
- the anticyclical capital buffer specific to the institution of 1% of the value of the risk-weighted exposures valid starting from 23 Octomber 2023.

Own funds adequacy

The Group and the Bank use the following calculation methods in order to determine own fund requirements:

- Credit risk: standardized method;
- Market risk: capital requirements with respect to the foreign exchange risk and the trading portfolio are calculated based on the standard method;
- Operational risk: own fund requirements for the coverage of operational risk are calculated according to the base method.

The Group and the Bank comply with the above regulations. The level of the capital adequacy ratio exceeds the minimum mandatory requirements imposed by the law.
As at 31 December 2023 and 31 December 2022, as well as during the years 2023 and 2022, the Group and the Bank complied with all the capital adequacy requirements.

Under the current capital requirements set by the European Banking Authority, banks have to maintain a ratio of regulatory capital to risk weighted assets (“statutory capital ratio”) above a prescribed minimum level.
The amount of capital that the Group managed was RON 14,304,717 thousand as of 31 December 2023 (2022: RON 12,584,713 thousand), regulatory capital amounts to RON 9,368,056 thousand as of December 2023 (2022: RON 7,860,501 thousand) and the Group and the Bank have complied with all externally imposed capital requirements throughout 2023 and 2022.

According to the applicable legal requirements on regulatory capital, the Group’s and the Bank’s own funds include:

- Tier I, which includes subscribed and paid in capital, share premiums, eligible reserves, retained earnings and deductions laid down in the applicable legal provisions;
- Tier II own funds, which include subordinated loans and deductions laid down in the applicable legal provisions.

The Group and the Bank manage its capital base in a flexible manner, by monitoring regulatory capital requirements, by anticipating the adequate adjustments required for the achievement of its objectives as well as by optimizing the structure of assets and shareholders’ equity.

The planning and monitoring activity takes into consideration the total own funds, on the one hand and the requirements of own funds, on the other hand.

4. Financial risk management and other significant risk management (*continued*)

e) *Capital management (continued)*

The level and the requirements of own funds as at 31 December 2023 and 31 December 2022 are as follow:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Tier 1 own funds	12,042,654	11,123,258	11,141,609	10,234,719
Tier 2 own funds	2,262,063	1,461,455	2,260,454	1,453,940
Total own funds	**14,304,717**	**12,584,713**	**13,402,063**	**11,688,659**
Credit risk exposure	54,601,810	46,636,668	49,175,232	41,635,391
Market risk, FX risk, delivery risk exposure	2,388,004	3,408,208	2,339,361	3,462,484
Operational risk exposure	12,308,964	10,364,965	10,401,796	8,850,567
Risk exposure for the adjustment of credit assessment	94,229	141,942	94,229	141,942
Total risk exposure	**69,393,007**	**60,551,783**	**62,010,618**	**54,090,384**

The capital adequacy ratio (CAR) is calculated as a ratio between own funds and total risk-weighted assets:

	Group		Bank	
In %	**2023**	**2022**	**2023**	**2022**
Core tier one ratio	17.35	18.37	17.97	18.92
Tier 1 ratio	17.35	18.37	17.97	18.92
CAR	20.61	20.78	21.61	21.61

Note: The calculation of the Group's and the Bank's own funds takes into account the statutory profit of the Group, respectively of the Bank for the financial years ended on 30 June 2023 and on 31 December 2022. Regulatory capital as at 31 December 2023 and 31 December 2022 was calculated according to the IFRS endorsed by the European Union.

f) *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.

4. Financial risk management and other significant risk management (*continued*)

f) *Operational risk (continued)*

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

- continuously assesses exposures to operational risk, based on historical data, monitoring and managing the conduct risk, as a subcategory of the operational risk, as well as the risk determinants associated with this category, paying particular attention to its scope, relevance and the possible prudential impact;
- evaluates and monitors products, processes and systems aimed for developing new markets, products and services, as well as significant changes to existing ones and the conduct of exceptional transactions, from the perspective of product consistency and changes in line with the risk strategy;
- identifies, assesses, monitors and manages the risks associated with information technology (ICT), the bank has appropriate processes and controls in place to ensure that all risks are identified, analyzed, measured, monitored, managed, reported and maintained within the risk appetite and that the projects and systems they deliver and the activities they perform are in line with the external and internal requirements;

The Bank also defines and assigns relevant roles, key responsibilities and reporting lines to ensure the effectiveness of the ICT and Security Risk Management Framework, which is integrated into its own regulatory framework, operational framework for ICT security and into the risk management framework.

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

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

- constant compliance of the normative documents with the legal regulations and to the market conditions;
- personnel training;
- efficiency of the internal control systems (organization and implementation);
- continuous improvement of the IT solutions and strengthening of BT information security systems;
- using complementary means to reduce risks: concluding specific insurance policies against risks, outsourcing activities;
- the implementation of the measures for the limitation and reduction of the effects of the identified operational risk incidents, such as: standardization of the current activity, automation of most processes with permanently monitored control points; reduction of redundant data volumes collected at the level of different entities of the bank; assessment of the products, processes and systems in order to determine the associated risks and measures to eliminate / mitigate them;
- the application of the recommendations and the conclusions resulting from on-going supervision;
- the update, evaluation and testing of business continuity plans on a regular basis, in particular of those systems that support the critical operational processes of the Group and 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.

4. Financial risk management and other significant risk management (*continued*)

g) *Climate risk*

The impact of climate change and the acceleration of regulatory and public policy initiatives are contributing to a growing concern in the financial services sector about identifying and managing related risks, especially as financial institutions are expected to play an important role in the transition to a sustainable economy. Without being seen as a separate category of risks, climate risks are accelerators of the risks traditionally managed by the Group, either in relation to physical risk or transition risk.Physical risk is driven either by extreme weather events related to temperature, wind, water (such as floods, hurricanes, fires) or long-term changes in weather patterns (such as high temperatures sustained over a longer time horizon, heat waves, droughts or sea level rise).Transition risk arises as a result of measures taken to mitigate the effects of climate change and the transition to a low-carbon economy (such as changes in laws and regulations, litigation due to failure to mitigate or adapt to climate change), as well as changes in demand and supply for certain goods, products and services due to changes in consumer behaviour and investor demand.

To manage these climate risks, the Group and the Bank use the list of sectorial exclusions aligned with IFC/EBRD recommendations. In addition, the Group and the Bank use processes and tools for the identification and assessment of environmental risk in line with best practices and IFC/EBRD standards in its corporate credit analysis, which are translated into internal working instructions that are regularly reviewed. This analyses the impact of the company applying for financing on the environment (water, soil and emissions) and the impact of climate change on the company's activities. The level of detail and complexity of this analysis is also determined by criteria related to the size of the company, project or transaction.The Bank has developed an internal climate risk heat map, based on which each client is associated an inherent climate risk (taking into account the specifics of the area in which the client operates, as well as the exposure of the sector on climate related risks). During the ESG standard analysis, which also includes climate risk assessment, a final climate risk is allocated to the client/exposure, by adjusting the inherent risk upwards or downwards based on the management's approach to the identified risks (eg the inherent climate risk associated to the agricultural sector could be high, yet if investments have been implemented for adaptation to climate changes, the final climate risk could be lower).

The development of the climate risks map took into account the temperatures, precipitations, wind changes in Romania, for several years, based on data provided by the National Statistics Institute. Moreover, the Bank has initiated a process of assessing the alignment of its loans to the provisions of the EU taxonomy (UE Regulation no 852/2020). Climate risk impact is assessed in this alignment analysis, as part of the DNSH/do not significant harm criterion, climate objective adaptation).

The Group and the Bank are continuously refining the mapping of the entire financing and investment portfolio according to environmental, social and governance risks for each sector of activity (such as agriculture, construction, transport, etc.) in order to identify the necessary measures to mitigate the potential negative impacts of climate change on outstanding portfolio. This mapping can contribute to the adoption of measures in the Group's lending activity so that the negative impact on the environment is reduced and the positive impact on the environment, as well as on the local society and communities, is increased.

Last but not least, the Group and the Bank aim to strengthen its skills in analysing these risks by allocating specialised resources, such as the team of experts dedicated to environmental risk and the training of credit analysts through courses held by internal experts or external specialists in this field. In addition to closely monitoring all regulations that are or will come into force in the future, the Group and the Bank are actively involved in working groups at national and European level. The Bank and its subsidiaries follow the initiatives of task forces (such as Task Force on Climate-Related Financial Disclosures) or the private sector (United Nations Environment Programme Finance Initiative – Principles for Responsible Banking) to improve the reporting of non-financial information.

5. Accounting estimates and significant judgements

The Group and the Bank make estimates and assumptions that affect the amounts of assets and liabilities reported within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the given circumstances.

a) Impairment losses on loans and advances to customers

The Group and the Bank are frequently reviewing (mostly monthly) the loan and finance lease receivables portfolio in order to assess the impairment. In determining whether an impairment loss should be recorded, the Group and the Bank make judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows related to a portfolio of loans and finance lease, before such decrease can be identified with respect to an individual loan/lease investment in that portfolio. For example, the observable data might be the unfavorable changes in the payment behavior of certain debtors within a group or in the economic, national or local circumstances, which correlate with default incidents affecting the debtors' group.

When scheduling future cash flows, the management uses estimates based on the past experience related to losses from loans with similar risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any gaps between estimated losses and actual losses, but also to assess the effects of the local financial market uncertainties on the valuation of assets and the debtors' operating environment. The loan loss estimation considers the visible effects of the current and future expected market conditions on the individual/collective assessment of expected credit losses on loans and advances to customers. Hence, the Group and the Bank have estimated the expected credit losses for loans and advances to customers and receivables from finance lease based on the internal methodology and assessed that no further expected credit losses is required except as already provided for in the consolidated and separate financial statements.

Individually significant assets are assessed and monitored individually, regardless of the stage allocation, determined using the automated criteria. Thus, a specialized team of experts uses professional judgement to assess the unlikeliness to pay and determine the scenarios used to compute the ECL.

The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the expected credit losses resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime expected credit losses (stage 2 and 3).

In determining the impairment for expected credit losses, management incorporates forward-looking information, exercises judgement and uses estimates and assumptions.
The estimation of expected credit losses involves forecasting future economic conditions over 3 years.

The macroeconomic scenarios applied in 2023 reflect a macroeconomic environment with uncertainties and risks for the population and economic agents characterized by the persistence of geopolitical tensions, disruptions in the supply chain, labour shortages corroborated with tightening of financial conditions and maintaining a high level of inflation, being exacerbated by the war in Ukraine, to which is added the conflict in the Middle East, concluding in new challenges that affect the economic and business activity.

5. Accounting estimates and significant judgements *(continued)*

a) Impairment losses on loans and advances to customers (continued)

Although recent efforts to combat inflation are showing signs of success, the risks brought to light by supply chain disruptions, rewiring of trade relationships, along with significantly increased financing costs (interest rates) and tighter financial conditions, represents key aspects to monitor in a macroeconomic environment marked by volatility and uncertainties. Furthermore, the recently adopted fiscal package coming into force in 2024 may have a negative effect on inflation keeping prices high, eroding the purchasing power of households.

The incorporation of forward-looking elements reflects the expectations of the Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario. Scenario weights are determined by a statistical analysis but also by an expert opinion, considering the possible results of each scenario. More details about assumptions made, scenarios used, weights applied to each scenario is described in Note 4b Credit risk.

Considering mentioned macroeconomic context, the management continued to apply its own value judgments using a series of post-model adjustments, adopting a conservative position in line with the expectations provided by the banking supervisory authorities.

The post-model adjustments applied in 2020-2021 to estimate the effect of the pandemic event were revised in the year 2022, being eliminated those considerations that targeted the industries directly affected by the mobility restrictions imposed to manage the pandemic, as well as those set for the loans/ borrowers that benefited of the postponement of payment under OUG 37/2020.

The Group and the Bank decided to keep the other adjustments since the effects of the energy crisis and the turbulences that the economic environment is going through, on the background of inflation and the ongoing conflict in Eastern Europe cannot be reasonably estimated, and the government aid in the economy is still active or will be supplemented. During the year 2023, the Bank revised the assumptions regarding post-model adjustments related to macroeconomic risks specific to certain industries that were heavily affected by supply chain disruptions and rising energy costs, classified as sensitive sectors. The revision aimed to evaluate whether corrective measures are necessary, either to eliminate or introduce new sensitive sectors. The decision was to maintain the current scheme until the end of the year, with continuous monitoring of portfolios to proactively identify difficulties/ stress signals and intervene specifically on this type of post-model adjustments, if necessary.

The geopolitical tensions will slow down the economic growth and it is difficult to estimate the impact of this event on the future business of the Group's customers. The process of identifying the potential effect on the Romanian economy is ongoing and estimating the effect of the military conflict on the economic environment will be a continuous challenge. The Bank remains vigilant in monitoring geopolitical and economic relations.

Also, product portfolios was analyzed with high associated credit risk and the typologies that could be affected to some extent by the military conflicts, but given that the Group and the Bank do not have significant direct exposure in the belligerent countries, no significant action was taken on that specific post-model adjustments.

Another main consideration of the introduction of post-model adjustments is the fact that the prediction of internal rating assessment models can be affected by aid measures provided by governments, the latter preventing the occurrence of non-payment events at the level of debtors who, otherwise, would have faced difficulties in servicing debts to various creditors.

5. Accounting estimates and significant judgements *(continued)*

a) Impairment losses on loans and advances to customers (continued)

The amount of post model adjustments applied is representing 16.6% of total ECL (17.5% in 2022) considering:

- expectation related to sensitive industries and high-risk products (supplementary ECL representing 2.1% of total ECL)*;
- expectations for default rates increase considering high inflation and increased interest (supplementary ECL representing 13.9% of total ECL)**;
- expert individual analysis of significant exposures, performed to reflect and better understand the situations and difficulties faced by borrowers that could affect their ability to meet their obligations – watch list exposures have been transferred from stage 1 to stage 2 and ECL volume has been adjusted to ensure sufficient impairment coverage (supplementary ECL representing 0.6% of total ECL).

* in the category of "sensitive industries", were included those sectors of activity with products dependent on raw materials whose processing requires high energy consumption (energy-consuming industries), considering that this will have a major impact on operating income and profitability and the ability to repayment, especially since the inflationary spiral has also affected the increasing interest rates. At the same time, it was considered that certain lending products (such as those in the area of unsecured loans granted to clients assessed with a pre-default rating) should be classified as having a significant increase in risk, considering that the impact of the risk events stated including in Note 4 will overwhelmingly affects this area. Those mentioned measures determined the classification in stage 2 of the facilities granted to borrowers who find themselves in the exposed situation and have a qualitatively lower rating (not default, not predefault), and as a direct effect, the determination of additional adjustments.
** the post-model adjustment has an impact in the forward looking estimation area.
We consider the main determining factor for the introduction of this adjustment to be the economic environment faced with a series of uncertainties, our opinion being that certain macroeconomic shocks can still have an impact on default rates, even if in the past this has not been concretely highlighted (time lagging between event and effect), moreover, they led to an insignificant increase or decrease in default rate forecasts.
For example, the inflation rate, although it is in a downward trend, it is maintained at high levels and is predicted to be at a level above the average observed for the history used in the modeling. A similar behavior can be observed in the case of the interest rate. Moreover, the legislative changes regarding taxes that come into force in 2024 will keep prices at a high level. Thus, it was decided to apply a 'true range' type adjustment that captures the difference between the maximum and minimum default rate observed. This adjustment was applied differently depending on the line of business (individuals, large companies, respectively SME legal entities), but also depending on the degree of risk of the portfolio (guaranteed, unguaranteed, fx currency).

In the context of negative evolution of inflation and interest rates, as well as the military conflict, financial markets have been moderately volatile, generating short-term challenges in cash-flow management and also significant variations in mark-up to market.

The Group and the Bank stands on a confortable position of liquidity, therefore the market disruptions didn't seriously affected them. In terms of interest rate risk, the pressure was felt on net interest margin due to interest rates levels.

The financial instruments measured at fair value of the Group and the Bank consist of bonds, equities, collective investment units and derivatives, whose valuation was affected by market volatilities, reserves registering a downward trend and remain in the negative zone. The most significant part of the trading book is represented by bonds, of which the majority are kept at fair value through other comprehensive income, thus allowing that market-to-market impact to be observable in other comprehensive income and not in Consolidated and Separate Statement of Profit or Loss. Note 4 provides more details on the fair value measurement of financial instruments.

At the same time, the Group and the Bank hold, outside the trading portfolio (the banking portfolio), financial instruments (securities) held mainly for liquidity purposes and as a source of collateral for Lombard and stand-by facilities, as well as to ensure a secure sourse of income.

5. Accounting estimates and significant judgements *(continued)*

b) Tax disputes

The Bank requested the Romanian fiscal authorities to issue an advance tax ruling ("AIFS") on the fiscal treatment of the Volksbank S.A. bargain gain. The Bank proposed the consideration of the bargain gain as non-taxable income by taking into account all the arguments, calculating a lower corporate income tax for fiscal year 2015, in the amount of RON 264,096 thousand.

The Romanian fiscal authorities issued a negative opinion, considering that the bargain gain is taxable (as recorded based on IFRS), the sole argument to sustain this position being that the bargain gain is not included in the list of non-taxable income elements specifically stipulated in the Fiscal Code applicable as of December 31, 2015.

The Bank's estimation in regard to presenting the gain from the acquisition as non-taxable income in the interim consolidated summarized financial statements as of March 31, 2023 and in the consolidated and individual financial statements as of December 31, 2022, was based on solid arguments, as follows:

- Non-correlation of the fiscal legislation with the accounting legislation: The Fiscal Code does not contain specific provisions regarding the merger of two or several taxpayers that apply IFRS as the basis for accounting and the fiscal legislation is not correlated with the accounting legislation;
- Starting 1 January 2016, in the updated version of the Fiscal Code, the provisions for domestic mergers were updated and harmonized also in line with Directive 2009/133/EC and in this respect, clearly the intention of the lawmaker was that the specific taxation rules (taking in account the tax neutrality of the merger) should prevail over the general taxation rules;
- The merger with Volksbank S.A. was based on economic grounds (it was not undertaken for certain tax benefits);
- The merger should be neutral from a tax point of view i.e. the bargain gain should not be taxable;
- The fiscal treatment should be applied uniformly: considering the opposite case, whereby the purchase price is higher than the value of acquired identifiable assets and liabilities, a positive goodwill would have been recorded, which, as per Romanian fiscal legislation is not to be amortized for fiscal purposes and hence does not have any fiscal impact;
- Avoidance of double taxation;
- European jurisprudence – which stipulates that the EU legislation should prevail when the fiscal legislation of a member state is unclear or lacks specific provisions.

The Bank initiated court proceedings in this respect in 2017. The case was submitted to the Court of Appeal of Cluj in April 2017. In November 2017, the Court of Appeal of Cluj admitted the case at trial and issued a judgment in favour of the Bank, confirming the Bank's approach to consider the bargain gain as non-taxable income.

Further, on June 23, 2020, the High Court of Cassation and Justice ruled in the case file pending, admitting ANAF's appeal against the sentence of the Cluj Court of Appeal, cancelled the first instance decision, judge the case and in retrial rejected the action filed by Banca Transilvania S.A. as unfounded. Based on the information made available by the High Court of Cassation and Justice once the reasoning of the judgment of June 23, 2020 was published, the Bank filed a request for review of this decision, for which a first appearance took place on March 31, 2021.

5. Accounting estimates and significant judgements *(continued)*

b) Tax disputes *(continued)*

On 12 October 2021, the High Court of Cassation and Justice of Romania suspended the judgement of the review request and the Court of Justice of European Union was notified. The Court of Justice of European Union issued a decision in this case on April 27, 2023. On June 14, 2023, a new deadline took place in the file before the High Court of Cassation and Justice of Romania, where Banca Transilvania S.A. submitted a new request for a preliminary ruling to the Court of Justice of the European Union, under the conditions of extensive case supporting arguments.

On September 20, 2023, the High Court of Cassation and Justice rejected as inadmissible the request for review of the final decision pronounced on appeal on June 23, 2020 by the High Court of Cassation and Justice and at the same time, rejected the posibility to apply to the European Court of Justice.

Since the decision of the High Court of Cassation and Justice is final, Banca Transilvania S.A. can no longer obtain the obligation of the National Fiscal Administration Agency to issue an advanced tax ruling.However, in the lawyers' opinion, the possibility of debating the essential legal issue, namely the compatibility of national tax legislation with European law, remains an open option, with chances of winning.

Simultaneously, in February 2023, a tax audit of the Bank's activity for the years 2015 and 2016 was completed. In the Fiscal Inspection Report (“RIF”), the audit team noted that the Bank did not apply the provisions of the SFIA and that the Bank should have included the gain from the purchase in advantageous conditions of Volksbank S.A. shares in its taxable base for FY 2015.

Following the RIF, the tax authorities issued a decision to change the taxable base for 2015, which does not have direct effects, because in 2015 the Bank benefited from taking over the tax loss after the merger with Volksbank S.A. The Bank filed an appeal against the decisions taken by the tax authorities following the above RIF and filed a request to suspend this decision in court during February 2023.

In the case of the appeal, the settlement was suspended by the tax authorities until a final resolution for the revision before the High Court of Cassation and Justice of Romania in the AIFS case is reached, the case description being summarized above.

Regarding the request to suspend the decision, it was judged at the Cluj Court of Appeal at the end of February 2023, and it was rejected. Going further the Bank made an appeal to the High Court of Cassation and Justice against this decision. Also, on June 27, 2023, the Bank's appeal was rejected during the suspension procedure.

Forwards, during May 2023, ANAF initiated a documentary check of the bank's activity for 2017 and 2018. Following this audit, on June 13, 2023, Banca Transilvania S.A. was notified of the tax decision establishing additional obligations representing profit tax in the amount of RON 90,275,215 for year 2017, respectively RON 173,820,822 for year 2018, totalizing RON 264,096,037. Additionally to these tax liabilities will be due ancillary tax obligations.

The Bank filed an appeal against the tax decision taken by the tax authorities following the documentary check of the years 2017 and 2018 detailed above and filed a request to suspend this decision in Court during June 2023.

However, in order to limit a potential negative impact from ancillary tax liabilities in case of an unfavorable legal decision, Banca Transilvania S.A. decided to pay on July 5, 2023 the amount of RON 264 million representing additional tax liabilities established following the documentary check for 2017 and 2018.

5. Accounting estimates and significant judgements *(continued)*

b) Tax disputes *(continued)*

At the beginning of July 2023, the request to suspend the decision was judged at the level of the Cluj Court of Appeal, which rejected the request of Banca Transilvania S.A.. At the end of July 2023, the tax authorities established ancillary tax liabilities related to profit tax established additionally following the documentary verification for 2017 and 2018, in the amount of RON 154,972,067. The Bank issued a letter of guarantee suspending the obligation to pay this amount until a final settlement of the above-mentioned legal issues is reached. The Bank appealed against the additional tax liabilities claimed by the authorities, through its lawyers who represent it in the above mentioned cases and based on the opinions received from them, the Bank believes that this amount will be revised to a lower level.

As a result of the payment of the additional corporate income tax, Banca Transilvania S.A. no longer declared an appeal against the decision given by the Cluj Court of Appeal against the decision given on the request for suspension.

On October 3, 2023, the tax authorities rejected the bank's appeal against the decision to change the taxable base established by RIF, and on October 11, 2023, they also rejected the tax appeal raised by Banca Transilvania S.A. regarding the payment of tax amounts established under documentary checks.

The Bank analysed requests of IFRIC 23 corroborated with lawyers opinion that represent the causes mentioned above on Court and considers that the Bank has winning chances, according to the opinion of the lawyers representing it, considering that the Bank actioned based on European regulations related tax treatment for the non-taxation of the gain from Volksbank S.A. acquisition transaction, fact clarifed also by Romanian tax legislation in place begining with January 1, 2016. Banca Transilvania S.A. will continue to diligently pursue this litigation and, in the case of success, stands to recover the payment made.

Considering, however, the inconsistency with which the Romanian tax authorities treated the gain from the acquisition from a tax point of view, the Bank took a prudent approach to reflect this level of uncertainty in the consolidated and separate financial statements as of December 31, 2023 using the most probable value method and recognized the amount of RON 238 million in debts regarding the current profit tax, respectively, the amount of 100,864,015 RON related to ancillary fiscal obligations, in expenses for provisions of risk and charges.

The Bank will monitor and analyze the evolution of the tax topic at each reporting date, in accordance with the relevant provisions of the accounting regulations, to determine if additional adjustments are necessary.

c) Risk provisions for abusive clauses

The provision for abusive clauses is an estimated amount for potential litigations facing the Bank derived from the retail credit contracts inherited from Volksbank Romania and Bancpost S.A. merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years (a show-up ratio) and the loss probability for such cases (calculated as a historical positive versus negative outcome of litigations).
The last review for abusive clauses provision has been performed as of 31 December 2023 when the Bank adjusted the provision based on the trend of such new litigations (show-up ratio) and the probability loss estimated at this date.

5. Accounting estimates and significant judgements *(continued)*

d) Other significant litigation

The Bank's subsidiary, Victoriabank S.A., was notified on July 6, 2020 that it is being investigated in a case instrumented by the Prosecutor's Office of the Republic of Moldova, and on August 6, 2020, a precautionary seizure was placed on some of the subsidiary's balance sheet assets elements, in order to cover the claims in the file - amounting to approximately RON 476 million in equivalent. Given the nature of the case and the legal limitations related to the investigation, the Bank and and its subsidiary possesses limited information about this case, by also considering the lawyers' analysis of the content of the indictment related to these investigations. Given the stage of the investigation, that relates to a period before the Bank was a shareholder of the subsidiary, the Group and the Bank did not recognize a provision for this case, but will monitor the evolution of the topic at each reporting date, in accordance with the relevant provisions of the accounting regulations.

For other significant litigation and regulatory enforcement matters, the Group believes the possibility of an outflow of funds is more than remote and less than probable but the amount can not be reliably estimated, and accordingly such matters are not included in the contingent liability estimates.

6. Segment reporting

The Group segment reporting is compliant with the management requirements use. The reporting segments are presented in a manner which is consistent with the internal reporting documentation submitted to the Leaders' Committee. The Leaders' Committee, with the assistance of the Board of Directors, is responsible for the allocation of resources and the assessment of the reporting segments' performance, being considered as an operational decision making factor.

The reporting format is based on the internal management reporting format. All items of assets and liabilities, incomes and expenses are allocated to the reporting segments either directly or based on reasonable criteria established by the management.

The clients of Victoriabank and Salt (Idea) Bank, are classified according to the Bank's standards. The segment "Leasing and loans to non-banking financial institutions" includes the leasing and consumer finance companies, as described in Note 1.

The remaining non-banking subsidiaries are included in the segment "Other-Group". The "Intra-group eliminations & adjustments" segment comprises intra-group operations.

The reporting segments are organized and managed separately, depending on the nature of products and services provided, each segment being specialized on certain products and operating on different markets.

A business segment is a component of the Group:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- The operating results of which are reviewed regularly by the entity's decision maker in order to make decisions about resources to be allocated to the segment and to assess its performance;
- For which distinct financial information is available.

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

The reporting segment of the Group as described below:

Large Corporate Clients („LaCo”): The Group and the Bank include in this category mainly companies/group of companies with an annual turnover exceeding RON 100 million, as well as legal entities created to serve a particular function (SPV), public entities and financial institutions included in this category based on specific classification criteria. The companies in this category usually have specific and sophisticated needs. Through its centralized and customized approach, the Bank seeks to ensure high operational efficiency, a prompt assessment of the specific needs of this type of clients in order to offer the appropriate customized solutions, but also an in-depth perspective of the risk profile in order to maintain a high quality loan portfolio.

The Large Corporate clients have access to an all-inclusive package of banking products and services. The incomes generated by this segment resulting from lending operations, current business operations (transaction banking, Treasury, trade finance and retail products) and other related services (leasing, asset management, consultancy on mergers and acquisitions, capital market advisory services). Through the services provided, the Bank aims at extending its cooperation to the business partners of the LaCo segment - clients/suppliers/employees - by focusing on the increase of non-risk income.

Medium Corporate Customers („MidCo”): The Group and the Bank include in this category mainly the companies with an annual turnover between 9 and 100 million RON. By setting such value thresholds in the classification of MidCo clients, the Bank is able to address the most frequent requests coming from this category of clients: tailored financing solutions, access to a wide range of banking services, pricing based on financial performance, dedicated and flexible relationship management, operational agility. Depending on the activity type, the customized approach related to customers is supported by two existent specializations, notably Agribusiness and Healthcare.
The MidCo segment includes also entities operating in the public sector, financial institutions or legal entities serving particular functions, included in this category based on specific classification criteria.

The Bank offers a full array of financial services to its Mid Corporate clients, including lending facilities, current operations, treasury services, but also additional services such as bonus packages for employees, structured finance, co-financing of EU funded projects; the Bank also facilitates the access to the services provided by the Group subsidiaries, such as bancassurance, consultancy on mergers and acquisitions, asset management, financial and operating lease, with the purpose to increase its profitability and non-risk income.

SME clients - companies with an annual turnover between 2 and 9 million RON. These are companies that have undergone the incipient growth stages and whose business activity requires further attention. Consequently, the needs of such companies become more specific, with priority for financing.

Micro Business clients – company customers with an annual turnover up to 2 million RON.
This category comprises the largest number of companies and the most diverse types of entities, such as limited liability companies, freelancers, sole proprietorships, etc.
The business lifespan (many such clients are fresh companies), the entrepreneur’s expertise and the market on which the company operates generate certain needs that the Group and the Bank attempt to serve through product and service packages dedicated to this category of customers, which have become a hallmark in the banking sector over the years.

6. Segment reporting *(continued)*

Lending products are accessed more frequently as the Micro or SME business takes shape: loans for working capital or investments, letters of guarantee, EU project co-financing, credit cards, leasing, invoice discounting or factoring.
Another important category of products refers to general operations, incoming and outgoing payments, cheques, promissory notes, FX operations, salary payment agreements or bancassurance services. Increased attention is given to the digitalization of our products and services, our clients showing more and more interest in internet & mobile banking, e-commerce, last generation POSs and the integration of financial data in the proprietary accounting systems.

Retail customers: The Group and the Bank provides a wide range of banking products and services to individuals, differentiated by several customer segments, from children, students, employees from the public or private sector, seniors, as well as the Premium and Private Banking segments. The Group's and the Bank's offer includes transactional banking products, current account subscriptions, bancassurance products, a diversified offer of debit and credit cards, deposits and savings accounts, consumer loans and mortgages, as well as access to the larger network of ATMs and partner merchants through the "STAR" loyalty program. Also, the Group and the Bank, together with their partners, offer private clients access to a wide range of investments (investment funds, government securities and bonds), pensions, car leasing.

The retail products of the Group and the Bank are accessible to customers through a mix of distribution channels, through the Bank's network of agencies, through digital channels and especially through the BT Pay application. The Bank's retail strategy aims at the continuous development of digital flows that involve a simpler interaction, the origination of new products and services, speed and efficiency, as well as the communication and servicing of customers from a distance, through solutions that allow them direct and immediate access to information. The Group and the Bank support financial inclusion and will continue their efforts to ensure all segments of the population have access to banking products and services in general.

Treasury: The Group and the Bank comprise in this category the treasury services.

Leasing and consumer finance granted by non-banking financial institutions: the Group includes in this category financial products and services such as lease facilities, consumer loans and microfinance provided by the non-banking financial institutions of the Group.

Other: The Group and the Bank incorporate in this category the services offered by other financial entities within the Group: asset management, brokerage, factoring and real estate , as well as elements that do not fall into the existing categories and result from financial and strategic decisions taken centrally.

In terms of geographical distribution, the Group and the Bank cover mainly the Romanian territory, except for the Italy branch operations linked to the Bank while at the Group level there is the banking activity of Victoriabank and the financial lease activity of BT Leasing Moldova; however, the impact of these entities on the balance sheet and income statement is not material at Group level. There is no further information regarding the geographical distribution used by the management of the Group and the Bank; therefore it is not presented here.

As at 31 December 2023 and 31 December 2022, the Bank or the Group did not record income exceeding 10% of total incomes in relation to a single customer.

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

The table below presents financial information per segments regarding the consolidated statement of financial position and the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the financial year ended at 31 December 2023, and comparative data for 2022:

Reporting segments as at 31 December 2023

Group *In RON thousand*	**Large Corporate**	**Mid Corporate**	**SME**	**Micro**	**Retail**	**Treasury**	**Leasing and consumer loans granted by non-banking financial institutions**	**Other - Group**	**Intra-group eliminations & adjustments**	**Total**
Gross loans and finance lease receivables	24,495,579	11,543,727	5,451,496	4,797,231	32,511,846	-	5,776,244	5,569	(4,161,160)	**80,420,532**
Provisions for principal	(862,525)	(936,200)	(433,410)	(668,442)	(1,683,224)	-	(371,706)	(337)	106,219	**(4,849,625)**
Loans and finance lease receivables net of provisions	23,633,054	10,607,527	5,018,086	4,128,789	30,828,622	-	5,404,538	5,232	(4,054,941)	**75,570,907**
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	51,336,974	-	472,915	(34,447)	**51,775,442**
Treasury and inter-bank operations	-	-	-	-	-	37,490,235	251,854	607,464	(1,823,994)	**36,525,559**
Property and equipment and investment property, Intangible assets and goodwill	103,951	186,358	181,611	245,055	788,770	47,964	176,569	399,958	(1,973)	**2,128,263**
Right-of-use assets	37,066	57,433	44,387	82,799	259,331	13,162	24,309	12,484	(16,911)	**514,060**
Other assets	789,646	548,044	240,844	221,838	1,542,044	-	193,043	478,275	(1,358,740)	**2,654,994**
Total assets	**24,563,717**	**11,399,362**	**5,484,928**	**4,678,481**	**33,418,767**	**88,888,335**	**6,050,313**	**1,976,328**	**(7,291,006)**	**169,169,225**
Deposits from customers and current accounts	9,114,874	13,424,801	7,526,010	19,811,825	88,569,988	2,465,711	-	3,962	(1,829,604)	139,087,567
Loans from banks and other financial institutions	256,482	326,772	87,055	62,507	23,629	363,251	4,774,002	7,815,009	(4,160,140)	9,548,567
Subordinated liabilities	-	-	-	-	-	2,441,255	-	-	(18,037)	2,423,218
Lease liabilities	119,145	84,621	43,420	34,827	238,786	800	24,404	4,272	(16,924)	533,351
Other liabilities	731,496	520,038	216,918	181,761	1,354,357	1,043	205,047	545,969	(76,615)	3,680,014
Total liabilities	**10,221,997**	**14,356,232**	**7,873,403**	**20,090,920**	**90,186,760**	**5,272,060**	**5,003,453**	**8,369,212**	**(6,101,320)**	**155,272,717**
Equity and related items	-	-	-	-	-	-	-	13,896,508	-	13,896,508
Total liabilities and equity	**10,221,997**	**14,356,232**	**7,873,403**	**20,090,920**	**90,186,760**	**5,272,060**	**5,003,453**	**22,265,720**	**(6,101,320)**	**169,169,225**

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

Reporting segments as at 31 December 2022

Group *In RON thousand*	**Large Corporate**	**Mid Corporate**	**SME**	**Micro**	**Retail**	**Treasury**	**Leasing and consumer loans granted by non-banking financial institutions**	**Other - Group**	**Intra-group eliminations & adjustments**	**Total**
Gross loans and finance lease receivables	12,560,167	9,966,452	4,643,518	4,634,808	30,119,009	-	4,612,312	8,442,599	(2,449,354)	**72,529,511**
Provisions for principal	(751,732)	(991,971)	(356,153)	(559,485)	(1,503,005)	-	(403,567)	(16,224)	66,143	**(4,515,994)**
Loans and finance lease receivables net of provisions	11,808,435	8,974,481	4,287,365	4,075,323	28,616,004	-	4,208,745	8,426,375	(2,383,211)	**68,013,517**
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	47,039,771	15,909	465,793	(330,175)	**47,191,298**
Treasury and inter-bank operations	-	-	-	-	-	21,681,878	93,324	399,105	(2,066,258)	**20,108,049**
Property and equipment and investment property, Intangible assets and goodwill	86,459	176,082	109,076	257,541	797,050	50,753	30,636	342,643	(11,456)	**1,838,784**
Right-of-use assets	29,949	54,903	30,372	86,362	251,345	15,360	17,431	13,438	(11,203)	**487,957**
Other assets	623,728	473,012	202,070	210,549	1,423,491	-	255,394	97,507	(414,561)	**2,871,190**
Total assets	**12,548,571**	**9,678,478**	**4,628,883**	**4,629,775**	**31,087,890**	**68,787,762**	**4,621,439**	**9,744,861**	**(5,216,864)**	**140,510,795**
Deposits from customers and current accounts	7,727,114	10,028,370	6,159,056	15,942,884	79,880,405	3,741,780	-	2,202	(2,072,000)	**121,409,811**
Loans from banks and other financial institutions	148,810	464,372	62,783	54,555	56,351	1,818,574	3,487,240	1,231,522	(2,483,279)	**4,840,928**
Subordinated liabilities	-	-	-	-	-	1,766,159	-	-	(17,899)	**1,748,260**
Lease liabilities	99,999	76,728	34,046	33,909	235,707	702	17,420	5,572	(11,127)	**492,956**
Other liabilities	509,017	386,845	133,626	132,536	884,225	713	353,383	412,347	(265,385)	**2,547,307**
Total liabilities	**8,484,940**	**10,956,315**	**6,389,511**	**16,163,884**	**81,056,688**	**7,327,928**	**3,858,043**	**1,651,643**	**(4,849,690)**	**131,039,262**
Equity and related items	-	-	-	-	-	-	-	9,471,533	-	**9,471,533**
Total liabilities and equity	**8,484,940**	**10,956,315**	**6,389,511**	**16,163,884**	**81,056,688**	**7,327,928**	**3,858,043**	**11,123,176**	**(4,849,690)**	**140,510,795**

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

Reporting segments as at 31 December 2023

Group	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
In RON thousand										
Net interest income	306,631	443,667	291,059	511,244	1,507,184	496,596	483,091	1,205,687	11,521	**5,256,680**
Net commission income	63,681	118,977	109,428	429,279	457,491	(2,970)	28,363	53,787	9,611	**1,267,647**
Net trading income	19,140	73,208	67,847	126,277	242,411	81,792	14,256	33,479	(1,394)	**657,016**
Net gain / (loss) from financial assets measured through other items of comprehensive income	-	-	-	-	-	86,138	-	81,509	-	**167,647**
Net gain / (loss) from financial assets which are required to be measured through profit or loss	-	-	-	-	-	140,311	-	3,155	-	**143,466**
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(5,748)	(8,584)	(4,714)	(11,888)	(62,713)	-	-	-	-	**(93,647)**
Other operating income	18,505	11,720	6,019	5,222	166,187	5,334	56,916	153,435	(97,185)	**326,153**
Total income	**402,209**	**638,988**	**469,639**	**1,060,134**	**2,310,560**	**807,201**	**582,626**	**1,531,052**	**(77,447)**	**7,724,962**
Personnel expenses	(109,844)	(247,437)	(186,713)	(278,627)	(839,384)	(39,217)	(132,429)	(133,871)	4	**(1,967,518)**
Other operating expenses	(50,224)	(100,103)	(81,937)	(116,169)	(436,386)	(48,244)	(80,653)	(201,163)	27,034	**(1,087,845)**
Depreciation and amortization	(28,911)	(53,806)	(41,350)	(73,248)	(225,095)	(13,265)	(18,799)	(20,176)	24,102	**(450,548)**
Total Expenses	**(188,979)**	**(401,346)**	**(310,000)**	**(468,044)**	**(1,500,865)**	**(100,726)**	**(231,881)**	**(355,210)**	**51,140**	**(3,505,911)**
Operating profit before net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	**213,230**	**237,642**	**159,639**	**592,090**	**809,695**	**706,475**	**350,745**	**1,175,842**	**(26,307)**	**4,219,051**
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(47,839)	56,651	(88,240)	(124,980)	(141,654)	(75,611)	(35,847)	(99,065)	43,497	(513,088)
Profit before income tax	**165,391**	**294,293**	**71,399**	**467,110**	**668,041**	**630,864**	**314,898**	**1,076,777**	**17,190**	**3,705,963**

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

Reporting segments as at 31 December 2022

Group	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
In RON thousand										
Net interest income	179,022	409,052	296,161	591,180	1,688,293	746,220	376,308	130,840	9,583	**4,426,659**
Net commission income	57,312	116,430	96,362	377,382	430,666	(2,561)	25,479	62,380	4,382	**1,167,832**
Net trading income	11,253	61,352	60,603	116,971	238,278	189,351	10,600	(2,293)	(45)	**686,070**
Net gain / (loss) from financial assets measured through other items of comprehensive income	-	-	-	-	-	(64,021)	-	(57,617)	-	**(121,638)**
Net gain / (loss) from financial assets which are required to be measured through profit or loss	-	-	-	-	-	(15,827)	-	(1,425)	-	**(17,252)**
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(8,541)	(14,542)	(8,188)	(21,141)	(101,272)	-	-	-	-	**(153,684)**
Other operating income	62,372	56,216	45,882	44,866	169,944	1,611	58,404	112,275	(259,601)	**291,969**
Total income	**301,418**	**628,508**	**490,820**	**1,109,258**	**2,425,909**	**854,773**	**470,791**	**244,160**	**(245,681)**	**6,279,956**
Personnel expenses	(88,291)	(214,637)	(130,326)	(254,238)	(695,951)	(33,741)	(105,361)	(132,988)	-	**(1,655,533)**
Other operating expenses	(78,349)	(120,699)	(93,040)	(149,918)	(430,910)	(36,132)	(83,798)	(149,313)	206,940	**(935,219)**
Depreciation and amortization	(22,984)	(45,043)	(27,730)	(70,640)	(205,075)	(13,082)	(12,598)	(16,821)	20,977	**(392,996)**
Total Expenses	**(189,624)**	**(380,379)**	**(251,096)**	**(474,796)**	**(1,331,936)**	**(82,955)**	**(201,757)**	**(299,122)**	**227,917**	**(2,983,748)**
Operating profit before net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	**111,794**	**248,129**	**239,724**	**634,462**	**1,093,973**	**771,818**	**269,034**	**(54,962)**	**(17,764)**	**3,296,208**
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	88,128	(140,346)	(38,259)	(66,272)	(243,102)	(25,394)	(96,833)	29,701	(2,778)	**(495,155)**
Profit before income tax	**199,922**	**107,783**	**201,465**	**568,190**	**850,871**	**746,424**	**172,201**	**(25,261)**	**(20,542)**	**2,801,053**

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities

a) Accounting classifications and fair value

Group, as at 31 December 2023					**Retail**						**Non-Retail**			
					in RON		**in FCY**				**in RON**		**in FCY**	
In RON thousand	**Total carrying amount 2023**	**Total fair value 2023**	**Total carrying amount retail customers**	**Total fair value retail customers**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Total carrying amount companies**	**Total fair value companies**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets														
Financial assets held for trading and measured at fair value through profit or loss (*)	470,573	470,573	-	-	-	-	-	-	470,573	470,573	447,387	447,387	23,186	23,186
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,232,598	1,232,598	-	-	-	-	-	-	1,232,598	1,232,598	351,736	351,736	880,862	880,862
- Equity instruments	292,920	292,920	-	-	-	-	-	-	292,920	292,920	448	448	292,472	292,472
- Debt instruments	939,678	939,678	-	-	-	-	-	-	939,678	939,678	351,288	351,288	588,390	588,390
Financial assets carried at amortized cost	123,548,825	123,629,358	31,880,131	31,887,998	28,088,658	27,995,946	3,791,473	3,892,052	91,668,694	91,741,360	49,270,255	49,251,068	42,398,439	42,490,292
Financial assets measured at fair value through other items of comprehensive income	40,600,026	40,600,026	-	-	-	-	-	-	40,600,026	40,600,026	22,696,481	22,696,481	17,903,545	17,903,545
- Equity instruments	154,160	154,160	-	-	-	-	-	-	154,160	154,160	134,293	134,293	19,867	19,867
- Debt instruments	40,419,383	40,419,383	-	-	-	-	-	-	40,419,383	40,419,383	22,562,188	22,562,188	17,857,195	17,857,195
- Loans and advances	26,483	26,483	-	-	-	-	-	-	26,483	26,483	-	-	26,483	26,483
Total financial assets	**165,852,022**	**165,932,555**	**31,880,131**	**31,887,998**	**28,088,658**	**27,995,946**	**3,791,473**	**3,892,052**	**133,971,891**	**134,044,557**	**72,765,859**	**72,746,672**	**61,206,032**	**61,297,885**
Financial liabilities														
Financial liabilities held-for-trading	88,809	88,809	-	-	-	-	-	-	88,809	88,809	75,709	75,709	13,100	13,100
Financial liabilities measured at amortized cost	154,113,873	154,147,370	89,360,514	89,387,099	50,736,503	50,767,699	38,624,011	38,619,400	64,753,359	64,760,271	39,615,534	39,623,122	25,137,825	25,137,149
Total financial liabilities	**154,202,682**	**154,236,179**	**89,360,514**	**89,387,099**	**50,736,503**	**50,767,699**	**38,624,011**	**38,619,400**	**64,842,168**	**64,849,080**	**39,691,243**	**39,698,831**	**25,150,925**	**25,150,249**

(*) This category comprises only held-for-trading financial assets, including derivative instruments

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

a) Accounting classifications and fair value (continued)

Group, as at 31 December 2022			**Retail**						**Non-Retail**					
					in RON		**in FCY**				**in RON**		**in FCY**	
In RON thousand	**Total carrying amount 2022**	**Total fair value 2022**	**Total carrying amount retail customers**	**Total fair value retail customers**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Total carrying amount companies**	**Total fair value companies**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets														
Financial assets held for trading and measured at fair value through profit or loss (*)	539,813	539,813	-	-	-	-	-	-	539,813	539,813	523,637	523,637	16,176	16,176
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,106,041	1,106,041	-	-	-	-	-	-	1,106,041	1,106,041	324,385	324,385	781,656	781,656
- Equity instruments	242,037	242,037	-	-	-	-	-	-	242,037	242,037	325	325	241,712	241,712
- Debt instruments	864,004	864,004	-	-	-	-	-	-	864,004	864,004	324,060	324,060	539,944	539,944
Financial assets carried at amortized cost	92,068,306	92,448,981	29,405,618	30,050,437	25,344,135	25,930,184	4,061,483	4,120,253	62,662,688	62,398,544	30,639,291	30,699,708	32,023,397	31,698,836
Financial assets measured at fair value through other items of comprehensive income	43,485,732	43,485,732	-	-	-	-	-	-	43,485,732	43,485,732	24,568,169	24,568,169	18,917,563	18,917,563
- Equity instruments	151,693	151,693	-	-	-	-	-	-	151,693	151,693	133,117	133,117	18,576	18,576
- Debt instruments	43,307,183	43,307,183	-	-	-	-	-	-	43,307,183	43,307,183	24,435,052	24,435,052	18,872,131	18,872,131
- Loans and advances	26,856	26,856	-	-	-	-	-	-	26,856	26,856	-	-	26,856	26,856
Total financial assets	**137,199,892**	**137,580,567**	**29,405,618**	**30,050,437**	**25,344,135**	**25,930,184**	**4,061,483**	**4,120,253**	**107,794,274**	**107,530,130**	**56,055,482**	**56,115,899**	**51,738,792**	**51,414,231**
Financial liabilities														
Financial liabilities held-for-trading	41,695	41,695	-	-	-	-	-	-	41,695	41,695	33,563	33,563	8,133	8,133
Financial liabilities measured at amortized cost	130,256,319	130,098,519	80,421,464	80,262,151	40,613,602	40,510,665	39,807,862	39,751,486	49,834,855	49,836,368	32,646,074	32,640,020	17,188,781	17,196,348
Total financial liabilities	**130,298,014**	**130,140,214**	**80,421,464**	**80,262,151**	**40,613,602**	**40,510,665**	**39,807,862**	**39,751,486**	**49,876,550**	**49,878,063**	**32,679,637**	**32,673,583**	**17,196,914**	**17,204,481**

(*) This category comprises only held-for-trading financial assets, including derivative instruments

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

a) Accounting classifications and fair value (continued)

Bank, as at 31 December 2023					**Retail**						**Non-Retail**			
					in RON		**in FCY**				**in RON**		**in FCY**	
In RON thousand	**Total carrying amount 2023**	**Total fair value 2023**	**Total carrying amount retail customers**	**Total fair value retail customers**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Total carrying amount companies**	**Total fair value companies**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets														
Financial assets held for trading and measured at fair value through profit or loss (*)	161,120	161,120	-	-	-	-	-	-	161,120	161,120	148,483	148,483	12,637	12,637
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,670,155	1,670,155	-	-	-	-	-	-	1,670,155	1,670,155	680,048	680,048	990,107	990,107
- Equity instruments	292,472	292,472	-	-	-	-	-	-	292,472	292,472	-	-	292,472	292,472
- Debt instruments	1,377,683	1,377,683	-	-	-	-	-	-	1,377,683	1,377,683	680,047	680,047	697,636	697,636
Financial assets carried at amortized cost	116,265,775	116,217,750	29,866,385	29,885,181	26,923,665	26,871,331	2,942,720	3,013,850	86,399,390	86,332,569	49,396,310	49,299,452	37,003,080	37,033,117
Financial assets measured at fair value through other items of comprehensive income	40,264,202	40,264,202	-	-	-	-	-	-	40,264,202	40,264,202	22,410,510	22,410,510	17,853,692	17,853,692
- Equity instruments	19,400	19,400	-	-	-	-	-	-	19,400	19,400	15,192	15,192	4,208	4,208
- Debt instruments	40,218,319	40,218,319	-	-	-	-	-	-	40,218,319	40,218,319	22,395,318	22,395,318	17,823,001	17,823,001
- Loans and advances	26,483	26,483	-	-	-	-	-	-	26,483	26,483	-	-	26,483	26,483
Total financial assets	**158,361,252**	**158,313,227**	**29,866,385**	**29,885,181**	**26,923,665**	**26,871,331**	**2,942,720**	**3,013,850**	**128,494,867**	**128,428,046**	**72,635,351**	**72,538,493**	**55,859,516**	**55,889,553**
Financial liabilities														
Financial liabilities held-for-trading	88,809	88,809	-	-	-	-	-	-	88,809	88,809	75,709	75,709	13,100	13,100
Financial liabilities measured at amortized cost	149,030,008	149,062,697	86,624,120	86,649,163	50,471,662	50,502,858	36,152,458	36,146,305	62,405,888	62,413,534	39,675,871	39,683,434	22,730,017	22,730,100
Total financial liabilities	**149,118,817**	**149,151,506**	**86,624,120**	**86,649,163**	**50,471,662**	**50,502,858**	**36,152,458**	**36,146,305**	**62,494,697**	**62,502,343**	**39,751,580**	**39,759,143**	**22,743,117**	**22,743,200**

(*) This category comprises only held-for-trading financial assets, including derivative instruments

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

a) Accounting classifications and fair value (continued)

Bank, as at 31 December 2022					**Retail**						**Non-Retail**			
					in RON		**in FCY**				**in RON**		**in FCY**	
In RON thousand	**Total carrying amount 2022**	**Total fair value 2022**	**Total carrying amount retail customers**	**Total fair value retail customers**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Total carrying amount companies**	**Total fair value companies**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets														
Financial assets held for trading and measured at fair value through profit or loss (*)	249,136	249,136	-	-	-	-	-	-	249,136	249,136	243,809	243,809	5,327	5,327
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,474,595	1,474,595	-	-	-	-	-	-	1,474,595	1,474,595	623,553	623,553	851,042	851,042
- Equity instruments	241,712	241,712	-	-	-	-	-	-	241,712	241,712	-	-	241,712	241,712
- Debt instruments	1,232,883	1,232,883	-	-	-	-	-	-	1,232,883	1,232,883	623,553	623,553	609,330	609,330
Financial assets carried at amortized cost	85,640,757	86,350,481	27,513,466	28,227,842	24,191,514	24,823,877	3,321,952	3,403,965	58,127,291	58,122,639	30,501,670	30,618,728	27,625,621	27,503,911
Financial assets measured at fair value through other items of comprehensive income	43,124,154	43,124,154	-	-	-	-	-	-	43,124,154	43,124,154	24,276,852	24,276,852	18,847,302	18,847,302
- Equity instruments	17,663	17,663	-	-	-	-	-	-	17,663	17,663	13,740	13,740	3,923	3,923
- Debt instruments	43,079,635	43,079,635	-	-	-	-	-	-	43,079,635	43,079,635	24,263,112	24,263,112	18,816,523	18,816,523
- Loans and advances	26,856	26,856	-	-	-	-	-	-	26,856	26,856	-	-	26,856	26,856
Total financial assets	**130,488,642**	**131,198,366**	**27,513,466**	**28,227,842**	**24,191,514**	**24,823,877**	**3,321,952**	**3,403,965**	**102,975,176**	**102,970,524**	**55,645,884**	**55,762,942**	**47,329,292**	**47,207,582**
Financial liabilities														
Financial liabilities held-for-trading	41,695	41,695	-	-	-	-	-	-	41,695	41,695	33,563	33,563	8,133	8,133
Financial liabilities measured at amortized cost	125,396,425	125,247,161	78,160,503	78,007,577	40,455,756	40,352,819	37,704,747	37,654,758	47,235,922	47,239,584	32,563,520	32,557,459	14,672,402	14,682,125
Total financial liabilities	**125,438,120**	**125,288,856**	**78,160,503**	**78,007,577**	**40,455,756**	**40,352,819**	**37,704,747**	**37,654,758**	**47,277,617**	**47,281,279**	**32,597,083**	**32,591,022**	**14,680,535**	**14,690,258**

(*) This category comprises only held-for-trading financial assets, including derivative instruments

7. Financial assets and liabilities *(continued)*

b) Fair value of financial assets and liabilities

The Group and the Bank measure the fair value of financial instruments by using the following fair value hierarchy:

Level 1 in the fair value hierarchy
The fair value of financial assets and liabilities included in Level 1 in the fair value hierarchy is determined based on quoted prices in active markets for identical assets or liabilities. Quoted prices that are being applied must be readily and regularly available from an exchange or active index/market location and prices must represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 in the fair value hierarchy
The fair value of financial assets and liabilities included in Level 2 in the fair value hierarchy is determined by using evaluation methods which contain observable market data when market prices are not available. Level 2 evaluations generally use observable market parameters, such as interest rates and yield curves observable at commonly quoted intervals, preset volatilities and credit spreads.

Level 3 in the fair value hierarchy
The fair value of financial assets and liabilities included in Level 3 in the fair value hierarchy is determined by using input data that are not based on observable market information (unobservable data inputs shall reflect the assumptions made by the market participants to establish the price of an asset or a liability, including risk assumptions).
The objective of valuation techniques is to derive the fair value that reflects a price for the financial instrument at the reporting date, price that would be obtained by the market participants acting at arm's length.

The availability of observable market data and models reduces the need for the Management to operate judgements and estimations and also reduces the uncertainty associated with the determination of the fair value. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The management uses its judgment to select the valuation method and makes assumptions that are mainly based on market conditions existing at the date of the consolidated/ separate statement of the financial position.

i) Fair value hierarchy analysis of financial instruments carried at fair value

To establish the hierarchy of the fair value of debt instruments, Banca Transilvania S.A. uses classification criteria in one of the three levels mentioned by the International Financial Reporting Standard 13.
For the purpose of clasification, the methodology takes into account the aggregation of results from two sources of observations:
• direct observations of transactions, indicative or executable prices of the respective instrument;
• observations of transactions, indicative and executable prices of comparable instruments, with the aim of deriving a price for the respective instrument, when it is considered that direct observations support additions.

7. Financial assets and liabilities *(continued)*

b) Fair value of financial assets and liabilities (continued)

i) Fair value hierarchy analysis of financial instruments carried at fair value *(continued)*

The list of evaluation techniques used may contain, but is not limited to, the following:

- prices/quotations extracted by Calypso from evaluation platforms such as Bloomberg, Refinitiv or quotes received upon request from third parties;
- models based on prices of instruments with similar characteristics;
- models based on interest/price curves considered representative;
- calculation of updated cash flows;
- generally accepted economic methodologies.

Their hierarchy will take into account the specifications of IFRS 13, the choice of the alternative technique to be substantiated and approved by the competent committees.

At level 1 in the fair value hierarchy, the Group and the Bank included in the category of assets: equity instruments and debt instruments held at fair value through profit or loss, bonds classified as assets measured at fair value through other items of comprehensive income.

In the case of bonds, if an instrument has a minimum score that reflects in a transparent and strongly justified manner the price, fair value and liquidity of that instrument, it will be classified as level 1.

At level 2 in the fair value hierarchy, the Group and the Bank included in the category of assets: derivatives held at fair value through profit or loss, bonds classified as assets measured at fair value through other items of comprehensive income and some through fair value through profit or loss and in the category of liabilities: derivatives classified as financial liabilities held for trading.

Regarding the bonds, the classification is made based on the followings criteria:

- If the price of the instrument is obtained on the basis of interpolations of level 1 prices/yields related to similar instruments of the respective issuer (group).
- If the price of the instrument is obtained by adding the spread from the issue over the price/yield of the level 1 instrument, belonging to another issuer, which was the reference on the issue date.

The Group and the Bank use widely recognized valuation models for determining the fair value of dervivatives that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for simple over the counter derivatives.

At level 3 in the fair value hierarchy, the Group and the Bank included in the category of assets: equity instruments , fixed assets and investment property, bonds classified as assets valued at fair value through other elements of the comprehensive result and some bonds held at fair value through the profit or loss account.

In the case of bonds, level 3 includes all cases that are not found in the previous levels, the non-existence of a price, a price provided by a single entity or derived, by interpolation or spread, from one of the level 2 prices.

Significant unobservable inputs affecting the valuation of debt securities are represented by credit spreads - the premium above the benchmark reference instrument required to compensate for lower credit quality; higher spreads lead to a lower fair value.

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

b) Fair value of financial assets and liabilities (continued)

i) Fair value hierarchy analysis of financial instruments carried at fair value *(continued)*

The table below presents the financial instruments and investment properties measured at fair value in the statement of financial position, at the end of the reporting period, by fair value levels:

***Group** - In RON thousand*	**Notes**	**Level 1 - Quoted market prices in active markets**	**Level 2 - Valuation techniques – observable inputs**	**Level 3 - Valuation techniques – unobservable inputs**	**Total**
31 December 2023					
Financial assets held for trading and measured at fair value through profit or loss, of which:	*21.a)*	**222,001**	**113,206**	**10,549**	**345,756**
- Equity instruments		216,101	-	-	**216,101**
- Debt instruments		5,900	113,206	10,549	**129,655**
Derivatives	*43*	**-**	**124,817**	**-**	**124,817**
Financial assets measured at fair value through other items of comprehensive income	*24*	**39,928,649**	**276,255**	**395,122**	**40,600,026**
- Equity instruments		84,401	-	69,759	**154,160**
- Debt instruments		39,844,248	249,772	325,363	**40,419,383**
- Loans and advances		-	26,483	-	**26,483**
Financial assets which are required to be measured at fair value through profit or loss, of which:		**803,334**	**91,276**	**337,988**	**1,232,598**
- Equity instruments	*21.b)*	292,920	-	-	**292,920**
- Debt instruments		**510,414**	**91,276**	337,988	**939,678**
Total financial assets measured at fair value in the statement of financial position		**40,953,984**	**605,554**	**743,659**	**42,303,197**
Non-financial assets at fair value		**-**	**-**	**1,278,903**	**1,278,903**
- Property and equipment and investment property	*26*	-	-	1,278,903	**1,278,903**
Total assets measured at fair value in the statement of financial position		**40,953,984**	**605,554**	**2,022,562**	**43,582,100**
Financial liabilities held-for-trading	*43*	**-**	**88,809**	**-**	**88,809**
31 December 2022					
Financial assets held for trading and measured at fair value through profit or loss, of which:	*21.a)*	**212,829**	**97,692**	**10,849**	**321,370**
- Equity instruments		212,829	-	-	**212,829**
- Debt instruments		-	97,692	10,849	**108,541**
Derivatives	*43*	**-**	**218,443**	**-**	**218,443**
Financial assets measured at fair value through other items of comprehensive income	*24*	**42,685,840**	**140,126**	**659,766**	**43,485,732**
- Equity instruments		-	-	151,693	**151,693**
- Debt instruments		42,685,840	113,270	508,073	**43,307,183**
- Loans and advances		-	26,856	-	**26,856**
Financial assets which are required to be measured at fair value through profit or loss, of which:	*21.b)*	**830,870**	**98,617**	**176,554**	**1,106,041**
- Equity instruments		242,037	-	-	**242,037**
- Debt instruments		588,833	98,617	176,554	**864,004**
Total financial assets measured at fair value in the statement of financial position		**43,729,539**	**554,878**	**847,169**	**45,131,586**
Non-financial assets at fair value		**-**	**-**	**1,174,446**	**1,174,446**
- Property and equipment and investment property	*26*	-	-	1,174,446	**1,174,446**
Total assets measured at fair value in the statement of financial position		**43,729,539**	**554,878**	**2,021,615**	**46,306,032**
Financial liabilities held-for-trading	*43*	**-**	**41,695**	**-**	**41,695**

7. Financial assets and liabilities *(continued)*

b) Fair value of financial assets and liabilities (continued)

i) Fair value hierarchy analysis of financial instruments carried at fair value *(continued)*

Bank - *In RON thousand*	**Notes**	**Level 1 - Quoted market prices in active markets**	**Level 2 - Valuation techniques – observable inputs**	**Level 3 - Valuation techniques – unobservable inputs**	**Total**
31 December 2023					
Financial assets held for trading and measured at fair value through profit or loss, of which:	21.a)	**36,303**			**36,303**
- Equity instruments		36,303	-	-	**36,303**
Derivatives	43	-	**124,817**	-	**124,817**
Financial assets measured at fair value through other items of comprehensive income	24	**39,633,547**	**272,548**	**358,107**	**40,264,202**
- Equity instruments		-	-	**19,400**	**19,400**
- Debt instruments		**39,633,547**	**246,065**	**338,707**	**40,218,319**
- Loans and advances		-	**26,483**	-	**26,483**
Financial assets which are required to be measured at fair value through profit or loss, of which:		**896,313**	**435,855**	**337,987**	**1,670,155**
- Equity instruments	21.b)	**292,472**	-	-	**292,472**
- Debt instruments		**603,841**	**435,855**	**337,987**	**1,377,683**
Total financial assets measured at fair value in the statement of financial position		**40,566,163**	**833,220**	**696,094**	**42,095,477**
Non-financial assets at fair value		-	-	**755,413**	**755,413**
- Property and equipment and investment property	26	-	-	755,413	**755,413**
Total assets measured at fair value in the statement of financial position		**40,566,163**	**833,220**	**1,451,507**	**42,850,890**
Financial liabilities held-for-trading	43	-	**88.809**	-	**88,809**
31 December 2022					
Financial assets held for trading and measured at fair value through profit or loss, of which:	21.a)	**30,693**	-	-	**30,693**
- Equity instruments		30,693	-	-	**30,693**
Derivatives	43	-	**218,443**	-	**218,443**
Financial assets measured at fair value through other items of comprehensive income	24	**42,445,030**	**140,126**	**538,998**	**43,124,154**
- Equity instruments		-	-	17,663	**17,663**
- Debt instruments		42,445,030	113,270	521,335	**43,079,635**
- Loans and advances		-	26,856	-	**26,856**
Financial assets which are required to be measured at fair value through profit or loss, of which:	21.b)	**1,199,424**	**98,617**	**176,554**	**1,474,595**
- Equity instruments		**241,712**	-	-	**241,712**
- Debt instruments		957,712	98,617	176,554	**1,232,883**
Total financial assets measured at fair value in the statement of financial position		**43,675,147**	**457,186**	**715,552**	**44,847,885**
Non-financial assets at fair value		-	-	**731,037**	**731,037**
- Property and equipment and investment property	26	-	-	731,037	**731,037**
Total assets measured at fair value in the statement of financial position		**43,675,147**	**457,186**	**1,446,589**	**45,578,922**
Financial liabilities held-for-trading	43	-	**41,695**	-	**41,695**

7. Financial assets and liabilities *(continued)*

b) Fair value of financial assets and liabilities (continued)

ii) Financial instruments not carried at fair value

At level 1 in the fair value hierarchy, the Group and the Bank included in the category of assets that are not held at fair value: financial assets at amortized cost - debt instruments, represented by bonds issued by central administrations and credit institutions.

At level 2 in the fair value hierarchy, the Group and the Bank included in the category of assets that are not held at fair value: placements with banks and public institutions, financial assets measured at amortized cost - debt instruments and in the category of liabilities: deposits from banks and from customers.

The fair value of customer deposits was determined as the difference between the interest rates related to the current portfolio at the end of the reporting period and the prevailing interest rates offered by the Group and the Bank, at the end of the financial period. For time deposits, a calculation of updated cash flows was performed using the margins related to new deposits, taking into account the characteristics of each deposit, product type, currency, interest rate type, customer segmentation.
The fair value of the customer checking and savings accounts was estimated to be equal to the book value, there being no evidence of product characteristics that would require a value different from that currently in the books.

At level 3 in the fair value hierarchy, the Group and the Bank included in the category of assets: loans and advances and finance lease receivables and other financial assets; and in the category of liabilities: loans from banks and other financial institutions, subordinated loans, lease liabilities and other financial liabilities.

The fair value of impaired loans and advances tu customers and impaired finance lease receivables was determined based on the cash flows estimated to be generated by the portfolio. These amounts have been updated using the interest rates that would currently be offered to customers for similar products (the offer available at the reporting date) taking into account the characteristics of each credit and leasing contract, namely product type, currency, interest rate type, customer segmentation.
For the impaired loan ande finance lease receivables portfolio, a similar discounted cash flow calculation resulted in a fair value calculation that can approximate the net book value.
For loans from banks and other financial institutions and subordinated liabilities, fair value is determined by using discounted cash flows based on interest rates offered for similar products and over comparable time horizons. Calculation of the fair value of the loans from banks and other financial institutions and subordinated liabilities, resulted in a fair value result that may be approximately the same as the net book value.
In the case of debt securities, level 3 includes all cases not found in the previous levels: no price, price provided by a single entity or derived, by interpolation or spread, from one of the level 2 prices.

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

b) Fair value of financial assets and liabilities (continued)

ii) Financial instruments not carried at fair value

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at 31 December 2023:

In RON thousand	Notes	Group					Bank				
				Fair value hierarchy					Fair value hierarchy		
		Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets											
Placements with banks and public institutions	20	12,272,959	12,272,959	-	12,272,959	-	12,619,341	12,619,341	-	12,619,341	-
Loans and advances to customers	22	72,008,224	71,927,489	-	-	71,927,489	71,550,404	71,381,814	-	-	71,381,814
Finance lease receivables	23	3,562,683	3,586,003	-	-	3,586,003	-	-	-	-	-
Financial assets at amortized cost - debt instruments	24	9,472,245	9,610,193	6,276,512	1,431,293	1,902,388	7,980,071	8,100,636	6,182,963	-	1,917,673
Other financial assets	30	1,980,114	1,980,114	-	-	1,980,114	1,829,702	1,829,702	-	-	1,829,702
Total assets		**99,296,225**	**99,376,758**	**6,276,512**	**13,704,252**	**79,395,994**	**93,979,518**	**93,931,493**	**6,182,963**	**12,619,341**	**75,129,189**
Liabilities											
Deposits from banks	32	1,034,613	1,034,613	-	1,034,613	-	1,081,766	1,081,766	-	1,081,766	-
Deposits from customers	33	138,052,954	138,081,222	-	138,081,222	-	134,443,350	134,470,810	-	134,470,810	-
Loans from banks and other financial institutions	34	9,548,567	9,553,796	6,643,087	-	2,910,709	8,583,795	8,589,024	6,640,249	-	1,948,775
Subordinated liabilities	35	2,423,218	2,423,218	-	-	2,423,218	2,403,652	2,403,652	-	-	2,403,652
Lease liabilities		533,351	533,351	-	-	533,351	669,778	669,778	-	-	669,778
Other financial liabilities	37	2,521,170	2,521,170	-	-	2,521,170	1,847,667	1,847,667	-	-	1,847,667
Total liabilities		**154,113,873**	**154,147,370**	**6,643,087**	**139,115,835**	**8,388,448**	**149,030,008**	**149,062,697**	**6,640,249**	**135,552,576**	**6,869,872**

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

b) Fair value of financial assets and liabilities (continued)

ii) Financial instruments not carried at fair value (continued)

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at 31 December 2022:

In RON thousand	Notes	Group					Bank				
					Fair value hierarchy					Fair value hierarchy	
		Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets											
Placements with banks and public institutions	20	5,567,332	5,567,332	-	5,567,332		6,634,858	6,634,858	-	6,634,858	-
Loans and advances to customers	22	65,200,920	65,617,870	-	-	65,617,870	63,449,954	64,180,286	-	-	64,180,286
Finance lease receivables	23	2,812,597	2,793,665	-	-	2,793,665	-	-	-	-	-
Financial assets at amortized cost - debt instruments	24	2,059,712	2,042,369	587,268	1,046,756	408,345	975,159	954,551	-	954,551	-
Other financial assets	30	1,887,028	1,887,028	-	-	1,887,028	1,935,629	1,935,629	-	-	1,935,629
Total assets		**77,527,589**	**77,908,264**	**587,268**	**6,614,088**	**70,706,908**	**72,995,600**	**73,705,324**	**-**	**7,589,409**	**66,115,915**
Liabilities											
Deposits from banks	32	1,678,082	1,678,082	-	1,678,082	-	1,631,542	1,631,542	-	1,631,542	-
Deposits from customers	33	119,731,729	119,559,333	-	119,559,333	-	116,503,842	116,339,982	-	116,339,982	-
Loans from banks and other financial institutions	34	4,840,928	4,855,524	-	-	4,855,524	3,562,483	3,577,079	-	-	3,577,079
Subordinated liabilities	35	1,748,260	1,748,260	-	-	1,748,260	1,718,909	1,718,909	-	-	1,718,909
Lease liabilities		492,956	492,956	-	-	492,956	663,680	663,680	-	-	663,680
Other financial liabilities	37	1,764,364	1,764,364	-	-	1,764,364	1,315,969	1,315,969	-	-	1,315,969
Total liabilities		**130,256,319**	**130,098,519**	**-**	**121,237,415**	**8,861,104**	**125,396,425**	**125,247,161**	**-**	**117,971,524**	**7,275,637**

8. Net interest income

In RON thousand	Group 2023	Group 2022	Bank 2023	Bank 2022
Interest income calculated using the effective interest method	**8,432,799**	**5,769,630**	**7,676,359**	**5,136,663**
- Cash and curent accounts with Central Banks at amortised cost	363,519	104,661	287,225	25,812
- Placements with banks and public institutions at amortised cost	355,611	93,909	424,535	124,611
- Loans and advances to customers at amortised cost	5,763,453	4,256,771	5,231,564	3,788,019
- Debt instruments at fair value through other items of comprehensive income	1,614,924	1,188,703	1,607,502	1,181,086
- Debt instruments at amortised cost	335,292	125,586	125,533	17,135
Other similar income	**408,201**	**262,146**	**40,878**	**30,203**
- Finance lease receivables	367,323	231,943	-	-
- Non-recourse factoring receivables	40,878	30,203	40,878	30,203
Total interest income	**8,841,000**	**6,031,776**	**7,717,237**	**5,166,866**
Interest expense related to financial liabilities measured at amortized cost	**3,579,328**	**1,602,950**	**3,389,598**	**1,502,270**
- Cash and current accounts with Central Banks	177	204,007	-	203,201
- Deposits from banks	21,110	65,953	20,721	63,118
- Deposits from customers	2,999,269	1,117,578	2,868,855	1,052,129
- Loans from banks and other financial institutions	558,772	215,412	500,022	183,822
Other similar expense	**4,992**	**2,167**	**8,451**	**6,356**
- Lease liabilities	4,992	2,167	8,451	6,356
Total interest expense	**3,584,320**	**1,605,117**	**3,398,049**	**1,508,626**
Net interest income	**5,256,680**	**4,426,659**	**4,319,188**	**3,658,240**

Interest income for the year ended at 31 December 2023 includes the net interest income on impaired financial assets amounting RON 248,760 thousand (2022: RON 191,391 thousand) for the Group and RON 170,347 thousand (2022: RON 148,187 thousand) for the Bank.
The interest income and expense related to the financial assets and liabilities, other than those held at fair value through profit or loss, are determined using the effective interest rate method.

9. Net fee and commission income

In RON thousand	Group 2023	Group 2022	Bank 2023	Bank 2022
Fee and commission income				
Commissions from treasury and inter-bank operations	294,049	249,002	294,059	248,411
Client transactions *(i)*	1,649,675	1,415,202	1,417,491	1,216,798
Lending activity *(ii)*	14,337	20,509	11,349	17,320
Finance lease management	12,465	13,466	-	-
Asset management *(iii)*	33,036	33,634	-	-
Other fee and commission income	6,151	5,147	1,438	561
Total fee and commission income from contracts with customers	**2,009,713**	**1,736,960**	**1,724,337**	**1,483,090**
Fee income from financial guarantee contracts (iv)	49,253	44,364	48,721	43,736
Total fee and commission income	**2,058,966**	**1,781,324**	**1,773,058**	**1,526,826**
Fee and commission expense				
Commissions from treasury and inter-bank operations	545,933	432,621	450,851	354,850
Client transactions	212,006	151,752	167,523	126,223
Lending activity *(ii)*	30,731	27,140	46,099	44,871
Other fees and commissions	2,649	1,979	2,596	2,425
Total fee and commission expense	***791,319***	**613,492**	***667,069***	**528,369**
Net fee and commission income	**1,267,647**	**1,167,832**	**1,105,989**	**998,457**

(i) Fees related to transactions with clients mainly include cards fees, payments/collections fees, custody fees and other fees related to transactions with clients
(ii) Lending-related fees include amendment fees, factoring fees, debt recovery fees
(iii) This category includes the management commissions of open and alternative investment funds
(iv) Although the fee income from financial guarantee contracts and loan commitments is recognised in accordance with the principle of IFRS15 the financial guarantee contracts is in the scope IFRS 9 and the fee income from it is not revenue from contracts with customers. The Group and the Bank presents the fee income from financial guaratees as part of total fee and commission income.

10. Net trading income

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Net income from foreign exchange transactions	685,399	572,712	601,225	491,093
Net (expense)/income from derivatives	(110,584)	96,210	(110,699)	96,884
Net (expense)/income from financial assets held-for-trading	45,026	(1,702)	13,503	1,610
Net income from foreign exchange position revaluation	37,175	18,850	35,714	7,552
Net trading income	**657,016**	**686,070**	**539,743**	**597,139**

11. Net gain/loss(-) from the sale of financial assets measured at fair value through other items of comprehensive income

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Income from the sale of financial assets measured at fair value through other items of comprehensive income	169,466	23,927	168,146	19,322
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(1,819)	(145,565)	(1,817)	(145,441)
Net gain/ loss(-) from the sale of financial assets measured at fair value through other items of comprehensive income	**167,647**	**(121,638)**	**166,329**	**(126,119)**

12. Net gain/loss(-) from financial assets which are required to be measured at fair value through profit or loss

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Income from financial assets which are required to be measured at fair value through profit or loss	223,239	232,613	265,389	258,320
Losses from financial assets which are required to be measured at fair value through profit or loss	(79,773)	(249,865)	(87,142)	(272,162)
Net gain/ loss (-) from financial assets which are required to be measured at fair value through profit or loss	**143,466**	**(17,252)**	**178,247**	**(13,842)**

13. Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund

The impact of the breakdown of the annual contribution to the two funds, as reflected in the consolidated and separate statement of profit or loss, is the following:

	Group		Bank	
	2023	**2022**	**2023**	**2022**
Contribution to the Bank Deposit Guarantee Fund	47,965	91,192	44,875	86,542
Contribution to the Bank Resolution Fund	45,682	62,492	42,011	56,971
Total	**93,647**	**153,684**	**86,886**	**143,513**

14. Other operating income

In RON thousand	Group 2023	Group 2022	Bank 2023	Bank 2022
Dividend income	9,190	9,064	5,912	198,719
Income from insurance intermediation	183,763	152,689	120,928	101,620
Income from VISA, MASTERCARD, WU services	24,588	14,888	21,732	11,948
Income from indemnities, fines and penalties	10,859	10,293	5,791	5,900
Income arising from derecognition of financial assets measured at amortised cost	-	7,844	-	-
Other operating income *(i)*	97,753	97,191	60,173	71,440
Total	**326,153**	**291,969**	**214,536**	**389,627**

(i) The category "Other operating income" includes the following types of income: debt recoveries related to closed accounts, surplus from ATM transactions not claimed by customers, cash at hand differences, income from recovered legal expenses, other recoveries from operating expenses.

15. Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments

(a) *Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss*

In RON thousand	Group 2023	Group 2022	Bank 2023	Bank 2022
Net impairment allowance on assets (i)	640,596	820,127	433,473	549,482
Loans written off	5,017	8,026	2	-
Finance lease receivables and other assets written off	786	22,839	-	-
Provisions for loan commitments, financial guaratees and other commintments given	11,832	(978)	1,615	(20,563)
Recoveries from loans written off	(226,371)	(218,624)	(161,938)	(208,838)
Recoveries from finance lease receivables written off	(11,144)	(78,228)	-	-
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	**420,716**	**553,162**	**273,152**	**320,081**

(i) Net impairment losses on assets include the following:

In RON thousand	Group 2023	Group 2022	Bank 2023	Bank 2022
Loans and advances to customers	534,676	741,962	356,631	530,294
Treasury and inter-bank operations	298	(929)	77	5,504
Finance lease receivables	20,454	61,115	-	-
Investment securities	73,307	13,015	72,934	13,528
Other financial assets	11,861	4,964	3,831	156
Net impairment allowance on assets	**640,596**	**820,127**	**433,473**	**549,482**

(b) *(Other) Provisions and reversal of provisions*

In RON thousand	Group 2023	Group 2022	Bank 2023	Bank 2022
Other non-financial assets	(5,018)	(18,273)	9	(3,714)
Property and equipment and intangible assets	1	447	-	-
Litigation and other risks (*)	97,389	(40,181)	100,017	(38,346)
(Other) Provisions and reversal of provisions	**92,372**	**(58,007)**	**100,026**	**(42,060)**

(*) Release of provisions related to litigations and other risks from loan contracts that were taken over through the mergers with Volksbank Romania S.A. and Bancpost S.A., following the revision in 2022 of the future cash outflows probabilities to lower levels. In 2023, this category also includes potential risks related to ancillary fiscal obligations related to the SFIA litigation.

16. Personnel expenses

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Gross salaries	1,661,701	1,389,969	1,374,060	1,157,371
Social protection contribution	72,033	58,152	43,808	36,317
Share payments to employees	66,555	92,810	64,585	91,842
Pension contribution to Pillar III	16,314	16,674	14,806	15,551
Other staff expenses	111,063	86,970	98,196	78,040
Net expense with provisions for untaken holiday and other benefits	39,852	10,958	18,541	6,039
Total	**1,967,518**	**1,655,533**	**1,613,996**	**1,385,160**

The average number of new employees within the Group and the Bank during 2023 and 2022 was:

Category	**Monthly average number of persons employed during 2023**		**Monthly average number of persons employed during 2022**	
	Group	**Bank**	**Group**	**Bank**
Management positions	4.08	2.83	5.5	3.5
Operational positions	159.25	112.17	160	121.34
Total	**163.33**	**115**	**165.5**	**124.84**

The Bank has established a Stock Option Plan (SOP) program, within which the Bank's staff can exercise their right and option to acquire a number of shares issued by the Bank.
Vesting conditions for 2024 related to SOP 2023:

- Achievement of performance and prudential indicators during 2023;
- Compliance with certain individual eligibility and/or performance criteria, in accordance with the applicable remuneration policy and standard, related to the year for which shares are granted;
- Being an employee upon the granting of the SOP right (26 May 2023) and when exercising such right (starting from 27 May 2024).

Contractual vesting period for the shares granted for the year 2023 through SOP:

- Release after 28 May 2024;
- Deferral period for the identified personnel subject to applicable restrictions, pursuant to internal regulations in force.

The impact in profit or loss of a possible value change of the shares which are to be granted to the employees under the Stock Option Plan for 2023, by a maximum of +/-15.00% regulated by the Bucharest Stock Exchange, would be of RON +/- 10,063 thousand.

Benefits granted to employees in the form of equity instruments, as part of equity are presented below for 2023 and 2022:

In RON thousand	**2023**	**2022**
Balance as at January 1	**63,862**	**72,262**
Rights granted during the year	(62,531)	(100,243)
Expense with employee benefits in the form of share-based payments	64,585	91,843
Closing balance at the end of period	**65,916**	**63,862**

16. Personnel expenses *(continued)*

In 2023 a number of 3,551,421 shares were granted to employees and members of the Board of Directors and during the year 2022 a number of 41,226,753 shares was granted to the employees and members of the Board of Directors:

Granting date	Number of shares	Contractual vesting period	Vesting conditions
Shares granted to employees for the year 2023	3,353,712	With immediate release on May 31, 2023	Achievement of performance and prudential indicators during 2023. Compliance with the conditions stipulated in the applicable remuneration policy and standard, related to the year for which shares are granted, as well as with the conditions of the trust agreement.
	197,709	Deferral by trust agreement for 3-5 years	

17. Other operating expenses

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Rent and lease expenses	8,792	8,392	6,457	5,974
Repairs and maintenance expenses	319,729	266,556	281,717	234,071
Advertising, marketing, entertainment and sponsorship expenses	179,025	108,756	153,950	91,665
Mail, telecommunication and SMS traffic expenses	69,777	62,149	59,047	51,950
Materials and stationery expenses	97,663	89,758	86,924	82,364
Other professional fees, including legal expenses	40,656	39,293	26,322	19,585
Expenses regarding the sale of movable and immovable assets resulting from debt enforcement	-	15,916	-	-
Electricity and heating expenses	43,293	42,599	38,441	38,081
Business travel, transportation and temporary relocation expenses	62,252	52,930	59,150	49,985
Insurance expenses	34,007	27,178	29,772	23,755
Taxes	31,054	41,318	26,854	38,311
Write-off and loss on disposal of tangible assets	1,611	-	-	-
Write-off and loss on disposal of intangible assets	675	15,913	470	149
Security and protection expenses	30,548	20,345	29,024	18,558
Archiving services expenses	18,580	20,872	17,558	19,948
Expenses related to database queries from the Trade Register and the Credit Bureau	8,941	8,128	6,500	5,227
Expenses with foreclosed assets	9,513	5,962	8,461	5,304
Audit, advisory and other services provided by the independent auditor:	10,691	7,629	6,166	4,162
- statutory and group audit fees	8,535	*7,445*	4,167	*4,102*
- special audit services or other non-audit services as required by the local rules or legislation	*2,156*	*184*	*1,999*	*60*
Net loss on sale of shares in subsidiary (*)	-	-	-	178,800
Other operating expenses	121,038	101,525	80,415	57,337
Total other operating expenses	**1,087,845**	**935,219**	**917,228**	**925,226**

(*) The net loss on sale of share in subsidiaries includes the gain from the sale of the Bank's participation in BT Building to BT Property in the amount of thousand RON 6,795 and the loss from the sale of the Bank's participation in Tiriac Leasing IFN S.A. to BT Leasing IFN S.A. in the amount of thousands RON (185,595).

18. Income tax expense

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Gross Profit	**3,705,963**	**2,801,053**	**3,128,496**	**2,420,680**
Statutory tax rate	**(592,954)**	**(448,168)**	**(500,559)**	**(387,309)**
Fiscal effect of income tax on the following elements:	**(128,779)**	**135,532**	**(137,365)**	**144,628**
- *Non-taxable income*	53,690	132,640	104,251	157,604
- *Non-deductible expense*	(145,115)	(144,737)	(170,803)	(157,017)
- *Tax deductions*	178,750	153,993	169,631	148,750
- *Elements similar to income*	(37,424)	(6,457)	(2,757)	(4,709)
- *Elements similar to expenses*	59,006	93	-	-
- *Income tax related to fiscal uncertainties*	(237,686)	-	(237,687)	-
Income tax expense	**(721,733)**	**(312,636)**	**(637,924)**	**(242,681)**
- *Expenses with current tax*	(710,339)	(314,519)	(643,804)	(242,277)
- *Income / expenses with deferred tax*	(11,394)	1,883	5,880	(404)

19. Cash and curent accounts with Central Banks

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Minimum reserve requirement	19,984,835	10,137,298	18,289,681	8,572,013
Cash on hand and other values	4,267,765	4,403,419	3,996,576	4,073,144
Total	**24,252,600**	**14,540,717**	**22,286,257**	**12,645,157**

During 2023, the minimum reserve requirements ratio at the National Bank of Romania was 8% for RON denominated balances and 5% for EUR denominated balances (2022: 8% for funds denominated in RON and 5% for EUR). The minimum reserve balance may fluctuate on a daily basis. The interest paid by the National Bank of Romania for the reserves held by the banks was 0.70% - 0.75% per year for the reserves in RON and 0.02%-0.10% per year for reserves denominated in EUR. (2022: 0.48%-0.69% per year for the reserves in RON and 0.01% per year for EUR). The minimum required reserve can be used by the Bank for its daily activities as long as the average monthly balance is maintained within the required limits.
During 2023, the minimum reserve requirements ratio for MDL fluctuated from 33% to 37%, and for foreign currency, from 43% to 45%. As at December 31, 2023 the minimum reserve requirements of the National Bank of Moldova was for freely convertible currency MDL 33% and for foreign currency 43% (2022: 34% for MDL and 45% for freely convertible currency).

Reconciliation of cash and cash equivalents with the consolidated and separate statement of financial position:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Cash and curent accounts with Central Banks(*)	24,244,467	14,861,467	22,280,893	12,644,490
Placements with banks with maturity below 3 months	11,304,732	3,327,241	10,460,417	2,659,429
Reverse-repo transactions	-	-	-	-
Loans and advances to credit institutions with maturity below 3 months	-	39,054	-	39,054
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	-	-	-	-
Financial assets at amortized cost – debt instruments with maturity below 3 months	573,172	231,534	8,984	-
Cash and cash equivalents in the cash flow statement	**36,122,371**	**18,459,296**	**32,750,294**	**15,342,973**

(*) At Group level, the cash and curent accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 8,133 thousand (2022: RON 10,546 thousand) and at the level of the Bank in the amount of RON 5,364 thousand (2022: RON 667 thousand).

20. Placements with banks and public institutions

In RON thousand	Group 2023	Group 2022	Bank 2023	Bank 2022
Current accounts with other banks	1,100,282	1,034,034	678,579	519,775
Sight, collateral and term deposits with other banks and public institutions	10,663,188	3,001,471	11,431,273	4,583,256
Reverse repo transactions	-	989,564	-	989,564
Loans and advances to credit institutions	509,489	542,263	509,489	542,263
Total	**12,272,959**	**5,567,332**	**12,619,341**	**6,634,858**

As at 31 December 2023, the placements with banks included reverse-repo securities, term deposits and loans and advances to credit institutions with maturity up to 3 months, which are also included in the consolidated and separate statement of cash flows, as follows: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 9,562,115 thousand and loans and advances to credit institutions of RON 0 thousand at Group level, and reverse-repo in amount of RON 0 thousand, deposits in amount of RON 9,367,492 thousand and loans and advances to credit institutions in amount of RON 0 thousand at Bank level (2022: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 2,340,720 thousand and loans and advances to credit institutions of RON 39,054 thousand at Group level, and reverse-repo in amount of RON 0 thousand, deposits in amount of RON 1,799,386 thousand and loans and advances to credit institutions in amount of RON 39,054 thousand at Bank level).

Except for sale and reverse-repo agreements, the amounts due from other banks are not guaranteed. The quality analysis of the placements with banks as at 31 December 2023 and 31 December 2022, according to the rating agencies is detailed below:

Group	**2023**		**2022**	
In RON thousand	**Placements with banks**	**Reverse repo transactions**	**Placements with banks**	**Reverse repo transactions**
Investment grade	12,266,959	-	4,270,986	989,564
Non-investment grade	6,000	-	306,782	-
Total	**12,272,959**	**-**	**4,577,768**	**989,564**

Bank	**2023**		**2022**	
In RON thousand	**Placements with banks**	**Reverse repo transactions**	**Placements with banks**	**Reverse repo transactions**
Investment grade	11,322,137	-	3,506,498	989,564
Non-investment grade	1,297,204	-	2,138,796	-
Total	**12,619,341**	**-**	**5,645,294**	**989,564**

The qualitative analysis regarding the placements with banks was based on the credit ratings issued by rating agencies. As concerns the Group's/Bank's placements with credit institutions that are not rated by rating agencies sovereign rating was used.

The Investment-grade category includes the Group's/Bank's placements with credit institutions having the following ratings: AAA, AA, AA-, A+, A, A-, BBB+, BBB and BBB-.

The non-investment grade category includes the Group's/Bank's placements with credit institutions having the following ratings: BB+, B+, B3 and BB.

21. Financial assets at fair value through profit or loss

a) Held-for-trading financial assets measured at fair value through profit or loss

The structure of financial assets held-for-trading and measured at fair value through profit or loss is presented in the table below:

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Equity instruments	216,101	212,829	36,303	30,693
Debt instruments	129,655	108,541	-	-
Total	**345,756**	**321,370**	**36,303**	**30,693**

As at 31 December 2023, the Group held shares listed on the Bucharest Stock Exchange and on the main Stocks from Europe.
As at 31 December 2023, the Group owned significant investments amounting to RON 179,052 thousand in the following entities: Evergent Investments S.A. and Transilvania Investments Alliance S.A. (2022: RON 181,222 thousand in Evergent Investments S.A. and SIF Transilvania S.A.).

A qualitative analysis financial assets held-for-trading and measured at fair value through profit or loss for the Group and of the Bank as at 31 December 2023 and 31 December 2022 is presented below:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Investment-grade	16,659	18,963	16,315	18,720
Non-investment grade	550	394	550	394
No rating(*)	328,547	302,013	19,438	11,579
Total	**345,756**	**321,370**	**36,303**	**30,693**

(*) They mainly represent the Group's investments in fund units and Romanian financial investment companies.

The analysis is based on ratings available at rating agencies.

The Investment-grade category includes financial assets at fair value through profit or loss with the followinag ratings: BBB, BBB+, BBB-, A, A-, A+.

The Non-Investment-grade category includes financial assets at fair value through profit or loss with rating BB-.
The "no rating" category includes financial assets at fair value through profit or loss the issuers of which are not rated.

b) Financial assets which are required to be measured at fair value through profit or loss

The structure of financial assets which are required to be measured at fair value through profit or loss is presented in the table below:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Equity instruments (*)	292,920	242,037	292,472	241,712
Debt instruments	939,678	864,004	1,377,683	1,232,883
Total	**1,232,598**	**1,106,041**	**1,670,155**	**1,474,595**

(*) The Group and the Bank have included in this category the VISA and Mastercard shares, both the ordinary ones from category A / B, as well as the preferential ones from category C.

21. Financial assets at fair value through profit or loss

b) Financial assets which are required to be measured at fair value through profit or loss

The following is an analysis of the quality of the Group's and the Bank's portfolio of the debt instruments which are required to be measured at fair value through profit or loss as at 31 December 2023 and as at 31 December 2022.

	Group		Bank	
În mii lei	**2023**	**2022**	**2023**	**2022**
Investment-grade	337,987	275,171	337,987	275,171
Non-investment grade	-	-	-	-
No rating(*)	601,691	588,833	1,039,696	957,712
Total	**939,678**	**864,004**	**1,377,683**	**1,232,883**

(*) The vast majority of these represent the Group's investments in Romanian fund units and financial investment companies.

The Investment-grade category includes financial assets at fair value through profit or loss with the following ratings: A, A-,A+, BBB, BBB+
The "No rating" category includes financial assets at fair value through profit or loss the issuers of which are not rated.

22. Loans and advances to customers

The Group's and Bank's commercial lending is concentrated on Romanian and Moldavian companies and individuals. The risk distribution of the credit portfolio per sectors, as at 31 December 2023 and 31 December 2022, is the following:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Retail	33,535,169	30,948,280	31,433,875	28,920,184
Trading	8,253,371	8,089,725	7,553,098	7,497,861
Manufacturing	5,247,804	4,440,374	4,916,366	4,166,932
Agriculture	3,304,137	3,130,204	3,188,576	3,034,711
Services	3,545,309	2,881,235	3,260,427	2,616,009
Real Estate	2,905,592	2,412,739	2,960,077	2,460,459
Constructions	2,354,987	1,711,912	2,123,074	1,489,575
Transportation	2,585,858	2,370,619	2,117,656	1,919,864
Self-employed	1,103,274	998,317	887,732	823,227
Others	1,262,629	1,069,132	1,097,760	921,198
Financial Institutions	768,736	663,221	4,608,630	2,832,928
Telecommunications	321,982	246,275	293,838	215,330
Energy Industry	1,941,327	1,660,047	1,919,409	1,648,987
Mining Industry	82,452	63,088	76,976	55,739
Chemical Industry	150,639	71,672	145,467	68,238
Government Institutions	9,330,576	8,806,034	9,317,465	8,783,219
Fishing	21,916	20,675	20,786	19,634
Total loans and advances to customers before impairment allowance (*)	**76,715,758**	**69,583,549**	**75,921,212**	**67,474,095**
Allowances for impairment losses on loans	(4,707,534)	(4,382,629)	(4,370,808)	(4,024,141)
Total loans and advances to customers, net of impairment allowance	**72,008,224**	**65,200,920**	**71,550,404**	**63,449,954**

(*) Total loans and advances to customers before impairment allowance are diminished by the fair value adjustments for the portfolio of loans taken over through acquisitions, determined on the basis of the purchase price allocation report.

22. Loans and advances to customers *(continued)*

The structure of the credit portfolio of the Group and the Bank as at 31 December 2023 and 31 December 2022 is the following:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Corporate	31,891,157	28,526,290	35,424,045	30,397,258
Small and medium enterprises	10,254,549	9,294,327	9,063,280	8,156,625
Consumer loans and card loans granted to retail customers	13,392,850	12,649,654	12,674,358	11,836,977
Mortgage loans	19,053,459	17,384,457	18,701,951	17,018,290
Loans granted by non-banking financial institutions	2,060,596	1,654,683	-	-
Other	63,147	74,138	57,578	64,945
Total loans and advances to customers before impairment allowance	**76,715,758**	**69,583,549**	**75,921,212**	**67,474,095**
Allowances for impairment losses on loans	(4,707,534)	*(4,382,629)*	(4,370,808)	*(4,024,141)*
Total loans and advances to customers net of impairment allowance	**72,008,224**	**65,200,920**	**71,550,404**	**63,449,954**

Notes to the consolidated and separate financial statements

22. Loans and advances to customers *(continued)*

The movement in impairment allowances on loans and advances to customers at Group level in 2023 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2023	**(1,138,960)**	**(1,680,377)**	**(1,488,706)**	**(74,586)**	**(4,382,629)**
Increase due to issue or acquisition	(999,169)	(691,358)	(75,624)	**-**	**(1,766,151)**
Decrease due to derecognition	486,874	602,842	167,508	**27,718**	**1,284,942**
Increase or decrease due to the change in credit risk (net) and transfers	127,706	(160,289)	(488,168)	**(1,822)**	**(522,573)**
Increase or decrease due to changes without derecognition (net)	195,958	167,108	164,835	**(72,982)**	**454,919**
Increase or decrease due to the update of the institution's estimation methodology (net)	7	9	(10,245)	**(17,790)**	**(28,019)**
Decrease of impairment allowances due to write-offs	465	33,712	127,446	**99,046**	**260,669**
Other adjustments	(1,059)	(2,294)	(4,854)	**(485)**	**(8,692)**
Closing balance as at 31 December 2023	**(1,328,178)**	**(1,730,647)**	**(1,607,808)**	**(40,901)**	**(4,707,534)**

During the year 2023, the Group contractual amount outstanding in loans and advances to customers that were written off and are still subject to enforcement activity was in the amount thousand RON 192,877. The total outstanding amount as at December 31, 2023 was RON 3,306,671.

Notes to the consolidated and separate financial statements

22. Loans and advances to customers *(continued)*

The movement in impairment allowances on loans and advances to customers at Bank level in 2023 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2023	**(1,081,557)**	**(1,636,145)**	**(1,253,317)**	**(53,122)**	**(4,024,141)**
Increase due to issue or acquisition	(1,035,511)	(684,142)	(73,265)	**-**	**(1,792,918)**
Decrease due to derecognition	508,648	601,034	133,559	**12,425**	**1,255,666**
Increase or decrease due to the change in credit risk (net) and transfers	102,260	(158,053)	(408,212)	**(1,810)**	**(465,815)**
Increase or decrease due to changes without derecognition (net)	205,876	169,133	125,673	**(10,166)**	**490,516**
Decrease of impairment allowances due to write-offs	465	33,712	123,143	**17,535**	**174,855**
Other adjustments	(1,420)	(3,094)	(3,974)	**(483)**	**(8,971)**
Closing balance as at 31 December 2023	**(1,301,239)**	**(1,677,555)**	**(1,356,393)**	**(35,621)**	**(4,370,808)**

During the year 2023, the Bank contractual amount outstanding in loans and advances to customers that were written off and are still subject to enforcement activity was in the amount thousand RON 104,240. The total outstanding amount as at December 31, 2023 was RON 2,687,249.

22. Loans and advances to customers *(continued)*

The movement in impairment allowances on loans and advances to customers at Group level in 2022 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2022	**(797,877)**	**(1,531,953)**	**(1,423,728)**	**(75,973)**	**(3,829,531)**
Increase due to issue or acquisition	(827,288)	(727,107)	(257,501)	-	**(1,811,896)**
Decrease due to derecognition	391,518	466,664	263,171	9,794	**1,131,147**
Increase or decrease due to the change in credit risk (net) and transfers	112,845	(43,891)	(459,632)	(11,152)	**(401,830)**
Increase or decrease due to changes without derecognition (net)	(18,217)	144,081	104,374	(16,637)	**213,601**
Decrease of impairment allowances due to write-offs	627	13,643	287.085	19,784	**321.139**
Other adjustments	(568)	(1,814)	(2,475)	(402)	**(5,259)**
Closing balance as at 31 December 2022	**(1,138,960)**	**(1,680,377)**	**(1,488,706)**	**(74,586)**	**(4,382,629)**

During the year 2022, the Group contractual amount outstanding in loans and advances to customers that were written off and are still subject to enforcement activity was in the amount thousand RON 268,163. The total outstanding amount as at December 31, 2023 was thousand RON 3,352,596.

Notes to the consolidated and separate financial statements

22. Loans and advances to customers *(continued)*

The movement in impairment allowances on loans and advances to customers at Bank level in 2022 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2022	**(791,352)**	**(1,505,695)**	**(1,270,134)**	**(47,056)**	**(3,614,237)**
Increase due to issue or acquisition	(801,994)	(713,256)	(246,487)	-	**(1,761,737)**
Decrease due to derecognition	384,461	465,454	246,768	7,946	**1,104,629**
Increase or decrease due to the change in credit risk (net) and transfers	96,013	(48,350)	(395,933)	(11,570)	**(359,840)**
Increase or decrease due to changes without derecognition (net)	31,319	153,857	182,510	(21,166)	**346,520**
Decrease of impairment allowances due to write-offs	563	13,574	232,329	19,127	**265,593**
Other adjustments	(567)	(1,729)	(2,370)	(403)	**(5,069)**
Closing balance as at 31 December 2022	**(1,081,557)**	**(1,636,145)**	**(1,253,317)**	**(53,122)**	**(4,024,141)**

During the year 2022, the Bank contractual amount outstanding in loans and advances to customers that were written off and are still subject to enforcement activity was in the amount thousand RO 213,499. The total outstanding amount as at December 31, 2023 was RON 2,722,805.

23. Finance lease receivables

The Group acts as a lessor under finance lease agreements, concluded mainly for financing motor vehicles and equipment. The lease agreements are denominated in EUR, RON and MDL and typically run for a period between 2 and maximum 10 years, with the transfer of ownership over the leased assets upon the termination of the lease agreement.

The lease receivables are secured by the underlying assets and by other collateral. The breakdown of finance lease receivables according to their contractual maturity is presented below:

In RON thousand	**2023**	**2022**
Finance lease receivables with maturity below 1 year, gross	1,426,123	1,164,053
Finance lease receivables with maturity between 1-2 years, gross	1,112,761	866,981
Finance lease receivables with maturity between 2-3 years, gross	845,466	624,628
Finance lease receivables with maturity between 3-4 years, gross	535,641	381,566
Finance lease receivables with maturity between 4-5 years, gross	259,946	167,723
Finance lease receivables with maturity above 5 years, gross	18,911	11,061
Total finance lease receivables, gross	**4,198,848**	**3,216,012**
Future interest related to finance lease receivables	(494.074)	(270,050)
Total finance lease receivables, net of future interest	3,704,774	2,945,962
Impairment allowances for finance lease receivables	(142,091)	(133,365)
Total finance lease receivables	**3,562,683**	**2,812,597**

The lease contracts are originated and managed by BT Leasing Transilvania IFN S.A., BT Leasing Moldova S.R.L. and Idea Leasing IFN S.A..

Notes to the consolidated and separate financial statements

23. Finance lease receivables *(continued)*

The movement in impairment allowances on finance lease receivable at Group level in 2023 was the following:

	Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI))	Total
Opening balance as at January 1, 2023	**(22,684)**	**(18,824)**	**(76,142)**	**(15,715)**	**(133,365)**
Increase due to issue or acquisition	(9,992)	(8,468)	(4,900)	**-**	**(23,360)**
Decrease due to derecognition	2,837	2,988	7,609	**3**	**13,437**
Increase or decrease due to the change in credit risk (net) and transfers	(7,012)	(11,819)	16,617	**3,709**	**1,495**
Increase or decrease due to changes without derecognition (net)	378	(1,035)	(330)	**17**	**(970)**
Increase or decrease due to the update of the institution's estimation methodology (net)	5	38	(194)	**-**	**(151)**
Decrease in the impairment allowance account due to off-balance sheet removals	-	-	823	**-**	**823**
Other adjustments	359	9,215	(9,589)	**15**	**-**
Closing balance as at 31 December 2023	**(36,109)**	**(27,905)**	**(66,106)**	**(11,971)**	**(142,091)**

During the year 2023, the Group contractual amount outstanding in finance lease receivable that were written off and are still subject to enforcement activity was in the amount thousand RON 823. The total outstanding amount as at December 31, 2023 was RON 16,348.

23. Finance lease receivables *(continued)*

The movement in impairment allowances on finance lease receivable at Group level in 2022 was the following:

	Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2022	**(44)**	**(31,411)**	**(55,469)**	**(19,264)**	**(106,188)**
Increase due to issue or acquisition	(1,350)	(5,730)	(1,425)	-	**(8,505)**
Decrease due to derecognition	93	2,086	3,042	777	**5,998**
Increase or decrease due to the change in credit risk (net) and transfers	(16,393)	26,137	(20,710)	(11,301)	**(22,267)**
Increase or decrease due to changes without derecognition (net)	(5,054)	(10,084)	(1,575)	14,073	**(2,640)**
Variations due to the update of the institution's estimation methodology(net)	-	-	-	-	**-**
Decrease in the impairment allowance account due to off- balance sheet removals	-	-	192	-	**192**
Other adjustments	64	178	(197)	-	**45**
Closing balance as at 31 December 2022	**(22,684)**	**(18,824)**	**(76,142)**	**(15,715)**	**(133,365)**

During the year 2022, the Group contractual amount outstanding in finance lease receivable that were written off and are still subject to enforcement activity was in the amount thousand RON 192. The total outstanding amount as at December 31, 2023 was thousand RON 12,831.

24. Investment securities

a) Financial assets measured at fair value through other items of comprehensive income

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Debt instruments, of which:	**40,419,383**	**43,307,183**	**40,218,319**	**43,079,635**
- Central administrations	37,959,831	40,668,232	37,745,421	40,427,422
- Credit institutions	2,068,827	2,183,444	2,068,827	2,183,444
- Other financial companies	310,847	385,997	324,193	399,259
- Non-financial institutions	79,878	69,510	79,878	69,510
Equity instruments, of which:	**154,160**	**151,693**	**19,400**	**17,663**
- Other financial companies	121,512	147,302	15,192	13,740
- Non-financial institutions	32,648	4,391	4,208	3,923
Loans and advances, of which:	**26,483**	**26,856**	**26,483**	**26,856**
- Central administrations	26,483	26,856	26,483	26,856
Total	**40,600,026**	**43,485,732**	**40,264,202**	**43,124,154**

As at 31 December 2023, the Group and the Bank hold equity instruments valued at fair value through other items of comprehensive income under the form of participations mainly in Transfond, Biroul de Credit, Swift Belgium, CCP RO București S.A., Depozitarul Central S.A., Evergent Investments S.A., Platforma Roca S.A. and Morphosis Capital Fund I Cooperatief U.A..

The investment in such equity instruments as at 31 December 2023 at Group level amounted to RON 154,160 thousand (2022: RON 151,693 thousand) and at Bank level RON 19,400 thousand (2022: RON 17,663 thousand). During 2023, the dividends received by the Group for these equity instruments investment were in the amount of RON 14,981 thousands (2022: RON 5,489 thousand), and at the level of the Bank in the amount of RON 5,495 thousand (2022: RON 4,437 thousand).

The bank also includes in this category bonds, that are held for the purpose of collecting future cashflows or sale, in order to obtain certain returns or manage liquidity.

Notes to the consolidated and separate financial statements

24. Investment securities *(continued)*

a) Financial assets measured at fair value through other items of comprehensive income (continued)

Qualitative analysis of the bonds held by the Group and the Bank as at 31 December 2023, classified as “Financial assets measured at fair value through other items of comprehensive income”, depending on the issuer’s rating:

	Group					Bank				
In RON thousand	Central administrations	Credit institutions	Other financial corporations	Non-financial corporations	Total	Central administrations	Credit institutions	Other financial corporations	Non-financial corporations	Total
Debt instruments, of which	**37,959,831**	**2,068,827**	**310,847**	**79,878**	**40,419,383**	**37,745,421**	**2,068,827**	**324,193**	**79,878**	**40,218,319**
A	-	554,724	266,248	-	**820,972**	-	554,724	266,248	-	**820,972**
A-	32,639	739,444	-	-	**772,083**	32,639	739,444	-	-	**772,083**
A+	-	123,314	-	-	**123,314**	-	123,314	-	-	**123,314**
AAA	561,936	117,305	-	-	**679,241**	561,936	117,305	-	-	**679,241**
B	-	-	-	17,430	**17,430**	-	-	-	17,430	**17,430**
B-	3,707	-	-	-	**3,707**	-	-	-	-	**-**
BB	-	10,628	-	-	**10,628**	-	10,628	-	-	**10,628**
BB-	-	-	-	-	-	-	-	-	-	**-**
BB+	132	-	44,599	-	**44,731**	132	-	57,945	-	**58,077**
BBB	-	220,311	-	62,448	**282,759**	-	220,311	-	62,448	**282,759**
BBB-	37,361,417	129,779	-	-	**37,491,196**	37,150,714	129,779	-	-	**37,280,493**
BBB+	-	100,947	-	-	**100,947**	-	100,947	-	-	**100,947**
DD	-	72,375	-	-	**72,375**	-	72,375	-	-	**72,375**
Loans and advances, of which	**26,483**	**-**	**-**	**-**	**26,483**	**26,483**	**-**	**-**	**-**	**26,483**
BB-	26,483	-	-	-	**26,483**	26,483	-	-	-	**26,483**

Notes to the consolidated and separate financial statements

24. Investment securities *(continued)*

a) Financial assets measured at fair value through other items of comprehensive income (continued)

Qualitative analysis of the bonds held by the Group and the Bank as at 31 December 2022, classified as "Financial assets measured at fair value through other items of comprehensive income", depending on the issuer's rating:

	Group					**Bank**				
In RON thousand	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**40,668,232**	**2,183,444**	**385,997**	**69,510**	**43,307,183**	**40,427,422**	**2,183,444**	**399,259**	**69,510**	**43,079,635**
A	-	535,382	343,234	-	**878,616**	-	535,382	343,234	-	**878,616**
A-	-	696,395	-	-	**696,395**	-	696,395	-	-	**696,395**
A+	-	119,576	-	-	**119,576**	-	119,576	-	-	**119,576**
AAA	537,816	93,454	-	-	**631,270**	537,816	93,454	-	-	**631,270**
B	-	-	-	15,837	**15,837**	-	-	-	15,837	**15,837**
B-	4,010	-	-	-	**4,010**	-	-	-	-	**-**
BB+	213	46,122		-	**46,335**	213	46,122	13,262	-	**59,597**
BB-	-	68,460	-	-	**68,460**	-	68,460	-	-	**68,460**
BBB	285,857	412,608	-	53,673	**752,138**	285,857	412,608	-	53,673	**752,138**
BBB-	39,840,336	73,512	42,763	-	**39,956,611**	39,603,536	73,512	42,763	-	**39,719,811**
BBB+	-	137,935	-	-	**137,935**	-	137,935	-	-	**137,935**
Loans and advances, of which	**26,856**	**-**	**-**	**-**	**26,856**	**26,856**	**-**	**-**	**-**	**26,856**
BB-	26,856	-	-	-	**26,856**	26,856	-	-	-	**26,856**

As at 31 December 2023, the Group and the Bank hold past due or impaired debt instruments classified as „Financial assets measured at fair value through other items of comprehensive income" in amount of RON 72,375 thousand (31 December 2022: RON 0 thousand).

Evolution of securities in the category "Financial assets measured at fair value through other items of comprehensive income":

	Group		**Bank**	
In RON thousand	**2023**	**2022**	**2023**	**2022**
As at January 1	**43,485,732**	**41,193,373**	**43,124,154**	**40,853,784**
Acquisitions	17,936,513	12,131,322	17,817,334	11,932,842
Sales and repurchases (*)	(23,271,444)	(6,716,802)	(23,121,982)	(6,712,862)
Coupon and amortization in profit or loss during the year (Note 8)	1,614,924	1,188,703	1,607,502	1,181,086
Coupon collected, at term, during the year	(1,748,651)	(1,189,997)	(1,741,572)	(1,009,855)
Gain/(Loss) from the measurement at fair value	2,596,009	(3,267,979)	2,593,659	(3,267,875)
Exchange rate differences	(13,057)	147,112	(14,893)	147,034
As at 31 December	**40,600,026**	**43,485,732**	**40,264,202**	**43,124,154**

(*) Represents the amounts collected from the sale and maturity of financial assets at fair value through other comprehensive income

24. Investment securities *(continued)*

a) Financial assets measured at fair value through other items of comprehensive income (continued)

As at 31 December 2023, out of the treasury securities held by the Bank, the amount of RON 165,000 thousand (2022: RON 77,000 thousand) was pledged for current operations (RoCLEAR, SENT, MASTERCARD and VISA).
The treasury securities and bonds issued by the Romanian Government have maturities between 2024 and 2053.

As at 31 December 2023, the Bank concluded repo transactions with other financial institutions, backed by financial assets measured at fair value through other items of comprehensive income in amount of RON 368,480 thousand (2022: RON 1,833,170 thousand). The securities pledged under repo agreements may be sold or re-pledged by the counterparty.

The interest rates on financial assets measured at fair value through other comprehensive income were within the following ranges:

	2023		2022	
	Minimum	**Maximum**	**Minimum**	**Maximum**
EUR	0.00%	7.50%	0.00%	6.625%
RON	0.00%	9.08%	0.00%	9.43%
USD	0.88%	7.63%	0.875%	6.125%
MDL	0.00%	16.00%	0.00%	24.39%
PLN	1.00%	1.00%	1.00%	1.00%

b) Financial assets at amortized cost - debt instruments

In 2023, the Group holds and classifies as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 9,472,245 thousand (2022: RON 2,059,712 thousand) and the Bank acquired bonds in amount of RON 7,980,071 thousand (2022: RON 975,159 thousand).

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Debt instruments, of which				
- Central banks	564,188	229,294	-	-
- Central administrations	6,819,530	1,387,383	5,876,660	517,327
- Credit institutions	788,581	336,481	803,465	351,278
- Other financial companies	1,255,462	62,194	1,255,463	62,194
- Non-financial institutions	44,484	44,360	44,483	44,360
Total	**9,472,245**	**2,059,712**	**7,980,071**	**975,159**

Notes to the consolidated and separate financial statements

24. Investment securities *(continued)*

b) Financial assets at amortized cost - debt instruments (continued)

Qualitative analysis of the financial assets measures at amortized cost - debt instruments held by the Group as at 31 December 2023 and 31 December 2022, depending on the issuer's rating:

31 December 2023	**Group**					
In RON thousand	**Central banks**	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**564,188**	**6,819,530**	**788,581**	**1,255,462**	**44,484**	**9,472,245**
A	-	-	383,840	-	-	**383,840**
B	-	-	-	-	44,484	**44,484**
B-	564,188	849,829	-	-	-	**1,414,017**
BB	-	-	151,625	-	-	**151,625**
BB+	-	-	-	-	-	**-**
BBB	-	-	253,116	1,245,343	-	**1,498,459**
BBB-	-	5,969,701	-	-	-	**5,969,701**
BBB+	-	-	-	10,119	-	**10,119**

31 December 2022	**Group**					
In RON thousand	**Central banks**	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**229,294**	**1,387,383**	**336,481**	**62,194**	**44,360**	**2,059,712**
A	**-**	**-**	**-**	**52,075**	**-**	**52,075**
A-	-	-	265,170	-	-	**265,170**
B	-	-	-	-	44,360	**44,360**
B-	229,294	796,103	-	-	-	**1,025,397**
BB+	-	-	-	-	-	**-**
BBB	-	-	71,311	-	-	**71,311**
BBB-	-	591,280	-	-	-	**591,280**
BBB+	**-**	**-**	-	10,119	-	**10,119**

Qualitative analysis of the financial assets measures at amortized cost - debt instruments held by the Bank as at 31 December 2023 and 31 December 2022, depending on the issuer's rating:

31 December 2023	**Bank**				
In RON thousand	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**5,876,660**	**803,465**	**1,255,463**	**44,483**	**7,980,071**
A	-	383,840	-	-	**383,840**
B	-	-	-	44,483	**44,483**
B-	-	-	-	-	**-**
BB	-	151,625	-	-	**151,625**
BB+	-	14,883	-	-	**14,883**
BBB	-	253,117	1,245,344	-	**1,498,461**
BBB-	5,876,660	-	-	-	**5,876,660**
BBB+	-	-	10,119	-	**10,119**

24. Investment securities *(continued)*

b) Financial assets at amortized cost - debt instruments (continued)

31 December 2022			**Bank**		
In RON thousand	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**517,327**	**351,278**	**62,194**	**44,360**	**975,159**
A	-	-	52,075	-	**52,075**
A-	-	265,170	-	-	**265,170**
B	-	-	-	44,360	**44,360**
B-	-	-	-	-	**-**
BB+	-	14,797	-	-	**14,797**
BBB	-	71,311	-	-	**71,311**
BBB-	517,327	-	-	-	**517,327**
BBB+	-	-	10,119	-	**10,119**

The movement of securities in the category of financial assets measured at amortized cost - debt instruments is presented in the table below:

	Group		**Bank**	
In RON thousand	**2023**	**2022**	**2023**	**2022**
As at January 1	2,059,712	1,483,111	975,159	355,331
Acquisitions	34,002,713	4,600,514	7,321,026	698,196
Sales and repurchases	(26,858,671)	(4,116,857)	(319,102)	(88,317)
Coupon and amortization in P&L during the year (Note 8)	335,292	125,586	125,533	17,135
Coupon collected, at term, during the year	(137,761)	(17,087)	(126,349)	(8,627)
Recognition of expected credit losses (ECL) in accordance with IFRS 9	(13,847)	33	(13,363)	(761)
Exchange rate differences	84,807	(15,588)	17,167	2,202
As at 31 December	**9,472,245**	**2,059,712**	**7,980,071**	**975,159**

Notes to the consolidated and separate financial statements

25. Investment in subsidiaries

As at 31 December 2023 the Bank had direct stakes in subsidiaries in amount of RON 873,300 thousand (2022: RON 708,412 thousand) and the impairment allowance amounted to RON 51,317 thousand (2022: RON 51,317 thousand).

On 31 December 2023 the Bank has subsidiaries which directly and indirectly holdings are:

Entity	Head Office	% of shares owned	Share capital	Reserves	Profit/(Loss) as at 31 December 2023
BT Leasing Transilvania IFN S.A.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	100%	59,573	12,380	148,941
BT Capital Partners S.A.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, ground floor	99.59%	19,478	2,349	15,937
BT Direct IFN S.A.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, 3rd floor	100%	79,806	19,113	43,819
BT Building S.R.L.	Cluj-Napoca, 30-36 Calea Dorobanţilor Street	100%	40,448	1,272	2,188
BT Investments S.R.L.	Cluj-Napoca, 36 Eroilor Boulevard	100%	50,940	2,932	7,130
BT Asset Management SAI S.A.	Cluj-Napoca, 22 Emil Racoviţă Street, first floor	100%	7,166	84,352	24,903
BT Solution Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	100%	20	4	8,730
BT Safe Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	100%	77	15	797
BT Intermedieri Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	100%	507	101	11,726
BT Leasing Moldova S.R.L.	Republic of Moldova, Chişinău, 60 A,Puşkin Street	100%	5,336	494	6,499
BT Asiom Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	100%	20	4	9,497
BT Microfinanţare IFN S.A.	Bucureşti, 43 Bucureşti-Ploieşti Boulevard	100%	46,760	12,638	60,287
Improvement Credit Collection S.R.L.	Cluj-Napoca, 1 George Bariţiu Street	100%	901	1,740	9,280
B.C. VICTORIABANK S.A.	Republic of Moldova, Chişinău, 141 31 August 1989 Street	44.63%	57,375	5,738	169,348
BT Pensii S.A.	Bucureşti, 75-77 Buzeşti Street, 10th floor, 2nd office	100%	13,731	83	(1,149)
Salt Bank S.A.	Bucureşti, Sector 2, 5-7 Dimitrie Pompei Boulevard, 6th floor	100%	459,150	17,394	(24,334)
Idea Leasing IFN S.A.	Bucureşti, sector 1, 19-21 Bucureşti-Ploiesşti Boulevard, Băneasa Business Center, 2nd floor	100%	9,503	1,878	48,034
Idea Broker de Asigurare S.R.L.	Bucureşti, sector 1, 19-21 Bucureşti-Ploiesşti Boulevard, Băneasa Business Center, 2nd floor	100%	150	30	8,377
Code Crafters by BT	Cluj-Napoca, General Traian Moşoiu Street, 35	100%	10	4	2,782
BTP ONE S.R.L.	Cluj-Napoca, 30-36 Calea Dorobanţilor Street	100%	29,000	46	4,294
BTP Retail S.R.L.	Cluj-Napoca, 30-36 Calea Dorobanţilor Street	100%	100	-	(5)
VB Investment Holding B.V.	Netherlands, Amsterdam, 423 Westerdoksdijk	61.82%	839	(1,988)	(256)
Total			**880,890**	**160,579**	**556,825**

Notes to the consolidated and separate financial statements

25. Investment in subsidiaries *(continued)*

On 31 December 2022 the Bank has subsidiaries which directly and indirectly holdings were:

Entity	Head Office	% of shares owned	Share capital	Reserves	Profit/(Loss) as at 31 December 2022
BT Leasing Transilvania IFN S.A.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	100%	58,674	12,079	85,946
BT Capital Partners S.A.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, ground floor	99.59%	19,478	1,420	5,748
BT Direct IFN S.A.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, 3rd floor	100%	79,806	19,113	7,646
BT Building S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	40,448	719	7,417
BT Investments S.R.L.	Cluj-Napoca, 36 Eroilor Boulevard	100%	50,940	2,576	11,639
BT Asset Management SAI S.A.	Cluj-Napoca, 22 Emil Racoviţă Street, first floor	100%	7,166	62,638	18,038
BT Solution Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	99.95%	20	4	2,163
BT Safe Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	99.99%	77	15	1,476
BT Intermedieri Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	99.99%	507	101	6,251
BT Leasing Moldova S.R.L.	Republic of Moldova, Chişinău, 60 A,Puşkin Street	100%	4,944	494	6,733
BT Asiom Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brâncuşi Street, first floor	99.95%	20	4	6,009
BT Microfinanţare IFN S.A.	Bucureşti, 43 Bucureşti-Ploieşti Boulevard	100%	46,760	11,464	47,856
Improvement Credit Collection S.R.L.	Cluj-Napoca, 1 George Bariţiu Street	100%	901	1,740	10,628
B.C. VICTORIABANK S.A.	Republic of Moldova, Chişinău, 141 31 August 1989 Street	44.63%	60,700	6,070	159,161
BT Pensii S.A.	Bucureşti, 75-77 Buzeşti Street, 10th floor, 2nd office	100%	8,731	83	(365)
Idea Bank S.A.	Bucureşti, Sector 2, 5-7 Dimitrie Pompei Boulevard, 6th floor	100%	294,150	6,829	(14,105)
Idea Leasing IFN S.A.	Bucureşti, sector 1, 19-21 Bucureşti-Ploiesşti Boulevard, Băneasa Business Center, 2nd floor	100%	9,503	1,877	23,273
Idea Broker de Asigurare S.R.L.	Bucureşti, sector 1, 19-21 Bucureşti-Ploiesşti Boulevard, Băneasa Business Center, 2nd floor	100%	150	30	7,540
Code Crafters by BT	Cluj-Napoca, General Traian Moşoiu Street, 35	100%	10	2	1,328
Țiriac Leasing IFN S.A.	Cluj-Napoca, Constantin Brâncuși Street, 74-76	100%	13,126	5,787	29,512
VB Investment Holding B.V.	Netherlands, Amsterdam, 423 Westerdoksdijk	61.82%	893	1,793	(252)
Total			**697,004**	**134,838**	**423,642**

Notes to the consolidated and separate financial statements

26. Property and equipment and investment property

***Group** - In RON thousand*

Gross carrying amount	**Investment property**	**Land & buildings**	**Computers and equipment**	**Vehicles**	**Fixed assets in progress**	**Total**
Balance as at 1 January 2022	**932**	**767,090**	**747,006**	**73,504**	**73,722**	**1,662,254**
Acquisitions of tangible assets and investment property	18,355	2,047	39,781	6,407	197,024	263,614
Tangible assets related to acquisition	-	332	3,051	469	-	3,852
Reclassification from investments in progress	-	71,174	119,047	19,621	(209,842)	-
Revaluation (impact on reserve)	-	5,036	11,670	5,141	-	21,847
Revaluation (impact on profit or loss statement)	520	(573)	(480)	-	-	(533)
Disposals	-	(18,892)	(43,771)	(9,479)	(9,901)	(82,043)
Balance at 31 December 2022	**19,807**	**826,214**	**876,304**	**95,663**	**51,003**	**1,868,991**
Balance as at January 1, 2023	**19,807**	**826,214**	**876,304**	**95,663**	**51,003**	**1,868,991**
Acquisitions of tangible assets and investment property	66,838	956	5,897	3,637	189,676	267,004
Tangible assets related to acquisition	-	-	-	-	-	-
Reclassification from investments in progress	-	28,390	109,203	10,159	(147,752)	-
Revaluation (impact on reserve)	-	5,636	3,990	3,026	-	12,652
Revaluation (impact on profit or loss statement)	135	(1,478)	-	-	-	(1,343)
Disposals	-	(2,208)	(31,546)	(10,627)	(4,072)	(48,453)
Balance at 31 December 2023	**86,780**	**857,510**	**963,848**	**101,858**	**88,855**	**2,098,851**

Notes to the consolidated and separate financial statements

26. Property and equipment and investment property *(continued)*

Amortization and depreciation

***Group** - In RON thousand*	**Investment property**	**Land & buildings**	**Computers and equipment**	**Vehicles**	**Fixed assets in progress**	**Total**
Balance as at 1 January 2022	**-**	**181,403**	**378,197**	**38,439**	**-**	**598,039**
Charge for the year	-	40,218	95,337	13,356	-	148,911
Depreciation related to acquisitions		142	2,788	469	-	3,399
Accumulated depreciation of disposals	-	(11,738)	(38,288)	(6,154)	-	(56,180)
Amortization related to revaluation (impact on reserve)	-	319	-	-	-	319
Amortization related to revaluation (impact on profit or loss statement)	-	57	-	-	-	57
Balance at 31 December 2022	**-**	**210,401**	**438,034**	**46,110**	**-**	**694,545**
Balance as at 1 January, 2023	**-**	**210,401**	**438,034**	**46,110**	**-**	**694,545**
Charge for the year	-	44,818	109,881	15,185		169,884
Depreciation related to acquisitions	-	-	-	-	-	-
Accumulated depreciation of disposals	-	(4,989)	(28,929)	(10,486)	-	(44,404)
Amortization related to revaluation (impact on reserve)	-	188	-	12	-	200
Amortization related to revaluation (impact on profit or loss statement)	-	(277)	-	-	-	(277)
Balance at 31 December 2023	**-**	**250,141**	**518,986**	**50,821**	**-**	**819,948**
Net carrying amount						
As at 1 January 2023	**19,807**	**615,813**	**438,270**	**49,553**	**51,003**	**1,174,446**
As at 31 December 2023	**86,780**	**607,369**	**444,862**	**51,037**	**88,855**	**1,278,903**

Notes to the and separate financial statements

26. Property and equipment and investment property *(continued)*

Bank *- In RON thousand*	**Investment property**	**Land & buildings**	**Computers and equipment**	**Vehicles**	**Fixed assets in progress**	**Total**
Gross carrying amount						
Balance as at 1 January 2022	**932**	**438,002**	**618,670**	**44,016**	**46,916**	**1,148,536**
Acquisitions of tangible assets and investment property	-	293	35,675	3,517	159,281	198,766
Reclassification from investments in progress	-	41,782	93,796	19,272	(154,850)	-
Revaluation (impact on reserve)	-	3,986	6,907	4,302	-	15,195
Revaluation (impact on profit or loss statement)	520	243	-	-	-	763
Disposals	-	(17,990)	(23,252)	(2,988)	(7,867)	(52,097)
Balance at 31 December, 2022	**1,452**	**466,316**	**731,796**	**68,119**	**43,480**	**1,311,163**
Balance as at 1 January, 2023	**1,452**	**466,316**	**731,796**	**68,119**	**43,480**	**1,311,163**
Acquisitions of tangible assets and investment property	-	-	171	-	156,159	156,330
Reclassification from investments in progress	-	22,034	87,772	9,023	(118,829)	-
Revaluation (impact on reserve)	-	7,615	1,828	2,523	-	11,966
Revaluation (impact on profit or loss statement)	135	(1,478)	-	-	-	(1,343)
Disposals	-	(6,428)	(16,722)	(6,354)	(1,452)	(30,956)
Balance at 31 December 2023	**1,587**	**488,059**	**804,845**	**73,311**	**79,358**	**1,447,160**

Notes to the consolidated and separate financial statements

26. Property and equipment and investment property *(continued)*

***Bank** - In RON thousand*	Investment property	Land & buildings	Computers and equipment	Vehicles	Fixed assets in progress	Total
Balance as at 1 January 2022	**-**	**153,833**	**319,628**	**22,494**	**-**	**495,955**
Charge for the year	-	32,693	76,490	9,704	-	118,887
Accumulated depreciation of disposals	-	(10,240)	(22,424)	(2,428)	-	(35,092)
Amortization related to revaluation (impact on reserve)	-	319	-	-	-	319
Amortization related to revaluation (impact on profit or loss statement)	-	57	-	-	-	57
Balance at 31 December 2022	**-**	**176,662**	**373,694**	**29,770**	**-**	**580,126**
Balance as at 1 January, 2023	**-**	**176,662**	**373,694**	**29,770**	**-**	**580,126**
Charge for the year	-	36,888	88,718	11,945	-	137,551
Accumulated depreciation of disposals	-	(6,004)	(16,127)	(6,115)	-	(28,246)
Amortization related to revaluation (impact on reserve)	-	2,581	-	12	-	2,593
Amortization related to revaluation (impact on profit or loss statement)	-	(277)	-	-	-	(277)
Balance at 31 December 2023	**-**	**209,850**	**446,285**	**35,612**	**-**	**691,747**
Net carrying amount						
As at 1 January 2023	**1,452**	**289,654**	**358,102**	**38,349**	**43,480**	**731,037**
As at 31 December 2023	**1,587**	**278,209**	**358,560**	**37,699**	**79,358**	**755,413**

26. Property and equipment and investment property *(continued)*

As at 31 December 2023, the Group and the Bank did not have any pledged tangible or intangible assets. Property and equipment as at 31 December 2023 were revaluated by an independent evaluator. If the fixed assets of the Group had been booked under the cost model, the recognized carrying amount would have been: land and buildings: RON thousand 543,710 (2022: RON 563,960 thousand), investment property RON 85,338 thousand (2022: RON 18,500 thousand), computers and equipment RON 433,778 thousand (2022: RON 425,507 thousand), vehicles RON 43,654 thousand (2022: RON 43,270 thousand), fixed assets in progress RON 88,855 thousand (2022: RON 51,003 thousand).

If the assets of the Bank had been booked under the cost model, the recognized carrying amount would have been: land and buildings RON 255,210 thousand (2022: RON thousand 270,522), investment property RON 145 thousand (2022: RON 145 thousand), computers and equipment RON 355,745 thousand (2022: RON 350,197 thousand), vehicles RON 34,472 thousand (2022: RON 33,843 thousand), fixed assets in progress RON 79,358 thousand (2022: RON 43,480 thousand).

27. Intangible assets (including goodwill)

In RON thousand	Group		Bank
Gross carrying amount	**Goodwill**	**Software**	**Software**
Balance as at 1 January 2022	**22,424**	**869,752**	**727,559**
Entry by acquisition	-	15,951	-
Acquisitions	131,939	194,541	189,302
Disposals	-	(17,192)	(5,841)
Balance as at 31 December 2022	**154,363**	**1,063,052**	**911,020**
Balance as at January 1, 2023	**154,363**	**1,063,052**	**911,020**
Entry by acquisition	-	-	-
Acquisitions	-	346,791	255,299
Disposals	-	(63,507)	(44,719)
Balance as at 31 December 2023	**154,363**	**1,346,336**	**1,121,600**
Accumulated amortization			
Balance as at 1 January 2022	**-**	**463,508**	**392,776**
Balance of depreciation related to acquisitions and mergers	-	828	**-**
Charge for the year	-	107,642	93,977
Disposals	-	(15,164)	(5,693)
Balance as at 31 December 2022	-	**556,814**	**481,060**
Balance as at January 1, 2023	**-**	**556,814**	**481,060**
Balance of depreciation related to acquisitions and mergers	-	-	-
Charge for the year	-	138,548	121,128
Disposals	-	(42,697)	(42,597)
Balance as at 31 December 2023	**-**	**652,665**	**559,591**
Net carrying amount			
As at 1 January 2023	**154,363**	**506,238**	**429,960**
As at 31 December 2023	**154,363**	**693,671**	**562,009**

27. Intangible assets (including goodwill) *(continued)*

Impairment testing for cash generating units included in the goodwill

For the purpose of impairment testing, the goodwill is allocated to the Group's operating divisions which represent the lowest level at which the goodwill is monitored for internal management purposes.

Goodwill represents the excess of the consideration paid over the fair value of the acquired entity's net identifiable assets at the acquisition date. As of 31 December 2023, the goodwill carrying value at Group level was in amount of thousand RON 154,363 (2022: thousand RON 154,363). As at 31 December 2023 the goodwill allocated by the Group to BT Leasing Transilvania IFN S.A. was of RON 140.019 thousand. The goodwill allocated to BT Asset Management S.A. was of RON 10,908 thousand, the goodwill allocated to BT Pensii S.A. was of RON 3,436 thousand (2022: RON 376 thousand allocated to BT Leasing Transilvania IFN S.A., RON 10,908 thousand allocated to BT Asset Management S.A., RON 3,436 thousand allocated to BT Pensii S.A., RON 139,643 allocated to Țiriac Leasing IFN S.A.).

The increase in goodwill during 2022 was due to the acquisition of Tiriac Leasing, for which a goodwill in total thousand RON 139,643 has been booked, subsequently this goodwill will be transferred at merger towards BT Leasing Transilvania IFN SA..

According to IAS 36, goodwill is tested for impairment at least annually, even if there are no impairment indicators. Goodwill is impaired when its carrying amount of the unit (including allocated goodwill) exceeds the recoverable amount of the unit. The recoverable amount of a CGU is defined as the higher of the fair value less cost to sell and the value in use, where the value in use is the present value of the future cash flows.

The hypothesis used for the future cash flows analysis are as follows, being derived both from internal and external factors:

- entity budget as approved by its management for a period of 3 years (2023-2025) which takes into account the forecasted macro-economic conditions for this period;
- a terminal value at the end of the 3 years based on an annual growth rate of 5% based on company estimates;
- a discount rate of 20% which represent the cost of equity of the company.

Considering the above-mentioned elements, the Group concluded that the impairment loss related to goodwill as of 31 December 2023 is nul.

28. Right of Use Assets and Lease Liabilities

The Group and the Bank have lease agreements on land, buildings and vehicles. Rental contracts are typically made for fixed periods of 1 year to 93 years, but may have extension options as described below.

As at December 31, 2023 and December 31, 2022 the right of use assets of the Group by class of underlying items is analyzed as follows:

In RON thousand			Group		
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at 1 January 2023	2,914	471,218	13,784	41	**487,957**
Additions	5,090	165,048	10,360	-	**180,498**
Disposals	(337)	(8,167)	(3,734)	(41)	**(12,279)**
Depreciation charge	(1,145)	(135,908)	(5,063)	-	**(142,116)**
Carrying amount at 31 December 2023	**6,522**	**492,191**	**15,347**	**-**	**514,060**

28. Right of Use Assets and Lease Liabilities *(continued)*

In RON thousand			Group		
	Lands	Buildings	Auto	Equipment	Total
Carrying amount at 1 January 2022	3,506	475,753	12,545	217	**492,021**
Additions	462	153,970	7,608	44	**162,084**
Disposals	(340)	(28,618)	(561)	(186)	**(29,705)**
Depreciation charge	(714)	(129,887)	(5,808)	(34)	**(136,443)**
Carrying amount at 31 December 2022	**2,914**	**471,218**	**13,784**	**41**	**487,957**

As at December 31, 2023 and December 31, 2022 the right of use assets of the Bank by class of underlying items is analyzed as follows:

In RON thousand			Bank		
	Lands	Buildings	Auto	Equipment	Total
Carrying amount at 1 January 2023	**2,914**	**684,390**	**9,453**	**41**	**696,798**
Additions	3,677	144,595	5,418	-	**153,690**
Disposals	(337)	(3,531)	(3,047)	(41)	**(6,956)**
Depreciation charge	(1,023)	(141,923)	(2,623)	-	**(145,569)**
Carrying amount at 31 December 2023	**5,231**	**683,531**	**9,201**	**-**	**697,963**

In RON thousand			Bank		
	Lands	Buildings	Auto	Equipment	Total
Carrying amount at 1 January 2022	**3,506**	**693,298**	**9,626**	**217**	**706,647**
Additions	462	183,924	4,227	44	**188,657**
Disposals	(340)	(59,558)	(384)	(186)	**(60,468)**
Depreciation charge	(714)	(133,274)	(4,016)	(34)	**(138,038)**
Carrying amount at 31 December 2022	**2,914**	**684,390**	**9,453**	**41**	**696,798**

As at December 31, 2023 the interest expense on lease liabilities was 4,955 thousand for the Group (2022: RON 2,109 thousand) and RON 8,451 thousand for the Bank (2022: RON 6,356 thousand).

The maturity analysis of the lease liabilities is presented in Note 4c.

At Group level as well as at Bank level, expenses related to short-term leases and leases of low-value assets, that are not shown as short-term leases, are included in "Other operating expenses" as shown below:

In RON thousand	Group 31 December 2023	31 December 2022	Bank 31 December 2023	31 December 2022
Expense relating to short-term leases	1,677	1,530	975	1,210
Expense relating to leases of low-value assets that are not shown above as short-term leases	5,606	4,936	4,762	4,288

Total cash outflow for leases in 2023 was RON 144,756 thousand to the Group (2022: RON 174,339 thousand) and the Bank it was RON 168,719 thousand (2022: RON 130,591 thousand).

Notes to the consolidated and separate financial statements

29. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Group level, as at 31 December 2023:

In RON thousand	31 December 2022	Business combination	Recognized in profit or loss	Recognized in other items of comprehensive income	Recognized directly in shareholders' equity	31 December 2023
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:						
Loans and receivables	33,169	-	(31,197)	64	4,175	6,211
Financial assets measured at fair value through other items of comprehensive income	727,594	-	(206)	(415,279)	-	312,109
Financial assets at amortized cost	-	-	2,823	-	(90)	2,733
Financial assets at fair value through profit or loss	16,050	-	6,146	-	-	22,196
Other assets	18,774	-	(84)	(12,457)	270	6,503
Property and equipment and intangible assets	(20,889)	-	6,803	(1,677)	(2,087)	(17,850)
Right of Use Assets	(522)	-	(187)	30	3	(676)
Provisions and other liabilities	17,429	-	4,508	418	900	23,255
Tax losses carried forward	-	-	-	-	-	-
Deferred tax asset / (liability)	791,605	-	(11,394)	(428,901)	3,171	354,481
Recognition of deferred tax asset	816,776	-	(21,610)	(416,683)	4,749	383,232
Recognition of deferred tax liability	(25,171)	-	10,216	(12,218)	(1,578)	(28,751)
Deferred tax asset / (liability)	**791,605**	**-**	**(11,394)**	**(428,901)**	**3,171**	**354,481**

Notes to the consolidated and separate financial statements

29. Deferred tax assets and liabilities *(continued)*

Deferred tax assets/liabilities at Group level, as at 31 December 2022:

In RON thousand	**31 December 2021**	**Business combinations**	**Recognized in profit or loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**31 December 2022**
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from						
Loans and receivables	21,945	10,565	655	1	3	33,169
Financial assets measured at fair value through other items of comprehensive income	204,763	-	(43)	522,874	-	727,594
Financial assets at fair value through profit or loss	15,819	-	297	-	(66)	16,050
Other assets	16,677	(190)	(1,470)	3,761	(4)	18,774
Property and equipment and intangible assets	(21,703)	(2,475)	6,097	(3,179)	371	(20,889)
Right of Use Assets	(748)	6	220	-	-	(522)
Provisions and other liabilities	21,132	198	(3,873)	(1)	(27)	17,429
Tax losses carried forward	-	-	-	-	-	-
Deferred tax asset / (liability)	257,885	8,104	1,883	523,456	277	791,605
Recognition of deferred tax asset	283,040	10,768	(4,806)	528,032	(258)	816,776
Recognition of deferred tax liability	(25,155)	(2,664)	6,689	(4,576)	535	(25,171)
Deferred tax asset / (liability)	**257,885**	**8,104**	**1,883**	**523,456**	**277**	**791,605**

Notes to the consolidated and separate financial statements

29. Deferred tax assets and liabilities *(continued)*

Deferred tax assets/liabilities at Bank level, as at 31 December 2023:

In RON thousand	31 December 2022	Recognized in profit or loss	Recognized in other items of comprehensive income	Recognized directly in shareholders' equity	31 December 2023
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other items of comprehensive income	728,351	-	(414,881)	-	313,470
Other assets	11,969	(285)	(1)	-	11,683
Property and equipment and intangible assets	(6,061)	2,961	(1,516)	-	(4,616)
Right of Use Assets	(487)	(157)	-	-	(644)
Provisions and other liabilities	14,028	3,361	-	-	17,389
Deferred tax asset / (liability)	**747,800**	**5,880**	**(416,398)**	**-**	**337,282**
Recognition of deferred tax asset	755,201	5,518	(416,437)	-	344,282
Recognition of deferred tax liability	(7,401)	362	39	-	(7,000)
Deferred tax asset / (liability)	**747,800**	**5,880**	**(416,398)**	**-**	**337,282**

Notes to the consolidated and separate financial statements

29. Deferred tax assets and liabilities *(continued)*

Deferred tax assets/liabilities at Bank level, as at 31 December 2022:

In RON thousand	**31 December 2021**	**Recognized in profit or loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**31 December 2022**
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other items of comprehensive income	205,490	-	522,861	-	728,351
Other assets	13,907	(1,937)	(1)	-	11,969
Property and equipment and intangible assets	(6,947)	3,266	(2,380)	-	(6,061)
Right of Use Assets	322	(809)	-	-	(487)
Provisions and other liabilities	14,952	(924)	-	-	14,028
Deferred tax asset / (liability)	**227,724**	**(404)**	**520,480**	**-**	**747,800**
Recognition of deferred tax asset	235,244	(3,184)	523,141	-	755,201
Recognition of deferred tax liability	(7,520)	2,780	(2,661)	-	(7,401)
Deferred tax asset / (liability)	**227,724**	**(404)**	**520,480**	**-**	**747,800**

Notes to the consolidated and separate financial statements

30. Other financial assets

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Amounts under settlement	1,104,646	1,006,326	1,047,869	966,833
Non-recourse factoring	438,740	398,757	438,740	398,757
Sundry debtors and advances for non-current assets	408,708	462,226	286,003	529,056
Cheques and other instruments to be encashed	71,593	50,851	71,593	50,851
Other financial assets	14,577	10,604	7,519	8,340
Impairment allowance for other financial assets	(58,150)	(41,736)	(22,022)	(18,208)
Total	**1,980,114**	**1,887,028**	**1,829,702**	**1,935,629**

As at 31 December 2023, out of RON 1,980,114 thousand (2022: RON 1,887,028 thousand), the Group's other impaired financial assets amounted to RON 41,866 thousand (2022: RON 11,104 thousand).

As at 31 December 2023, out of RON 1,829,702 thousand (2022: RON 1,935,629 thousand), the Bank's other impaired financial assets amounted to RON 3,897 thousand (2022: RON 4,335 thousand).

The evolution of impairment allowance for other assets during the years 2023 and 2022 is presented below:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Balance as at 1 January	**(41,736)**	**(33,618)**	**(18,208)**	**(18,446)**
Net impairment charge	(11,861)	(4,964)	(3,831)	(156)
Impairment allowance from acquisition	-	(2,511)	-	-
Transfer from loans	(9,569)	(2,883)	-	-
Provisions related to credits transferred off-balance sheet	5,286	1,838	-	-
Other changes (exchange rate differences, unwinding, deconsolidation)	(270)	402	17	394
Balance as at 31 December	**(58,150)**	**(41,736)**	**(22,022)**	**(18,208)**

The quality analysis of other financial assets held by the Group as at 31 December 2023 is detailed below:

Group	Retail			Companies		
31 December 2023	**RON**	**FCY**	**Total**	**RON**	**FCY**	**Total**
Amounts under settlement	1,516	55,355	56,871	1,019,502	28,273	1,047,775
Non-recourse factoring	-	-	-	409,346	29,394	438,740
Sundry debtors and advances for non-current assets	14,411	4,412	18,823	329,292	60,593	389,885
Cheques and other instruments to be encashed	-	-	-	71,593	-	71,593
Other financial assets	3,195	1,570	4,765	8,746	1,066	9,812
Impairment allowance for other financial assets	(5,353)	(2,544)	(7,897)	(46,464)	(3,789)	(50,253)
Total	**13,769**	**58,793**	**72,562**	**1,792,015**	**115,537**	**1,907,552**

30. Other financial assets *(continued)*

The quality analysis of other financial assets held by the Group as at 31 December 2022 is detailed below:

Group	**Retail**			**Non-Retail**		
31 December 2022	**RON**	**FCY**	**Total**	**RON**	**FCY**	**Total**
Amounts under settlement	1,931	8,283	10,214	909,175	86,937	996,112
Non-recourse factoring	-	-	-	368,527	30,230	398,757
Sundry debtors and advances for non-current assets	13,597	3,344	16,941	378,128	67,157	445,285
Cheques and other instruments to be encashed	-	-	-	50,851	-	50,851
Other financial assets	61	1,415	1,476	8,501	627	9,128
Impairment allowance for other financial assets	(6,080)	(2,301)	(8,381)	(26,926)	(6,429)	(33,355)
Total	**9,509**	**10,741**	**20,250**	**1,688,256**	**178,522**	**1,866,778**

The quality analysis of other financial assets held by the Bank as at 31 December 2023 is detailed below:

Bank	**Retail**			**Non-Retail**		
31 December 2023	**RON**	**FCY**	**Total**	**RON**	**FCY**	**Total**
Amounts under settlement	32	1,615	1,647	1,019,402	26,820	1,046,222
Non-recourse factoring	-	-	-	409,346	29,394	438,740
Sundry debtors and advances for non-current assets	8,278	2,982	11,260	232,753	41,990	274,743
Cheques and other instruments to be encashed	-	-	-	71,593	-	71,593
Other financial assets	-	-	-	7,519	-	7,519
Impairment allowance for other financial assets	(1,837)	(37)	(1,874)	(17,922)	(2,226)	(20,148)
Total	**6,473**	**4,560**	**11,033**	**1,722,691**	**95,978**	**1,818,669**

The quality analysis of other financial assets held by the Bank as at 31 December 2022 is detailed below:

Bank	**Retail**			**Non-Retail**		
31 December 2022	**RON**	**FCY**	**Total**	**FCY**	**RON**	**Total**
Amounts under settlement	916	1,874	2,790	908,753	55,290	964,043
Non-recourse factoring	-	-	-	368,527	30,230	398,757
Sundry debtors and advances for non-current assets	8,802	1,968	10,770	480,671	37,615	518,286
Cheques and other instruments to be encashed	-	-	-	50,851	-	50,851
Other financial assets	-	-	-	8,340	-	8,340
Impairment allowance for other financial assets	(2,227)	(141)	(2,368)	(12,139)	(3,701)	(15,840)
Total	**7,491**	**3,701**	**11,192**	**1,805,003**	**119,434**	**1,924,437**

31. Other non-financial assets

In RON thousand	**Group**		**Bank**	
	2023	**2022**	**2023**	**2022**
Inventories and similar assets	87,945	76,806	55,680	44,873
Prepaid expenses	134,465	100,748	121,215	92,042
VAT and other taxes to be received	34,486	16,297	1,523	1,905
Other non-financial assets	79,342	7,290	27,430	220
Impairment allowance for other non-financial assets	(15,839)	(23,531)	(8,096)	(8,087)
Total	**320,399**	**177,610**	**197,752**	**130,953**

31. Other non-financial assets *(continued)*

The evolution of impairment allowance for other assets during the year is presented below:

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Balance as at 1 January	**(23,531)**	**(44,975)**	**(8,087)**	**(11,801)**
Net impairment charge	5,018	18,273	(9)	3,714
Impairment allowance from acquisition	-	(130)	-	-
Impairment allowances on written off other non-financial assets	3,086	3,118	-	-
Other adjustments (exchange rate differences, deconsolidation)	(412)	183	-	-
Balance as at 31 December	**(15,839)**	**(23,531)**	**(8,096)**	**(8,087)**

The inventories and related items of the Group include purchased assets held for sale amounting to RON 42,277 thousand, structured as follows: buildings RON 20,408 thousand, lands RON 9,938 thousand, equipment RON 1,804 thousand, vehicles RON 10,127 thousand and furniture RON 0 thousand (2022: RON 38,649 thousand, structured as follows: buildings RON 19,266 thousand, lands RON 8,922 thousand, equipment RON 1,653 thousand, vehicles RON 8,808 thousand and furniture RON 0 thousand).

The inventories and related items of the Bank include assets acquired by debt enforcement or given in payment and other assets available for sale, at a net value of RON 24,715 thousand, structured as follows: buildings RON 18,834 thousand, lands RON 5,881 thousand, equipment RON 0 thousand, vehicles RON 0 thousand and furniture RON 0 thousand (2022: RON 24,754 thousand net value, structured as follows: buildings RON 19,044 thousand, lands RON 5,710 thousand, equipment RON 0 thousand, vehicles RON 0 thousand and furniture RON 0 thousand).

The inventories and related items of the Group and the Bank during financial year 2023 include tangible assets reclassified as non-current assets held for sale, at a net value of RON 6,220 thousand structured as equipment RON 1,745 thousand, vehicles RON 4,475 thousand (2022: RON 7,019 thousand net value, structured as follows: buildings RON 7,019 thousand, lands RON 0 thousand).

32. Deposits from banks

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Sight demand	497,386	330,045	509,707	357,910
Term deposits	537,227	1,348,037	572,059	1,273,632
Total	**1,034,613**	**1,678,082**	**1,081,766**	**1,631,542**

33. Deposits from customers

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Current accounts	69,999,127	66,933,900	67,447,241	65,004,360
Sight demand	953,695	994,890	739,327	753,703
Term deposits	66,019,978	50,620,317	65,215,377	49,583,917
Collateral deposits	1,080,154	1,182,622	1,041,405	1,161,862
Total	**138,052,954**	**119,731,729**	**134,443,350**	**116,503,842**

33. Deposits from customers *(continued)*

Deposits from customers can be also analyzed as follows:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Retail	88,572,664	79,880,462	86,293,705	77,873,189
Companies	49,480,290	39,851,267	48,149,645	38,630,653
Total	**138,052,954**	**119,731,729**	**134,443,350**	**116,503,842**

The table below presents the deposits from customers, split by economic sector concentration:

	Group		*Bank*	
Sector	**2023**	**2022**	**2023**	**2022**
Retail customers	64.16%	66.72%	64.19%	66.84%
Services	8.69%	7.35%	8.57%	7.51%
Trading	5.75%	5.47%	5.64%	5.35%
Constructions	3.51%	2.85%	3.55%	2.87%
Manufacturing	3.61%	3.25%	3.59%	3.13%
Transportation	2.10%	1.98%	2.05%	1.96%
Financial and insurance activities	3.08%	3.47%	3.42%	3.59%
Telecommunications	0.33%	0.31%	0.29%	0.31%
Agriculture	1.20%	1.35%	1.22%	1.37%
Energy	1.51%	1.23%	1.45%	1.11%
Healthcare	1.19%	1.03%	1.18%	1.01%
Real estate	1.58%	1.70%	1.57%	1.68%
Public administrations	0.08%	0.06%	0.08%	0.06%
Mining	0.63%	0.58%	0.65%	0.59%
Education	0.88%	0.84%	0.88%	0.85%
Other	0.35%	0.38%	0.32%	0.30%
Self-employed	1.34%	1.42%	1.34%	1.46%
Government institutions	0.01%	0.01%	0.01%	0.01%
Total	**100%**	**100%**	**100%**	**100%**

33. Deposits from customers *(continued)*

In RON thousand	*Group*		*Bank*	
Sector	**2023**	**2022**	**2023**	**2022**
Retail customers	88,572,664	79,880,462	86,293,705	77,873,189
Services	11,995,209	8,797,320	11,527,705	8,751,616
Trading	7,945,568	6,548,123	7,581,372	6,231,174
Constructions	4,840,554	3,416,204	4,766,807	3,339,918
Manufacturing	4,982,662	3,889,749	4,820,117	3,651,768
Transportation	2,906,663	2,369,615	2,755,514	2,281,670
Financial and insurance activities	4,251,640	4,150,377	4,595,258	4,187,194
Telecommunications	456,852	368,758	391,234	356,043
Agriculture	1,649,912	1,620,833	1,640,694	1,604,034
Energy	2,081,541	1,475,740	1,950,231	1,290,145
Healthcare	1,654,308	1,239,173	1,588,613	1,171,757
Real estate	2,181,876	2,032,444	2,111,330	1,953,614
Public administrations	113,560	76,059	110,302	73,743
Mining	869,100	693,135	868,249	691,709
Education	1,219,883	1,010,199	1,185,461	988,504
Other	477,518	454,416	444,867	352,697
Self-employed	1,844,387	1,697,166	1,802,862	1,697,002
Government institutions	9,057	11,956	9,029	8,065
Total	**138,052,954**	**119,731,729**	**134,443,350**	**116,503,842**

34. Loans from banks and other financial institutions

	Group		**Bank**	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Loans from public administrations	33,048	25,714	-	-
Loans from commercial banks	943,981	1,304,939	376,530	371,006
Romanian banks	*567,451*	*933,933*	-	-
Foreign banks	*376,530*	*371,006*	*376,530*	*371,006*
Loans from development banks	1,240,927	1,420,904	1,200,214	1,366,877
Repurchase agreements (repo transactions)	363,251	1,818,574	363,251	1,818,574
Other funds from financial institutions	139,026	86,904	3,551	6,026
Issued bonds	6,828,334	183,893	6,640,249	-
Total	**9,548,567**	**4,840,928**	**8,583,795**	**3,562,483**

The interest rates for the loans from banks and financial institutions were situated in the following ranges:

	2023		**2022**	
	Minimum	**Maximum**	**Minimum**	**Maximum**
EUR	0.15%	8.88%	0.00%	5.79%
RON	0.00%	Robor 3m+3.3%	0.00%	Robor 1m+2.5%
USD	N/A	N/A	3.75%	3.87%
MDL	0.00%	7.46%	0.00%	Base rate NBM +0.6%

34. Loans from banks and other financial institutions *(continued)*

The Group and the Bank were in compliance with all financial covenants under the outstanding loan agreements at 31 December 2023 and at 31 December 2022.
The table below summarizes the underlying securities of repo agreements:

In RON thousand	Group				Bank			
	2023		2022		2023		2022	
	Carrying amount		Carrying amount		Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities
	368,480	363,251	1,833,170	1,818,574	368,480	363,251	1,833,170	1,818,574
Total	**368,480**	**363,251**	**1,833,170**	**1,818,574**	**368,480**	**363,251**	**1,833,170**	**1,818,574**

35. Subordinated liabilities

The Group and the Bank were in compliance with all financial covenants under the outstanding loan agreements at 31 December 2023 and 2022.

In RON thousand	Group		Bank	
	2023	2022	2023	2022
Loans from development banks and financial institutions	12,562	335,048	-	312,802
Non-convertible bonds	2,410,656	1,413,212	2,403,652	1,406,107
Total	**2,423,218**	**1,748,260**	**2,403,652**	**1,718,909**

Subordinated debt includes subordinated loans from development banks and financial institutions, as well as non-convertible bonds.

Subordinated loans include the following:

- loan in amount of EUR 25 million, (2022: RON 123,685 thousand), contracted in 2013 bearing an interest of 6M EURIBOR + 6.20%, due in 2023, reimbursed in 29.12.2023;

- loan in amount of USD 40 million, (2022: RON 185,384 thousand) contracted in 2014 bearing an interest of 6M LIBOR + 5.80%, due in 2023, reimbursed in 16.10.2023;

- loan in amount of EUR 2.5 milion, equivalent of RON 12,437 thousand (2022: RON 12,369 thousand), contracted in 2014 bearing an interest of EURIBOR 3M+8.76%, due to 2024;

- loan in amount of EUR 1.82 milion, (2022: RON 9,004 thousand), contracted in 2015 bearing an interest of EURIBOR 3M+8%, due to 2023, reimbursed in 29.12.2023.

In 2018, Banca Transilvania S.A. issued non-convertible bonds amounting to EUR 285 million, equivalent as at 31 December 2023 to RON 1,417,761 thousand (2022: RON 1,410,009 thousand), bearing an interest of 6M EURIBOR+3.75% p.a. and due in 2028. The nominal value of a bond is EUR 100,000.

In 2023, Banca Transilvania S.A. issued non-convertible bonds amounting to EUR 200 million, equivalent as at 31 December 2023 to RON 994,920 thousand, bearing an interest of 6M EURIBOR+6.68% p.a. and due in 2033. The nominal value of a bond is EUR 100,000.
On non-convertible bonds there are included also bonds issued in 2017 and 2018 by Salt Bank, on amount of EUR 750,000, equivalent as at 31 December 2023 of RON 3,731 thousand (2022: EUR 750,000, equivalent as at 31 December 2022 of RON 3,711 thousand), bearing an interest of 8.5% due to 2024. The nominal value of a bond is EUR 1,000.
At Group level, the accrued interest and amortization on subordinated debts is in amount of RON 126 thousand (2022: RON 4,606 thousand) and at Bank level in amount of RON 0 thousand (2022: RON 3,733 thousand); for the non-convertible bonds, the accrued interest and amortization for the Group levels to RON (5,756) thousand (2022: RON 508 thousand) and for the Bank to RON (9,029) thousand (2022: RON (3,902) thousand).

36. Provisions for other risks and loan commitments

The following items are included under Provisions for other risks and loan commitments:

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Provisions for loan commitments, financial guarantees and other commitments given	364,335	354,012	326,004	326,341
Provisions for untaken holidays	37,375	29,209	28,866	22,129
Provisions for other employee benefits	92,956	58,670	48,370	35,020
Provisions for litigations, risks and charges (*)	156,478	58,655	148,299	47,806
Total	**651,144**	**500,546**	**551,539**	**431,296**

(*) Provisions for risks and charges primarily include provisions for litigation and other risks taken after the merger with Volksbank Romania S.A. and Bancpost S.A.. In this category are also included the provisions related to potential ancillary fiscal obligations related to the SFIA litigation.

37. Other financial liabilities

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Amounts under settlement	1,982,830	1,449,276	1,512,867	1,138,402
Sundry creditors	456,939	230,853	270,710	104,547
Dividends payable	30,950	26,639	30,950	26,639
Other financial liabilities	50,451	57,596	33,140	46,381
Total	**2,521,170**	**1,764,364**	**1,847,667**	**1,315,969**

38. Other non-financial liabilities

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Other taxes payable	85,056	61,902	62,840	39,833
Other non-financial liabilities	203,001	153,472	109,129	92,803
Total	**288,057**	**215,374**	**171,969**	**132,636**

39. Share capital

The statutory share capital of the Bank at 31 December 2023, as recorded with the Trade Register was represented by 798,658,233 ordinary shares with a nominal value of RON 10 each (at 31 December 2022: 707,658,233 shares with a nominal value of RON 10 each). The shareholders structure of the Bank is presented in Note 1.

The capital increase was made out by incorporating the reserves from the statutory profit in amount of RON 910,000,000 (2022: 765,112,650 lei by incorporating the reserves constituted from the statutory profit).

In RON thousand	Group		Bank	
	2023	**2022**	**2023**	**2022**
Paid share capital recorded to Trade Register	7,986,582	7,076,582	7,986,582	7,076,582
Share capital adjustment to inflation	89,899	89,899	89,899	89,899
Share capital adjustment with unrealized revaluation reserves of tangible assets	(3,398)	(3,398)	(3,398)	(3,398)
Total	**8,073,083**	**7,163,083**	**8,073,083**	**7,163,083**

40. Related-party transactions

Entities are considered to be related parties if one of them has the capacity to control the other or to exercise significant influence on the other entity's management process related to financial or operational decisions.

The Group and the Bank are engaged in transactions with related parties, shareholders and key management personnel. All these transactions were carried out under conditions similar to those applicable to third party agreements, in terms of interest rates and collateral clauses. The transactions /balances with subsidiary entities were eliminated from the scope of consolidation.

Transactions with other related parties include transactions with the major shareholders, family members of the key management personnel and companies where they are shareholders while having a relationship with the Bank.

The transactions / balances with related parties are presented below:

	2023			**2022**		
***Group** - In RON thousand*	**Key management personnel**	**Other related-parties**	**Total**	**Key management personnel**	**Other related-parties**	**Total**
Assets						
Granted loans	13,260	81,573	**94,833**	16,347	73,356	**89,703**
Liabilities						
Deposits from customers	56,929	559,437	**616,366**	46,858	204,199	**251,057**
Loans from credit institutions	-	251,460	**251,460**	-	227,207	**227,207**
Debt securities	-	514,556	**514,556**	-	508,664	**508,664**
Commitments						
Loan commitments and financial guarantees given	2,504	13,491	**15,995**	2,831	27,008	**29,839**
Notional value of exchange operations	30,824	94,119	**124,943**	29,089	224,655	**253,744**
Statement of profit or loss						
Interest income	755	5,417	**6,172**	642	3,173	**3,815**
Interest expense	1,422	14,774	**16,196**	659	31,223	**31,882**
Fee and commission income	14	176	**190**	11	161	**172**

Notes to the consolidated and separate financial statements

40. Related-party transactions *(continued)*

***Bank** – In RON thousand*

	2023				2022			
	Subsidiaries	**Key management personnel**	**Other related - parties**	**Total**	**Subsidiaries**	**Key management personnel**	**Other related-parties**	**Total**
Assets								
Correspondent accounts at credit institutions	147	-	-	**147**	1,038	-	-	**1,038**
Deposits with credit institutions	1,297,057	-	-	**1,297,057**	1,831,997	-	-	**1,831,997**
Granted loans	3,994,144	9,487	77,320	**4,080,951**	2,348,713	12,399	68,182	**2,429,294**
Equity investments	873,300	-	-	**873,300**	708,412	-	-	**708,412**
Financial assets at amortized cost	14,883	-	-	**14,883**	14,797	-	-	**14,797**
Financial assets measured at fair value through other items of comprehensive income – debt instruments	11,637	-	-	**11,637**	11,748	-	-	**11,748**
Financial assets required to be measured at fair value through profit or loss - debt instruments	456,702	-	-	**456,702**	393,444	-	-	**393,444**
Right of use assets	225,966	-	-	**225,966**	90,660	-	-	**90,660**
Other assets	6,677	-	-	**6,677**	195,836	-	-	**195,836**
Liabilities								
Correspondent accounts from credit institutions	4,341	-	-	**4,341**	36,142	-	-	**36,142**
Deposits from customers	511,882	35,342	548,073	**1,095,297**	184,155	29,669	198,641	**412,465**
Loans from credit institutions	-	-	152,800	**152,800**	-	-	179,415	**179,415**
Debt securities	-	-	497,127	**497,127**	-	-	494,176	**494,176**
Lease liabilities	177,982	-	-	**177,982**	204,286	-	-	**204,286**
Other liabilities	10,226	-	-	**10,226**	8,185	-	-	**8,185**
Commitments								
Loan commitments and financial guarantees given	451,742	1,943	9,045	**462,730**	407,959	2,357	22,523	**432,839**
Notional value of exchange operations	937,890	12,792	84,687	**1,035,369**	743,262	16,379	213,687	**973,328**

Notes to the consolidated and separate financial statements

40. Related-party transactions *(continued)*

Bank – *In RON thousand*	**2023**				**2022**			
	Subsidiaries	**Key management personnel**	**Other related-parties**	**Total**	**Subsidiaries**	**Key management personnel**	**Other related-parties**	**Total**
Statement of profit or loss								
Interest income	271,730	504	4,936	**277,170**	116,038	484	2,812	**119,334**
Interest expense	13,434	1,092	14,596	**29,122**	7,862	539	30,238	**38,639**
Fee and commission income	5,004	12	156	**5,172**	4,727	7	141	**4,875**
Fee and commission expense	18,176	-	-	**18,176**	20,018	-	-	**20,018**
Net gain/loss(-) from financial assets and liabilities held-for-trading	10	-	-	**10**	(887)	-	-	**(887)**
Dividend income	416	-	-	**416**	194,281	-	-	**194,281**
Net loss(-) from derecognition of financial assets measured as amortised cost	-	-	-	**-**	(178,800)	-	-	**(178,800)**
Other income	33,092	-	-	**33,092**	24,168	-	-	**24,168**
Other expenses	22,979	-	-	**22,979**	22,062	-	-	**22,062**

40. Related-party transactions *(continued)*

Transactions with key management personnel

During 2023, the expenses related to the fixed and variable remunerations of the members of the Board of Directors and of the Executive Management of the Group amounted to RON 50,332 thousand (2022: RON 45,321 thousand) and of the Bank amounted to RON 18,367 thousand (2022: RON 16,335 thousand).

Key management personnel at the Group level include: members of the Board of Directors (including the Bank's middle management, who are members of the Boards of Directors of the subsidiaries); members of all the Bank's committees, the Executive Management of the Bank and its subsidiaries and certain members of the Bank's middle management who have a significant impact on the Group's risk profile, according to Delegated Regulation (EU) 923/2021.

Compensation for the key personnel of the Group:

	2023			2022		
In RON thousand	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar
Short-term employee benefits	**75,061**	17,904	70	**66,350**	15,938	70
Termination benefits	**853**	213	-			
Share based payments	**40,823**	-	-	**38,806**	-	-
Debt instrument-based payments	**249**	62	-	**199**	50	-
Total compensations and benefits	**116,986**	**18,179**	**70**	**105,355**	**15,988**	**70**

Compensation for the key personnel of the Bank:

	2023			2022		
In RON thousand	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar
Short-term employee benefits	**43,048**	10,459	58	**37,322**	9,046	56
Termination benefits	**853**	213	-			
Share based payments	**38,623**	-	-	**36,744**	-	-
Total compensations and benefits	**82,524**	**10,672**	**58**	**74,066**	**9,046**	**56**

41. Commitments and contingencies

a) Commitments and contingencies

At any time the Group and the Bank have outstanding commitments to extend loans. These commitments are in the form of approved limits for credit cards and overdraft facilities. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one month to one year.

The Group provides financial guarantees and letters of credit to guarantee the performance of its customers in relation to third parties. These agreements have fixed limits and generally extend for a period of up to one year. Maturities are not concentrated in a specific period.

The contractual amounts of commitments and contingencies are set out in the following table by categories. The amounts reflected in the table under commitments are presented based on the assumption that they have been fully granted.

41. Commitments and contingencies *(continued)*
a) Commitments and contingencies (continued)

The amounts reflected in the table as guarantees and letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties completely failed to meet the contractual terms and conditions.

	Group		Bank	
In RON thousand	**2023**	**2022**	**2023**	**2022**
Guarantees issued, of which	3,367,190	2,957,609	3,333,926	2,937,433
- *Performance guarantees*	*1,216,163*	*964,794*	*1,183,356*	*945,594*
- *Financial guarantees*	2,151,027	1,992,815	*2,150,570*	*1,991,839*
Loan commitments	20,646,286	16,555,570	20,076,945	16,074,777
Total	**24,013,476**	**19,513,179**	**23,410,871**	**19,012,210**

The provisions for loan commitments to customers amounted to RON 364,335 thousand at Group level (2022: RON 354,012 thousand) and at Bank level RON 326,004 thousand (2022: RON 326,341 thousand). Forward agreements represent contractual arrangements to buy or sell a certain financial instrument, at a certain price and at a certain future date.

Outstanding foreign currency transactions at 31 December 2023 were:

Forward transactions					
Transactions with corporate clients:					
Purchases	2,610,000	EUR	equivalent	13,113,594	RON
Purchases	6,500,000	USD	equivalent	29,404,192	RON
Purchases	552,720	RON	equivalent	120,000	USD
Transactions with banks:					
Purchases	17,679,564	EUR	equivalent	17,000,000	CHF
Purchases	23,924,586	EUR	equivalent	104,000,000	PLN
Purchases	35,000,000	EUR	equivalent	174,134,250	RON
Purchases	2,000,000	EUR	equivalent	1,737,117	GBP
Purchases	670,000	USD	equivalent	3,089,486	RON
Purchases	630,530,404	RON	equivalent	125,255,605	EUR
Purchases	32,064,084	RON	equivalent	7,050,000	USD
Purchases	25,000,000	CAD	equivalent	17,053,590	EUR

Outstanding foreign currency transactions at 31 December 2022 were:

Forward transactions					
Transactions with corporate clients:					
Purchases	4,320,000	EUR	equivalent	21,670,650	RON
Purchases	1,350,000	USD	equivalent	6,691,231	RON
Purchases	1,718,171	RON	equivalent	350,000	EUR
Purchases	6,736,919	RON	equivalent	1,450,000	USD
Transactions with banks:					
Purchases	30,575,061	EUR	equivalent	30,000,000	CHF
Purchases	26,145,338	EUR	equivalent	122,716,234	PLN
Purchases	115,767,289	EUR	equivalent	574,290,000	RON
Purchases	200,000	USD	equivalent	935,721	RON
Purchases	32,871,878	PLN	equivalent	7,000,000	EUR
Purchases	483,144,500	RON	equivalent	94,864,031	EUR
Purchases	6,737,306	RON	equivalent	1,350,000	USD
Purchases	37,000,000	GBP	equivalent	43,010,973	EUR
Purchases	35,000,000	NOK	equivalent	3,347,490	EUR
Purchases	12,000,000	CAD	equivalent	8,347,301	EUR

41. Commitments and contingencies *(continued)*

b) Transfer pricing and taxation

The taxation system in Romania has faced multiple changes in the recent years and is in a continuous process of update and improvement. As a consequence, the tax legislation is still subject to various interpretations. In certain cases, the tax authorities may treat certain issues in a different manner, determining the calculation of additional taxes, interest and penalties for delay (the total current rate is of 0.03% per day of delay). In Romania the fiscal year remains open for fiscal audit for 5 years. According to the Bank's management, the tax duties included in these financial statements are appropriate.

The tax legislation in Romania considers the "market value" principle, according to which transactions between related parties must be performed at market value.

The taxpayers involved in related-party transactions must prepare and provide to the Romanian tax authorities the transfer pricing file, upon request.

The failure to provide the transfer pricing file or the submission of an incomplete transfer pricing file may lead to penalties for non-compliance; apart from the transfer pricing file, the tax authorities may interpret transactions and circumstances in a manner which is different from the management's interpretation and, consequently, may impose additional tax duties resulting from the adjustment of transfer prices.

The management of the Group and of the Bank considers that no losses should be incurred in the event of a fiscal audit for the verification of transfer prices. However, the impact of potential different interpretations of the tax authorities cannot be accurately estimated. The impact may be significant as concerns the Bank's financial position and/or operations. However, the fiscal risk is low because the majority of transactions are between group entities, which are in Romania, without cross-border risk.

42. Earnings per share

The calculation of basic earnings per share was based on the net consolidated profit attributable to ordinary shareholders of the parent company of RON 2,889,718 thousand (2022: RON 2,404,376 thousand) and on the weighted average number of ordinary shares outstanding during the year of 797,369,129 (2022 recalculated: 797,645,941 shares).

The diluted earnings per share for 2023, took into consideration the adjusted consolidated net profit of RON 2,889,718 thousand (2022: RON 2,404,376 thousand) attributable to the ordinary shareholders of the parent company and the weighted average number of outstanding diluted ordinary shares.

For 2022-2023, the amount of convertible bonds was 0, in this case the diluted net profit attributable to the shareholders is equal with the net profit of the Group and the earning per diluted share is the same as the earning per ordinary share.

The weighted average number of diluted shares was determined as the sum of the weighted average number of ordinary shares and the number of shares which would have been issued upon the conversion of all potential dilutive shares into ordinary shares.

42. Earnings per share *(continued)*

On December 31, 2023 and December 31, 2022, the Bank no longer held convertible bonds, the number of diluted outstanding shares being the same as the weighted average number of shares, and the diluted earnings per share being the same as the basic earnings per share.

	Group	
	2023	**2022**
Ordinary shares issued as at 1 January	707,658,233	631,146,968
The impact of shares issued as of 1 January	91,000,000	76,511,265
The impact of the shares repurchased during the year	(1,289,104)	(1,012,292)
The impact of the shares resulting from the conversion of the bonds	-	-
Retroactive adjustment of the weighted average number of shares outstanding on 31.12.2022	-	91,000,000
Weighted average number of shares as at 31 December	**797,369,129**	**797,645,941**
The number of shares that may be issued upon the conversion of bonds into shares	-	-
Weighted average number of diluted shares as at 31 December	**797,369,129**	**797,645,941**

43. Derivatives

The structure of the derivative instruments held by the Group and by the Bank as at 31 December 2023 is the following:

	Group			Bank		
In RON thousand	**Fair value of Assets**	**Fair value Liabilities**	**Notional**	**Fair value of Assets**	**Fair value Liabilities**	**Notional**
Interest rate swaps	63,122	69,291	3,604,555	63,122	69,291	3,604,555
Currency swaps	55,824	15,532	945,174	55,824	15,532	945,174
Exchange rate forward agreements	5,871	3,986	1,176,357	5,871	3,986	1,176,357
Total derivative financial instruments	**124,817**	**88,809**	**5,726,086**	**124,817**	**88,809**	**5,726,086**

The structure of the derivative instruments held by the Group and by the Bank as at 31 December 2022 is the following:

	Group			Bank		
In RON thousand	**Fair value of Assets**	**Fair value Liabilities**	**Notional**	**Fair value of Assets**	**Fair value Liabilities**	**Notional**
Interest rate swaps	111,391	21,076	2,893,461	111,391	21,076	2,893,461
Currency swaps	95,507	12,334	890,532	95,507	12,334	890,532
Exchange rate forward agreements	11,545	8,285	1,664,969	11,545	8,285	1,664,969
Total derivative financial instruments	**218,443**	**41,695**	**5,448,962**	**218,443**	**41,695**	**5,448,962**

44. Reconciliation of liabilities resulting from financial activities

The changes of the liabilities resulting from the Group's financial activities carried out in 2023 and 2022 are prsented below:

Group 2023 *In RON thousand*	**01 January 2023**	**Receipts**	**Payments**	**Non-monetary changes** Registration of receivables taken from aquisitions	Foreign exchange variation	**31 December 2023**
Long-term loans, including subordinated debt(*)	4,768,965	7,652,789	(1,095,799)	-	59,306	11,385,261

Group 2022 *In RON thousand*	**01 January 2022**	**Receipts**	**Payments**	**Non-monetary changes** Registration of receivables taken from Ţiriac Leasing	Foreign exchange variation	**31 December 2022**
Long-term loans, including subordinated debt(*)	3,186,279	1,739,558	(898,749)	729,948	11,929	4,768,965

The changes of the liabilities resulting from the Bank's financial activities carried out in 2023 and 2022 are presented below:

Bank 2023 *In RON thousand*	**01 January 2023**	**Receipts**	**Payments**	**Foreign exchange variation**	**31 December 2023**
Long-term loans, including subordinated debt(*)	3,467,972	7,375,314	(488,624)	55,460	10,410,122

Bank 2022 *In RON thousand*	**01 January 2022**	**Receipts**	**Payments**	**Foreign exchange variation**	**31 December 2022**
Long-term loans, including subordinated debt(*)	2,665,590	1,010,144	(218,290)	10,528	3,467,972

(*) payments and receipts are reconciled with the cash flow related to the financing activity

45. Acquisition of Tiriac Leasing IFN S.A.

On January 14, 2022, Banca Transilvania S.A. signed the contract for the purchase of the majority stake (100.00%) held by Molessey Holdings Limited and Hyundai Auto Romania S.A. in the share capital of Tiriac Leasing IFN S.A..

During the subsequent period, the necessary approvals for the conclusion of the acquisition transaction were obtained from the Competition Council by Decision no. 33 of May 10, 2022 regarding the economic concentration operation achieved by acquiring sole direct control over Tiriac Leasing IFN S.A. by Banca Transilvania S.A..

The Bank took control of this company on June 2, 2022, the date on which the consideration was transferred in exchange for the stake held by Molessey Holdings Limited and Hyundai Auto Romania S.A..

In the period of seven months until December 31, 2022, Tiriac Leasing IFN S.A. contributed with a profit of 28,75 million RON to the Group's results. If the acquisition had taken place on January 1, 2022, the management estimates that it would have contributed with 44,28 million RON to the consolidated profit. This estimate is based on the assumption that the provisional fair value adjustments recorded at the acquisition date would have been the same if the acquisition had taken place on January 1, 2022.

45. Acquisition of Tiriac Leasing IFN S.A. *(continued)*

The consideration transferred

The fair value of the transferred consideration is 338,596 thousand RON and was paid in full on the acquisition date.

No capital instruments were issued as part of the acquisition of Tiriac Leasing IFN SA..

Assets acquired and liabilities assumed

The table below summarizes the amounts recognized at the acquisition date in respect of the assets acquired and liabilities assumed:

RON thousand	**Accounting Value**	**Adjustments**	**Fair Value**
Cash, cash equivalents and bank deposits	51,314	-	51,314
Loans and advances granted to customers	19,887	(1,398)	18,489
Receivables from financial leasing contracts	1,034,129	(57,864)	976,265
Tangible and intangible fixed assets, fixed assets and assets related to the right of use	608	18,382	18,990
Other assets	19,940	9,285	29,225
Loans from banks	(868,530)	(1,235)	(869,765)
Other debts	(22,628)	(2,938)	(25,566)
Total net assets acquired	**234,720**	**(35,768)**	**198,952**

Fair value measurement

The following valuation techniques were used to determine the fair value of the acquired assets and assumed obligations:

- ***Portfolio of loans and receivables from finance leases - performing***: value adjustments have been made to reflect differences in interest rates (contract versus market) as well as lifetime expected credit losses from a participant's perspective over the market. The valuation methodology sought to quantify the possible differences between the interest rates in force and those existing on the market at the valuation date;
- ***The portfolio of loans and receivables from financial leasing contracts - non-performing:*** the fair value analysis of non-performing loans focused on the ECL estimation, whereby the amount of expected credit losses was estimated taking into account the potential recoveries from guarantees;
- ***Assets related to the right of use:*** the fair value was estimated by applying specific valuation methods taking into account the type of asset and the available information and the Management Decision related to the future benefits that the respective assets will bring;
- ***Loans from banks and financial institutions:*** adjustments were made to reflect the difference between contractual and market interest rates;
- ***Lease liabilities:*** in accordance with the requirements of IFRS 16, the fair value of the lease liabilities was determined as the present value of the remaining lease payments.

45. Acquisition of Tiriac Leasing IFN S.A. *(continued)*

Negative acquisition gain or Goodwill

The Group's results for the period ended December 31, 2022 include the goodwill from the acquisition of Tiriac Leasing IFN S.A. in the amount of thousand RON 139,643.

The goodwill was determined as the difference between the consideration paid (RON 338,595 thousand) and the part of the fair value of the assets and liabilities of Tiriac Leasing IFN S.A. on the date of taking control (in the amount of RON 198,952 thousand).

As at January 1, 2023, the legal merger process between Tiriac Leasing IFN S.A. (absorbed company) and BT Leasing IFN S.A. (absorbing company) was completed. Following the merger operation, the absorbed company transferred all assets and liabilities, receivables and liabilities, guarantees granted to other companies, to the absorbing company. From a legal point of view, BT Leasing acquired the rights and obligations of the absorbed company. The effect of the merger operation was the dissolution without liquidation of the absorbed company.

46. Events subsequent to the date of the consolidated statement of financial position

On January 15th, 2024, Victoriabank S.A. Chişinău acquired 100% of the share package in BCR Chişinău S.A.. Subsidiary Victoriabank S.A. is controlled by Banca Transilvania S.A., therefore, starting from this date, Banca Transilvania S.A. also holds control in BCR Chișinău S.A..

The Board of Directors of Banca Transilvania S.A. approved on February 8th, 2024 the completion of the transaction for the acquisition of 100% of the shares of OTP Bank Romania S.A. as well as other companies within the OTP Romania Group (including OTP Asset Management SAI S.A. and OTP Leasing Romania IFN S.A.). The total transaction price to be paid by Banca Transilvania S.A. is EUR 347,5 million. Until the completion of the transaction, both Banca Transilvania S.A. and OTP Bank Romania S.A. will act as separate entities. Following signing and in order to integrate the above-mentioned entities in the BT Financial Group, we will initiate and implement the legal procedures necessary for obtaining all necessary approvals from the competent authorities.

The financial statements were approved by the Board of Directors on March 22, 2024 and were signed on behalf of the Board.

Horia Ciorcilă	George Călinescu
Chairman	*Deputy CEO*

SWIFT: BTRLRO22
C.U.I. RO 50 22 670
R.B. - P.J.R. 12 - 019 - 18.02.1999
Nr. Înreg. Reg. Com.: J12 / 4155 / 1993

STATEMENT

As per provisions the article 30 of the Accounting Law no. 82/1991, republished, we hereby state that we take full responsibility for preparing the annual financial statements as at December 31, 2023 and confirm that:

a) The accounting policies used to prepare the annual financial, consolidated and separate statements are in accordance with the International Financial Reporting Standards as endorsed by the European Union ("IFRS"), applicable as at the reporting date December 31, 2023;

b) The consolidated and separate financial statements, prepared as at December 31, 2023 present a true image of the assets, liabilities, statement of financial position, statement of profit or loss of Banca Transilvania;

c) Banca Transilvania carries its business on an ongoing basis;

d) The Annual Report has been prepared in accordance with the ASF Regulation no. 5/2018 and reflects the fair and complete information at the reporting date.

DEPUTY CEO,

GEORGE CĂLINESCU

March 25, 2024

Refer to the original signed Romanian version	Refer to the original signed Romanian version

TRANSLATOR'S EXPLANATORY NOTE: The above is provided as a free translation from Romanian which is the official and binding version

Head Office: 400117, 30-36 Calea Dorobanţilor 30 - 36, Cluj-Napoca, Cluj
Tel: +40 264 407 150; Fax: +40 264 301 128; www.bancatransilvania.ro

Deloitte Audit S.R.L.
The Mark Tower,
82-98 Calea Griviței,
Sector 1, 010735
Bucharest, Romania

T: +40 21 222 16 61
F: +40 21 222 16 60
www.deloitte.ro

INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
Banca Transilvania S.A.

Report on the Audit of the financial statements

Opinion

1. We have audited the separate and consolidated financial statements ("financial statements") of Banca Transilvania S.A. (the "Bank") and its subsidiaries ("the Group"), with registered office in Calea Dorobanților, no. 30-36, Cluj-Napoca, Romania, identified by unique tax registration code RO5022670 which comprise the consolidated and separate statement of financial position as at 31 December 2023, the consolidated and separate statement of profit or loss, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

2. The financial statements as at 31 December 2023 are identified as follows:

- Separate financial statements

- Equity	RON thousand	11,829,366
- Net profit for the financial year	RON thousand	2,490,572

- Consolidated financial statements

- Equity	RON thousand	13,896,508
- Net profit for the financial year	RON thousand	2,984,230

3. In our opinion:

- the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU and National Bank of Romania Order no. 27/2010 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to credit institutions, with subsequent amendments ("Order 27/2010").

- the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU as issued by the International Accounting Standards Board and Order 27/2010.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (herein after referred to as "Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nature of the area of focus	How our audit addressed the key audit matter
Collective impairment of loans and advances to customers and finance lease receivables	
According to IFRS 9, the Group accounts for credit losses on loans and advances to customers, respectively for finance lease receivables based on expected credit losses (ECL): for a period up to 12 months for credit exposures for which the credit risk did not increase significantly since origination, and throughout the credit, respectively financial lease receivables lifetime for exposures with significant increase in credit risk, as detailed in significant increase in credit risk and measurement of the expected credit loss allowance policy from Note 4 (b) to the financial statements. As at 31 December 2023, the Group registered an impairment allowance in amount of RON 4,707,534 thousand for Loans and advances to customers in gross amount of RON 76,715,758 thousand and RON 142,091 thousand for Finance lease receivables in gross amount of RON 3,704,774 thousand. The Group exercises significant professional judgement using complex models, extensive data and subjective assumptions over both when and how much to record as impairment for loans, respectively from finance lease receivables. Because loans and advances granted to customers, respectively finance lease receivables form a major portion of the Group's assets, and due to the significance of the management professional judgments applied in classifying loans and advances granted to customers, respectively finance lease receivables into various stages stipulated in IFRS 9 and determining the related impairment level, this audit area is considered a key audit matter. Key areas of professional judgment included: • utilization of historical data for determining risk parameters; • the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the expected credit loss model; • assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customers; • the identification of exposures with a high level of significant deterioration in credit quality and the industries affected by the restrictions imposed as a result of current economic environment; • potential impact on the assumptions used, increases in credit risk and impairments, and future cash flows as a result of the current social and economic conditions; • assessment of the forward-looking information.	Based on our risk assessment and industry knowledge, with the support of our credit risk experts, we have examined the impairment charges for loans and lease receivables and evaluated the methodology applied as well as the key assumptions made by the management according to the description of the key audit matter. Our procedures included the following elements: 1) Testing of key controls: We have checked the adequacy of the key processes and related key controls applied by management to ensure accuracy of impairment calculation, including: • key controls identified to ensure quality assurance of the methodological aspects used in the development of professional judgments and the ECL models; • key controls related to timely identification of impairment triggers and significant increase in credit risk; • key controls to assess the debtors' financial performance and estimate future cash flows. For the relevant key controls identified in addressing the risks, we have tested the design and operating effectiveness of such controls. 2) Testing the implementation of the ECL computation methodology into the IT system, including: • test the general IT controls related to data sources and computations of ECL; • assessment on a sample basis of the credit/leasing receivables quality and stage allocation; • test on a sample basis the ECL computations. 3) Obtaining and analysing the information to support the key assumptions used in: • development of the models for the key risk parameters computation (12-month probability of default, lifetime probability of default and loss given default), including procedures on the source data quality; • development of the expected credit loss models; • development and adequacy of the stage allocation and the criteria used to determine the significant increase in credit risk; • development of models to reflect the potential impact of future economic conditions in the ECL computation; • assessment of the adequacy of the analysis and adjustments made by the management, on all the aspects pertaining to the estimation of expected credit losses, including prospective information on customers loans and leasing portfolio. We have assessed whether the material information on ECL presented in the financial statements is adequate, in accordance with the applicable IFRS requirements.

Deloitte.

<table>
<tr><th>Nature of the area of focus</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Interest Income Recognition</td><td></td></tr>
<tr><td>
Refer to Note 8 of the financial statements.
For the year ended 31 December 2023 the Group interest income represents RON 5,763,453 thousand, the main source being loans and advances to customers, respectively RON 367,323 thousand from finance lease receivables. These are the main contributors to the operating income of the Group affecting the Group’s profitability.
Interest income from loans and advances to customers is accrued over the expected life of the financial instrument using the effective interest rate, while the interest income from finance lease receivables is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.
Fees that are directly attributable to the financial instrument are part of the effective interest rate and accrued over the expected life of such an instrument and are presented as interest income.
Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT system for their recording, resulted in this matter being identified as a key audit matter.
</td><td>
- We have tested the design and operating effectiveness of the key internal controls and focused on:

data input on interest and directly attributable fees for loans and advances to customers, respectively finance lease receivables;
management oversight and control on interest income results, including budget monitoring;
IT controls relating to access rights and change management of relevant automated controls, with the assistance of our IT specialists.

- We performed also the following procedures with regard to interest income recognition:

We evaluated the accounting treatment in respect of fees charged to clients to determine whether the methodology complies with the requirement of the relevant accounting standard. We have focused our testing on challenging the correct classification of fees that are identified as directly attributable to the financial instrument and are part of the effective interest rate;
For a sample of loan and leasing contracts, we assessed the completeness and accuracy of data used for the calculation of interest incomes;
We evaluated the mathematical formula used for accruing the relevant interest income over expected life of the loan, respectively of a finance lease contract;
We have assessed the interest income by building our own expectation on the revenue and compared with the actual results.

- We have assessed the presentation in financial statements of the interest income in accordance with the applicable IFRS requirements.
</td></tr>
</table>

Other Matters

6. The Bank`s and Group`s separate and consolidated financial statements for the year ended December 31, 2022 were audited by another auditor, which expressed an unmodified opinion on such separate and consolidated financial statements on March 10, 2023.

Other information – Administrators` Report

7. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Boards’ report (“Administrator`s report”) which includes the non-financial information declaration and also the Remuneration Report, but does not include the financial statements and our auditor’s report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements for the year ended 31 December 2023, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other reporting responsibilities with respect to other information – Administrators` Report

With respect to the Administrators` report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33.

On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

a) The information included in the Administrators' report and the Remuneration report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;

b) The Administrators' report has been prepared, in all material respects, in accordance with the provisions of National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared as at 31 December 2023, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

Other reporting responsibilities with respect to other information – Remuneration report

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

8. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Order 27/2010 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Deloitte.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Requirements for audits of public interest entities

16. We have been appointed by the General Meeting of Shareholders dated April 26, 2023 to audit the financial statements of Banca Transilvania S.A. for the financial year ended 31 December 2023. The uninterrupted total duration of our commitment is 1 year, covering the financial years ended 31 December 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Bank that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the Group.

- No non-audit services referred to in Article 5 (1) of EU Regulation No. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

Report on compliance with the Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

We have undertaken a reasonable assurance engagement on the compliance with Law 162/2017, and Commission Delegated Regulation (EU) 2018/815 applicable to the financial statements included in the annual financial report of Banca Transilvania S.A. ("the Bank") and its subsidiaries ("the Group") as presented in the digital files which contain the unique code ("LEI") 549300RG3H390KEL8896 ("Digital Files").

(I) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF

Management of the Bank and of the Group is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;

- the selection and application of appropriate iXBRL mark-ups;

- ensuring consistency between the Digital Files and the financial statements to be submitted in accordance with Order 27/2010.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

Deloitte.

(II) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Bank's and Group`s process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited financial statements of the Bank and Group to be submitted in accordance with Order 27/2010;
- evaluating if all financial statements contained in the annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the financial statements for the year ended 31 December 2023 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our opinion relating to the financial statements of the Bank and Group for the year ended 31 December 2023 is set out in the "Report on the audit of the s financial statements" section above.

Irina Dobre, Audit Partner

For signature, please refer to the original signed Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 3344

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei, 9th Floor, District 1
Bucharest, Romania
March 25, 2024