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# Independent Limited Assurance Report on Selected Non-financial Information Presented in the Sustainability Report of Banca Transilvania Financial Group as at 31 December 2022

To the Board of Directors of Banca Transilvania S.A.<sup>1</sup>

## Introduction

We were engaged by the Board of Directors of Banca Transilvania S.A. ("the Bank") to report on the selected non-financial indicators included in the Sustainability Report of Banca Transilvania S.A. ("the Bank") and its subsidiaries (together, "Banca Transilvania Financial Group" or "the Group") as at and for the year ended 31 December 2022 ("the Sustainability Report"), set-out in the Appendix 1 to this Independent Limited Assurance Report and marked with ✓ in the Sustainability Report ("Selected NFI"), in the form of a limited assurance conclusion that, based on our work performed, nothing has come to our attention that causes us to believe that the selected NFI included in the Group's Sustainability Report, were not prepared, in all material respects, in accordance with the definitions and criteria described in Annex 4 to the Sustainability Report

We have not performed any work, and do not express any conclusion, over any other information than the Selected NFI that is included in the Sustainability Report of the Group as at and for the year ended 31 December 2022, and we do not express a conclusion on the Sustainability Report of the Group, as a whole.

## Management's responsibilities

Management is responsible for the preparation of the Selected NFI in accordance with the definitions and criteria described in the Appendix 4 ("Definitions and criteria") to the Sustainability Report, and for the information and assertions contained within it, for determining the Group's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management of the Bank is responsible for preventing and detecting fraud and for identifying and ensuring that the Group complies with laws and regulations applicable to its activities.

<sup>1</sup> The English version of the Independent Limited Assurance Report is a translation from the Romanian version, which is the official and binding version.



Management of the Bank is also responsible for ensuring that staff involved with the preparation and presentation of the Sustainability Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

### Our responsibilities

Our responsibility is to perform a limited assurance engagement and to express an independent limited assurance conclusion based on the work performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information (Revised)*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected NFI are free from material misstatement.

The firm applies International Standard on Quality Management 1 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.

We have complied with the independence and other ethical requirements of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Auditing and Assurance Standards Board ("IESBA code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### Procedures performed

The procedures selected depend on our understanding of the Selected NFI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

A limited assurance engagement on the Selected NFI consists of making inquiries, primarily of persons responsible for the preparation of the Selected Non-financial Information and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- inquiries of the persons responsible for drafting and preparation of the Selected NFI and obtaining an understanding of the process of measuring and reporting the Selected NFI;
- reconciliation of the inputs into the determination of Selected NFI to the underlying data sources;
- performance of substantive testing on a sample basis of the inputs to the Selected NFI to determine whether anything comes to our attention that would cause us to believe that the Selected NFI have not been appropriately prepared in accordance with the definitions and criteria described in the Appendix 4 to the Sustainability Report;
- verifying the mathematical accuracy of calculations of the Selected NFI in accordance with the definitions specified in Appendix 4 to the Sustainability Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the sources from which the Selected NFI was extracted.



## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Selected NFI included in the Sustainability Report of the Group as at and for the year ended 31 December 2022 are not prepared, in all material respects, in accordance with the definitions and criteria described in Appendix 4 to the Sustainability Report.

## Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Bank, for any purpose or in any other context. Any party other than the Bank who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Bank for our work, for this independent limited assurance report, or for the conclusions we have reached.

**For and on behalf of KPMG Audit S.R.L.:**

Refer to the original signed Romanian version

**Dragoi Monica-Iuliana**

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Bucharest, 16 May 2023

Appendix 1: Selected NFI, Definitions and Criteria

#	Selected non-financial indicator	Definitions and criteria	Material topic	GRI Reference	Sustainability Report reference
1	Access to financing and financial education	Proportion of the loan portfolio granted to companies for which Banca Transilvania Financial Group ("the Group"), through the subsidiary BT Microfinantare IFN S.A. ("BT Mic"), has been the first creditor of the company. The first creditor of the company is defined as the first financial institution in the history of the company since its establishment, which has granted financing to that company. This information is identified at the time of the credit analysis performed by BT Mic and captured in the relevant computer systems. The ratio is determined as the ratio between the number of customers for which BT Mic was the first creditor of the company and the total number of BT Mic customers as of 31 December 2022.	Access to financial services, inclusion and financial education; Sustainable financing	Non-GRI Indicator	Section Access to financial services, inclusion and financial education, page 121
2	Supporting gender diversity in Romanian entrepreneurship	Number of outstanding loans and their proportion in total outstanding loans as at 31 December 2022 granted to BT Mic customers having women as shareholders at the reporting date.	Access to financial services, inclusion and financial education; Sustainable financing	Non-GRI Indicator	Section Access to financial services, inclusion and financial education, page 121
3	Community investment	The total amount of sponsorships granted by the Group during 2022, at entity level, defined as the material support towards a non-profit entity in order to support an activity, action, project that contributes positively to the well-being of communities.	Community investment	Non-GRI Indicator	Section Community investment, pages 168 and 178
4	Green loans granted to Romanian companies	Loans granted during 2022 to Romanian companies that have been validated for eligibility criteria in order to be included in the green category by the CAFI (Climate Assessment for Financial Institutions) platform, developed based on IFC standards. The process of analyzing the projects within the application involves initially the classification in a potentially eligible category mentioned above (adaptation to climate change, energy efficiency, green buildings, renewable energy, transport, water efficiency, etc.). The analysis is then carried out either on the basis of a pre-established algorithm or by a group of specialists (internal / external) (depending on the characteristics of each funding) able to determine whether a funded project can be considered a green funding, as presented in page 96.	Sustainable financing	Non-GRI Indicator	Section Sustainable financing, page 97

#	Selected non-financial indicator	Definitions and criteria	Material topic	GRI Reference	Sustainability Report reference
5	Proportion in total assets of exposures related to eligible economic activities and other green financing	Based on the requirements of the EU Taxonomy Regulation (EU Regulation 2020/852), exposures towards eligible economic activities were identified under the NACE code, in addition to which the Group is also considering green loans granted in 2022 to companies according to the CAFI assessment, financing for BREEAM certified real estate projects and financing for companies to optimize energy consumption in dedicated programs run by the European Energy Efficiency Fund and EBRD through the RoSEFF program (Romania - SME Sustainable Energy Efficiency Financing Facility). These exposures represent financing granted to customers, regardless of the number of their employees. The ratio was calculated by reporting these on balance sheet exposures as at 31 December 2022 to total assets, according to the FINREP financial information as at 31 December 2022, both individually and on a consolidated basis.	Sustainable financing	Non-GRI Indicator	Section Our portfolio, page 80
6	Number of Employees	Number of employees, active and inactive, by type of contract and number of employees, active and inactive, by type of employment as at 31 December 2022.	General Indicator (reported regardless of material topics)	GRI 2-7	Section Our team, page 141.
7	The diversity of the BT Financial Group team	Total number of employees, active and inactive, by age, gender and level of management: (i) the first level of management is represented by the general managers and deputy general managers; (ii) the second level of management by executive directors and coordinators; (iii) the third management level of other middle management positions; (iv) specialists at the level of administrative headquarters; (v) specialists at the level of territorial units;	Responsible employer	GRI 405-1	Section Responsible employer, page 160
8	Employees in senior management positions recruited from local communities	In the case of Banca Transilvania and Victoriabank, the senior management is represented by the members of the Leadership Committee and Board of Directors, and in the case of the subsidiaries, by the General Manager and Deputy General Manager, which were recruited from local communities. Local community = Romania / Republic of Moldova. The number of employees is total, comprising of both active and inactive employees.	Responsible employer	GRI 202-2	Section Responsible employer, page 161
9	List of stakeholders	Stakeholder categories were identified by Banca Transilvania Financial Group team and approved by senior management for consultation in the materiality process, as described in page 67 of the Sustainability Report. Stakeholders = an entity or individuals that may be significantly affected by Group's activities, products and services or whose actions may	General Indicator (reported regardless of material topics)	GRI 2-29	Section Materiality analysis, page 67

#	Selected non-financial indicator	Definitions and criteria	Material topic	GRI Reference	Sustainability Report reference
		have a significant impact on Group's ability to successfully implement its strategy and achieve its objectives.			
10	Material topics	List of material topics that emerged from the stakeholder consultation process. Material topic = topic for which the impact generated by Banca Transilvania Financial Group activities, products and services was rated (internally and by stakeholders) as high or very high along with the criteria presented in page 68.	General Indicator (reported regardless of material topics)	GRI 3-2	Section Materiality analysis, pages 69-70
11	Proportion of purchases from local suppliers	Proportion of purchases from local suppliers during 2022, represented by payments performed and accruals. Local community is Romania / Republic of Moldova. Local suppliers = suppliers based in Romania / Republic of Moldova.	Procurement policy	GRI 204-1	Section Responsible Procurement, pages 184-185
12	Average number of training hours per year, per employee	Total training hours during 2022, both in physical and online format, captured and recorded in the online training platform available to all employees of Banca Transilvania or in other centralizing systems, based on the average number of active employees. The ratio thus determined was rounded up to a whole number of hours. The indicator is reported as the ratio between this average number of hours and the average number of training hours per year per employee.	Responsible employer	based on GRI 404-1	Section Responsible employer, page 153
13	Average number of training hours per year, per employee, for data protection	Total training hours during 2022 on data protection, captured and registered in the online training platform available to all employees of Banca Transilvania.	Business compliance, ethics, and responsibility; Digitization and cyber security	Non-GRI Indicator	Section Business compliance, ethics, and responsibility, page 45