

**Information regarding each item on the agenda of the GMS of  
26/(27).04.2023**

Banca Transilvania S.A. informs the shareholders that in connection with the Ordinary and Extraordinary General Meeting of Shareholders convened for 26/(27) April 2023, at 2.00 p.m. and 3.00 p.m. respectively, at BT's registered office located in Cluj-Napoca, Calea Dorobanților, no. 30 - 36, the information below is applicable in relation to the proposed agenda, representing in essence explanatory notes in relation to the items on the agenda of the GMS of 26/(27).04.2023.

**For the Ordinary General Meeting of Shareholders:**

**Item 1.**

In addition to presenting for approval the financial statements as at 31.12.2022, audited in accordance with the applicable legal provisions, we also submit to the shareholders the Independent Auditor's Report and the Board of Directors' Report, which are available [here](#), under Consolidated and Separate Financial Statements for the year ended 31 December 2022.

**Item 2.**

Having regard to the legal provisions stipulated in Art. 111 para. (2) letter d) of Law no. 31/1990 on companies, we propose the discharge of the directors for the year 2022, as proposed in the convening notice. For more information on the work of the Board of Directors, please refer to the Board of Directors' Report for 2022 ([available here](#)).

**Item 3.**

In relation to this point, please refer to the Board of Directors' Report for 2022 ([available here](#)), specifically to the Development Plan for 2023 in its table of contents. Thus, for investments in 2023, the budget proposal is:

<b>Investments buget for 2023 (million RON):</b>	
Buildings - agencies and branches	54,38
IT investments and cards, of which:	293,12
<i>Hardware IT</i>	37,57
<i>Software IT</i>	172,74

Retail and cards, of which:	82,81
<i>Hardware retail cards</i>	10,97
<i>Software retail cards</i>	71,84
Security	9,49
Cash processing centre	7,53
Digital initiatives	75,52
Other	19,09
<b>Total investments including VAT</b>	<b>459,13</b>

The income and expenditure budget indicators for the year 2023 that are submitted for the approval of the General Meeting of Shareholders are set to support the proposed business objectives and are correlated with the specific prudential and supervision banking norms. The items in the Statement of Financial Position and Profit and Loss Account proposed for 2023 are as follows:

<b>Statement of Financial Position (million RON)</b>	<b>Buget proposal for 2023</b>
Cash and cash equivalents	31,963
Securities	46,473
Loans and advances to customers (gross)	72,486
Provisions for loans and advances	(4,293)
Fixed assets	2,209
Investments in participating interests	708
Other assets	2,652
<b>Total assets</b>	<b>152,198</b>
Deposits from customers	123,413
Deposits and loans from financial institutions	10,351
Subordinated debt	2,712
Other liabilities	3,600
<b>Total liabilities</b>	<b>140,076</b>
Equity capital	9,785
Annual profit/loss	2,337
<b>Total equity</b>	<b>12,122</b>
<b>Total liabilities and equity</b>	<b>152,198</b>

<b>Profit and Loss Account (million RON)</b>	<b>Buget proposal for 2023</b>
Interest income	7,477
Interest expense	(3,143)
Net interest income	4,334
Net commission income	1,117
Net trading income	580
Contribution to the Guarantee Fund	(91)
Other income	172
<b>TOTAL INCOME</b>	<b>6,112</b>
Staff expenses	(1,590)
Other operating expenses	(861)
Depreciation expenses	(387)
Other expenses	(54)

TOTAL EXPENDITURE	(2.892)
Net expenditure on impairment adjustments	(622)
PROFIT BEFORE TAX	2.598
Income tax	(261)
NET PROFIT FOR THE FINANCIAL YEAR	2.337

**Item 4.**

Having regard to the legal provisions stipulated in art. 111 para. (2) lit. c) of Law no. 31/1990 on companies, we propose to maintain the remuneration of directors for the year 2022, including the maximum limit for additional remuneration (fixed and variable) granted to directors and officers, in the amount and with reference to the weighting established by the Resolution of the General Meeting of Shareholders dated 25.04.2018.

Thus, the remuneration for directors for the financial year 2023 will be maintained at the level, previously approved by the GSM, of 35,000 lei/month for each member of the Board of Directors, respectively 50,000 lei/month for the Chairman of the Board of Directors, as well as the establishment of a maximum limit of 0.8% of shareholders' equity, for additional (fixed and variable) remuneration granted to directors and officers.

**Item 5.**

Due to the internal regulation on external audit, including the rotation of the statutory auditor, we have proceeded to resume the selection process of the auditor by the designated committee of the Board of Directors on the basis of the offers submitted by the statutory audit firms, submitting the result of this selection process to the vote of the General Meeting of Shareholders, in accordance with the legal provisions stipulated in art. 111 para. (2) letter b1) of Law no. 31/1990 on companies. We propose the appointment of DELOITTE Audit SRL as the Bank's financial auditor for the audit of the Bank's financial statements for the financial years 2023-2027, as well as the termination of the mandate of the existing auditor.

**Item 6.**

In view of the provisions of article 176 of the Financial Supervisory Authority Regulation No. 5/2018 on issuers of financial instruments and market operations, the Bank is required to establish a record date and a correlative ex-date in relation to the identification of shareholders who are to benefit from the rights resulting from the resolutions of the Ordinary GMS and on whom the effects of the resolutions of the Ordinary GMS will be passed. In addition, according to Art. 2 para. (2) lit. 1 of the Financial Supervisory Authority Regulation no. 5/2018 on issuers of

financial instruments and market operations, ex-date refers to the date prior to the record date with one settlement cycle minus one business day, from which the financial instruments subject to the resolutions of the corporate bodies are traded without the rights deriving from such resolution. Ex-dates shall be calculated taking into account the settlement cycle T + 2 business days.

We therefore propose the 12<sup>th</sup> of June 2023 as the record date and 9<sup>th</sup> of June 2023 as the ex-date.

### **For the Extraordinary General Meeting of Shareholders:**

#### **Item 1.**

Our proposal is to allocate from the net profit for 2022 to capitalize the bank the amount of 910 million RON, by increasing the share capital by 910,000,000 RON through the issuance of 91,000,000 new shares with a nominal value of 10 RON/share.

Following the registration of the capital increase, we will request the supervisory authority to include the resulting capital instruments in the total Tier I own funds of Banca Transilvania, in accordance with the provisions of art. 26 para. (3) of Regulation 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

This operation will strengthen the capital base of the issuer in line with the prudential provisions applicable to credit institutions. Please note that following the completion of the capital increase operation, each shareholder registered on the record date, the 21<sup>st</sup> of July 2023, will receive free of charge, for every 100 shares owned, a whole number of shares calculated according to the formula  $100 \times (91,000,000 / 707,658,233)$ .

#### **Item 2.**

We come with some additional details in relation to this item on the Extraordinary GMS agenda, concerning the approval of the Bank's repurchase of its own shares, in accordance with the applicable legal provisions, up to 5,000. 000 shares at a minimum price equal to the BVB market price at the time of purchase and a maximum price of 30 RON, for a maximum period of 18 months from the date of publication of the Extraordinary GMS Decision in the Official Gazette of Romania Part IV, within the framework of a stock option plan with a view to implementing a remuneration system and running a staff loyalty programme for a period of at least 3 years, as

well as the payment of fixed remuneration, respectively granting a mandate to the Board of Directors.

The redemption process mentioned above envisages the implementation of a remuneration system. The remuneration scheme refers to a stock option plan initiated within a legal entity whose securities are admitted to trading on a regulated market, in accordance with the provisions contained in the Law no. 227 of 8 September 2015 on the Fiscal Code, as amended. In this regard, we recall the provisions of article 7, item 39, second paragraph of the Tax Code, according to which, in order for a programme to qualify as a stock option plan, the programme in question must cover a minimum period of one year between the time the right is granted and the time it is exercised (purchase of the securities). Thus, the Bank has decided to offer employees and other persons who are in an mandate relationship with the Bank the possibility of acquiring shares issued by the Bank free of charge under the terms of the Stock Option Plan/SOP.

The remuneration system provides for both variable and fixed remuneration. We stress that Banca Transilvania must comply with the requirements of european and national banking legislation and, consequently, a significant part of the remuneration paid to senior management must be fixed. In the case of the Board of Directors, all the remuneration paid to its members is fixed, the basic component being in RON and the additional one in shares. **Members of the Board of Directors (including independent directors) are not paid variable remuneration, which is linked to performance.** Given the specific supervisory nature of this body in relation to the issuer's business, incentive-based mechanisms based on the institution's performance are excluded in relation to its independent non-executive members, in line with the provisions contained in the EBA Guidelines (EBA/GL/2015/22) on sound remuneration policies. Accordingly, **the remuneration paid in shares in relation to members of the Board of Directors (including independent directors) is fixed**, based on predetermined criteria, guaranteed, does not provide incentives for risk-taking, is not dependent on performance and is not included in long-term performance incentive plans.

In any case, shares paid through this plan will be allocated only after a minimum period of one year has elapsed between the grant of the right and the exercise of the right, as mentioned above. For the purpose of granting variable remuneration, the individual annual performance of the members of the Leaders' Committee as well as of the other beneficiaries is determined in accordance with the rules set out in the internal methodology.

In the case of the Leaders, the rules used to assess annual performance 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 assessment criteria take into account a sufficient period of time to measure an actual performance, using criteria that can be quantified, both qualitative and quantitative. A director will also be assigned targets related to sustainability and accountability/ESG (as appropriate). The use of such individual performance targets ensures alignment between the Bank's remuneration practices, senior management's interests and overall sustainability and accountability/ESG objectives.

objectives. General performance criteria on which share entitlement or other variable components of remuneration are based (cumulative):

- Achievement of the gross profit target in the year for which the valuation is made (for the basic part) and/or for the previous year (for the deferred part);

- Maintaining optimal liquidity, with the value of the immediate liquidity indicator kept at the limit of the assumed risk appetite for the year for which the assessment is made (for the base part) and/or for the previous year (in the case of the deferred part);

- Maintain a solvency level (calculated by reference to internal capital) in accordance with the Internal Capital Adequacy Process for the year for which the assessment is made (for the base leg);

- The overall risk profile of the Bank is in line with the risk appetite assumed in the year for which the assessment is made (for the core part) and/or for the previous year (for the deferred part).

Furthermore, variable pay is divided into the part granted instantly and the part deferred in terms of vesting. For certain categories of Beneficiaries, they are entitled to exercise the option to receive free of charge up to 60% or 40% of the total variable remuneration, respectively, as the part granted instantly. For the deferred difference, the related remuneration is deferred for a period of between 3 and 5 years, the release being subject to the fulfilment of the specific criteria mentioned above for each deferred tranche. The deferred variable remuneration of the Bank's executives is subject to a deferral period of 5 years and is appropriately linked 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 T+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 Bank's Leaders' Committee, a 12-month holding period applies, i.e. a period of time after the vesting of 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. Variable remuneration paid in shares is subject to ex ante and ex post risk adjustments (malus and clawback) in accordance with and within the limits set by the remuneration policy on the Bank's governing body approved by the General Meeting of Shareholders in April 2021.

### **Item 3.**

Regulation No 5 of 20 December 2013 on prudential requirements for credit institutions requires compliance with a number of prudential indicators in relation to the bank's exposures to its related parties. The operation proposed for approval (*preliminary approval of the merger (by absorption) which would take place between Banca Transilvania S.A. (absorbing company) and BT Building S.R.L. (absorbed company)*) is intended both to support synergies within the Financial Group by streamlining its structure and to facilitate the maintenance of comfortable levels for regulatory indicators applicable at bank and group level. The present proposal is for preliminary approval of the merger, with a view to reviewing and preparing the merger documentation. After completion of this preparatory process, we will convene another Extraordinary Shareholders' Meeting during which the shareholders will be able to decide on the actual merger.

### **Item 4.**

In view of the provisions of article 176 of the Financial Supervisory Authority's Regulation No. 5/2018 on issuers of financial instruments and market operations, the undersigned is required to establish a record date and a correlative ex-date in relation to the identification of shareholders who are to benefit from the rights resulting from the resolutions of the Extraordinary GMS and on whom the effects of the resolutions of the Extraordinary GMS shall be passed, including but not limited to the right to benefit from the bonus shares to be issued following the increase in share capital. In addition, according to Art. 2 para. (2) lit. 1 of the Financial Supervisory Authority Regulation Regulation no. 5/2018 on issuers of financial instruments and market operations, ex-



date refers to the date prior to the record date with one settlement cycle minus one business day, from which the financial instruments subject to the resolutions of the corporate bodies are traded without the rights deriving from such resolution. Ex-dates shall be calculated taking into account the settlement cycle T + 2 business days.

We therefore propose the 21<sup>st</sup> of July 2023 as the record date and the 20<sup>th</sup> of July 2023 as the ex-date.

**Item 5.**

Having regard to the provisions of art. 178 para. (4) of the Financial Supervisory Authority's Regulation No. 5/2018 on issuers of financial instruments and market operations, the undersigned is required to set a payment date that is on the business day following the record date of the corporate event whose outcome is represented by financial instruments, i.e. the first business day following the above proposed record date of the 21<sup>st</sup> July 2023.

Accordingly, for the above considerations, we propose the 24<sup>th</sup> of July 2023 as the payment date for the bonus shares to be issued as a result of the share capital increase.