



Banca Transilvania Financial Group: REMUNERATION POLICY

- Excerpt applicable to staff members whose professional activities have a significant impact on the institution's risk profile

Introduction

The main objective of Banca Transilvania Financial Group in the area of remuneration is to comply with the principle of fairness, taking into account the 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 promoting sound and effective risk management.

The remuneration policy for all staff is gender neutral, with all staff being remunerated equally for the same work or for work of equal value, in accordance with Article 3 para (1) line (65) of Directive 2013/36/EU.

Banca Transilvania regularly updates and improves its internal rules and standards to promote best practices regarding staff remuneration.

The internal remuneration framework supports the Group in achieving and maintaining a viable capital base. From a remuneration perspective, persons whose professional activities have a significant impact on the group's risk profile have been referred to as "Identified Staff," and their identification is carried out in accordance with the provisions of European Commission Regulation No. 923/2021.

The Group conducts assessments to identify all staff members whose professional activities have or could have a significant impact on the Group's risk profile, in accordance with legal provisions.

The internal structures with responsibilities in the area of remuneration are:

- The BOARD OF DIRECTORS is responsible for adopting and maintaining the Group's remuneration policy and monitoring its implementation to ensure that it is fully functional.
- The REMUNERATION COMMITTEE is set up to give competent and independent opinions on remuneration policies and practices, on the remuneration of staff involved in risk management, capital adequacy and liquidity of the bank, in accordance with regulatory requirements, and to exercise the powers delegated to it by the Board of Directors in this area of activity.
- The NOMINATION COMMITTEE is set up to give competent and independent opinions on nomination policies and practices and analyze their adequacy, in line with regulatory requirements, and to carry out the duties assigned by the Board of Directors in this area.
- The RISK MANAGEMENT COMMITTEE has specific responsibilities regarding the assessment of remuneration risks and verifies, without prejudice to the tasks of the Remuneration Committee, whether the incentives offered by the remuneration system

take into account the risks, capital, liquidity, and the probability and timing of profits, in order to support the establishment of sound remuneration policies and practices.

- The HUMAN RESOURCES COMMITTEE has specific responsibilities for developing and improving the efficiency of decision-making relating to employees.
- The HUMAN RESOURCES DIVISION is responsible, among other matters, for ensuring that the human resources necessary to achieve the strategic objectives of the Bank/subsidiaries of the Bank are available and that a competitive and fair remuneration and reward system is in place.
- The NON-FINANCIAL RISK MANAGEMENT AND ESG DEPARTMENT 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 performance and risk measurement process, the granting process, and the payment process, as well as additional responsibilities in accordance with the Organization and Management Regulations of Banca Transilvania and the provisions of this policy.
- The COMPLIANCE DIVISION assists and advises the management body (Board of Directors/Leaders` Committee) in the application of the provisions of this policy, as well as additional responsibilities in accordance with the Organization and Administration Regulations of Banca Transilvania and the provisions of this policy, and also through its compliance function, analyzes how the remuneration policy affects the institution's compliance with legislation, internal regulations, and risk culture, approving the document by signature of the Director of the Division upon each approval, review, and supervision.

In addition to the above responsibilities, each structure has other specific responsibilities, which are included in the Group's regulatory framework.

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The Remuneration Committee is a body reporting to the Board of Directors, created to issue independent opinions on remuneration policies and practices, on incentives created for risk, capital and liquidity management, on nomination policies and to exercise the duties mandated by the Board of Directors in this area of activity.

The Remuneration Committee and the Nomination Committee are composed of:

- The Chairman of the Board of Directors

- A maximum of two members of the Board of Directors

The Remuneration Committee and the Nomination Committee meet at least twice a year or whenever necessary, at the request of one of its members or the Bank's Management.

LINK BETWEEN TOTAL REMUNERATION AND PERFORMANCE

In accordance with the legislative provisions in force regarding sound remuneration policies, there are two types of remuneration granted, fixed and variable, according to the following principles:

Remuneration is fixed when the conditions for granting it and its amount:

- i) are based on predetermined criteria;
- ii) are non-discretionary, reflecting the level of professional experience and seniority of staff;
- iii) are transparent with regard to the individual amount granted to individual staff members;
- iv) are permanent, i.e. they are maintained for a period linked to the specific role and organizational responsibilities;
- v) are non-revocable; the permanent value is not changed except through collective bargaining or renegotiation in accordance with national criteria for setting salaries;
- vi) cannot be reduced, suspended, or canceled by the institution;
- vii) do not provide incentives for risk-taking;
- viii) do not depend on performance.

Remuneration is variable when it does not meet the above conditions for being categorised as fixed remuneration.

Where remuneration is performance-related, the amount of total amount of the remuneration is based on a combination of the assessment of the individual performance and the business unit concerned, as well as the overall results of the Group.

Performance assessment is carried out within a multi-year framework to ensure that the assessment process is based on long-term performance and that the actual payment of

performance-based remuneration components is spread over a period that takes into account the Group's business cycle and the specific risks of its entities.

Both financial and non-financial criteria are taken into account in the annual individual performance assessment process: more specifically, in order to obtain variable remuneration for performance achieved, in addition to the minimum length of service requirement established in accordance with internal rules, a minimum "good" rating must be obtained in: Individual objectives (specific to the activity and established following discussions with managers; development & growth) and the competencies identified for each role. The annual assessment process also takes into account collective financial criteria (budget indicators, net promoter score). These criteria are established in accordance with the rules described in the internal methodology.

In the case of "Identified Staff" in the management body category, the performance assessment on which variable remuneration is based is carried out in accordance with the Remuneration Policy for the BT management body, published on the Banca Transilvania website.

In the case of "Identified Personnel," when determining the variable portion of annual remuneration, consideration is given to limiting excessive risk-taking.

Thus, the annual objectives set by the Board of Directors will include indicators that discourage excessive risk-taking.

The remuneration of independent control functions is predominantly fixed. Where variable remuneration is granted, its level is not linked to the budgetary objectives of the organization or the performance of the activities that the control function monitors and controls, but to the achievement of the objectives related to the respective functions.

The same principles of linking variable remuneration to performance apply to "identified personnel" at the GFBT level within the subsidiaries of the BT Financial Group. In order to reward performance, it is necessary that, as part of the annual performance appraisal process, employees meet the conditions set out in the internal rules: a minimum length of service, a rating of at least "good" for their individual objectives, and the achievement of a certain percentage of the objectives set by the Board of Directors/Supervisory Committee, as applicable, of each subsidiary. Supervisory Committee, as applicable, of each subsidiary.

Other elements, types or specific conditions of remuneration for Identified Personnel are set out in the Regulation on the remuneration of Banca Transilvania Financial Group personnel (No. 15.12.__).

DEFERRAL POLICY

Provided that the criteria for entitlement are met, the deferral policy for Identified Personnel is as follows:

- A substantial portion, representing in all cases at least 40% of the variable component of the total remuneration, is deferred for a period of 4 years and is adequately correlated with the nature of the activity, its risks, and the activities of the personnel concerned;
- Up to 100% of total variable remuneration may be subject to malus or clawback arrangements;
- Identified Staff Members shall become entitled to remuneration due under deferral arrangements no more rapidly than on a pro rata basis;
- Identified personnel are paid or become entitled to variable remuneration, including the deferred portion thereof, only if the variable remuneration can be sustained in accordance with the financial situation of the Group as a whole and if it can be justified in accordance with the performance of the bank, the structure in which the activity is carried out, and the employee concerned;
- In the case of annual variable remuneration of a particularly high amount, namely over RON 1,500,000 net granted to Identified Staff (including members of the management body), at least 60% of the amount shall be deferred for a period of at least 5 years;
- At Banca Transilvania, the exemption for small trading portfolios does not apply, in accordance with Regulation (EU) No. 575/2013.

RELATIONSHIP BETWEEN FIXED AND VARIABLE REMUNERATION

The total annual remuneration of the category of staff whose professional activities have a significant impact on the Group's risk profile consists of a fixed component and a variable component that cannot exceed 100% of the fixed component of the total annual remuneration.

The fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of total remuneration to allow for a fully flexible policy on the components of variable remuneration, including the possibility of not paying any variable remuneration.

INFORMATION ON THE PERFORMANCE CRITERIA ON WHICH THE ENTITLEMENT TO SHARES, OPTIONS OR OTHER VARIABLE REMUNERATION COMPONENTS IS BASED

The general performance criteria on which the entitlement to shares or other variable components of remuneration (cumulative) is based are:

- Achievement of the gross profit target for the year under review (for the base portion) and/or for the previous year (for the deferred portion);
- Maintaining capital adequacy and liquidity indicators, as well as keeping the Bank's overall risk profile within the levels set out in the Risk Appetite Statement (RAS);
- Maintaining the Bank in one of the top three positions in the ranking of banks in Romania, based on the share of assets held as at December 31 of the year for which the assessment is made.

KEY PARAMETERS AND BASIS FOR THE STRUCTURE OF THE VARIABLE REMUNERATION COMPONENT

The performance measurement used to calculate the components of variable remuneration or portfolios of components of variable remuneration includes an adjustment for all types of current and future risks and takes into account the cost of capital and the necessary liquidity.

The allocation of variable remuneration components within the Group also takes into account all types of current and future risks.

In the case of Identified Staff, 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 instruments or Tier 2 instruments (in accordance with Article 52 or 63 of Regulation (EU) No. 575/2013), or other instruments that can be fully converted into Common Equity Tier 1 instruments or reduced, which in each case adequately reflect the Group's credit quality on an ongoing basis and are suitable for use for the purpose of variable remuneration. Thus, at least 50% of the annual performance-related variable remuneration is paid in BT shares, acquired by the Bank for this purpose and granted through a Stock Option Plan.

The same principles apply to "identified personnel" within the subsidiaries of Banca Transilvania Financial Group, with the exception of:

- small subsidiaries for which the provisions on payment in instruments, deferral, and vesting do not apply if they had assets with an average value, on an individual basis,

equal to or less than EUR 1 billion during the four-year period immediately preceding the current financial year. If the value of the assets exceeds EUR 1 billion, these provisions shall apply only in the case of total annual variable remuneration exceeding EUR 50,000 gross and where the total annual variable remuneration represents more than 1/3 of the total annual remuneration of the member of staff concerned, the principle of proportionality and immateriality of risk as defined in the applicable regulations and in accordance with the remuneration practices of the BT Financial Group shall apply in this context.

- investment subsidiaries and those in the Republic of Moldova, which are subject to specific regulations of the country or field in which they operate. Thus:
 - At BT Asset Management S.A.I. S.A. for Identified Personnel, variable remuneration is paid 50% in lei and 50% in fund units, with the application of deferral and payment principles in accordance with the company's specific remuneration policy, aligned with the legal regulations applicable to the sector of activity;
 - At Victoriabank, variable remuneration for identified staff is paid 50% in MDL and 50% in instruments linked to the shadow shares of the parent company Banca Transilvania, with the application of deferral and payment principles in accordance with the company's specific remuneration policy, approved by the National Bank of Moldova and aligned with the applicable legal regulations in the Republic of Moldova;
 - At BT Leasing Moldova, for Identified Personnel, a minimum of 50% of variable remuneration is granted in TLV shares of the parent company Banca Transilvania, applying the principles of deferral and payment in accordance with the company's specific remuneration policy, aligned with the legal regulations applicable in the Republic of Moldova;
 - BT Capital Partners S.A. for Identified Staff At least 50% of the variable remuneration is granted in TLV shares of the parent company Banca Transilvania, with the application of the specific regulation on exclusions from deferral and payment in applicable instruments, namely Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

Quantitative information pursuant to Article 450 of Regulation (EU) No. 575/2013 on disclosure requirements for remuneration policies is published on the website of Banca Transilvania.

