

From vision  
to action:



Sustainability  
Report  
**2022**

*step by step  
towards a  
sustainable  
economy*





# 1

- 2022: key figures
- About BTFG
- Corporate governance
- Compliance, business ethics, and responsibility
- Data protection and cyber security
- Risk management
- Our strategy and commitments for a sustainable future
- Materiality analysis
- Stakeholder engagement

# 2

- Our portfolio
- Environmental impact of our portfolio
- Sustainable financing
- Access to financial services, inclusion, and financial education
- Digitalization
- Awards and memberships

# 3

- Our team
- Responsible employer
- Community investment
- Responsible procurement

# 4

- Resource consumption and waste management
- Energy consumption
- Climate change actions

# Welcome message

**Dear shareholders, customers, partners,  
and BT team members,**

It is with great pleasure and pride that I present to you the third report of Banca Transilvania Financial Group. As the largest bank in Romania, we are aware of the significant contribution we have in shaping the future of the Romanian financial system and economy. As we continue to evolve, our commitment to responsible growth remains strong, and this report proves once again that step by step, we are making progress towards a more sustainable economy.

One of the key aspects of this report is that, for the first time, we have estimated the emissions associated with the investments and financing we provide for our customers. This step allows us to have a clearer understanding of the impact generated by our policies and lending activity. It also better prepares us to identify opportunities to reduce our footprint and support projects and industries aligned with the larger European and global objective of a low carbon future.

Another extremely important step we completed in early 2022 was joining the United Nations Environment Programme Finance Initiative (UNEP-FI) and signing the Principles for Responsible Banking. This is yet another testament to our belief in the power of collective action and our willingness to work together with the entire industry towards a common goal.

We are currently in the process of assessing the environmental impact of our entire portfolio, which will allow us to develop and implement specific strategies not only to manage exposure to climate-related risks, but also to address all environmental and social aspects negatively impacted by the projects we finance.

2022 was also a year in which our efforts were externally recognized and validated through the ratings obtained from international agencies.

Beyond the actions implemented so far, we are aware that to truly transform our vision into actions that will lead to much needed change, we must take determined and firm steps towards achieving our sustainability goals, and real and impactful transformations require collaboration and partnerships. We have a moral and strategic obligation at the level of the financial sector in Romania to promote and generate positive changes, together with our customers, suppliers, colleagues and all our stakeholders.

As you delve deeper into the details of this report, I invite you to join us in our future endeavors. *From vision to action* is not just the title of this report, but a call to action: only by working together can we achieve our common goal of a inclusive, fairer, and more sustainable world.



# About the report

## Interactive content:

bancatransilvania.ro<sup>↗</sup> = external link

Contents button =  
link to Contents page of the report



### SDG button

Throughout the report, our contribution to achieving the Sustainable Development Goals has been highlighted at the beginning of each chapter.


The list of Goals can be consulted by clicking on the button available on the first page of each chapter.

Each Objective contains a link that redirects the reader to the official [sdgs.un.org<sup>↗</sup>](https://sdgs.un.org) page.

For a better view of the report's content and access to all interactive elements, we recommend downloading it and opening it with a .pdf document reader (e.g., Adobe Acrobat Reader DC).

This is the third sustainability report of Banca Transilvania Financial Group (*throughout the report, the Group, BT Group, BT Financial Group, or BTFG*) and covers the period from January 1, 2022, to December 31, 2022. This report includes information on the Group's activity and relevant indicators describing the (positive and negative) economic, social, and environmental impact generated by the Group's activity and business relationships.

The report is developed under the Global Reporting Initiative 2021 (GRI) Standards and complies with the provisions of the Ministry of Public Finance Order 3,456/2018 and the National Bank of Romania Order 7/2016<sup>↗</sup>. Thus, to identify the non-financial indicators that are presented in this report, from December 2022 to January 2023, we conducted the materiality analysis resulting in the identification of material topics. The analysis was performed following the guidelines in GRI Standard 3.

A selection of the non-financial information included in the Sustainability Report (indicators included in the list on page 207) was subject to an assurance process in accordance with the International Standard on Assurance Engagements 3000 - "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (Revised) ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board, performed by an external auditor. The indicators were selected based on the importance of the material topics. Throughout the report, audited non-financial indicators have been marked with .

The report provides information on the activity of Banca Transilvania and its representative subsidiaries in Romania and the Republic of Moldova: BT Microfinantare („BT Mic”), BT Leasing, BT Pensii, BT Asset Management, BT Capital Partners, BT Direct, Improvement Credit Collection, Idea::Bank, Idea::Leasing, respectively Victoriabank and BT Leasing Moldova.

Information referring to Romania or the Republic of Moldova describes the activity of the entities in that country, and if no reference is made to a specific entity, the information disclosed is applicable to all entities of Banca Transilvania Financial Group.

As the information in this report includes two new entities of BTFG, namely Idea::Bank and Idea::Leasing, the comparability of data with previous years is not relevant.

This version of the sustainability report is based on the free translation of the report in Romanian.

*To facilitate numerical reporting, part of the indicators presented in the report have been rounded or converted from one unit of measure to another/ from Moldovan lei to RON. Therefore, in some cases, there may be small differences between the values presented and the absolute figures.*

*Exchange rate: 1 MDL = 0.2458 lei*






You can send questions or suggestions on the content of this report to:

***ESGreporting@btrl.ro***











## BT

-  Banca Transilvania S.A.
-  30-36 Calea Dorobantilor,  
Cluj Napoca, Romania
-  [bancatransilvania.ro](http://bancatransilvania.ro)<sup>↗</sup>




## BT Pensii

-  BT Pensii S.A.
-  75-77 Buzesti Street, office no. 2, 10<sup>th</sup>  
floor, 1<sup>st</sup> district, Bucharest, Romania
-  [btpensii.ro](http://btpensii.ro)<sup>↗</sup>




## BT Direct

-  BT Direct IFN S.A.
-  74-76 Constantin Brancusi Street,  
3<sup>rd</sup> floor, Cluj-Napoca, Romania
-  [btdirect.ro](http://btdirect.ro)<sup>↗</sup>




## Idea::Leasing

-  Idea Leasing IFN S.A.
-  19-21 Bucuresti-Ploiesti Road, 2<sup>nd</sup>  
floor, 1<sup>st</sup> district, Bucharest, Romania
-  [idealeasing.ro](http://idealeasing.ro)<sup>↗</sup>




## BT Mic

-  BT Microfinanțare IFN S.A.
-  43 Bucharest-Ploiesti Road,  
Office E3-18, 3<sup>rd</sup> floor, District 1,  
Bucharest, Romania
-  [btmic.ro](http://btmic.ro)<sup>↗</sup>




## BT Asset Management

-  BT Asset Management SAI. S.A.
-  22 Emil Racovita Street,  
Cluj-Napoca, Romania
-  [btassetmanagement.ro](http://btassetmanagement.ro)<sup>↗</sup>




## ICC

-  Improvement Credit Collection S.R.L.
-  1 George Baritui Street,  
Cluj-Napoca, Romania
-  [iccollect.ro](http://iccollect.ro)<sup>↗</sup>




## Victoriabank

-  Victoriabank S.A.
-  141 31 August 1989 Street,  
Chisinau, Republic of Moldova
-  [victoriabank.md](http://victoriabank.md)<sup>↗</sup>




## BT Leasing

-  BT Leasing Transilvania IFN S.A.
-  74-76 Constantin Brancusi Street,  
1<sup>st</sup> floor, Cluj-Napoca, Romania
-  [btleasing.ro](http://btleasing.ro)<sup>↗</sup>




## BT Capital Partners

-  BT Capital Partners S.A.
-  74-76 Constantin Brancusi Street,  
ground floor, Cluj-Napoca, Romania
-  [btcapitalpartners.ro](http://btcapitalpartners.ro)<sup>↗</sup>

## Idea::Bank

-  Idea Bank S.A.
-  5-7 Dimitrie Pompei Blvd, 6<sup>th</sup> floor,  
2<sup>nd</sup> district, Bucharest, Romania
-  [ro.idea-bank.ro](http://ro.idea-bank.ro)<sup>↗</sup>

## BT Leasing MD

-  BT Leasing MD S.R.L.
-  60/2 A. Puskin Street,  
Chisinau, Republic of Moldova
-  [btleasing.md](http://btleasing.md)<sup>↗</sup>



# Who we are



2022: ker figures

About BTFG

Corporate governance

Compliance, business  
ethics, and responsibility

Data protection and  
cyber security

Risk management

Our strategy and  
commitments for a  
sustainable future

Materiality analysis

Stakeholder engagement



# 2022: key figures

## Our performance

Banca Transilvania



> **3.5 mil.**  
individual customers

> **422,000**  
corporate customers



> **3 mil.**  
single digitized  
retail customers

**5.3 mil.**  
million cards  
in portfolio



**513**  
territorial units

> **1,800 ATM<sub>s</sub>**  
> **100,000 POS<sub>s</sub>**

green financing granted in 2022  
to companies amounted to

**RON 790 mil.**



**1 out of 5**  
mortgages granted  
in 2022 were green  
mortgages

**First financing**  
for blue loans  
in Central and  
Eastern Europe

> **\$ 500 mil.**  
brand value of BT,  
according to Brand Finance

**25 years**  
since listing on the  
Bucharest Stock Exchange

**Banca Transilvania, the  
most traded share on the  
regulated market of the  
Bucharest Stock Exchange**

Victoriabank



> **280,000**  
individual customers

> **11,400**  
corporate customers

the first funding for the transition  
to a green economy was granted in  
2022 amounting to

**€ 2,4 mil.**



BT Mic

> **15,000**  
small businesses supported

First lender for ~  
75% of customer  
portfolio

**7,300**  
loans granted to  
women-owned  
businesses

**First financial  
institution in Romania  
to access the InvestEU  
program**

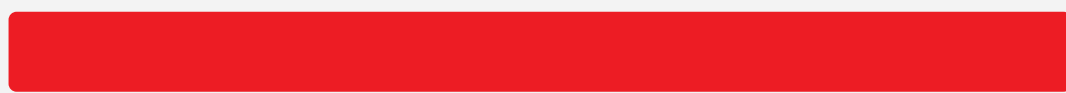
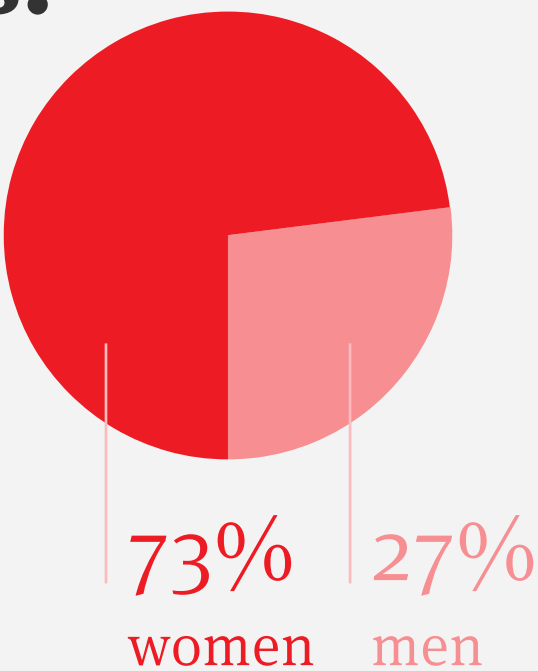


# Our people

**12,076**  
employees:

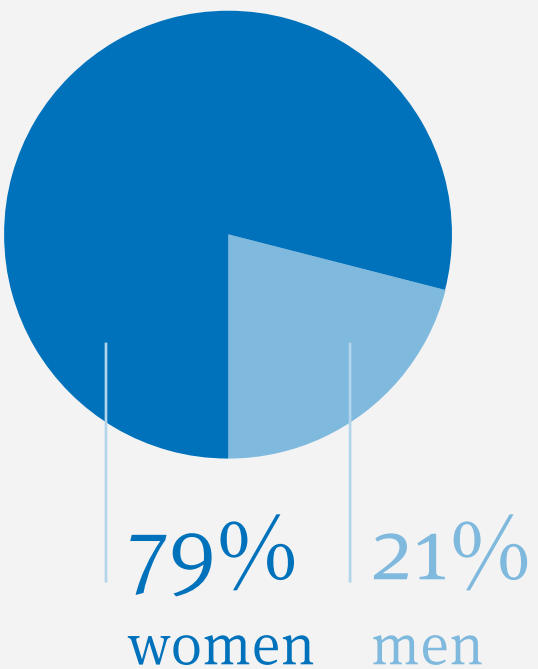
**10,711**

employees in Romania



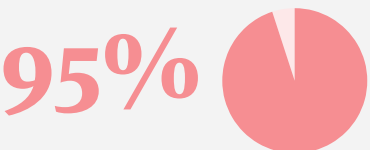
**1,365**

employees in the  
Republica of Moldova



**~ RON 10 mil.**

the annual training budget,  
that increased, compared to  
the previous year, by



**72**

the average number  
of training hours  
provided annually  
to BT employees

# Our communities



**> RON 34 mil.**

the value of BTFG's community  
investment budget

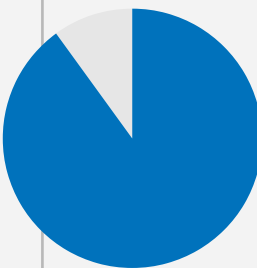
**> 180**

projects supported



**96%**

of BTFG providers in  
Romania are local



**90%**

of BTFG providers in  
Moldova are local

# Environment



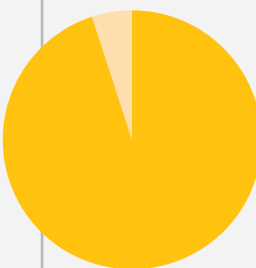
We calculated for  
the first time the  
Scope 3 emissions  
associated with  
the loans granted



BT uses

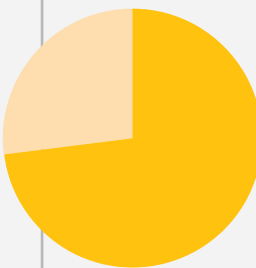
**100% FSC  
certified paper**

for customer correspondence



**95%**

of new cards issued and renewed  
were made from recycled plastic

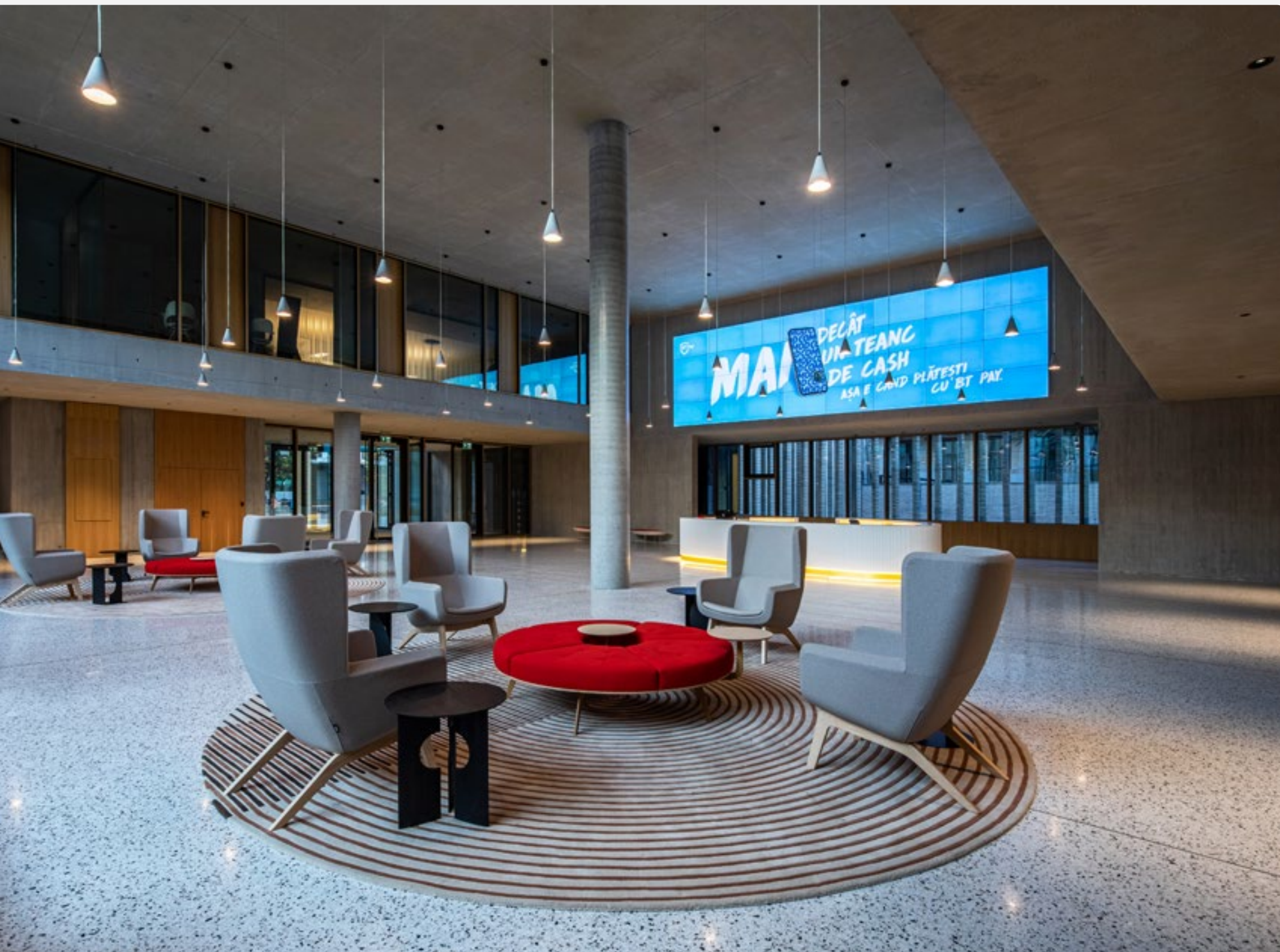


**73%**

of the electricity  
purchased by BTFG came  
from renewable sources



# About BTFG



The banking system plays an important role in achieving sustainable development goals, being a key player in redirecting and channeling financial resources to sustainable environmental and social projects.

Prioritizing sustainable financing and lending policies remain essential in a context where climate change and biodiversity loss may become irreversible without joint and sustained action.

***As leaders of the Romanian banking system, we are aware of our responsibility: not only to support the transition towards a more sustainable Romanian economy but also to leave a better future to those who will follow us.***

Guided by strong values such as **respect, courage, responsibility, openness, and honesty** in our relationships with all our partners, our mission is to support businesses and communities anywhere and anytime, online and through our territory network, giving our customers positive experiences and helping them turn their dreams into reality.

Banca Transilvania Financial Group is present in 3 countries, with the most significant activity in Romania with more than 95% of total assets. The other two countries in which the Group operates are the Republic of Moldova, where the BT Group, through its subsidiaries, offers banking and financial leasing services, and Italy (through a bank branch opened in Rome).

In 2022, the Group successfully acquired Țiriac Leasing, the first acquisition of a leasing company that is not part of a financial-banking group. This acquisition was a strategic move to enhance the Group's position in the car leasing market.



Subsidiaries of BT Financial Group in which the bank has direct and indirect holdings		2022	2021
Branch	Field of activity		
Victoriabank S.A.	licensed investment and financial banking activities	44.63%	44.63%
BT Capital Partners S.A.	investments	99.59%	99.59%
BT Leasing Transilvania IFN S.A.	leasing	100.00%	100.00%
BT Investments S.R.L.	investments	100.00%	100.00%
BT Direct IFN S.A.	consumer credits	100.00%	100.00%
BT Building S.R.L.	investments	100.00%	100.00%
BT Asset Management SAI. S.A.	asset management	100.00%	100.00%
BT Solution Agent de Asigurare S.R.L.	auxiliary activities for insurance and pension companies	99.95%	99.95%
BT Asiom Agent de Asigurare S.R.L.	auxiliary activities for insurance and pension companies	99.95%	99.95%
BT Safe Agent de Asigurare S.R.L.	auxiliary activities for insurance and pension companies	99.99%	99.99%
BT Intermedieri Agent de Asigurare S.R.L.	auxiliary activities for insurance and pension companies	99.99%	99.99%

BT Leasing MD S.R.L.	leasing	100.00%	100.00%
BT Microfinanțare IFN S.A.	other lending activities	100.00%	100.00%
Improvement Credit Collection S.R.L.	collection agencies and credit reporting bureaus' activities	100.00%	100.00%
VB Investment Holding B.V.	holding activities	61.81%	61.81%
Timesafe SRL	information technology services activities	-	51.12%
BT Pensii S.A.	pension fund management (except those in the public system)	100.00%	100.00%
Idea Bank S.A.	other monetary intermediation activities	100.00%	100.00%
Idea Investments S.A.	management consultancy activities	-	100.00%
Idea Leasing IFN S.A.	financial leasing	100.00%	100.00%
Idea Broker de Asigurări S.R.L.	insurance agents' and brokers' activities	100.00%	100.00%
Code Crafters by BT	custom software development activities	100.00%	
Tiriac Leasing IFN S.A.	financial leasing	100.00%	





Banca Transilvania (BT) was established on December 16, 1993, and has been operating as a banking institution since 1994.

As of December 31, 2018, BT became the largest bank in Romania and South-Eastern Europe.

As a universal bank, it covers all customer segments and business lines in the financial sector. It has over 19% of the market share, serves almost 4 million customers, has more than 9,200 employees, offers online banking solutions, and has over 500 branches in 180 locations.

The number of active customers per business line, for which Banca Transilvania is the main bank, increased by 8.1% in 2022 compared to 2021.

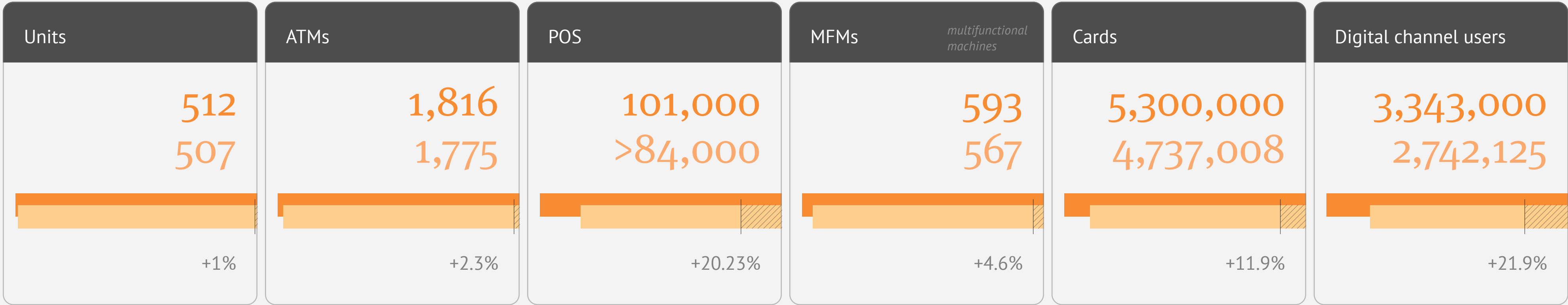
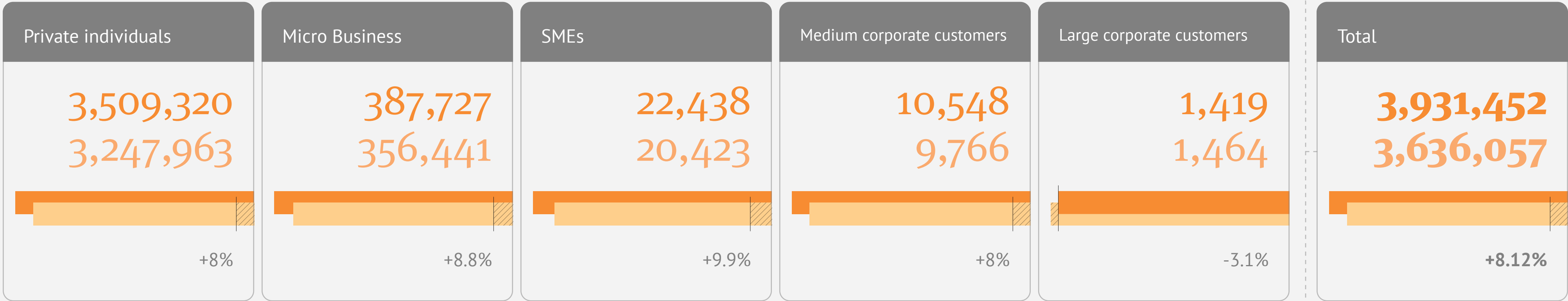
**~4 mil. customers**  
**>9,200 employees**  
**>500 offices in**  
**180 locations**







BT active customers:



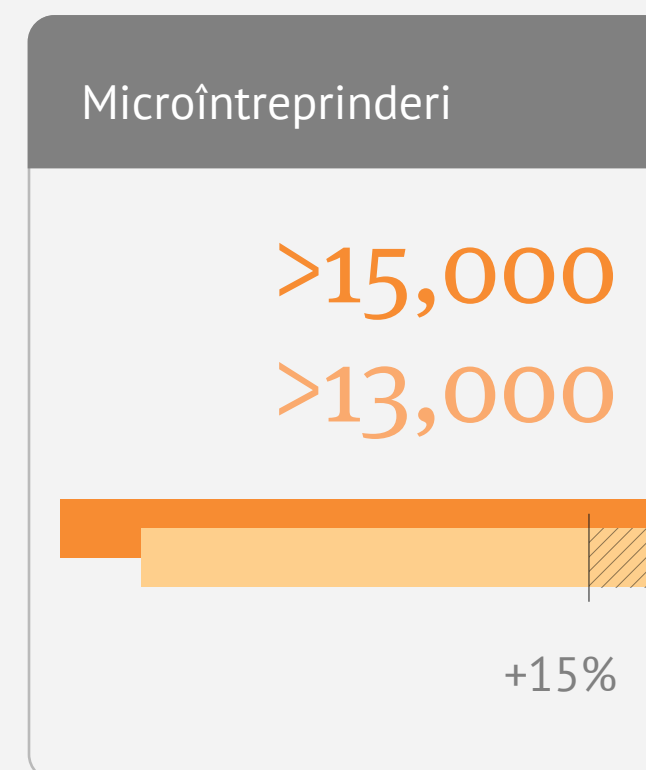




BT Microfinanțare (BT Mic) is a non-bank financial institution, established in 2016 dedicated to financing small businesses, including start-ups, which complements Banca Transilvania's role in supporting Romanian entrepreneurs. It addresses entrepreneurs with a turnover of up to 1 million lei, regardless of activity field and form of organization.

**BT Mic is the largest microfinance company in Romania**, working with more than 15,000 small businesses in over 3,000 localities to support and develop day-to-day business, purchase goods, pay suppliers, invest in and/or open new outlets, purchase machinery/tools, etc.

BT Mic active customers:



Together with Banca Transilvania, BT Mic plays a significant role in developing the entrepreneurial ecosystem in Romania, its latest initiative being STUP, a physical and virtual space dedicated to supporting the entrepreneurial community. BT Mic and BT have created the infrastructure to connect entrepreneurs with service and product providers to start, run, and manage a business. The initiative includes events for entrepreneurs and aspiring entrepreneurs to improve entrepreneurship education and access to finance in Romania.





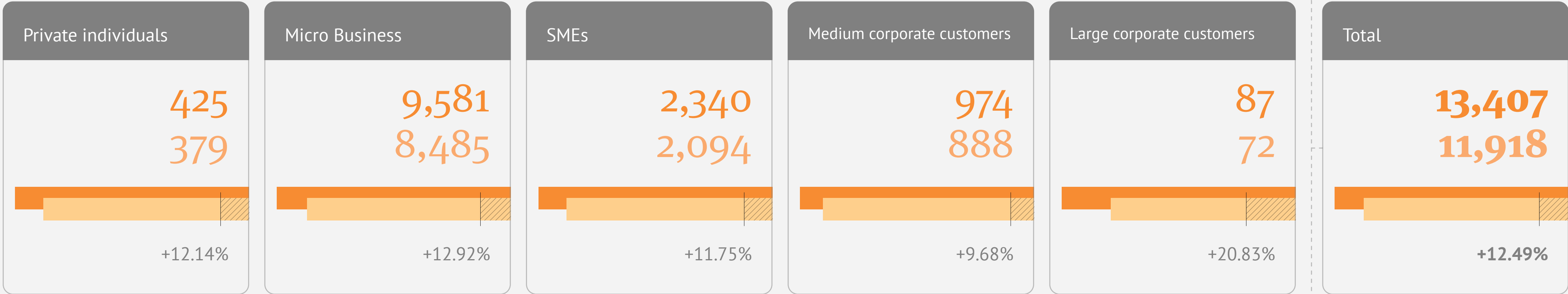


BT Leasing Transilvania offers a wide range of vehicles, production equipment, and other equipment and real estate for leasing.

In August 2022, BT's ownership in Țiriac Leasing was transferred to BT Leasing to facilitate the merger of the two entities. As of January 1, 2023, the merger between BT Leasing and Țiriac Leasing became effective, thus consolidating the leasing business within the BT Group.



BT Leasing active customers:



Note: previously reported results for 2021 have been slightly modified due to a clerical error caused by the classification of a small number of clients (private individuals, micro business, and SME) in a different category from the definition agreed upon at Group level.

Active customers in 2022 include 39 customers whose contracts were outstanding as of December 31, 2022, and are due to be closed in the following period.





BT Asset Management S.A.I. is an investment management company, a member of Banca Transilvania Financial Group.

It manages open-ended investment funds and alternative investment funds, with placements in a wide range of financial instruments (shares, bonds, government securities, deposits, etc.).

Access to the capital market is offered to clients through investments in Romania, Europe, and the USA, in RON, EUR, USD, and GBP.

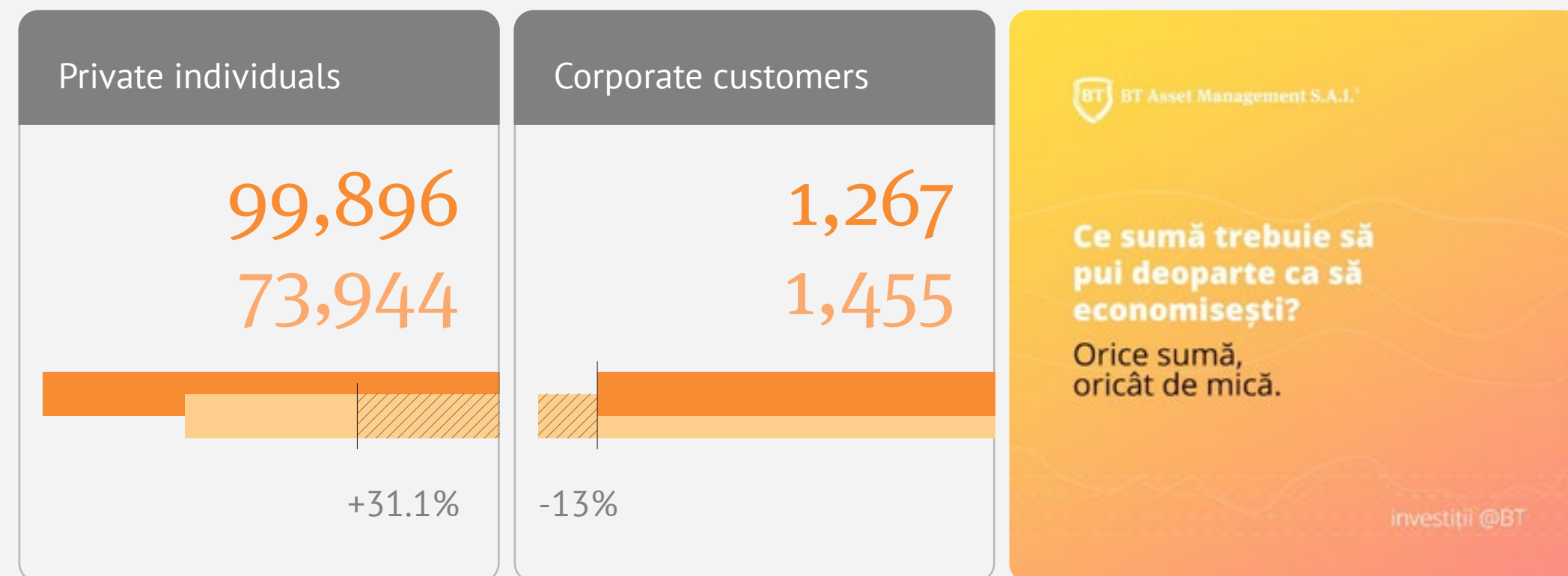
As of December 31, 2022, BT Asset Management is Romania's second-largest asset manager, with net assets under management of over 4.181 billion lei and a market share of 21.4%.



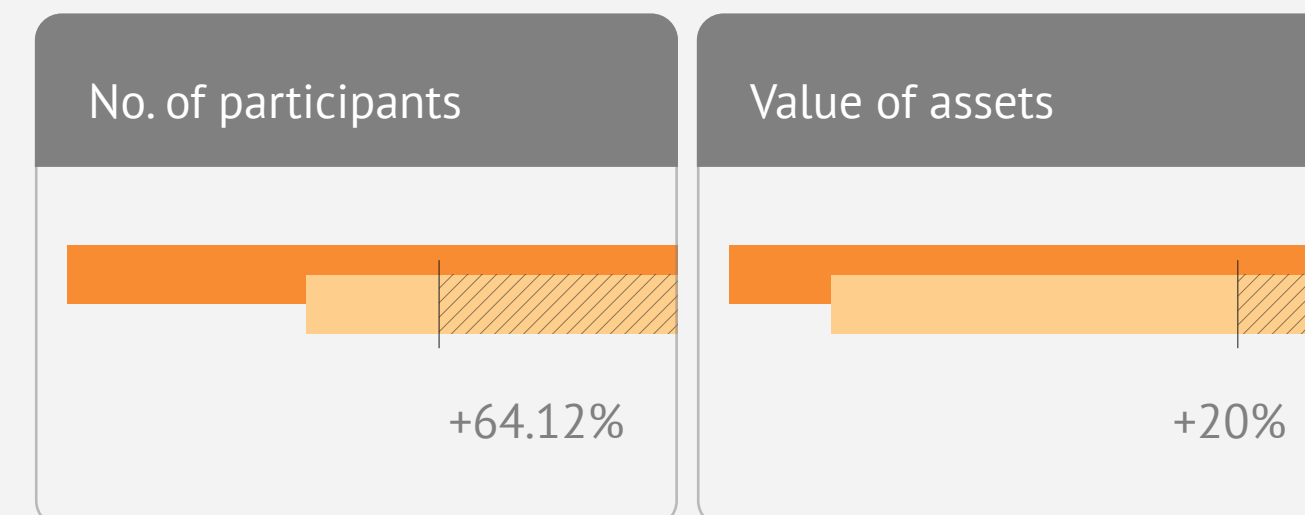
BT Pensii Societate de Administrare a Fondurilor de Pensii Facultative SA is the management company of voluntary pension funds within Banca Transilvania Financial Group, managing the Pensia Mea voluntary pension fund.

At the end of 2022, BT Pensii had 36,660 participants and managed total assets of over 150 million lei.

BT Asset Management active customers:



Evolution 2022 vs. 2021



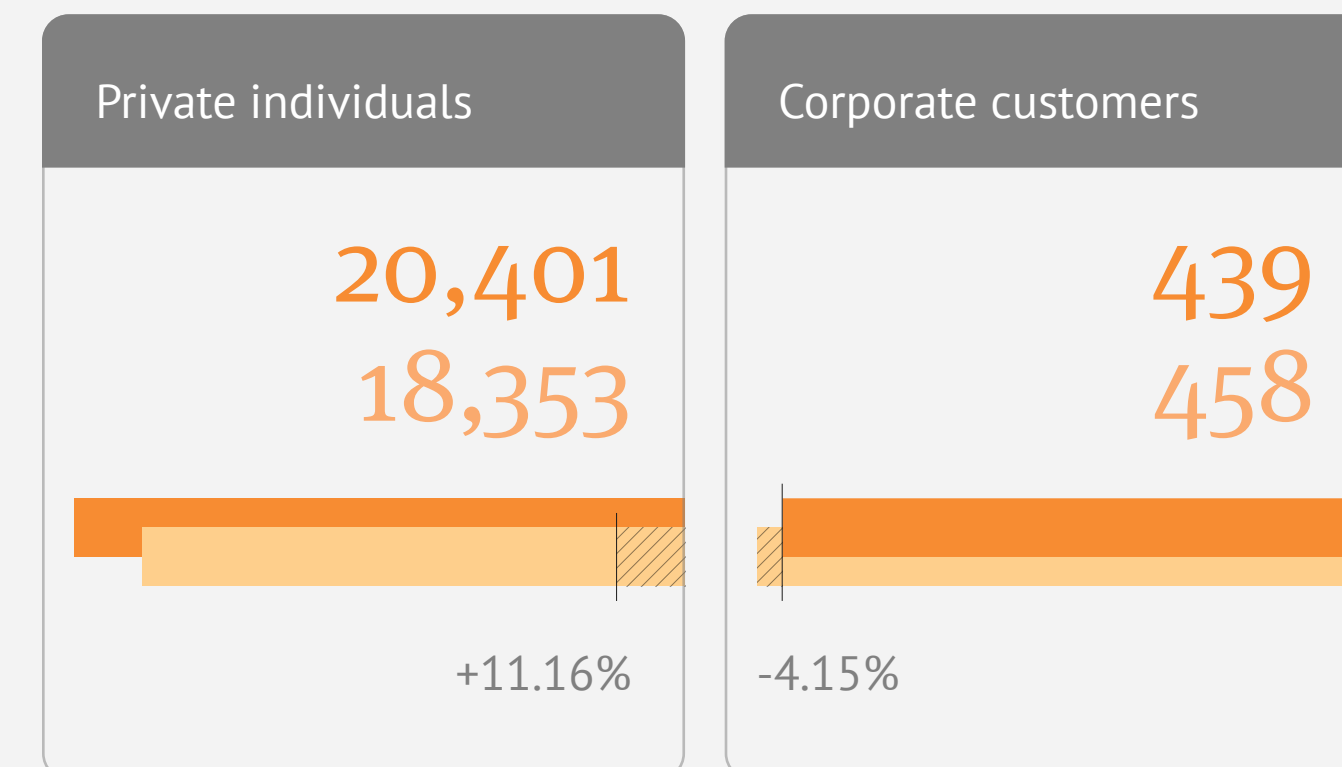




BT Capital Partners provides brokerage services, assistance with capital market listings and investor attraction, merger and acquisition advisory, complex financing attraction and structuring, market research, and strategic consulting.

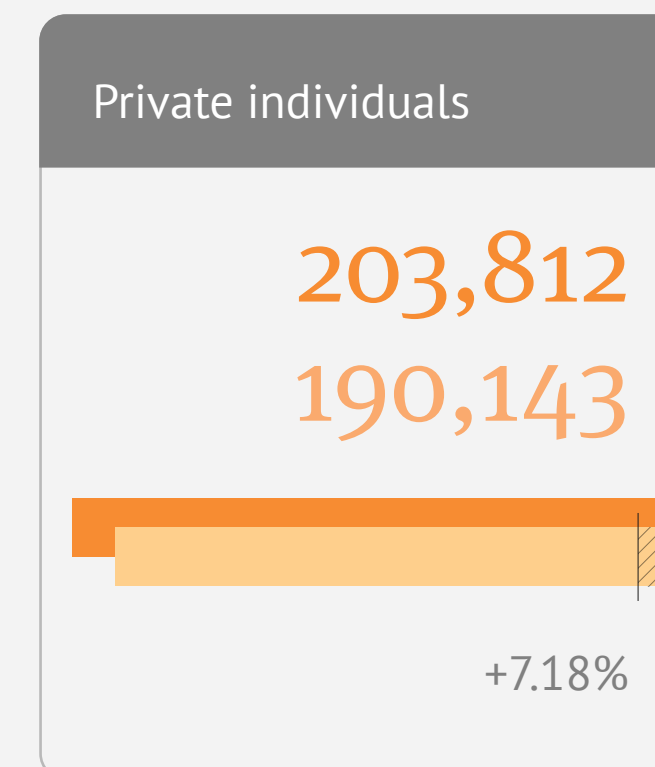
In 2022, BTCP was a partner in the 4 FIDELIS government bond issues conducted by the Ministry of Public Finance.

BT Capital Partners active customers:



BT Direct IFN SA is a non-banking financial institution, a member of the BT Group that offers a wide range of financial products both in-store lending and online lending, as well as personal loans, aiming to become the preferred institution of Romanians through quality services, modern solutions, and convenient financing options provided to customers by developing sustainable partnerships.

BT Direct active customers:



Improvement Credit Collection SRL (ICC) is a Romanian company founded in July 2013, part of the BT Group, providing non-performing portfolio management, due diligence, and debt collection services, through both extra-judicial and judicial procedures.

At the end of 2022, ICC was providing these services for its own portfolio and 7 other institutions and companies, a growth of 16.66% compared to 2021.







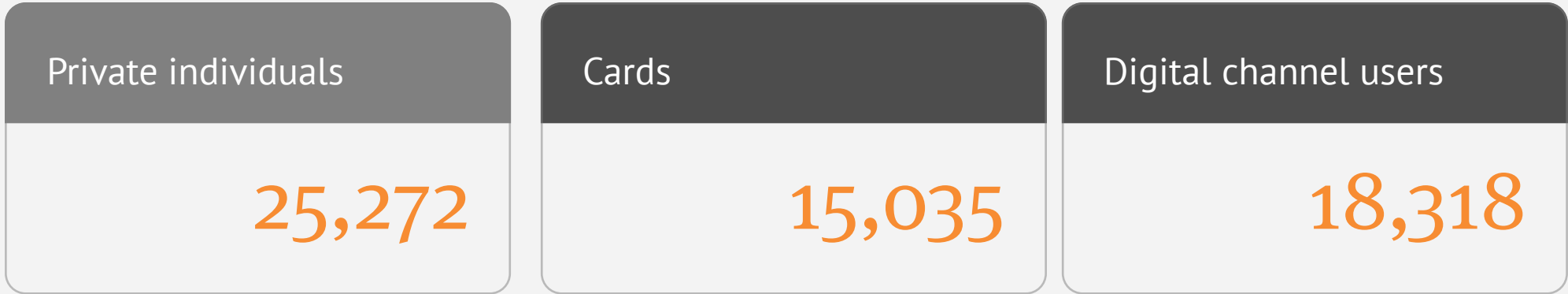
Idea Bank SA became a member of the BT Group at the end of 2021, after acquiring the entire share package held by the Polish group Getin Holding. Idea::Bank provides products and services to both individuals and SMEs, relying on the development of new digital banking technologies.

Starting in 2022, Idea::Bank is in the process of streamlining its operations, activities, and product offerings to become a fully digital bank. Idea::Bank aims for a complete digital transformation process to become the first fully digital bank (without bank branches) "made in Romania", thus offering banking services to customers solely through digital channels.

Specifically, it will offer its services through a mobile banking application (and wallet). As a differentiating element from other neo-banks or fintech that offer such platforms, Idea::Bank intends to provide customer support services through its call center.

Being a young and developing bank, the company is characterized by an attitude centered on identifying solutions. In operating in a service business, behavior is directly what shapes the organization's success.

Idea::Bank active customers:





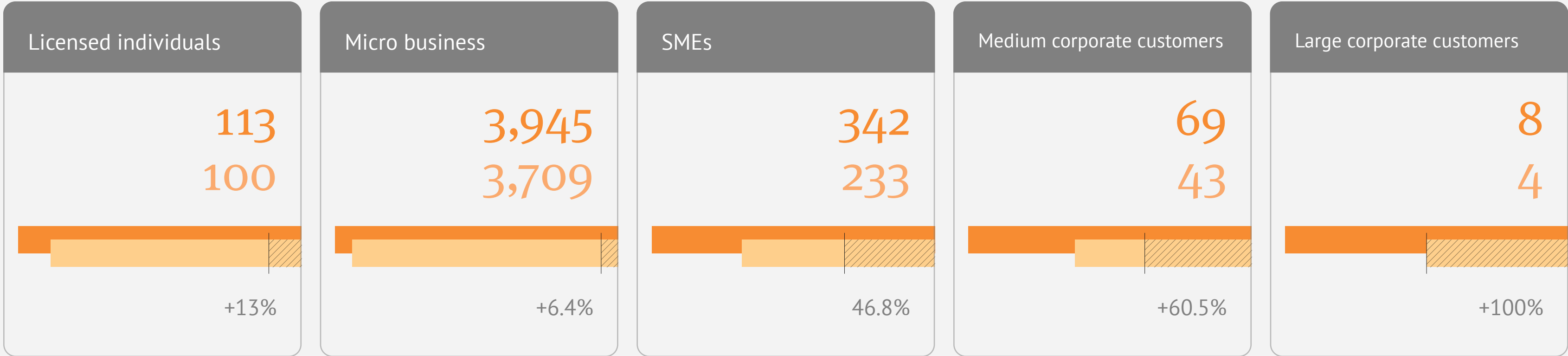


Idea Leasing IFN SA is a full-service company providing complex financing solutions.

As of 2021, it is a member of BT Group. The expertise of the team and leasing consultants covers various fields and provides services to both companies (including SMEs), as well as licensed individuals, sole proprietorships and family businesses, freelance professionals, as well as easy access to information through continuous digital development.



IdeaLeasing active customers:







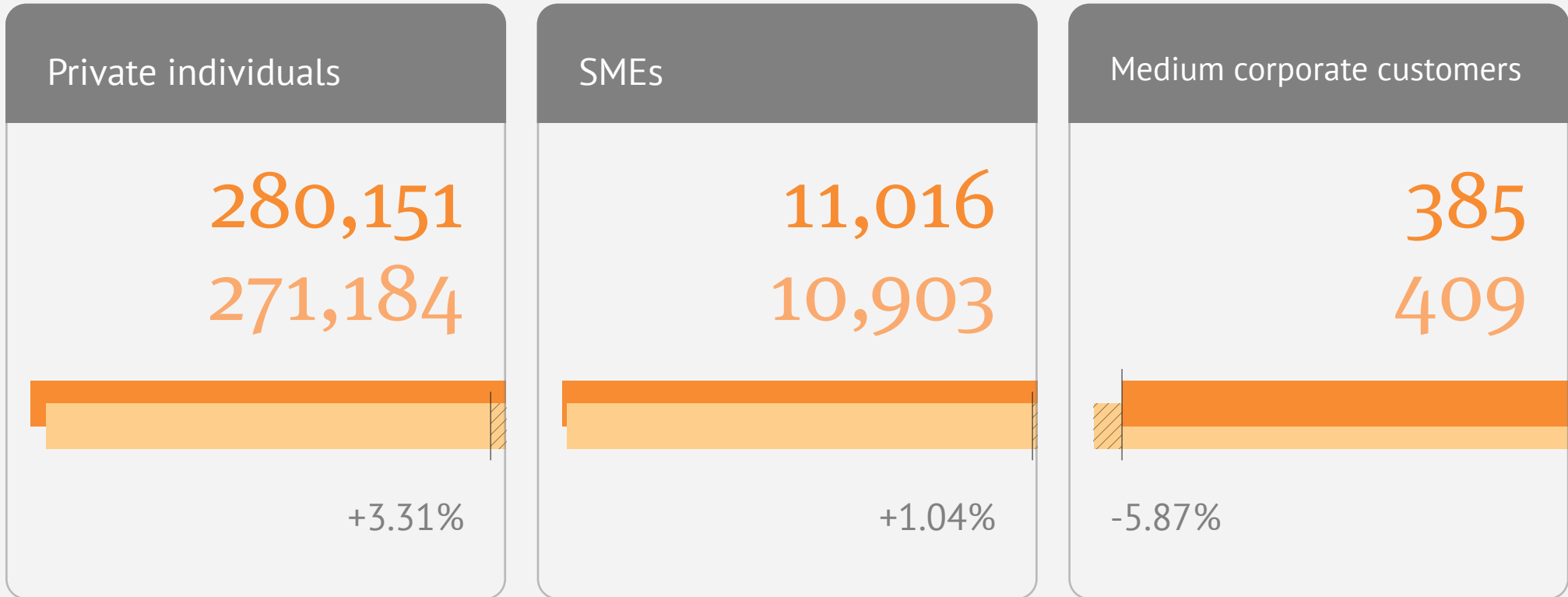
Victoriabank is a Moldovan brand, an innovator with the first-ever card, ATM, mobile app, and credit for small entrepreneurs in Moldova. In 2018, Banca Transilvania became a majority shareholder of Victoriabank, alongside the EBRD.

Victoriabank's priorities are to support the Moldovan business environment, in particular the SME and micro-enterprise sector, and develop a wider range of products and services for retail customers, while improving relevant corporate governance standards in line with those of the BT Group.

Victoriabank continues to implement digital capabilities to benefit its customers and invest in digital platforms, products, and services.

As of December 31, 2022, Victoriabank S.A. is the fourth largest lender in Moldova, with over 30 years of activity and a market share of 13.7% based on total assets. Victoriabank is one of the most recognized brands in the Republic of Moldova.

Victoriabank active customers:



2022

2021

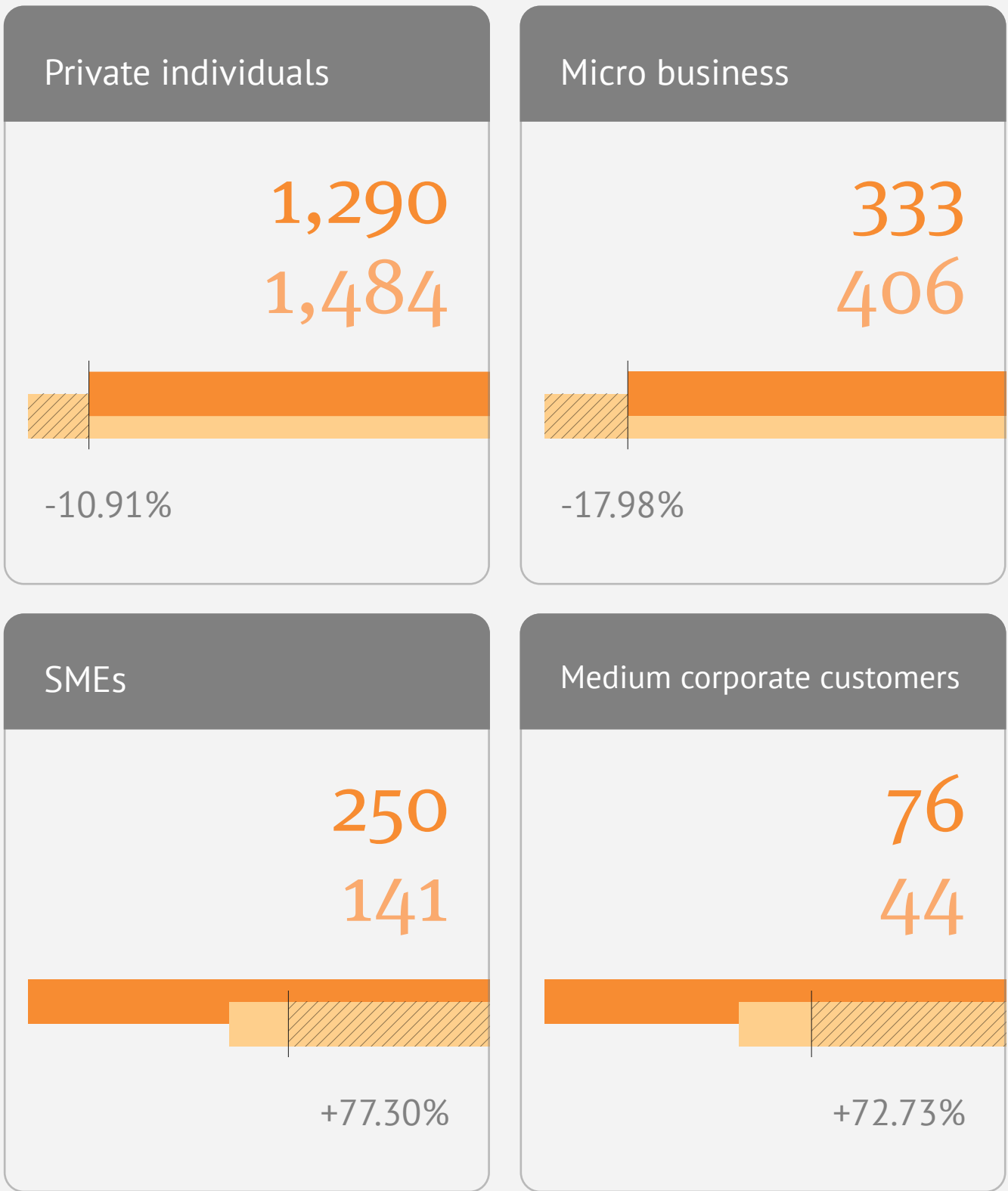
Evolution vs. 2021



BT Leasing MD S.R.L. is the first company opened by BT Group in the Republic of Moldova. It provides financial leasing of various movable assets and aims to be the leasing company for local entrepreneurs, building a range of products and services primarily dedicated to them.

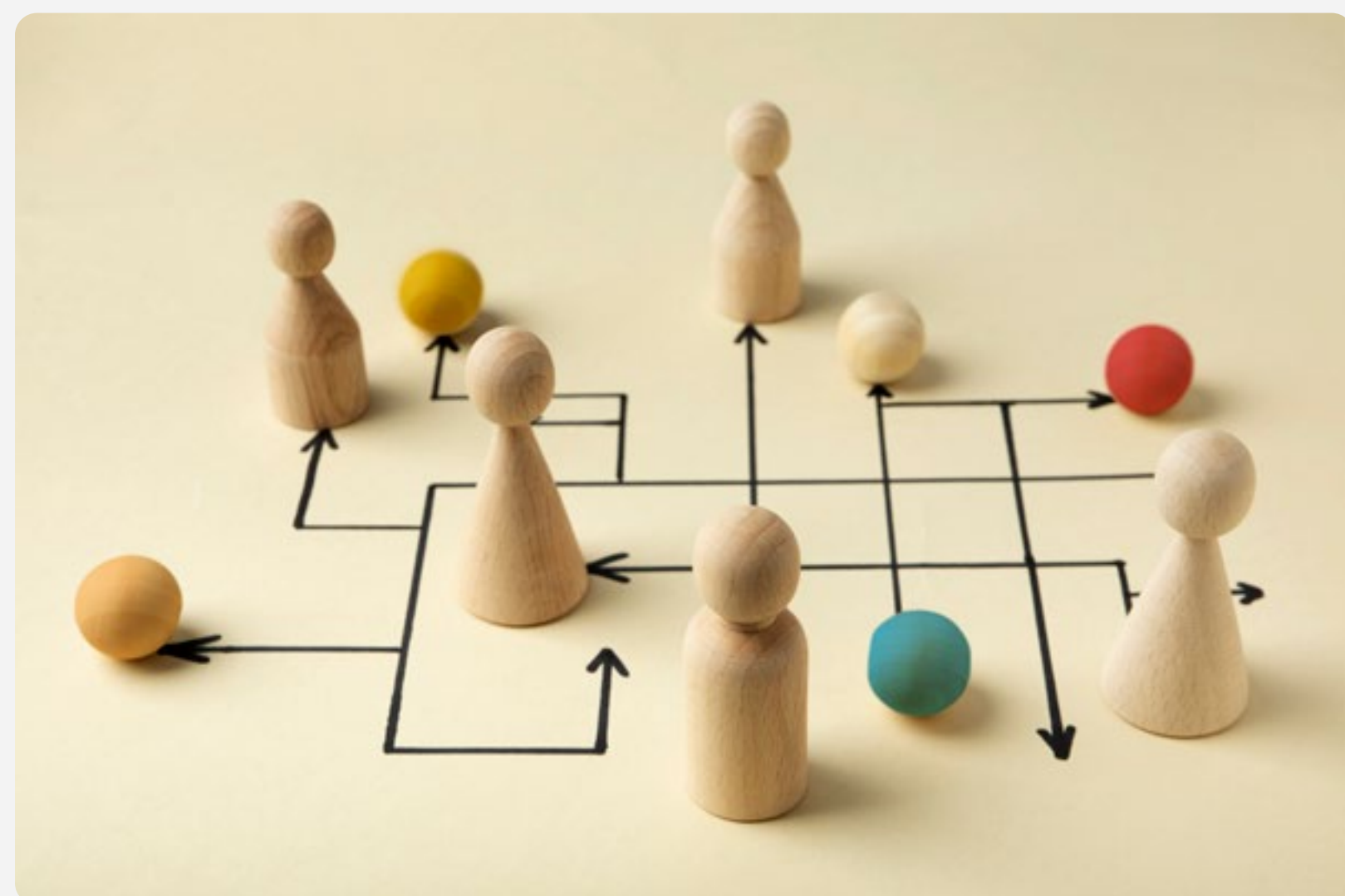
BT Leasing MD continues to be the leader of the leasing market in Moldova with the largest financing portfolio.

BT Leasing MD active customers:





# Corporate governance



At BT Financial Group, governance plays a key role in driving performance. It is what gives strategic direction, helps objectives to be achieved, risks to be properly managed and resources to be used responsibly.

*It is the foundation of our business model: sustainable, with a positive impact.*

Banca Transilvania is the parent company of the BT Financial Group, with a majority shareholding in its subsidiaries. Most of BT Financial Group's subsidiaries bear the BT brand and corporate identity. The group concept as well as the principles of customer service also apply to subsidiaries operating outside Romania.

Banca Transilvania, through its management, is the controlling shareholder/partner over its subsidiaries, setting the overall strategy at the group level and determining the management structures of its subsidiaries. In its relations with its subsidiaries, Banca Transilvania ensures that an adequate management framework is in place, tailored to the structure, activities, and risks of the group and its entities.



# Shareholding

We are the first bank in Romania to be listed on the Bucharest Stock Exchange, and in 2022 we marked 25 years on the stock market.

Communicating with shareholders is a very important aspect, therefore:

- BT issues regular reports informing the bank's shareholders and investors;
- In 2022, the bank held 4 conference calls with investors;
- Every year Banca Transilvania announces a financial communication calendar, published in January on both the BT website and the Bucharest Stock Exchange website;
- The main communication channels with shareholders include the Investor Relations<sup>↗</sup> platform on the bank's website and regular online meetings.

\*NN Group N.V. and the pension funds managed by NN Pensii SAFAP S.A. and NN Asigurări de Viață S.A.

\*\* Idea::Bank and Idea::Leasing were acquired by GFBT at the end of 2021.

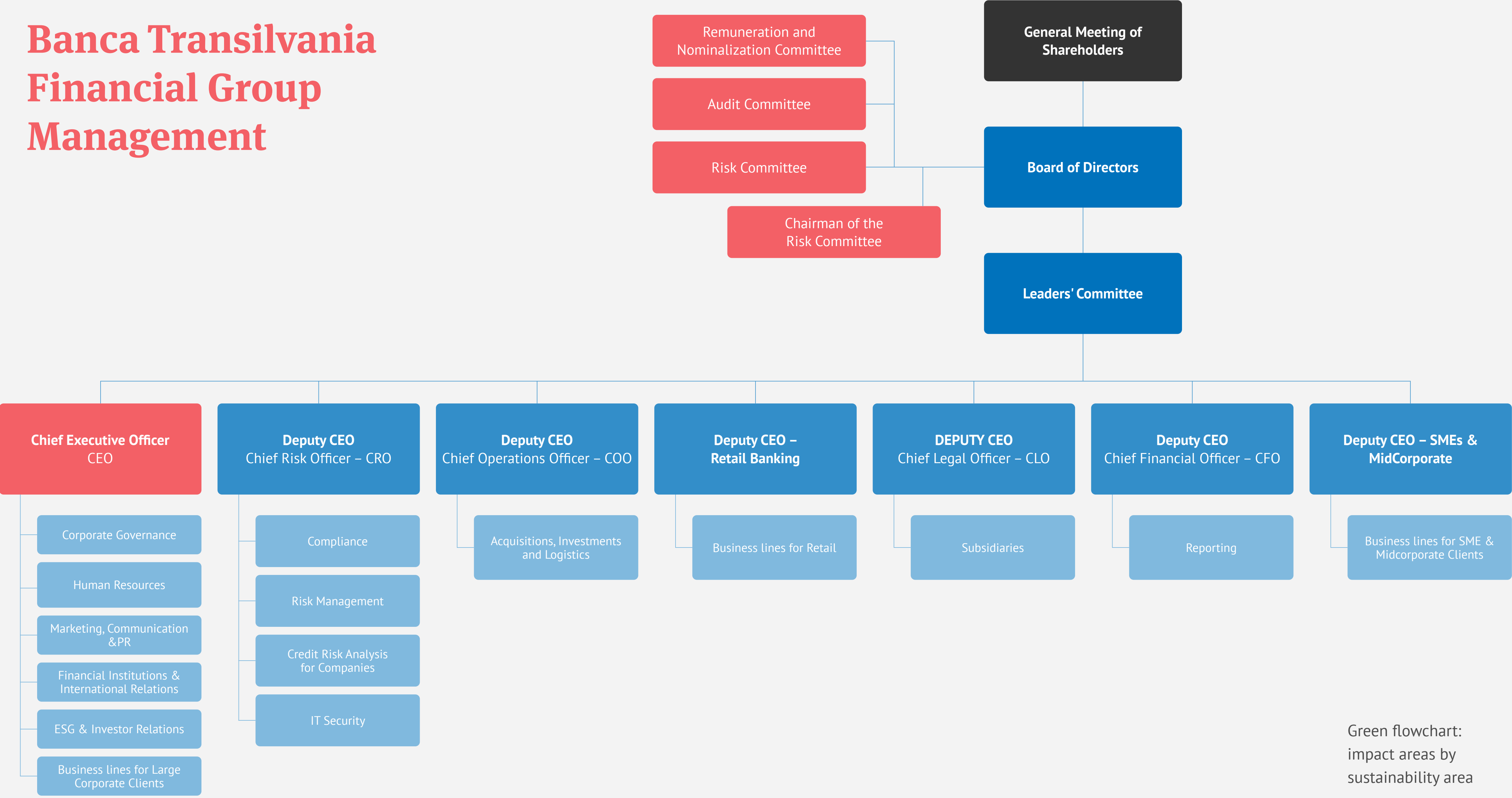
BT Shareholder Structure	as of 31.12 2022	as of 31.12 2021
NN Group*	10.11%	10.29%
European Bank for Reconstruction and Development (EBRD)	6.87%	6.87%
Romanian private individuals	22.20%	21.23%
Romanian companies	43.11%	41.41%
Foreign private individuals	1.05%	0.98%
Foreign companies	16.66%	19.22%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Victoriabank Shareholder Structure	as of 31.12 2022	as of 31.12 2021
The Republic of Moldova private individuals	27.50%	27.50%
Republic of Moldova companies	0.06%	0.06%
Foreign private individuals	0.25%	0.25%
Banca Transilvania Financial Group	44.63%	44.63%
European Bank for Reconstruction and Development (EBRD)	27.55%	27.55%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Subsidiare GFBT incluse în Raportul de Sustenabilitate	as of 31.12 2022	as of 31.12 2021
Participații directe și indirecte ale Băncii Transilvania		
BT Mic	100%	100%
BT Leasing	100%	100%
BT Pensii	100%	100%
BT Asset Management	100%	100%
BT Capital Partners	99.59%	99.59%
BT Direct	100%	100%
Improvement Credit Collection	100%	100%
Victoriabank	44.63%	44.63%
BT Leasing Moldova	100%	100%
Idea::Leasing	100%	x**
Idea::Bank	100%	x**



# Banca Transilvania Financial Group Management



Green flowchart:  
impact areas by  
sustainability area



**The General Shareholders Meeting** ("GSM") is the authority that ensures strategic management of the Bank, responsible for setting the strategic organizational goals and for allocating the necessary resources for their achievement, including sustainability initiatives. The General Shareholders Meeting represents all shareholders, while its decisions, taken in accordance with the relevant legislation and the provisions of the Articles of Incorporation, are binding on all shareholders, including those who did not attend the meetings.

The management structure in Banca Transilvania includes the supervisory management body – the **Board of Directors** and the top executive management – the **Leaders' Committee**. The top management of the Bank is ensured by individuals who are mandated with the current management activity of the credit institution and are responsible for the fulfillment of these responsibilities towards the management body, based on the management agreements, the relevant NBR regulations, the legal requirements, and the internal rules.

Members of the **Board of Directors** (BoD) are elected by the shareholders at the GSM, for a four-year term of office either on the expiry of the mandate or specifically, in the event of one or more vacancies. According to 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.

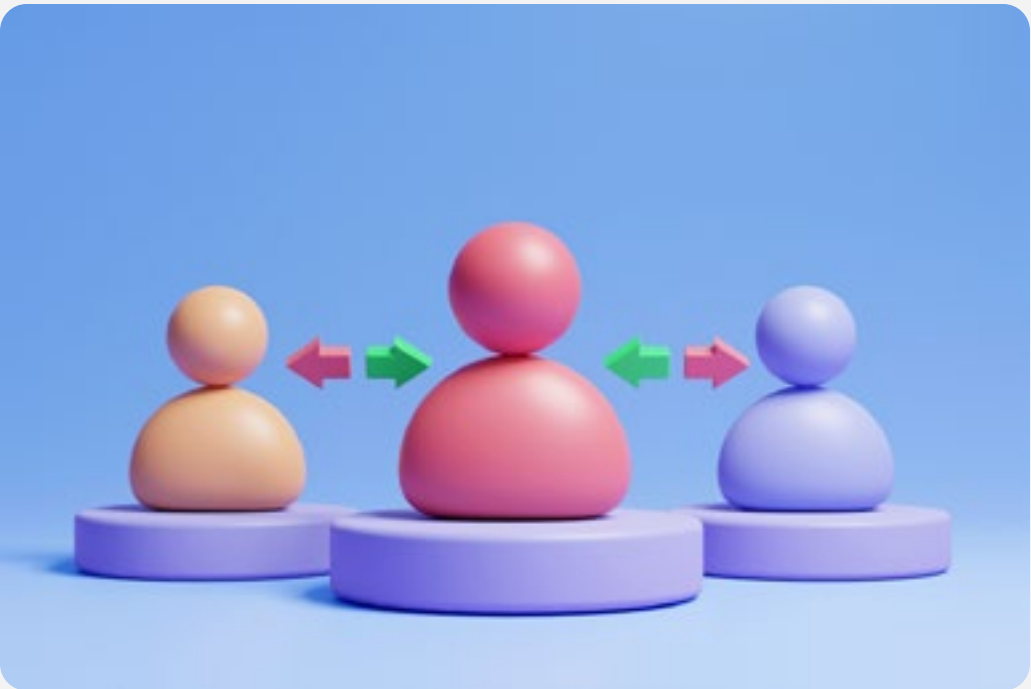
At the same time, the following criteria are taken into account in the selection process and in the assessment of the suitability of members to the position they hold or will hold:

- Criteria relating to professional competence;
- Reputation criteria;
- Governance criteria.

At the same time, independence, and competencies relevant to the Bank's impact are analyzed according to the Policy on the assessment of the suitability of the members of the governing body of Banca Transilvania, and diversity according to the Policy on the promotion of diversity within the governing body of Banca Transilvania. Stakeholders' views on these issues are requested annually when discharging the members of the management body in a supervisory capacity and when re-electing the management body.

Following shareholder approval at the General Meeting of Shareholders and before the effective start of their mandate, the new members of the Board of Directors must obtain prior approval from the National Bank of Romania. The members of the Board of Directors are not engaged in operational tasks - these are an exclusive attribute of the Leaders' Committee.

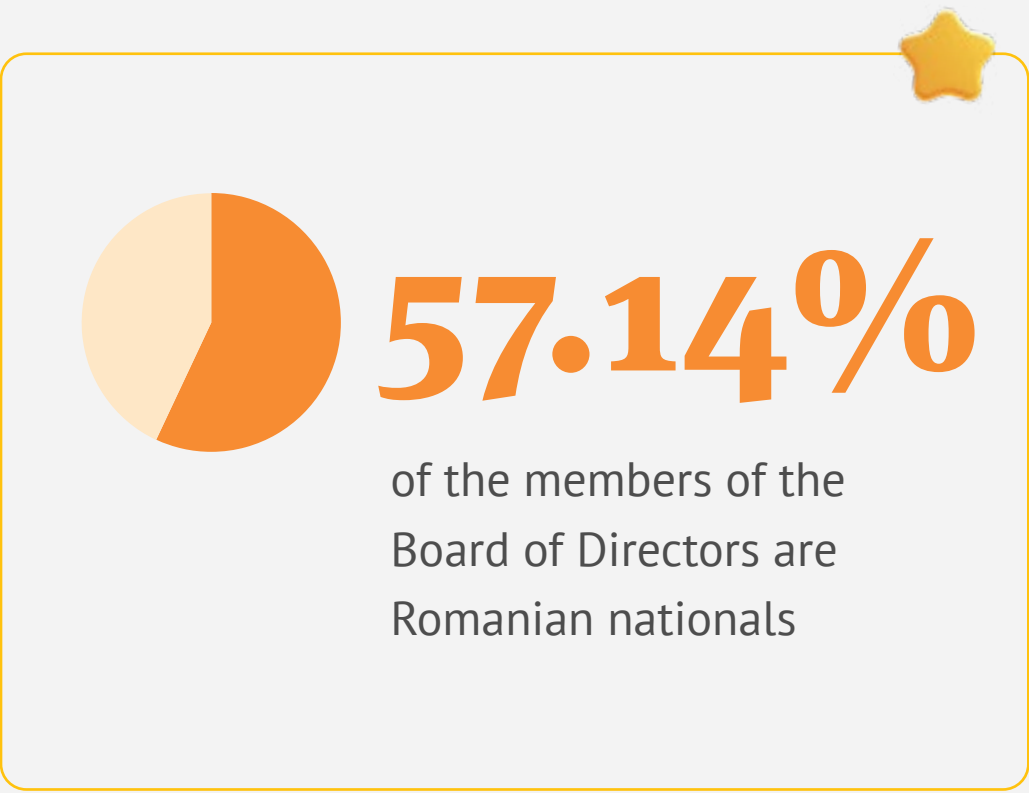
The Chairman of the Board of Directors does not hold the position of CEO (General Director), as these positions are separate and exercised by different individuals.





# Board of Directors

















Board of Directors Membership			Name
on 31.12.2022			Position Member type Nationality Mandate
<b>Horia Ciorcila</b>  Chairman Non-executive Romanian 4 years	<b>Thomas Grasse</b>  Vice-Chairman Independent non-executive German 4 years	<b>Ivo Gueorguiev</b>  Member Independent non-executive British and Bulgarian 4 years	<b>Mirela Bordea</b>  Member Independent non-executive Romanian 4 years
<b>Vasile Puscaa</b>  Member Independent non-executive Romanian 4 years	<b>Florin Vasvari</b>  Member Independent non-executive Romanian 4 years	<b>Lucyna Stanczak</b>  Member Independent non-executive Polish 4 years	



Following the GMS resolution of April 28, 2022, part of the current Board members were re-elected for a new 4-year term and the other part was represented by 2 new independent Board members, also elected for a 4-year term.

The mandate of the current Board is valid until April 28, 2026.



Board of Directors membership by gender and age				Banca Transilvania		
on 31.12.2022	men		women		total	
	no.	%	no.	%	no.	%
30-50 years	1	14.28	0	0	1	14.28
			-	-		
>50 years	4	57.14	2	28.58	6	85.72
						
total	5	71.42	2	28.58	7	100
						

Board of Directors Committees		
on 31.12.2022		
Audit Committee	Remuneration and Nomination Committee	Risk Management Committee
» Ivo Gueorguiev Chairman	» Vasile Puscas Chairman	» Thomas Grasse Chairman
» Thomas Grasse Member	» Horia Ciorcila Member	» Ivo Gueorguiev Member
» Mirela Bordea Member	» Ivo Gueorguiev Member	» Florin Vasvari Member

The Board of Directors consists of 5 independent directors and is composed entirely of non-executive directors (6 in number).

Both the Board of Directors and the BoD Committees are responsible for managing impacts on the economy, the environment, and society, including human rights. The duties of Board members expressly include, through the Organizational and Administrative Regulations, the supervision of the implementation of and compliance with high sustainability standards (ESG), both in terms of lending and in day-to-day business.

At the Board level, BT Group's sustainability strategy is set for a horizon of at least three years, in close correlation with the business strategy.

The Chairman of the Risk Management Committee has ESG responsibilities, i.e., overseeing the implementation and related risks of the sustainability strategy at the bank and subsidiary level, as well as the alignment of risk management policies with the Group's sustainability standards.

At the same time, the Organizational and Administrative Regulations stipulate that monitoring compliance with internal regulations on ESG standards is the responsibility of the Audit Committee, while the Remuneration and Nomination Committee approves remuneration and nomination policies in line with ESG principles and standards.

At the executive management level, the CEO is responsible for coordinating the implementation of the ESG strategy at the level of Banca Transilvania through the ESG & Investor Relations Department, in collaboration with the departments involved in this process, on each business line.



Further details on the responsibilities of each Committee and their activity during the reporting period can be found in the [Report of the Board of Directors of Banca Transilvania 2022](#)<sup>7</sup>.



Leaders' Committee Membership		Name
Banca Transilvania		Position
on 31.12.2022		Member type
		Nationality
		Mandate
<b>Ömer Tetik</b>	<b>Luminita Runcan</b>	<b>Leontin Toderici</b>
Chief Executive Officer Executive Romanian 4 years	Deputy Chief Executive Executive Romanian 4 years	Deputy Chief Executive Executive Romanian 4 years
<b>George Calinescu</b>	<b>Oana Ilas*</b>	<b>Tiberiu Moisa</b>
Deputy Chief Executive Executive Romanian 4 years	Deputy Chief Executive Executive Romanian 4 years	Deputy Chief Executive Executive Romanian 4 years



\* The mandate of Ms. Oana Ilas started after the prior authorization of the National Bank of Romania, on October 17, 2022. At the reference date of this report, the Leaders' Committee had 6 members in its membership, with one vacant position due to the termination of the mandate of the Deputy Chief Executive Officer of Financial Institutions and Markets in May 2022.

The members of the Leaders' Committee (LC) are appointed by the Board of Directors and are required to meet the legal conditions in force and to be approved by the NBR before 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.

The Leaders' Committee has 6 non-independent executive members.





















# Leaders' Committee



**Leaders' Committee membership by gender and age**

on 31.12.2022

Banca Transilvania

	men		women		total	
	no.	%	nr.	%	no.	%
30-50 years	3	50.00	1	16.67	4	66.67
						
>50 years	1	16.67	1	16.67	2	33.33
						
<b>total</b>	<b>4</b>	<b>66.67</b>	<b>2</b>	<b>33.33</b>	<b>6</b>	<b>100</b>
						

**The committees supporting the activity of the Leaders Committee are:**

- » Assets and Liabilities Committee
- » Procurement Committee
- » Human Resources Committee (HRC)
- » Committee for Credit Policy and Approval (CPAC) from BT Headquarters
- » Credit Risk Committee from BT Headquarters (Mediation Committee, CCR1, and CCR2)
- » Committees Specific to the Activity of the Credit Recovery Department and the Workout, Insolvency, and Bankruptcy Department (CW1, CW2, CRS, CR1, CR2, and CRW)
- » Committee for Monitoring Debt Enforcement and Achievedion of Assets (CMESVA)
- » Special Committee for Approval of Legal Enforcement/Litigation Status (CAES)
- » Financial Institutions Credit Committee
- » Branch Credit and Risk Committee (CCRS)
- » Data Monitoring and Business Intelligence Steering Committee
- » Operational Risk Committee
- » Line 2 Control Committee



Further details on the responsibilities of each Committee and their activity during the reporting period can be found in the [Report of the Board of Directors of Banca Transilvania 2022<sup>7</sup>](#), pages 96-105.



Management structures of GFBT subsidiaries

BTFG Romania  
on 31.12.2022

BT Microfinanțare IFN

- Board of Directors
- » Tiberiu Moisa - Chairman of the Board of Directors
  - » Luminita Runcan - Member
  - » Daniel Szeleky - Member
  - » Cristina Sindile - General Manager
  - » Valentina Alexandru, Marian Ene, Dan Cojocaru - Deputy General Directors

BT Leasing Transilvania IFN

- Board of Directors
- » Tiberiu Moisa - Chairman of the Board of Directors
  - » Ioan Nistor - Member
  - » Daniel Szeleky - Member
  - » Ionut-Calin Morar - General Manager
  - » Simona Sopon, Mihai-Stefan Moraru - Deputy General Managers

BT Pensii S.A.F.P.F. SA

- Board of Directors
- » Aurel Bernat - Chairman of the Board
  - » Anca-Eugenia Craciun - Member
  - » Cosmin-Antoine-Constantin Calin - Member
  - » Corina Madalina Cojocaru - General Manager
  - » Dana Corina Benea - Deputy General Manager Risk
  - » Ionut Florentin Stroe - Deputy General Manager Sales

BT Asset Management S.A.I. SA

- Board of Directors
- » Luminita Runcan - Chairman
  - » Cristina Gabriela Nistor - Member
  - » Alin Ioan Nistor - Member
  - » Aurel Bernat - General Manager
  - » Paul Calin Condor, Dan Sergiu Dascal - Deputy General Managers

BT Capital Partners

- Board of Directors
- » Costel Lionachescu - Chairman
  - » Ömer Tetik - Member
  - » Leontin Toderici - Member
  - » Daniela Secara - General Manager
  - » Mihai Milchis, Mirela-Lenuta Buduroiu, Vlad Pintilie - Deputy General Managers

BT Direct IFN

- Board of Directors
- » Board of Directors
  - » Gabriela Nistor - Chairman
  - » Florentina Virginia Mircea - Member
  - » Oana Ilas - Member - interim provided by Nicoleta Bott
  - » Nicoleta Bott, Gabriel Gogu - Deputy General Managers

Improvement Credit Collection

- Board of Directors
- » Bogdan Plesuvescu - Chairman
  - » Luminița Runcan - Member
  - » George Calinescu - Member
  - » Paul Tupa - General Manager
  - » Stefan Dan Dragomir - Deputy General Manager

Idea::Bank

- Board of Directors
- » Mioara Popescu - Chairman
  - » Ömer Tetik - Member
  - » Ivo Alexandrov Gueorguiev - Member
  - » Tiberiu Moisa - Member
  - » Costel Lionachescu - Member
  - » Steering Committee
  - » Gabriela-Cristina Nistor - Executive President

- » Sinan Kircali - Executive Vice President Operations
- » Alin-Daniel Fodoroiu - Executive Vice President Business
- » Sorin Dumitrescu - Executive Vice President Risk
- » Constantin-Daniel Popescu - Executive Vice President Technology

Idea::Leasing

- Board of Directors
- » Tiberiu Moisa – Chairman
  - » George Calinescu – Member
  - » Dan Manolescu - Member
  - » Steering Council
  - » Corina Portase - Manager
  - » Liviu Onut Serban - Manager

# Remuneration policy regarding the Bank's Management Body

**The main objective of Banca Transilvania in terms of remuneration is to observe the principle of fairness, considering the business and risk strategy of the institution, the corporate culture and corporate values, the long-term interests of the institution, and the measures used to avoid the conflicts of interests, without encouraging excessive risk-taking approaches and by promoting viable and efficient risk management.**

The internal remuneration framework supports the institution in creating and maintaining a viable capital base. When assessing whether the capital base is sound, the bank considers its total own funds and in particular core tier 1 own funds and the distribution restrictions set out in Article 141 of Directive 2013/36/EU which apply to the variable remuneration of the whole staff, as well as the outcome of the internal capital adequacy assessment process. Banca Transilvania periodically updates and improves its internal rules and standards to promote the best practices regarding staff remuneration.

The Remuneration and Nomination Committee exercises the main powers concerning remuneration policy 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 (specified in the Rules of Organization and Administration).

The GMS is responsible for approving the remuneration policy of the Bank's management body. Also, in accordance with Law No. 31 of 1990, it approves the remuneration of the members of the Board of Directors, as well as sets the general limits of the additional remuneration of the members of the Board of Directors and the Bank's senior management.

The Board of Directors is responsible for the endorsement and maintenance of the remuneration policy for the management body and the monitoring of its implementation to ensure that it is fully operational, to submit it for approval to the General Meeting of Shareholders. long-term interests and sustainability of the issuer as a whole or to ensure its viability. Additionally, the Board of Directors approves any subsequent significant exceptions from the remuneration policy, granted to a member of the management body, and carefully examines and monitors their effects, determining the duration of the derogation, as well as the grounds of such derogation. Derogations may cover both fixed and variable remuneration, including the type of remuneration paid and the specific performance

conditions, within the relevant legal framework and to serve the long-term interests and sustainability of the issuer, in its entirety, or to ensure its viability.

The Risk Committee executes specific duties regarding the assessment of risks in the remuneration field and ensures, without influencing the tasks of the Remuneration and Nomination Committee if incentives provided by the remuneration system take into consideration the risks, capital, liquidity as well as the likelihood and timing of profits to support adequate remuneration policies and practices, as well as other duties in accordance with the Rules of Organization and Administration of Banca Transilvania. The Audit Committee, together with the Remuneration and Nomination Committee, the Risk Committee, as well as the internal audit function, is directly involved in reviewing the remuneration policy and practices to ensure the appropriate alignment with the Bank's risk policy, in supporting the creation of sound remuneration policies and practices, as well as other duties under the Rules of Organization and Administration.



Assessing the performance of the Bank's management in overseeing the management of the organization's impact on the economy, the environment, and people and the actions taken in response to these assessments is part of the performance assessment process (including concerning the payment of remuneration).

» **A SMART methodology, including ESG objectives, is used for the assessment process.**



The performance evaluation criteria have considered a sufficiently long period to measure the real performance, with quantifiable criteria, both qualitatively and quantitatively. Sustainability objectives have been assigned to the leaders (as applicable). The use of such individual performance objectives has ensured the alignment between the bank's remuneration practices, the interests of the top management, and the general sustainability objectives of the bank.

Regarding the approval of the results, the SMART methodology establishes the evaluation of the performance based on the set objectives, with a rating from 1 to 5, 1 being unacceptable (the set level of performance is not achieved) and 5 being excellent (the set level of performance is exceeded). The above score is allocated to each qualitative and quantitative criterion for each person. The overall score determining the final rating is calculated as the mean value of the individual scores for each objective. The mean value resulting from the individual objectives of each leader indicated an excellent scoring regarding the achievement of the objectives proposed for him/her, showing that the level of performance achieved exceeded the level of performance initially proposed.

**The objectives of the top management mainly considered areas such as:**

- improving the quality of the services;
- improvement of the capital and liquidity ratios;
- ongoing digitalization of the retail and company sectors;
- improving the quality of the loan portfolio;
- strategic and business integration of the BTFG's subsidiaries;
- improving cyber security;
- correlated with the setting of sustainability and sustainable development objectives for each member of the top management, including without limitation: decreasing greenhouse gas emissions, increasing the share of renewable energy in total consumption, the continuous implementation of digital flows, and issuing new sustainable products.

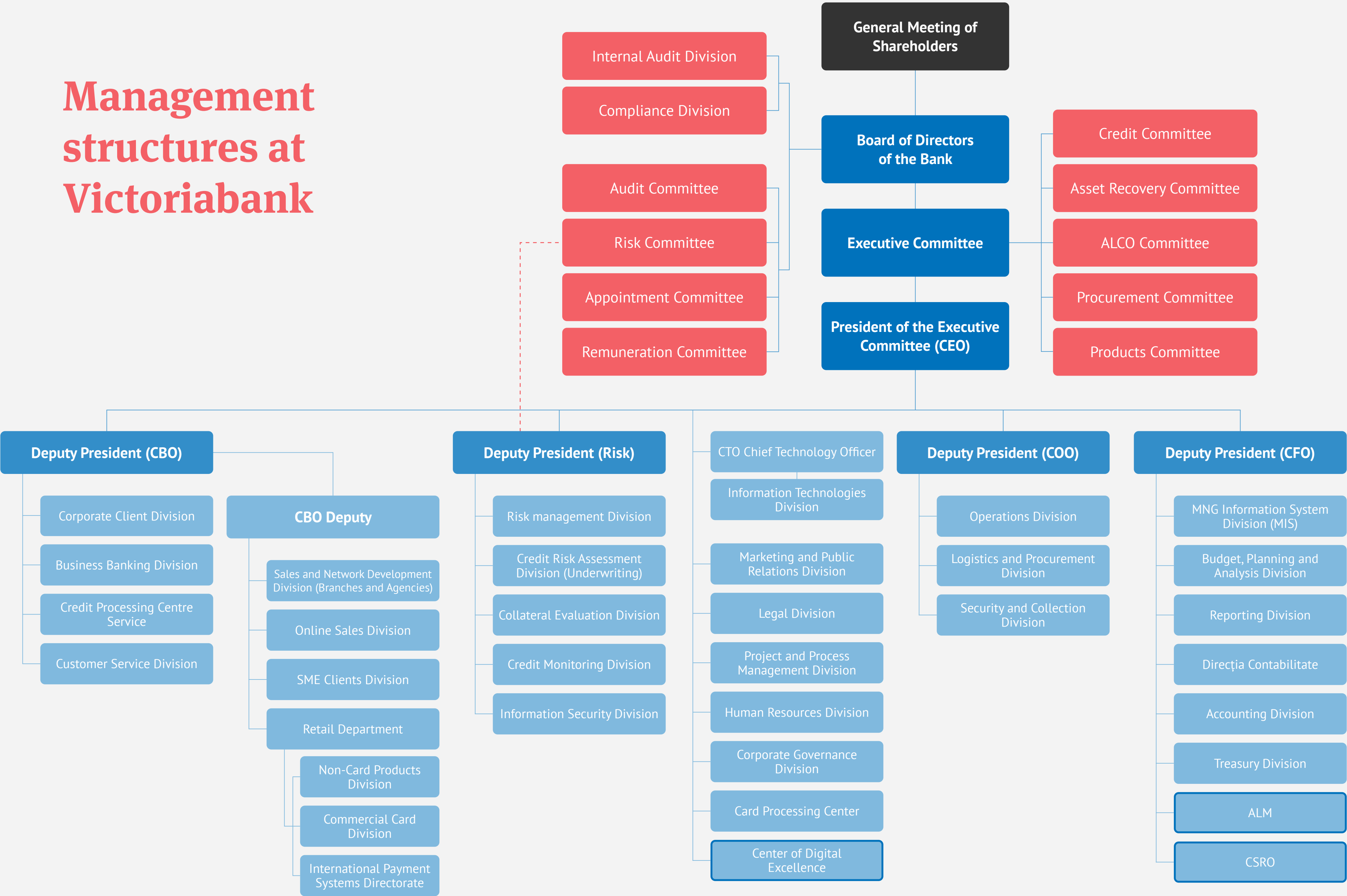
The integration of at least one ESG-specific criterion (KPI) into the list of individual performance objectives set for each member of senior management was implemented to determine the amount of variable remuneration paid. Each of these individual criteria has been linked to the sustainability objectives that are set in the senior 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. This methodology will be maintained for the current year, increasing the inclusion of sustainability objectives.



More details on the Remuneration Policy regarding the Bank's Management Body can be found [here](#)<sup>7</sup>.

The Remuneration Report of the management body of Banca Transilvania for the year 2022 can also be found in the Report of the Board of Directors of Banca Transilvania 2022<sup>7</sup>, pages 156-188.

# Management structures at Victoriabank



Victoriabank has adopted a management system that is fully in line with the objectives of good corporate governance, transparent corporate information, protection of the interests of the various categories of participants, and efficient operation in the banking market.

The Corporate Governance Code is a mechanism that aims to increase the confidence of all stakeholders in the Bank's management and administration and helps investors understand the corporate values that underpin its business. The internal governance model is aligned with the corporate governance practices of Banca Transilvania Financial Group.

At the same time, the Corporate Governance Code presents the main working methods, duties, and responsibilities of the management and supervisory structures of the Bank, as well as how rights and responsibilities are distributed among the Board of Directors, the Steering Committee, shareholders, employees, customers, etc.



# Board of Directors

Board of Directors membership			Name
Victoriabank			Position
on 31.12.2022			Member type
			Nationality
			Mandate
<b>Victor Turcan</b>	<b>Grasse Thomas</b>	<b>Igor Spoiala</b>	<b>Tiberiu Moisa</b>
Chairman	Vice-Chairman	Member	Member
Non-executive	Independent	Independent	Non-executive
Moldovan	German	Moldovan	Romanian
4 years	4 years	4 years	4 years
<b>Peter Franklin</b>	<b>Maris Macinskis</b>	<b>Sabaz Mehmet</b>	
Member	Member	Member	
Independent	Independent	Independent	
English	Latvian	Turkish	
4 years	4 years	4 years	

Board of Directors membership by gender and age						Victoriabank	
on 31.12.2022	men		women		total		
	no.	%	no.	%	no.	%	
30-50 years	2	28.57	0	0	2	28.57	
>50 years	5	71.43	0	0	5	71.43	
<b>Total</b>	<b>7</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>100</b>	

The Board of Directors (BoD) is the governing body that oversees the management decision-making process and monitors the implementation of the strategic objectives defined within the governance and corporate culture framework, being responsible for the Bank's overall business, performance, and financial viability.



The Board of Directors set up specialized committees composed exclusively of its members to perform its activities in specific specialized areas.

Currently, the Victoriabank Board of Directors has the following Committees:

**The Audit Committee**

- » which is responsible for monitoring the effectiveness of the Bank’s internal control, internal audit, and risk management systems, overseeing the external auditors, reviewing, and approving audit scopes and frequency, reviewing audit reports, and verifying that the Steering Committee (SC) takes timely corrective action to address control deficiencies, non-compliance with laws, regulations, policies, and other issues identified by the auditors.

**The Nomination Committee**

- » is responsible for identifying and recommending candidates for membership of the governing bodies and individuals applying for key positions for approval, for assessing the suitability of members of the governing bodies and individuals holding key positions, for proposals related to the results of these assessments, for contributing to the development of appropriate internal policies on assessing the suitability of members of the governing bodies and individuals holding key positions.

**The Risk Management Committee**

- » is responsible for advising management on the bank’s current and future risk tolerance/appetite and risk strategy and oversees the implementation of that strategy.

**The Remuneration Committee**

- » is responsible for developing the Bank’s remuneration policy and practices and the principles underlying them, for directly overseeing the remuneration of Steering Committee members and key individuals, for contributing to the development of remuneration policies and practices, including performance measurement methods and performance criteria, so that they are consistent with and promote sustainable and effective risk management, including avoiding conflicts of interest.



# Steering Committee

Steering Committee membership		Name
on 31.12.2022		Position Member type Nationality Mandate
<b>Bogdan Plesuvescu*</b>	<b>Donica Vasile</b>	<b>Sorin Serban</b>
Chairman Executive Romanian 4 years	Vice-Chairman Executive Moldovan 4 years	Vice-Chairman Executive Romanian 4 years
<b>Vitalie Corniciuc</b>	<b>Ionela Malos</b>	
Vice-Chairman Executive Moldovan 4 years	Vice-Chairman Executive Romanian 4 years	



\*until January 12, 2023, following the prior approval by the National Bank of Moldova of Mr. Levon Khanikyan, who serves as Executive President of the Bank from that date until today.

Steering Committee membership by gender and age						Victoriabank	
on 31.12.2022	men		women		total		
	no.	%	no.	%	no.	%	
30-50 years	3	60	1	20	4	80	
>50 years	1	20	0	0	1	20	
Total	4	80	1	20	5	100	

The Steering Committee (SC) is the executive body of the Bank which organizes, directs, and is responsible for the day-to-day operations of the Bank, effectively and prudently managing the business of the Bank in a manner consistent with the Bank's strategy and management framework approved by the Board of Directors and reports to it.

Further details on the tasks and responsibilities of the Board of Directors and the Steering Committee, as well as information on the committees that support the activity of the two structures, can be found [here](#)<sup>7</sup>.

# *Green Council*

To manage the direct and indirect impact that the company's activity has on the environment, Victoriabank operates a permanent, independent advisory body, established at the initiative of the Board of Directors, to monitor, manage, and develop the bank's policies in areas related to energy efficiency, bio-agriculture, and ecology - called the Green Council. It is composed of the Board members.

The role of the Green Council is to identify, establish, and develop the Bank's policies, managing how the Bank develops its agenda in the following areas:

- energy/renewable resources;
- energy efficiency;
- waste management;
- ecology;
- sustainable agriculture.





# Compliance, business ethics, and responsibility



## Anti-corruption policy

At the BT Group level, the Anti-Bribery and Corruption Policy<sup>7</sup> (ABC Policy) defines the internal regulatory framework for how the Group acts to combat bribery and corruption. The policy describes the internal procedures that apply in this regard, including reporting channels and how whistleblowing is done.

In 2022, at the Group level:

- » there have been no confirmed incidents of corruption involving employees of Group companies leading to their dismissal or disciplinary action
- » there have been no confirmed incidents of corruption leading to the termination of the collaboration with business partners
- » there have been no legal actions against Group companies or their employees relating to corruption



# Risk assessment

Based on the significant risk areas identified, the Group applies specific mitigation measures to prevent any possible negative impact.

**The in-depth and risk assessments undertaken are supported by enhanced due diligence measures such as:**

- » approval of the business relationship at a senior management level within BT;
- » management approval for high-risk products to high-risk customers;
- » ongoing monitoring of customers/ transactions, according to the level of risk assigned, to determine whether transactions are consistent with the information held about the customer and their business profile.

# Training and assessment of anti-corruption policies

The Code of Ethics and Conduct<sup>7</sup> The Code of Ethics and Conduct of the Banca Transilvania Financial Group, a document applicable to all companies within the Group, establishes that companies 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 prohibited:

- » 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.

All members of management at all levels, together with employees, have access to and are informed of BT Financial Group's policies in this area. Specialized departments are trained and assessed on the standard of knowledge of these topics. In addition, when the regulatory framework in this area is updated, the relevant individuals are informed and provided with the relevant rules.

At the subsidiary level in the Republic of Moldova (Victoriabank and BT Leasing Moldova) both the Group's Code of Ethics and Conduct and internal policies and procedures are applied. Victoriabank has implemented its own anti-corruption policy whereby it has adopted and promoted the principle of "zero corruption tolerance" in all its business relations. All members of governing bodies at all levels, together with employees, have access to and are informed of these policies upon their adoption, including any changes that occur during their validity.

In addition, upon hiring, all employees sign a written commitment to comply with the anti-corruption requirements described in the related policy and Code of Conduct. Victoriabank's position on this phenomenon is communicated to partners by integrating an anti-corruption clause in all collaboration contracts. Also, before the conclusion/amendment of collaboration contracts, controls are performed to verify/ensure compliance with anti-corruption standards.



## Training and information on anti-corruption policies and procedures

2022

Banca Transilvania

Subsidiare Moldova

	No. of persons informed	No. of persons trained (online and offline) on anticorruption policies and procedures	No. of persons informed	No. of persons trained (online and offline) on anticorruption policies and procedures
Leaders' Committee	6	4		
Executive Directors	12	9	5	5
Department Directors	101	54	30	30
Regional Branch Directors	45	6	2	2
Headquarters employees	3,711	2,437	525	276
Network employees	5,225	8,472	561	401



As regards the activity of Banca Transilvania and Victoriabank, 100% of the transactions performed are monitored for money laundering, which is considered an indicator of corruption.



No high-risk areas of corruption were identified during the reporting period.

# Policy on anti-competitive behavior

We are a representative pillar of the Romanian banking system, therefore fair competition and conduct characterized by honesty, integrity, and transparency are essential elements integrated into the Code of Ethics and Conduct of GFBT.

The policy on compliance with competition regulations expresses the Group's firm position in terms of compliance with the legal provisions of competition law.

The Group regards fair competition as an essential part of its organizational culture and competition compliance is a priority for its business.

The policy sets out the principles to be upheld by all BT Group employees and associates to ensure high standards of professional conduct and integrity in the business conducted within or on behalf of the Group. It also addresses anti-competitive practices and the sanctioning of BT employees for breaches of competition rules or the undertaking of anti-competitive practices. This policy is communicated to all employees.

Our employees must be familiar with and comply with the provisions of the Competition Policy and abide by all the principles set out therein. They are encouraged to report any potential competition violations to the Senior Executive Vice President of Corporate Governance and Litigation Division. The company can sanction employees both for their violations and for non-reporting of violations by other employees.

Victoriabank prohibits any activities that endanger healthy and fair competition on the relevant market in the Republic of Moldova. The Bank has stipulated rules of market conduct in its Code of Conduct and Competition Compliance Policy. The Bank's policies in this regard were communicated to all employees and members of the governing bodies.

In 2022, there were no legal actions regarding anti-competitive behavior and antitrust and monopoly violations in which Banca Transilvania Financial Group companies were identified as a participant.

Note: In 2022, an incident subject to a competition investigation, which concerned the entire leasing sector in Romania - not particularly the anti-competitive behavior of our employees was still ongoing. Thus, by Order of the President of the Competition Council no. 1,149/20.11.2017, the Competition Council launched an investigation regarding the possible violation of Art. 5 paragraph (1) of the Competition Law no. 21/1996 and of Art. 101 paragraph (1) of the Treaty on the Functioning of the European Union by the Association of Romanian Financial Companies, the Federation of Romanian Financial Services Employers, the Romanian Leasing and Credit Employers, the IFN Credit Employers, their members, and Diplomat Consult S.R.L. on the financial leasing services and consumer lending markets.

Following these investigations, the Group's subsidiary – BT Leasing Transilvania IFN S.A., as a member of the Association of Romanian Financial Companies – ALB, was sanctioned along with 15 other member companies for violating competition law by participating in commercially sensitive information exchange.

This case is currently being challenged before the Bucharest Court of Appeal, under the provisions of Law 21/1996 on competition, and is being heard on the merits (Case no. 3,158/2/2021).



# Compliance with legislative regulations

Compliance with current legislation is a key concern for us and an important factor in maintaining the trust that millions of customers and shareholders and all other stakeholders have granted us.

We operate in strict compliance with all applicable national and international regulations.

In 2022, an inspection was carried out at BT Direct under the national control framework no. 3,176/ 28.03.2022 on credit agreements granted by non-bank financial institutions, which found a discrepancy between the information in promotional material (flyer) and that presented on the website [btdirect.ro](https://btdirect.ro)<sup>7</sup>.

At the same time, at the BT Leasing level, a country-wide topic inspection was carried out by ANPC (National Authority for Consumer Protection), topic number 3,176/28.03.2022. The inspection focused on compliance with legal provisions when concluding leasing contracts, promotional and advertising materials, pre-contractual forms, and contracts.

Thus, in the advertising for the LEASING PF GREEN MOBILITY product, under the costs and other items sections, all the costs were mentioned excluding VAT, and the consumer could not identify all the costs associated with an offer correctly, completely, and accurately. Law 363/2007 expressly states that a commercial practice is considered a misleading omission, and in the context of the actual situation i.e., the

intention to buy, the following information is essential, namely "Price including all taxes". Thus, the provisions of Article 7, paragraph 4, letter (c) of Law 363/2007 have been violated.

» Because we recognized the deficiency and undertook to remedy it within a reasonable period, no termination of the commercial practice was proposed.

The control authority ordered the remedy of the deficiency, and based on Article 7, paragraph 4, letter (c) of Law 363/2007, combined with Article 17, paragraph 2, letter (c) and Article 15, paragraph 1, letter (b) of Law 363/2007, a contravention fine of 30,000 lei was applied, with the option to pay ½ of the legal minimum of 7,000 lei, namely 3,500 lei.

In terms of compliance with other socio-economic laws, despite internal efforts, several instances of non-compliance have resulted in litigation, fines, or non-financial penalties received by the Bank.

## Disputes for non-compliance with social and economic laws and/or regulations

2021

2022

Legal actions in progress \* 766 336

Legal actions concluded \*\* 482 199

\* of which 78 Non-Credit/Operations disputes and 668 disputes arose from credit agreements in 2021 and 17 Non-Credit/Operations disputes and 319 disputes arose from credit agreements in 2022

\*\* of which 26 Non-Credit/Operations disputes and 456 disputes arose from credit agreements in 2021 and 47 Non-Credit/Operations disputes and 152 disputes arose from credit agreements in 2022

Note: Both actions in 2021 and 2022 represent litigations regarding potentially abusive clauses, various claims, enforcement appeals, payment claims, actions on the conversion and stabilization of the exchange rate of loans granted in foreign currency, requests for non-credit banking operations as well as other various categories.

In 2021, the disputes won in favor of the Bank represented approximately 77% of the total, and in 2022, 73%. Regarding potential abusive clauses, challenges to enforcement, requests for debt-for-equity swaps, and actions to convert and stabilize the foreign currency exchange rate of loans, the success rate was approximately 76% in 2021 and 74% in 2022.

Penalties and fines for non-compliance with laws and regulations on the provision and use of financial products and services		Banca Transilvania	
		2021	2022
Fines	Number	8	12
	Value*	13,000 lei	109,500 lei
Non-financial sanctions/Warnings	Number	6	3
Cases submitted through alternative dispute resolution mechanisms	Number	206	286**

\*amount actually incurred

\*\* CSALB (Alternative Banking Dispute Resolution Center) 222, BNR 64

At the same time, several sanctions for non-compliance with laws and regulations on the provision and use of financial products and services were also recorded at the level of the subsidiaries of GFBT, as follows:

- » BT Direct: 8 fines amounting to 62,500 lei (5 of these were challenged by BT Direct, with court actions pending)
- » Idea::Bank: 1 fine of 1,000 lei, 2 warnings, and 9 cases referred through alternative dispute resolution mechanisms (CSALB)

# Conflict of interest


Conflict of interest and the way they are managed are governed internally by the Policy on the Prevention and Management of Conflicts of Interest.

- » This policy aims to establish, implement, and maintain effective criteria in identifying current and potential conflicts of interest, by identifying the Bank’s relationships, services, activities, or transactions in which situations of conflict of interest may arise, as well as how to report and manage them.

It is mandatory for all employees and members of the management structures to comply with the provisions included in this policy and to inform the Compliance Department of any situation that could represent a potential conflict of interest.

At the subsidiary level, the conflict-of-interest prevention and management process requires internal regulations specific to each subsidiary, which are reviewed by the Compliance Department. At the same time, they regularly and occasionally report potential conflicts of interest to BT at **conflictinterese-conformare@btrl.ro**.

Cross-board membership is communicated to stakeholders through transparency or annual reports on the organization and operation of the bank.



In 2022, no instances constituting conflicts of interest were recorded at the BT Financial Group level.



# Reporting mechanisms

At the BT Group level, the reporting process of violations of internal regulations/legal provisions or irregularities within the bank and its subsidiaries is described in the Warning Procedure designed to ensure an appropriate framework for the management of Banca Transilvania Financial Group's activities.

The objectives of the procedure are, among others, to provide support for the internal warning mechanism, which can be used by BT Group employees to communicate legitimate and significant concerns regarding the management framework of its activity and to encourage the reporting of behaviors/situations that may have serious consequences for BT Financial Group, while ensuring the confidentiality and security of employees who report risk situations for the bank/subsidiaries to avoid repercussions for them.

The reporting channels available to employees are:

- **myalert@btrl.ro** – dedicated e-mail address
- **My Alert** – internal application



**myalert@btrl.ro** is a dedicated email address that allows confidential reporting of legitimate concerns. Each reported case is reviewed by a specialized working group and, if it qualifies under internal procedures, is forwarded for investigation via specific request.

Complaints received are registered, analyzed, and forwarded to the competent organizational structures for resolution:

- » General Manager - CEO;
- » Deputy General Manager - CRO;
- » Senior Executive Director - Corporate Governance and Litigation.

In 2022, 29 complaints were registered on the dedicated employee reporting channels, out of which 7 concerned inappropriate (unethical) behavior of employees or superiors towards their colleagues.

- » All complaints were verified and resolved according to internal procedures.

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

In 2022, no complaints/referrals were received through the channels available to shareholders.

For other stakeholder categories, reports/complaints are registered via the BT call center or the dedicated e-mail address, *myalert@btrl.ro*.

In 2022, a **tool for ESG complaints and referrals** was created on the webpage dedicated to ESG initiatives carried out in Banca Transilvania, available [here](#)<sup>7</sup>.

Using this tool, all those who want to make a complaint/referral on any ESG-related subject or topic can do so very easily, with a simple click.

This tool is available in both English and Romanian. When the "ESG Complaints" button is clicked, a window will automatically open, where the following fields must be filled in: *Subject, Message/Description of the issue, Name, Surname, Phone, and Email*.

These complaints are then automatically forwarded to the email address *sesizariESG@btrl.ro*, where they are processed by a group of ESG experts within the organization, who formulate responses following their analysis.

## Involvement in political activities and causes

At the BT Group level, the policy on engaging in political activities and causes is described in the BTFG Code of Ethics and Conduct. BT Financial Group companies will avoid any form of engagement 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.

The involvement of any employee/member of the Management Body of a BT Group company in political activities may only be done with the prior approval of the designated competent structures of each company.

In the normal course of business, BT Financial Group companies will not grant any special facilities or conditions to political parties, political organizations, or politically exposed individuals; business relations with politically exposed individuals will strictly comply with the provisions of the national (Law 129/2019) and European regulatory framework.



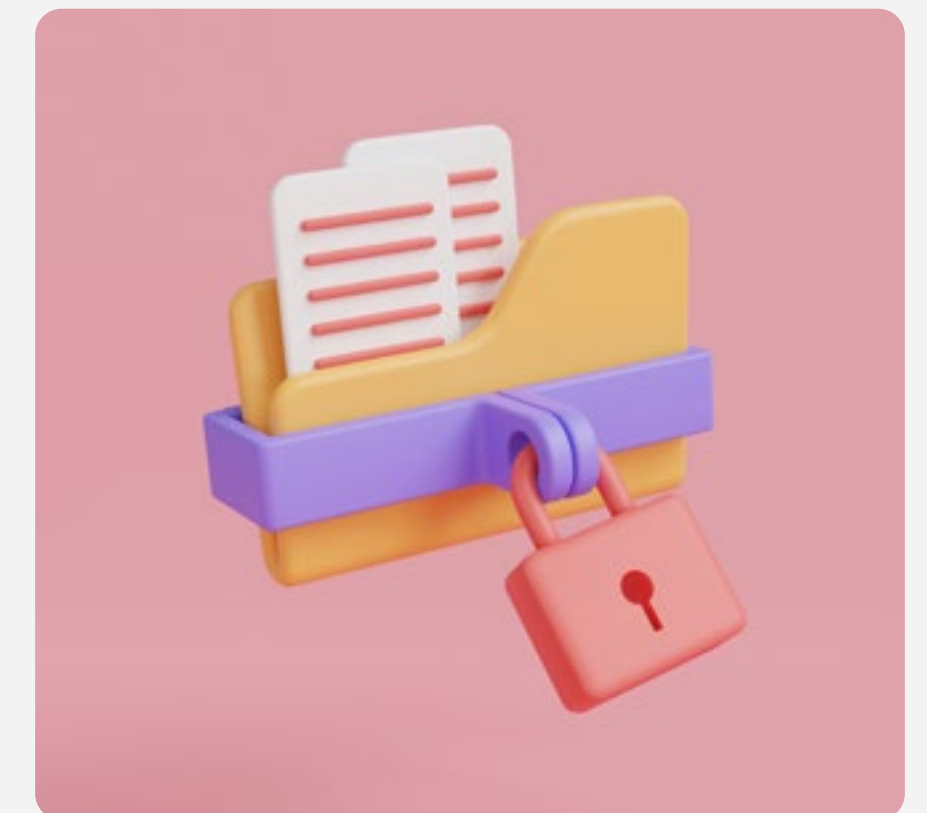
BT Group companies do not and have not supported political causes or parties.

# Data protection and cyber security

**Information security and personal data protection are fundamental concerns for the financial and banking sectors, both from a social and economic perspective.** Companies in the banking industry operate and have access to a large amount of personal information about their customers (financial records data, identification data, etc.). Inadequate protection of this data can lead to identity theft, fraud, and other financial crimes, sometimes with significant community-wide effects.

Beyond the negative consequences for the rights and freedoms of data subjects, incidents involving IT systems can also have serious financial and reputational consequences for BT: loss of revenue, fines, penalties, or damage to the company's reputation, all with a significant impact on economic performance.

Banca Transilvania, as well as each entity of BTFG, have developed internal regulations to ensure adequate processing and protection of personal data and information subject to professional secrecy in the banking financial field. At the same time, the entities have implemented technical measures to ensure adequate protection of such data.





The technical and organizational measures implemented at the level of the BTFG take into account the nature, scope, context, and purposes of the processing, as well as the risks of varying degrees of likelihood 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 relate to:**

- » General rules on the processing and protection of personal data within the activity of each entity in the BTFG
- » Procedures on the management of security incidents and personal data breaches, respectively
- » Procedures regarding the regular training of employees of BTFG entities in the field of personal data processing and protection
- » Strict rules regarding the obligations of BTFG entities' employees to maintain the confidentiality of personal data and information subject to professional secrecy
- » Regulations on the management of applications by which the data subjects exercise their rights provided by the GDPR
- » Rules on personal data processing in direct marketing activity
- » Procedures on the management of relations with contractual partners of the BTFG entities regarding the processing and protection of personal data
- » Procedures to establish the need to develop, implement and approve an impact assessment on the protection of personal data (PDIA)
- » Regulations on the preparation and record-keeping of personal data processing activities, as well as for the identification, analysis, and management of risks related to personal data processing activities
- » Strict rules on information security, including ensuring access, access, and control of access of employees and collaborators to information in the IT network of BTFG entities, access, and remote work
- » Regulations and measures regarding information categorization
- » Anti-virus measures and policies
- » Information security policies regarding the acquisition and development of IT solutions, as well as for IT system updates
- » Logging/journaling, backup, and archiving procedures and measures
- » Business Continuity Plans and procedures and disaster recovery plans
- » Procedures and measures to ensure physical security in the premises and equipment of the Bank and/or other entities in the BTFG

At the BTFG subsidiary level, group-wide policies, own privacy policies and other applicable internal rules apply.

In addition, each entity of the BTFG has developed a policy on the processing and protection of personal data (Privacy Policy), made available to the general public through the website of each entity of the Group.



BT's privacy policy can be found [here](#)<sup>7</sup>.

Through the privacy policy, each entity of BTFG informs persons concerned about issues related to the processing of their personal data, in accordance with the provisions of art. 13-14 of the General Data Protection Regulation (GDPR). There is also a separate policy on the processing and protection of personal data belonging to employees of GFBT companies, accessible to them. General or specific information notices for specific processing operations within these policies or, where appropriate, outside those, are also provided to data subjects to ensure maximum transparency concerning the processing of personal data.

Employee training on the processing and protection of personal data is carried out in accordance with the Procedure for the organization and testing of BT Financial Group employees on processing and protection of personal data (for BT and subsidiaries that have appointed Group DPOs - Idea::Bank, Idea::Leasing, Victoriabank, and BT Leasing Moldova do not have a DPO appointed at group level).

Completion of all GDPR courses and tests assigned to employees is mandatory, and failure to complete them by the prescribed deadline results in blocking the employee's user and, where applicable, other disciplinary sanctions as set out in the BT Financial Group Code of Ethics and Conduct. Apart from course materials addressed to all employees with access to personal data, specific course materials/organized training sessions are allocated depending on the specific activity of the employee, and some training may also include tests.

In 2022, employees at Banca Transilvania completed a total of

**36.820**

hours of training on personal data protection, compared to 22,500 in 2021



At the Bank and other entities of the BTFG level, requests were mainly registered whereby data subjects exercised various rights provided by GDPR (access, opposition, deletion, rectification, etc.). In some cases, reports/complaints were also received related to customer suspicions regarding unauthorized access and/or disclosure of confidential information. The status of the two categories of requests/notifications/complaints resolved in favor of the customers/data subjects is presented and broken down below.





Total number of complaints received	Banca Transilvania	
	2021	2022
Complaints received from third parties and considered substantiated by the organization*	4.790	3.116 out of 8,225
Reports/complaints regarding unauthorized access/disclosure of personal data/confidential information resolved in favor of customers/data subjects	0	0
Complaints received through the Alternative Banking Dispute Resolution Centre (CSALB)		75 of which 66 settled in favor of the customer
Investigation addresses** received from ANSPDCP***	3	3 of which 1 recurrent from 2021



In 2022, no loss, leakage/theft of personal data was recorded at the level of Banca Transilvania, while the number of complaints consisting of requests by which data subjects exercised their rights regarding the processing of their personal data reached 3,116, a 35% decrease compared to the number of such complaints received in 2021.

\*with regard to the Exercises of rights provided for in the above-mentioned Regulation, settled in favor of the data subjects (also includes exercises of rights regarding data processed in the Credit Bureau's records). Part of the cases recorded in the internal systems as Settled in favor of the customer are situations in which, although not considered justified by the Bank, an attempt has been made to offer a solution to the customer.

\*\* Investigation addresses represent information requests sent to the Bank/ other entities of the BT Financial Group by this authority, as the case may be, as a result of submission by the Bank/entities of the BT Financial Group of personal data breach notifications according to art. 33 GDPR, receipt by the authority of complaints from data subjects by which they claim the improper processing/ protection of their data by BT/other entities of the BT Financial Group, receipt by the authority of notifications from third parties regarding non-compliant data processing/protection of persons concerned by BT/other entities of BT Financial Group.

\*\*\*ANSPDCP = National Authority for the Supervision of Personal Data Processing

At the bank's subsidiary level, as regards complaints representing the exercise of such rights (referred to in the table above as complaints related to breaches of legislation on customer data security and confidentiality), the breakdown is as follows:

- BT Asset Management registered 26 complaints
  - » of which 24 were resolved in favor of the customer
- BT Capital Partners registered 8 complaints
  - » of which 6 were resolved in favor of the customer
- BT Mic registered 25 complaints
  - » of which 12 were resolved in favor of the customer
- Idea::Bank registered a total of 417 complaints
  - » of which 318 were unfounded, 96 were partially founded in terms of resolution (only partial corrections/deletions were made to the request for deletion of data from the Credit Bureau and Credit Risk Centre), and 3 founded complaints, one of which was investigated by the ANSPDCP

At Victoriabank, the collection, storage, and processing of personal data are done in accordance with the Personal Data Protection Act No. 133 of 08.07.2011, the Victoriabank Personal Data Processing Security Policy, and the Victoriabank Information Security Policy.

The personal data security measures adopted by the Bank ensure an adequate level of personal data security and guarantee the protection of the information received and the Bank's information systems.



In 2022, Victoriabank registered 4 complaints from third parties on issues related to the processing and protection of personal data. Following the investigation, one complaint was considered founded.

# Information security

All internal regulations on information security at the level of Banca Transilvania are developed in accordance with the ISO 27001 standard, and the Information Security Management System is developed in accordance with these requirements.

Responsibilities in the information security area are assigned to a dedicated department, subordinated to the CRO (Chief Risk Officer), which has the following organizational components:

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

In 2022, at the level of Banca Transilvania, employees completed a total of

# 8.964

hours of training on information security topics, compared to 6,900 hours in 2021

For secure online payments via 3DS, SCA e-Commerce, at POS via SCA POS, the Bank complies with Strong Customer Authentication standards, part of the European PSD2 payment services directive.

**Banca Transilvania is ISO 9001:2015 certified for POS card payment activities** (software applications, assisted, unassisted, or virtual payment terminals) **and E-commerce activities.**

**Access to banking applications - BT Pay, NEO, BT24, and BT Visual Help, is done securely, in compliance with high security standards.**

Cards added to the BT Pay app and other wallets (Apple Pay, Google Pay, Fitbit Pay, Garmin Pay) tokenized

BT-issued cards also comply with internationally regulated security standards of Visa/Mastercard payment schemes.

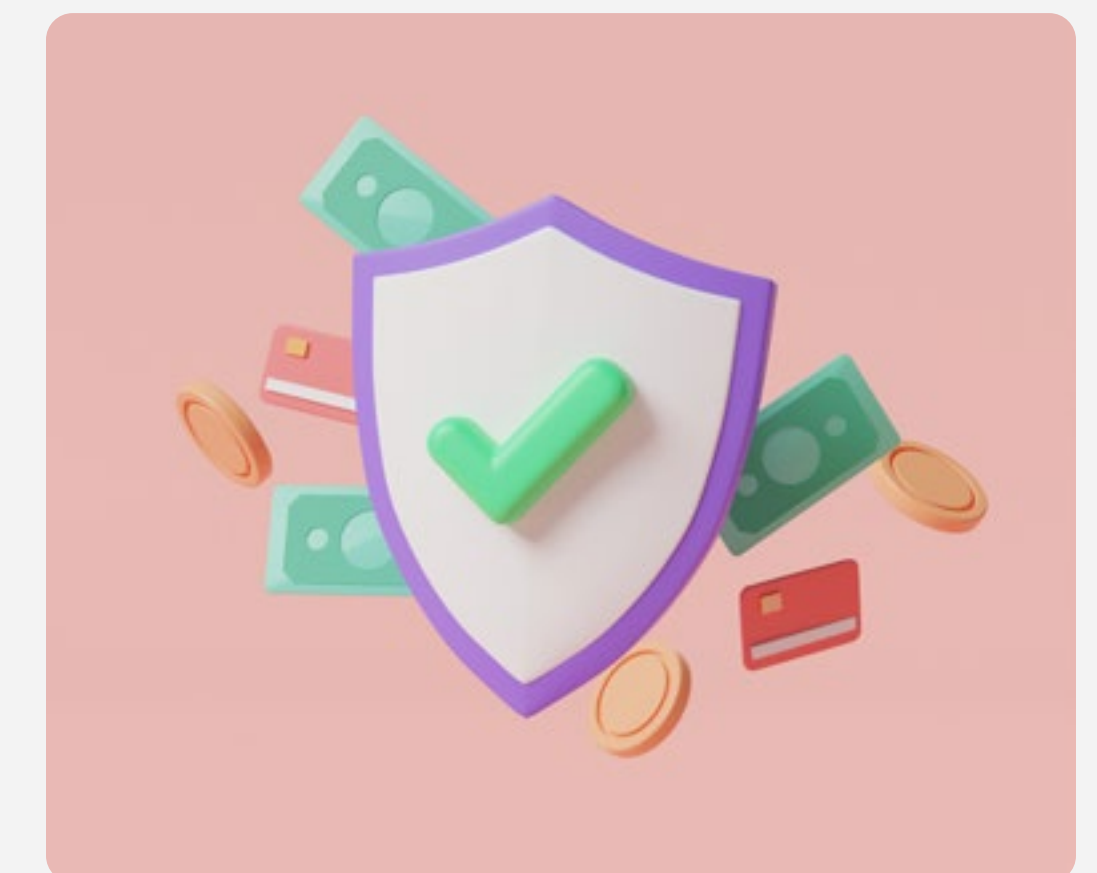
At the same time, another 18,353 hours of training were completed by colleagues on topics related to phishing, security vigilance, incident management, or email threats.

At Victoriabank, information security assurance processes are described in the IT/SEC Policies and Procedures. The Information Security department is in charge of collecting security events from all systems and network equipment, alerting and preventing leakage of confidential information, marking and classifying digital information/ documents as well as vulnerability scanning solutions, etc.

To ensure information security, Victoriabank has established and applies IT/SEC Policies and Procedures. The Information Security Department operates various solutions to ensure information security, such as solutions to collect security events from all systems and network equipment to alert and prevent leakage of confidential information, applications that allow marking and classification of digital information/ documents, antivirus solutions, vulnerability scanning solutions, etc. In 2022, Victoriabank worked on implementing medium-term actions to strengthen IT/SEC controls and is in the process of strengthening IT/SEC controls with the help of a specialized consultant. At the same time, Victoriabank's IT/SEC strategy was developed and approved during the reporting period.

At Idea::Bank, the policy on the classification and protection of information is at the core of information management (centralized or non-centralized data, on physical or electronic media) throughout its life cycle (generation - maintenance - transport - archiving - deletion). All employees must understand their roles and responsibilities in implementing and ensuring information security. Depending on their role, employees may have different responsibilities regarding personal data security and protection.

The working procedure for ensuring information security by preventing the loss or unauthorized transfer of data describes the responsibilities and resources allocated to manage this topic.





# 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 consider 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 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 BT Group's structures and the level of its business lines
- » protection of financial stability: Banca Transilvania controls the risk to limit the impact of potential adverse events on the capital and profitability
- » limiting the excessive risk-taking
- » ensuring a solid and sustainable capital and financing base
- » independent perspective: the risk management function is structured 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, to ensure the integrity of the bank's control processes
- » portfolio diversity to prevent dangerous concentration risks
- » limiting the concentration and volatility of the income sources
- » homogenous approach and global risk monitoring at BT Group level
- » compliance with the norms and regulations imposed by the national and international authorities in the field
- » the existence of business continuity plans for the banking activities
- » issuance and periodic revision of the recovery plan at the level of the BT financial group
- » BT Group does not carry out activities in jurisdictions that reduce transparency, such as offshore 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 action whenever any changes appear in its business conditions.
- » Ensures the existence of an adequate activity management framework within the BT 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).
- » Risk identification: 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.
- » Assessing/measuring risks: the Group evaluates the identified risks 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.
- » Risk monitoring and control: the policy and the procedures implemented for effective risk management are meant to mitigate risks inherent in the bank's business. The bank implemented procedures for the supervision and approval of decisions and trading limits per person/ unit/ product etc. Such limits are monitored daily/ weekly/ monthly depending on operations.
- » Reporting risks: Periodic and transparent reporting mechanisms have been established for specific risk categories so that the management body and all relevant structures benefit promptly 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 needs: To assess the adequacy of the internal capital to risks, the bank identifies and assesses all significant risks to which it is or may be exposed and continuously assesses the internal capital and the internal capital needs 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 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



More information on risk management can be found in the [Report of the Board of Directors of Banca Transilvania 2022](#)<sup>7</sup>.



# Climate change risk and opportunity assessment and management

Climate change can significantly impact the financial stability and profitability of companies in the financial and banking system, and thus the economy at large. It can affect both economic activities and the environment through extreme weather events such as rising sea levels, storms, floods, and extreme droughts. These events can cause significant damage to businesses, customers, and communities, with substantial economic and social costs. In addition, climate change risks can affect revenue and expenditure flows and influence investment decisions.

Therefore, for BT Financial Group, climate change risk assessment and the implementation of appropriate mitigation measures are essential elements in the risk management process.

- » Measures include assessment of the credit and investment portfolio to identify climate change risks, development of risk management tools, and promotion of sustainable financing.


Climate risk is assessed within the bank from two perspectives:

- A** at the client level, as part of the environmental and social risk analysis, the impact of climate risk on the company's activity and the extent to which its activity affects the environment (emissions to water, air, soil) is analyzed - based on the principle of double materiality;
- B** at the 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 is analyzed.




**Physical risk** is caused either by extreme weather events related to temperature, wind, and water (such as floods, hurricanes, and 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 behavior and investor demand.



To manage climate risks, the Bank has developed a tool that allows, depending on the company's activity and its location, to establish a level of climate risk, from "very low" to "very high"; it takes into account aspects related to the historical level and trend of temperatures, precipitation, seismic events in the area, as well as the specific activity carried out.

In addition, BT Financial Group uses processes and tools to identify and assess 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. 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 no exposure in the mining/fossil fuel-based energy production sector, having implemented an exit strategy in these areas in recent years.

For BT, climate risk is mainly related to exposure in the agriculture sector (approximately 10% of the corporate portfolio) in counties potentially affected by drought/floods, so exposure is relatively low.

The Bank performs an environmental risk factor analysis on any credit application, based on an internal matrix adapted to the value of the transaction and the risk level of the sector. The assessment is performed through questions addressed to the client, and additional specific data collection, with the client's answers critically evaluated by the credit/ risk analyst based on internal rules and specific environmental, social, and governance risk analysis guidelines.

In 2022, this analysis was completed by an ESG analyst's opinion, which summarizes the identified risks and establishes an ESG risk level per customer/transaction. The 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).

The internal risk factor assessment models are in line with the best practice and are built on IFC performance standards. The internal lending rules provide for the possibility of impacting on the client's internal rating following the performed environmental and social risk analysis.

Following the analysis of environmental and social risks (including climate risk) E&S risk is associated with the exposure, which translates into additional cash flow scenarios impacting the lending decision, impact on the client's internal rating, and consequently the collateral level or price level.

The Bank is continually refining and mapping the entire financing and investment portfolio against environmental, social, and governance risks for each sector of activity (such as agriculture, construction, transport, etc.) to identify the necessary measures to mitigate the potential negative effects of climate change on outstanding loans. This mapping can contribute to the adoption of measures in the lending business so that the negative environmental impact is mitigated and the positive impact on the environment, but also society and the communities we are part of, is enhanced.



Concerning the real estate collateral portfolio, the Bank does not accept assets located in areas with a potential risk of flooding or near watercourses/ wetlands, which may affect the structural strength of buildings, therefore we do not foresee substantial risks from physical risks associated with climate change related to the real estate collateral portfolio.

The Board of Directors is informed at the transaction level (in terms of exposures) of climate risk. Regular Board briefings are also held on the implementation of the sustainability strategy, with the assessment of the portfolio's exposure to environmental risks (including climate risk).

Last but not least, Banca Transilvania seeks to strengthen its skills in analyzing these risks by allocating specialized resources, such as a dedicated team of environmental experts and the training of credit analysts through courses held by internal experts or external specialists in this field.

The environmental and social risk analysis department in the Risk Department has relevant expertise in climate risk analysis (3 out of 5 people have technical degrees, including a Ph.D. in *environmental protection*); in the last year, sustained efforts have been made to raise awareness throughout the organization on the importance of quantifying the potential impact of climate risk on the credit portfolio through specific training for credit analysts, but also for the sales force that interacts directly with customers.

In addition to closely monitoring all regulations that are or will come into force in the future, the BT Financial Group is actively involved in working groups at national and European levels. The Bank and its subsidiaries follow the initiatives of task forces (such as TCFD) or the private sector (UNEP FI-PRB - membership completed in February 2022) to improve reporting of nonfinancial information and to align with the vision the company has set for the future within the Sustainable Development Goals and the Paris Agreement.

**The Bank conducted a portfolio analysis from a climate risk perspective, and a division into 7 classes (from very low to very high) was defined.**

Based on the existing data as of December 2022, the exposure to these risk levels was as follows:

- » 5.79% very high
- » 9% high
- » 10.7% medium-high
- » 21.5% medium
- » 28% medium-low
- » 10% low
- » ~13% very low

The ranking was based on the activity financed, the location of the company, and the specifics of the area in terms of weather conditions (temperature, precipitation), but also takes into consideration measures taken by the company to mitigate and adapt to the effects of climate change, for projects that require an expert opinion from environmental and social risk analysts.

In terms of sectorial exposure, a very high climate risk has been identified for the agriculture and electricity, and heat production and supply sectors (*95% of the exposure in this risk category stems from the financing of these sectors*), while the sectors with a low climate risk are "wholesale and retail trade/ automotive and motor vehicle repair/manufacturing industry" (*70% of the exposure in this risk category stems from these sectors*).

In terms of transition risk, the sectoral exposure has a different risk distribution than the physical risk, i.e., high risk was identified for the manufacturing sector (*88% of the exposure in this risk category derived from this sector*), retail trade/ motor vehicle repair, accounting for about 8% of all high-risk exposures. Low transition risk was reported for several service activities (real estate transactions, cultural activities, information, communication, etc.).

At the same time, an **interdepartmental working group** (members of the Risk Management, Credit Risk, ESG Analysis, and Sustainable Loans business departments) was set up within the organization to monitor the evolution of the portfolio in terms of climate risk and compliance with current regulations. Climate risk is integrated into the risk assessment process, i.e., it is a component of client and transaction risk.

Opportunities arising from exposure to climate risk are related to increased financing in the agriculture sector (e.g., implementation of irrigation systems), as well as an overall increase in green financing, expected to have a low environmental impact.


» **7 areas of interest** have been identified: financing projects for renewable energy production and distribution, supporting companies of all sizes for higher energy efficiency, especially in the current national and global context of evolving costs, allocating capital to the area of sustainable mobility and transport and related projects (charging stations, etc.), crediting climate

change adaptation projects, supporting projects that generate efficiency in terms of water consumption and quality, financing real-estate green building projects and special environmental transactions.

At the same time, **our sustainability strategy also takes into account national priorities and objectives for the implementation of the Sustainable Development Goals (SDGs)** such as eradicating poverty, doubling the share of agriculture in the country's GDP, increasing financial literacy, reducing gender inequality, improving recycling and reducing plastic, connecting households to running water, improving air quality, etc.

Thus, our sectoral specialization in areas such as agriculture, health, or education will also contribute to placing capital in projects in these areas. In addition, we are also paying more attention to sectors and/or projects under the National Recovery and Resilience Plan, especially in the area of digitization.

Regarding the targets set by the organization for managing the risks and opportunities associated with climate change and the performance of these targets, we aim to conduct an elaborate analysis of the portfolio's exposure to climate change risks by the end of this year.



In 2022, following our adherence to the UNEP FI (United Nations Environmental Program - Finance Initiative) **Principles for Responsible Banking (PRB)**, we also undertook a portfolio impact analysis to identify the main sectors in the portfolio with a negative impact on the environment and areas with potential added value in mitigating climate risk.

Also, in line with the objectives set last year, we have started and implemented the procedure to determine the Scope 3 emissions related to the portfolio of financial assets, retaining the services of a specialized consultant with expertise in this calculation in the European banking system.

**The portfolio's carbon footprint will be determined based on the PCAF standard** (Partnership for Carbon Accounting Financials), covering the main financial asset classes (commercial loans, project finance, real estate, mortgages and auto finance, equity and bonds, and government loans).



# **Our strategy and commitments for a sustainable future**





# Sustainability governance

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, through the income and expenditure budget for the next financial year and the activity program, including sustainability initiatives.

The duties of the members of the Board of Directors expressly include, through the Rules of Organization and Administration (ROA), the supervision of the implementation of and

compliance with high sustainability standards (ESG), both in terms of lending activity and in day-to-day business.

At the Board level, BT Group's sustainability strategy is set for a horizon of at least three years, in close correlation with the business strategy. Specifically, the Chairman of the Risk Management Committee has ESG responsibilities, overseeing the implementation of the ESG strategy at the bank level as well as at the BTFG level and the alignment of risk management policies with ESG standards.

At the same time, the organizational and management regulations state that the Audit Committee is responsible for verifying compliance with internal regulations on ESG standards, while the Remuneration and Nomination Committee approves remuneration and nomination policies in line with ESG principles and standards.

Similarly, the Risk Management Committee is also empowered to align sound risk management policies with ESG standards.

At the executive management level, the Deputy General Manager of Financial Institutions and Markets is responsible for coordinating the implementation of the ESG strategy at the GFBT level.

Since 2022, ESG responsibility is assigned to the ESG & Investor Relations (IR) Department, which

is accountable for overseeing and implementing policies, practices and initiatives related to sustainability and responsible business practices within the Bank.

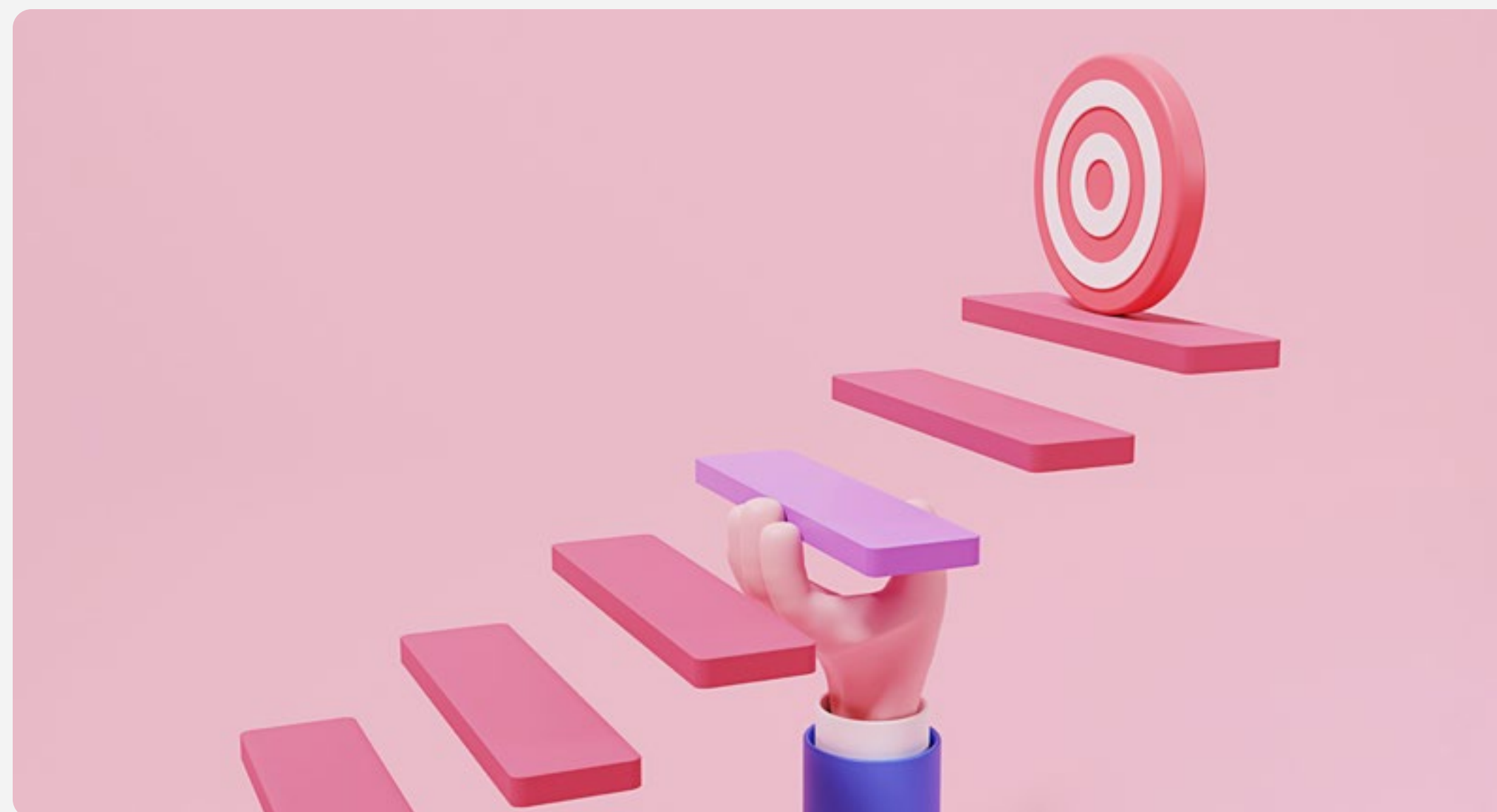


**The department's primary focus has been to integrate environmental, social and governance considerations into the company's strategy, operations and decision-making processes.** As ESG aspects are integrated and cross-cutting, the ESG and IR department oversees and implements sustainability best practices to ensure the provision of consistent and continuous data and information.

ESG and Investor Relations' main responsibilities and workflows:

- Reporting and disclosure
- Stakeholder engagement
- ESG funding
- Integration into operations
- Impact measurement and management

The ESG and IR department acts as a catalyst for embedding sustainability and responsible practices throughout the organization. It collaborates with various stakeholders, leads the integration of ESG into operations, ensures compliance and measures the company's progress towards sustainability goals.





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## SME and Corporate business level

At the SME and Corporate business line level, each directorate assigned at least one person with sustainability responsibilities. Thus, the structures in charge of product development, specialized sectors, SMEs, and micro or mid-corporate customer segment coordination have specific resources allocated to implement strategic sustainability objectives.



During 2021, the need to establish a dedicated structure emerged, resulting in the set-up in April 2022 of the **Green and Sustainable Loans Department**, reporting to the Sustainable Programmes and Loans Directorate, with the following objectives that cut across all major credit lines at Corporate Clients Level (Large Corporate Clients, Corporate Clients, and Micro/SME Clients):

- » Initiate and maintain partnerships with national and international authorities involved in the green/sustainable finance sector;
- » Proposes for approval of specific internal regulations for lending to customers making green/sustainable investments;
- » Promotes actions and products/services offered by the Sustainable Programs and Loans Department;
- » Develops dedicated green and sustainable programs and products, initiates and manages training programs for colleagues in the Banca Transilvania network;
- » Identifies customer types together with the branches and business lines and promotes financing alternatives for various green and sustainable investment projects;
- » Supports and implements the bank's sustainability/green sector strategy, aiming to grow the sector portfolio under dispersed and healthy green and sustainable lending;
- » Together with colleagues from the above-mentioned structures, participates in the implementation of the sustainable development strategy of Banca Transilvania.

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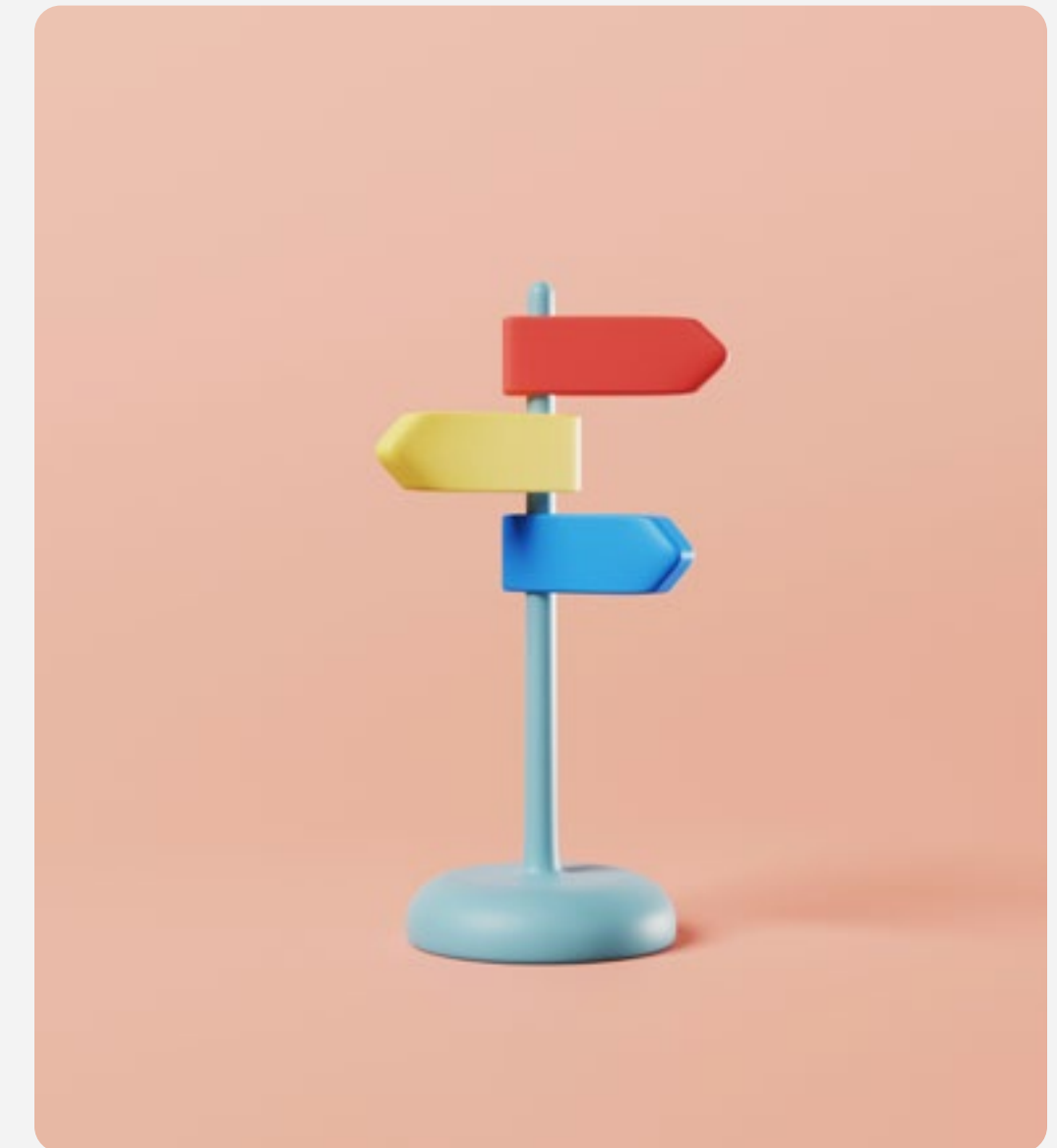
## Retail Banking business line

Within the Retail Banking business line, there are specific responsibilities for the implementation of objectives in the area of retail products and services, including those with green or sustainability components, as well as responsibilities for monitoring, implementing, and reporting on the relevant regulations that are or will come into force, such as the EU Taxonomy.

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## Large Corporate Customers business line

Within the Large Corporate Clients business line there are responsibilities to meet and manage the expectations of the most sophisticated client segment with complex financings, including ESG aspects.





Under the Deputy General Manager, there is a structure dedicated to environmental and social risk analysis which has significant tasks related to environmental and social issues: drafting the environmental policy, conducting E&S risk analysis for corporate clients, providing support and advice to colleagues in branches, departments or subsidiaries, assessing E&S risk for financing, categorizing client activity by risk level and establishing mitigation measures, monitoring environmental and social incidents reported by clients. Thus, dedicated support is available to all credit risk analysis departments with financing approval tasks.

In addition, within the non-financial risk management structure, there are specific tasks relating to trend analysis and recognition of new or emerging risks arising from changing market and macroeconomic circumstances and conditions, including potential risks associated with climate change.



A structure with specific responsibilities for the implementation of corporate governance practices and non-financial reporting in accordance with best practice and internationally recognized standards reports to the Senior Executive Director of Corporate Governance and Litigation.



Under the Senior Executive Director of Human Resources, there are dedicated resources for sustainability topics, in particular those related to the social area represented by the bank's employees. Whether it concerns staff training, maintaining a working climate in line with human rights principles (non-discrimination, equal opportunities), or capitalizing on the benefits generated by a diverse workforce, these resources contribute to the objectives of the business lines through initiatives aimed at increasing the commitment of colleagues and ensuring professional and personal well-being.



The Executive Director of Marketing, Communication, and PR coordinates the BT Group's CSR activity, as well as internal and external communication including ESG topics.



Reporting to the Deputy General Manager, the BT Group's infrastructure unit manages the procurement, investment, and logistics activity, which has recently taken on increasingly complex responsibilities regarding managing the environmental impact of the Bank's activity, including through its approach to selecting suppliers.

Thus, by incorporating ESG aspects into the procurement methodology and regulations, external resources needed for BT's business are secured from appropriate sources that meet the conditions for collaboration, including ESG criteria.

Also, within this structure, the various consumptions of the bank and its subsidiaries are monitored and measures to increase their efficiency are identified both to reduce costs and the negative environmental impact. The investments made by BT Group in the premises where it operates take greater account of current regulations and environmental standards, thus contributing to a reduced negative environmental impact. The logistics activity also coordinates the way documents are archived within the bank aiming to reduce physical archiving as much as possible and promote electronic archiving.



The Bank's reporting activity falls under the Deputy General Manager and includes reporting on sustainability topics such as EU Taxonomy, CRC, etc., through the appointment of specific individuals who liaise constantly with the Sustainability working group to keep up to date with reporting requirements, standards, and best practices.



At the Bank level and covering the whole spectrum of activities, representatives of these structures form an internal working group coordinated by the Deputy General Manager of Financial Institutions and Markets.

Without becoming a formalized structure, **the working group meets regularly to implement the Bank's ESG strategy and promotes good interdepartmental collaboration, shares knowledge, reviews initiatives, and reports on progress against each strategic objective**, either through the Sustainability Report or internal reporting.



# Sustainability strategy

As a leader in the Romanian banking system, we understand the critical importance of sustainability and long-term planning in the face of the social and environmental challenges we face globally. Thus, our sustainability strategy presents the way we think today for generations to come: a plan that goes beyond a simple concern for regulatory compliance and is based on a deep sense of responsibility and duty we owe to the environment, our customers, employees, communities, and the Romanian economy overall.



We recognize that the complex and interconnected issues we seek to address through our strategy cannot be managed individually, but must be dealt with in an integrated way, with an emphasis on **partnerships, collaboration, and, above all, the involvement of employees and all stakeholders.**

Our sustainability strategy is based on three pillars:

**Performance**  
**People**  
**Environment**



All this cannot be achieved without a strong governance system and a solid foundation of values: we are committed to maintaining the highest standards of governance, transparency, and business ethics.

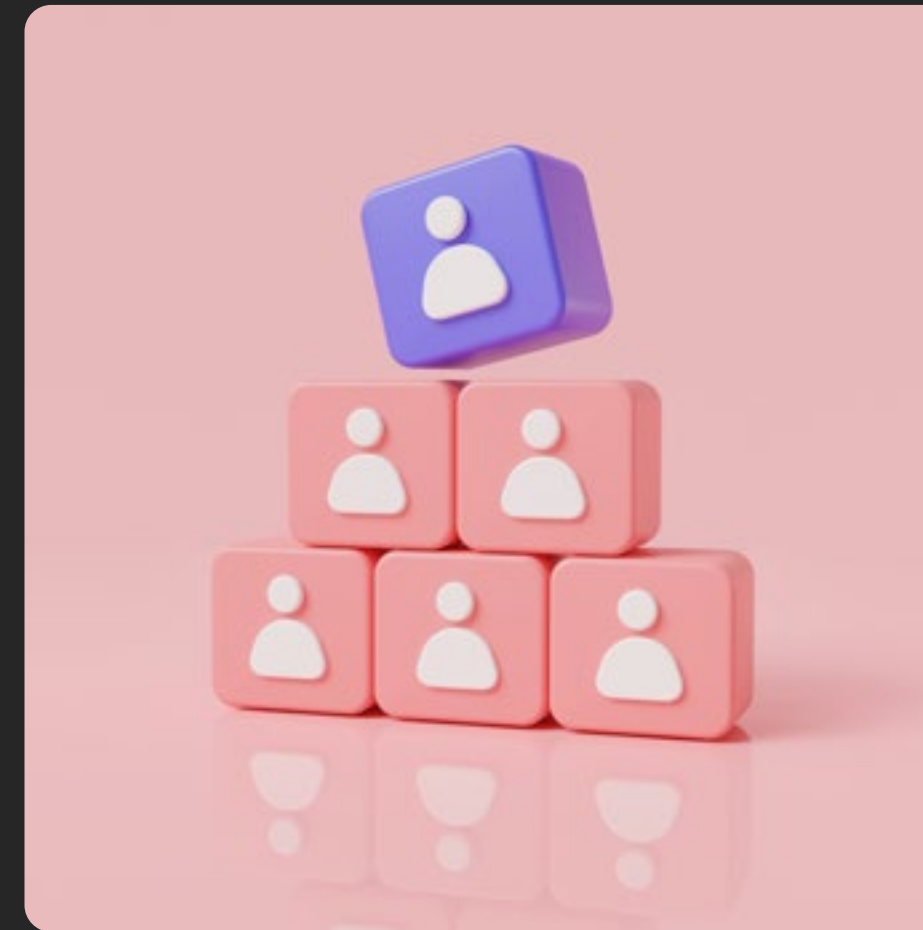
We have established and implemented robust internal systems to support us in achieving the goals and targets we have set for the sustainable development and growth of the financial ecosystem around BT Financial Group.



## Performance

We strive to create a fair and inclusive banking system that provides access to financial services for all businesses and people and promotes financial education. We integrate sustainability criteria into financing decisions and promote responsible financial principles.

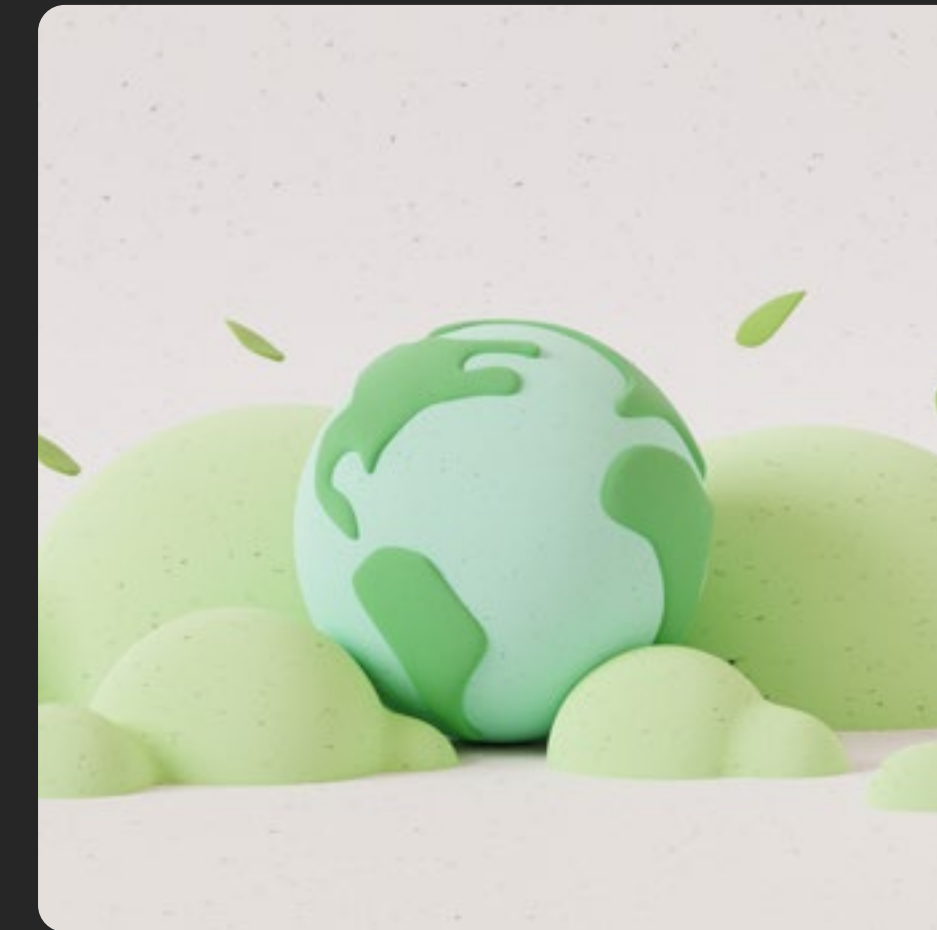
We focus on developing our credit and investment portfolio in key sectors to support the transition to a green economy, sectors where we can drive innovation and support solutions that help address social and environmental challenges.



## People

We believe that our employees are key to achieving our sustainability goals. We, therefore, prioritize their engagement, well-being, and professional development, while encouraging a diverse and inclusive workplace.

At the same time, we work closely with local communities to understand their needs and together create sustainable solutions to meet the challenges they face. We also support social initiatives and non-governmental organizations that align with our sustainability vision.



## Environment

We are committed to reducing our negative environmental impact, both directly generated and through our lending policies, we are committed to promoting the transition to a low-carbon economy, and we seek to implement solutions that support our responsible resource use.

We are currently in the process of mapping our portfolio's environmental impact and have started our Scope 3 carbon footprint analysis.



# Performance

## PERFORMANCE:

Complementing the range of products and offers with green finance, financial education, or positive social impact components to support the transition to a more sustainable economy.

DEADLINE: 2023

## PROGRESS 2022:

We secured the first funding in Central and Eastern Europe to support blue economy projects in Romania, from the IFC, worth €100 million. The funding will help increase access to water in Romania, given the country's high vulnerability to drought, and improve water management practices, and wastewater treatment.

1

## PERFORMANCE:

Improve in-house skills, both at central and network level, by pooling and promoting information resources and practices.

DEADLINE: 2023

## PROGRES 2022:

- » Board of Directors Workshop: legislative trends and sustainable financing
  - » 697 participants in *Green Loans, ESG Risk* courses
  - » 81 participants in the *Renewable Energy Efficiency, Green Financing* courses
  - » 26 participants in the *Sustainability between trend and reality* course
  - » 7 participants in the *Fundamentals of ESG Loan Markets* course
  - » 3 participants in the *Recent Developments on climate change and ESG* course
  - » 2 participants in the *Green Bonds Basics, ESG for Financial Institutions* course
  - » 2 participants in the *Green Bonds Basics* course
  - » 2 participants in the *ESG 2022: Non-financial Reporting* course
  - » 2 participants in *Navigating the ESG Regulatory Wave, ESG for Financial Institutions* course
- Other certifications or training programs included CFA Certificate in ESG Investing, International Certified ESG Analyst - CESGA, Update on EU Taxonomy, ESG for financial institutions, and Sustainable and Green Finance.

2

## PERFORMANCE:

Supplement with new ESG criteria (KPIs) related to both objectives and reporting process in the individual and collective suitability assessment process of the governing body, including at the board committee level, to reflect relevant changes in the institution's business activities, sustainability/ESG strategies, and risk profile.

DEADLINE: 2022

## PROGRES 2022:

For 2023, the approach of including SMART objectives based on ESG criteria has been maintained. As regards suitability, this has not yet been subject to the annual assessment, but ESG criteria will continue to be taken into account when assessing the suitability of the governing body.

3

# Performance

PERFORMANCE:

Identify inventory methods of our portfolio carbon footprint and measures to progressively reduce it through specific targets with continuous monitoring.

DEADLINE: 2023

PROGRES 2022:

For the first time, we have conducted an inventory of greenhouse gas emissions for both Scope 1 and 2 emissions and Scope 3 emissions associated with the credit portfolio.

4

PERFORMANCE:

Ensure quality reporting on BT's progress towards sustainability by monitoring and incorporating standards and best practices in the field.

DEADLINE: 2022-2023

PROGRES 2022:

For the third consecutive year, BTFG prepares a sustainability report, developed in accordance with Global Reporting Initiative (GRI) standards.

The report is externally audited for the second consecutive year.

5

PERFORMANCE:

Support green projects by providing funding in areas with a positive environmental impact: renewable energy, and energy efficiency.

DEADLINE: 2022

PROGRES 2022:

**Achieved.**

The bank has a strategy to finance renewable energy projects.



6

PERFORMANCE:

Expand and adapt the detailed non-financial analysis model currently used for large corporate customers (environmental and social risk assessment) and other corporate customers to the eligible portfolio level.

DEADLINE: 2023

PROGRES 2022:

**Achieved.**

In 2022, the detailed ESG analysis model was extended to the other categories of corporate customers (previously used only for Large Corporate customers, transactions over 25 million lei).



7



# Performance

PERFORMANCE:

Maintain NPS level at least equal to the 2020 level.

DEADLINE: 2022

PROGRES 2022:

The 2022 NPS score based on responses from customers making transactions in the unit is 81.61 and the HI\* is 93.42%.

The external survey was conducted with the help of Kantar Romania and measured the perception of individual customers. The sample size was 4,000 people.

In 2022, BT had a significantly higher NPS than the market. At 62 units, it represents an all-time high for the bank over the last 5 waves. ING remains the leader on this metric (66, stable from 2020), but BT narrowed the gap to 4 points. BRD remains significantly lower. Overall, the market average for NPS is up slightly.

The BT24 mobile app has the highest satisfaction score among BT customers, up from the previous wave. The Internet Banking app also generates a high level of satisfaction, reflecting a good perception in the market of BT's digital performance. The lowest satisfaction scores are recorded for Fees and Call Center but are relatively stable compared to the previous wave of the survey.

Competitively, BT customers have a higher level of satisfaction than the market for reputation, ATM network, and mobile banking app.

In 2022, BT shows an increase in the number of strengths regarding recommendations and competitive positioning. BT's reputation remains its main strength. Among the strengths, rates, products & services are maintained, but compared to the previous wave, the influence of products in the recommendation score is higher. Call center, branch experience, and advertising are also strengths. The Call Centre, while having a low satisfaction score for BT customers, is well-rated compared to the market average. Digital services (internet and mobile banking) and ATMs, although well positioned competitively, have a lower influence on the recommendation score for BT.

8

\*HI was calculated according to the formula: (Percentage of very satisfied customers + Percentage of satisfied customers) - (Percentage of dissatisfied customers + Percentage of very dissatisfied customers)

PERFORMANCE:

Regular and consistent training for the entire BT team on GDPR and IT security.

DEADLINE: 2022 / then annually

PROGRES 2022:

36,820 hours of employee training on personal data protection topics.

9

# People

PERFORMANCE:

Maintain the eNPS level at 50 at a minimum participation rate of 70%.

DEADLINE:

2022, ongoing from 2021

PROGRES 2022:

In 2022, the eNPS score was 56.31 for the January survey and 51.05 for the July survey.

1

PERFORMANCE:

Run CSR and community engagement campaigns on our own and with our customers.

DEADLINE:

2023

PROGRES 2022:

In 2023, we will continue our CSR campaigns supporting various projects: supporting disadvantaged communities, cultural projects, environmental projects, sports, and entrepreneurial education.

The CSR projects in which we are involved are promoted both to colleagues and externally - BT customers are encouraged to donate via the website and through the BT Pay banking app.

2

PERFORMANCE:

Continue diversity and equal opportunities awareness programs through campaigns and training sessions.

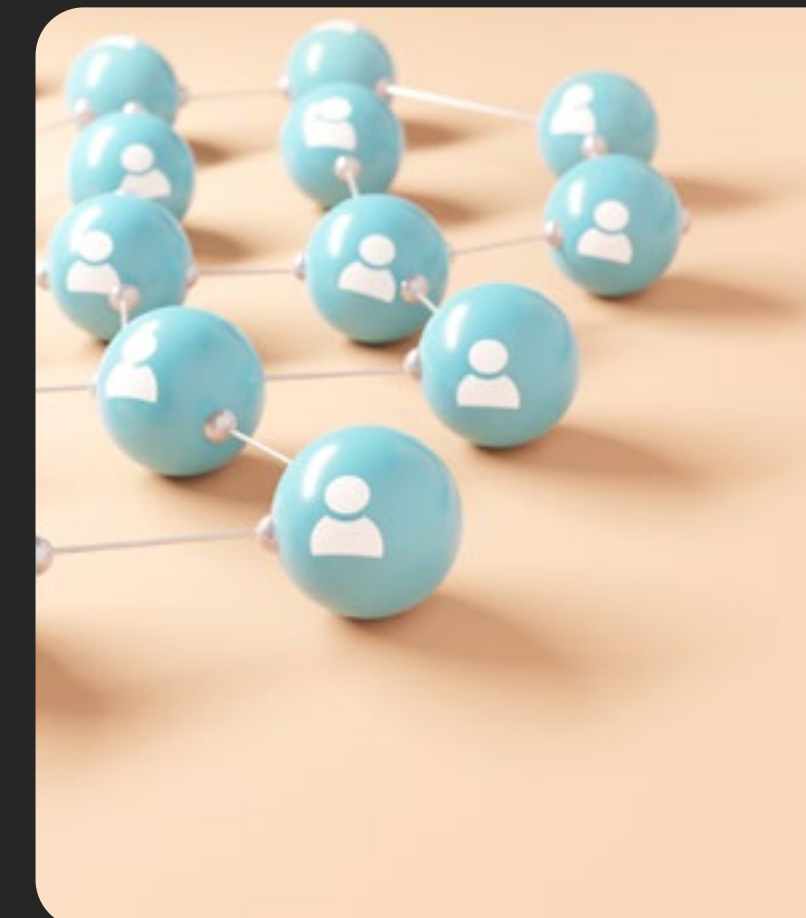
DEADLINE:

2022, ongoing since 2021

PROGRES 2022:

More than 1,541 hours of training were dedicated to training on equal opportunities, and the prevention of discrimination and harassment in the workplace.

3





# People

## PERFORMANCE:

Conduct an impact study to measure the positive impact the bank has generated through community investments.

DEADLINE: 2023

## PROGRES 2022:

An internal impact assessment methodology was developed to evaluate the impact of community investments and a pilot analysis was carried out on 2 partner NGOs.

4

## PERFORMANCE:

Support local community programs in sports, culture, and education by allocating a dedicated budget, but also by engaging the BT team in volunteering.

DEADLINE: anual

## PROGRES 2022:

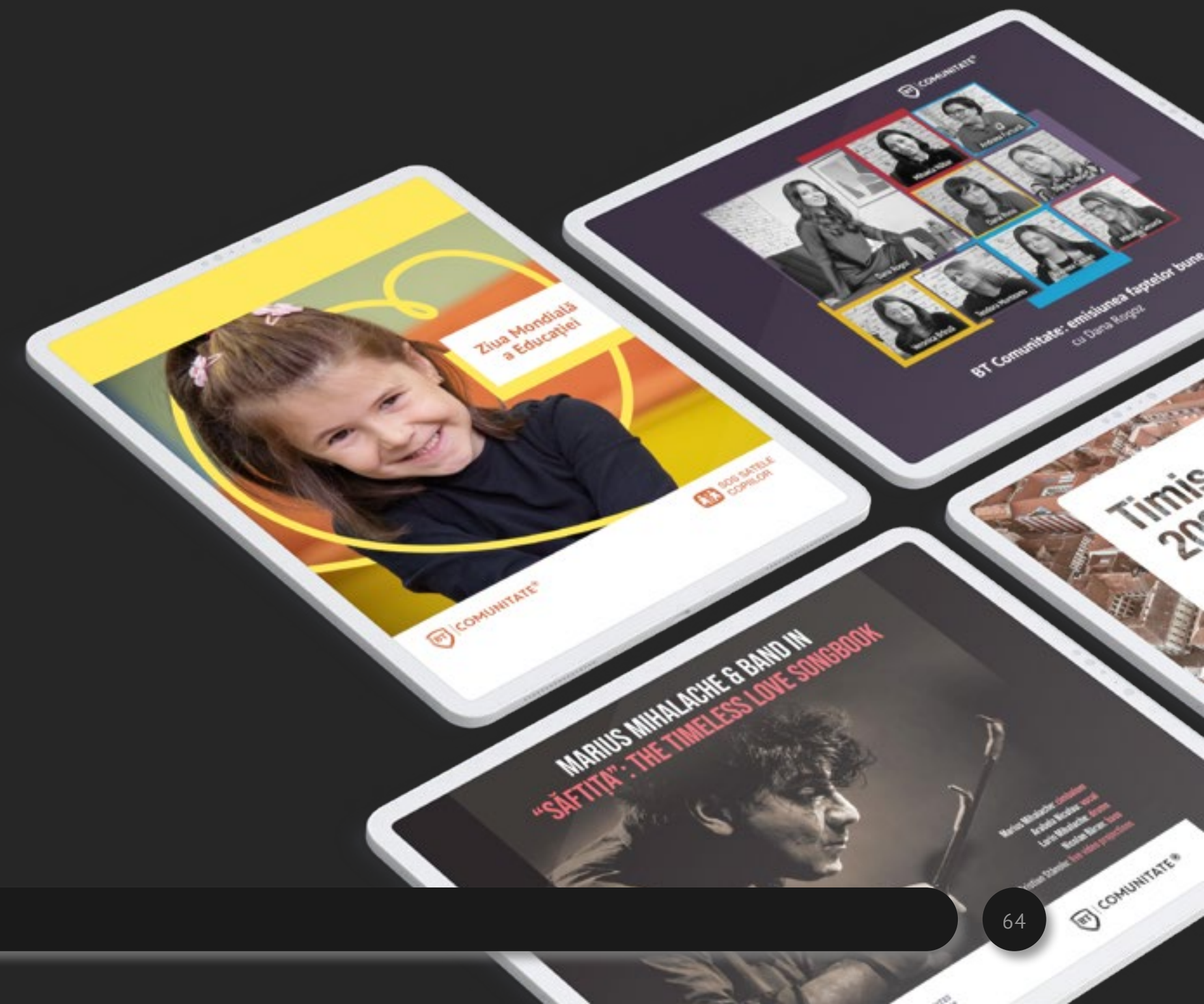
Sports projects: msg Apuseni Marathon, Iasi Half Marathon, Brasov Marathon - we collaborated with associations promoting physical activity and a healthy lifestyle - for each action we encouraged both clients and colleagues to participate by offering free tickets.

Education projects - encouraging education in disadvantaged communities by covering the cost of food, clothes, school supplies, etc.

We also had several entrepreneurial education projects through BT Club, Stup BT, and our own projects.

Cultural projects: Centre of Interest, Mița Biciclista House, Clujean Cultural Centre, etc. - we support the art scene.

5



# Environment

PERFORMANCE:

At least 90% of new cards issued and re-issued to be made of recycled materials.

DEADLINE: 2022

PROGRES 2022:

**Achieved.**

Over 95% of cards issued and reissued in 2022 were made of recycled materials.

Over 2 million cards were thus issued on recycled materials, saving 6,360 kg of standard plastic - 3.18 g of standard plastic per card.



1

PERFORMANCE:

Perform indirect emissions inventory (Scope 3).

DEADLINE: 2023

PROGRES 2022:

An inventory of financed emissions has been made.

2

PERFORMANCE:

Purchase 90% renewable energy.

DEADLINE: 2022

PROGRES 2022:

80% (reported at Group level, 98% of Banca Transilvania consumption).

3

PERFORMANCE:

Use of FSC paper rolls at ATM and POS.

DEADLINE: 2022

PROGRES 2022:

**Achieved.**



4

PERFORMANCE:

Replace all cards in circulation with cards made of recycled materials.

DEADLINE: 2027

PROGRES 2022:

On track.

5

PERFORMANCE:

Decrease greenhouse gas emissions associated with BT Financial Group's car fleet (Scope 1 emissions) by 20% compared to the baseline year 2018.

DEADLINE: 2023

PROGRES 2022:

In progress.

6

PERFORMANCE:

Reduce paper consumption by 10% by implementing digital workflows for products, digital signatures, etc.

DEADLINE: 2023

PROGRES 2022:

In progress.

7



# Performance

<p>OBJECTIVE</p> <p>Grant 3.5 billion lei worth of green loans (validated according to CAFI methodology).</p> <p>DEADLINE: 2023-2025</p>	<p>OBJECTIVE:</p> <p>Achieve a 15% share of green mortgage/real estate loans in total mortgage/real estate loans (balance)</p> <p>DEADLINE: 2024</p>
<p>OBJECTIVE</p> <p>20% - proportion of green mortgage/real estate loans in new mortgage/real estate loan production.</p> <p>DEADLINE: Anual</p>	<p>OBJECTIVE:</p> <p>Develop awareness and entrepreneurial education on ESG issues through events dedicated to green finance, energy efficiency, and climate risk management (at least two national events in Bucharest and Cluj Napoca, allowing companies from several counties to attend).</p> <p>DEADLINE: 2023</p>
<p>OBJECTIVE</p> <p>Conduct portfolio impact analysis according to UNEPFI-PRB methodology.</p> <p>DEADLINE: 2023</p>	

# People

<p>OBJECTIVE:</p> <p>Allocate an average of 2 hours/employee/year of training on social and environmental issues such as ESG/ diversity/ OHS/ Fire Prevention/business ethics, anti-corruption, anti-fraud, and whistleblowing.</p> <p>DEADLINE: Anual</p>	
<p>OBJECTIVE:</p> <p>Expand the impact analysis of community projects and investments made by BT Financial Group companies.</p> <p>DEADLINE: 2023</p>	
<p>OBJECTIVE:</p> <p>Attract a minimum of 70 students to internship programs.</p> <p>DEADLINE: 2023</p>	

# Environment

<p>OBJECTIVE:</p> <p>Expand the Scope 3 emissions inventory to include at least 5 additional categories.</p> <p>DEADLINE: 2023</p>	
<p>OBJECTIVE:</p> <p>Review and update the list of exclusions under the EBRD Reference List and IFC Performance Standards to reduce exposure in the fossil fuel sector.</p> <p>DEADLINE: Anual</p>	
<p>OBJECTIVE:</p> <p>Decrease greenhouse gas emissions associated with BT Financial Group's car fleet (Scope 1 emissions) by 20% compared to the baseline year 2018.</p> <p>DEADLINE: 2023</p>	

# Materiality analysis



At the BT Financial Group level, materiality analysis is the process by which material topics are identified and form the basis for sustainability reporting.

Material topics are those topics that reflect the impact (positive and negative) on the economy, society, and the environment, including human rights, generated by BT Financial Group's business activities and relationships.



On the one hand, this process helps us determine the non-financial indicators that are included in the sustainability report, and on the other hand, it helps us better understand the risks and opportunities that arise from an ESG (Environment, Social, Governance) perspective and improve our engagement and communication processes with our stakeholders.

The stakeholder categories that are consulted during the process of determining the material topics were identified following a dedicated workshop, organized together with relevant consultants, attended by representatives of the main departments and directorates within Banca Transilvania and its subsidiaries.

» The workshop is dedicated to materiality analysis and includes updates to the GRI Standards on the stakeholder consultation process. The workshop identified the stakeholder categories which each department or directorate interacts with.



Following this mapping, **stakeholders were grouped into 11 main categories**, namely:

- |  |  |
|--|--|
| ■ BTFG employee                          | ■ Financial Institution  |
| ■ Customer - Private individual          | ■ Investor/Analyst   |
| ■ Customer - Corporate                   | ■ Supplier   |
| ■ Shareholder                            | ■ Business partner<br>(consultant, auditor, lawyer, PR agency) |
| ■ Government Agency/Regulatory Authority | ■ Non-governmental organization                                |
|  | ■ Industry association   |

There were no changes from the previous year in the stakeholder categories included in the consultation.



The questionnaire also included an *Other category* option for consultees who considered not fitting into any of the categories identified by the BT Group.

The starting point of this analysis was the identification of potentially material topics, i.e., those topics on which BT Financial Group, through its business activities and relationships, could generate an economic, social, and environmental impact (positive and/or negative), including on human rights. The list of potential material topics is based on an analysis of the activities of all BT Financial Group entities, our business relationships, the latest studies/reports, and trends in sustainability (e.g. reports - IFC, IPCC, World Bank, UNEP FI, WWF, The World Economic Forum), the national and European legislative context (CSRD, SFDR, EU Taxonomy), as well as industry best practices and other sustainability reporting standards, e.g. Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), European Sustainability Reporting Standards (ESRS) draft.

Based on this list, 2 sets of online questionnaires were developed, one of which was sent to the Group's stakeholder categories (**external analysis**) and one to members of management, specialists, and experts from all Group entities (**internal analysis**). The questionnaires included different sections for assessing the extent of positive and negative impact, as not all topics can generate both positive and negative impact (e.g., resource consumption and waste management - negative impact only, community investment - positive impact only). The questionnaires also provided respondents with the opportunity to provide qualitative (open-ended) responses to identify other areas/fields where BT Financial Group could have an impact, either positive or negative, as well as questions on how we can improve our sustainability process and reporting.

For each potential material topic, 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 topic was also accompanied by an explanation of possible forms of impact. Respondents were also given the option to choose *N/A - don't know/don't answer*.

This process took place between **December 2022 and January 2023** and a total of **1,534 responses** were recorded, which were centralized and analyzed to highlight both the positive and negative impact dimensions as perceived externally (stakeholders) and internally (management, specialists, and experts).

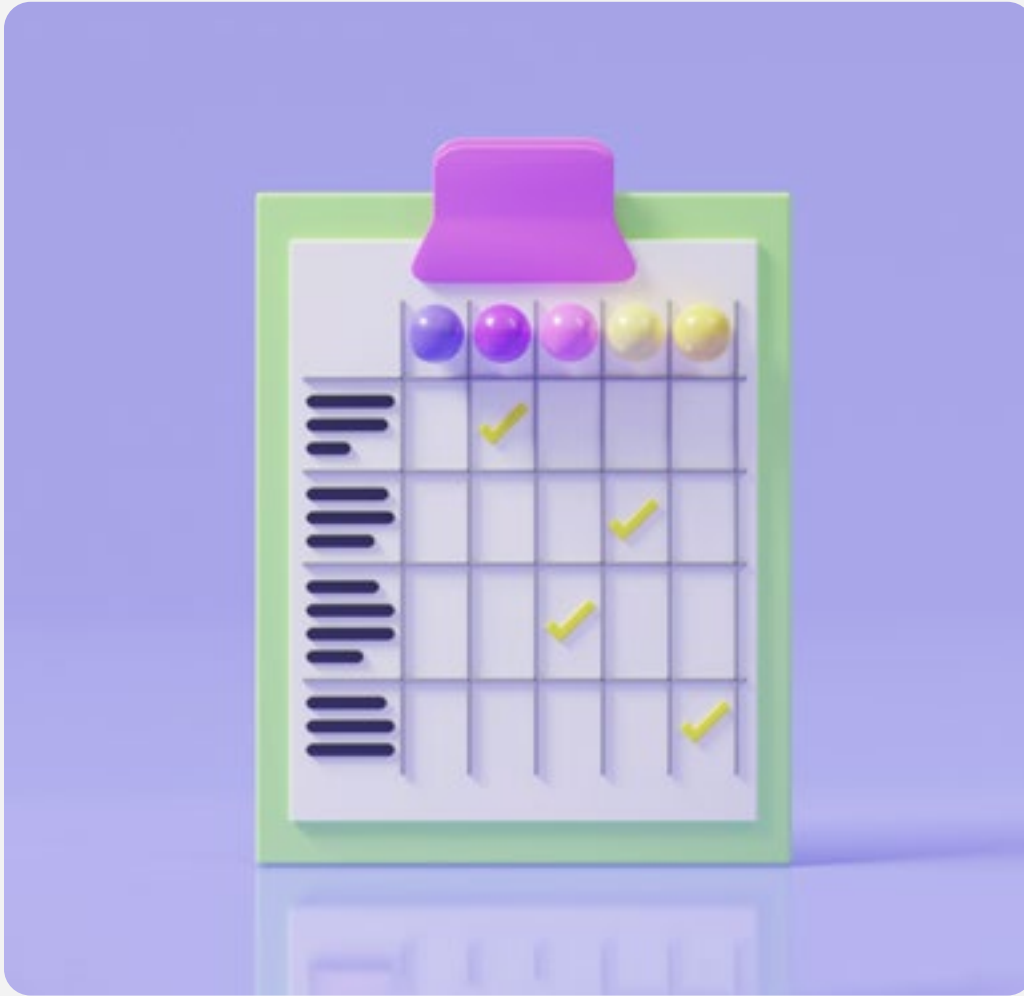
The analysis resulted in two scores for each topic assessed in terms of positive and negative impacts, represented in the materiality matrix further below.

Given that the process of identifying and assessing impact through stakeholder engagement is based on a rather subjective assessment, the materiality threshold was set internally where BT Group's impact is at least low (score 1 on the rating scale provided in the materiality questionnaires).


Compared to the analysis process carried out in the previous year, two new topics have been added to the list of potential material topics: Portfolio Environmental Impact and Stakeholder Engagement. At the same time, the *Climate Action* topic has been reframed as *Action to combat/ adapt to climate change*.

Therefore, BT Financial Group's material topics were considered to be those for which either the average of the stakeholder ratings or the average of the internal ratings showed at least a low impact. This allows us, on the one hand, to take the necessary steps to try to drive our negative impact as close to zero as possible and, on the other hand, to increase 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.



# Impact assessment

Material topics	Overview of impacts on the economy, environment, and people, including on human rights	Actual/ Potential	Positive/ Negative
			
1 Economic value generated	<p>The economic value generated through our activity can have both positive and (potential) negative effects. Our lending policies and the provision of capital to people and companies support economic growth and job creation.</p> <p>As a leader in the Romanian banking system, we are also an important payment facilitator, providing people with a safe place to deposit their savings.</p> <p>Similarly, risky lending practices or high fees can have a potentially negative impact on consumers and the economy at large.</p>	<div>ACTUAL</div> <div>POTENTIAL</div>	<div>POZITIVE</div> <div>NEGATIVE</div>
2 Access to financial services, inclusion, and financial education	<p>Through policies and programs that aim to improve access to financial services, inclusion, and financial education, we help consumers and businesses save money, invest in their future and business development, and achieve their financial goals.</p> <p>All of which contribute to the growth and economic development of the communities in which we operate.</p> <p>On the other hand, there are still certain categories and groups of people who do not have access to financial services (low-income, remote rural communities) and this can contribute to perpetuating inequalities and limiting the opportunities they can benefit from.</p>	<div>ACTUAL</div>	<div>POZITIVE</div> <div>NEGATIVE</div>
3 Community investment	<p>The community investments and projects we support with our non-governmental partners contribute to the education, training, and development of the local community.</p> <p>Whether we are talking about programs to support entrepreneurs or investing in sports, and culture, and supporting disadvantaged communities, they generate positive effects and create more opportunities for their beneficiaries.</p>	<div>ACTUAL</div>	<div>POZITIVE</div>
4 Digitalization and cyber security	<p>Digitalization in the banking system has revolutionized access to financial services and the way we interact with our customers, generating positive effects not only for the economy but also for the environment and society at large.</p> <p>At the same time, the migration of financial services online also brings numerous risks. Strong information security policies contribute to a high degree of protection of personal data and the prevention of fraud and cyber-attacks.</p> <p>On the other hand, weakening security measures can have a negative impact by exposing customers' information to cyber-attacks, which can result in financial loss and reputational damage.</p>	<div>ACTUAL</div> <div>POTENTIAL</div>	<div>POZITIVE</div> <div>NEGATIVE</div>
5 Compliance, business ethics, and responsibility	<p>We maintain high standards of business ethics and responsibility, and our efforts are focused on training employees and instilling these principles in all partners we do business with.</p> <p>Despite these efforts, there are situations where minor negative impacts occur as a result of inadvertent violations of applicable regulations.</p>	<div>ACTUAL</div>	<div>POZITIVE</div> <div>NEGATIVE</div>

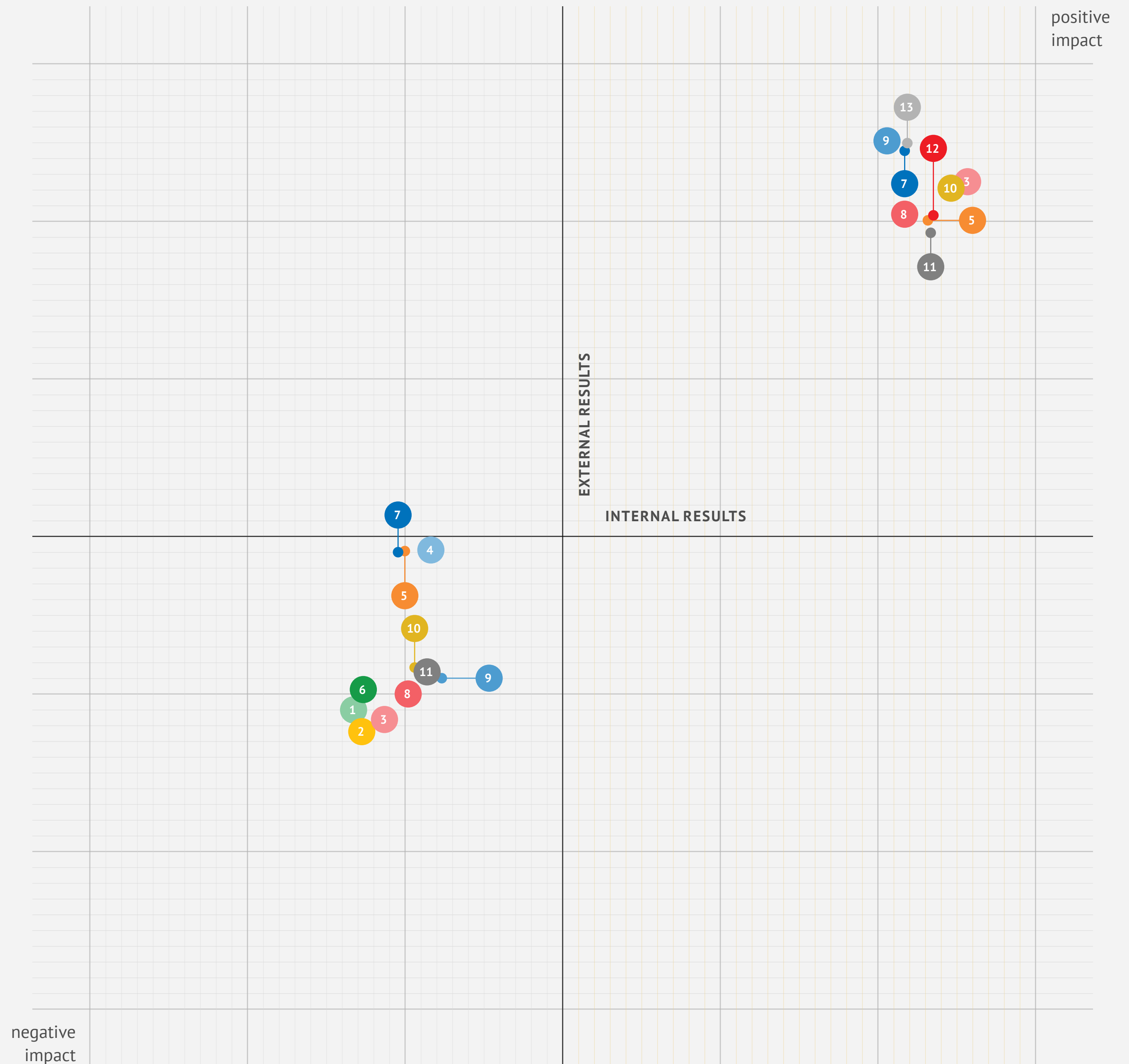


Material topics	Overview of impacts on the economy, environment, and people, including on human rights	Actual/ Potential	Positive/ Negative
<div> <div>✓</div> </div>			
6 Responsible employer	<p>Our human resources policies focus on generating value for our employees by offering competitive salaries and comprehensive benefits packages, promoting a positive and inclusive culture, and developing training programs and professional development opportunities.</p> <p>However, we do recognize that there are areas where we can improve and we strive to update and improve our policies, constantly incorporating feedback from colleagues into our internal procedures.</p>	<div>ACTUAL</div>	<div>POZITIVE</div> <div>NEGATIVE</div>
7 Sustainable financing	<p>The products and services with sustainability components that we develop and provide to customers contribute to the transition to a sustainable economy.</p> <p>Whether we are talking about dedicated products or integrating ESG criteria into financing and investment decisions, we strive every year to amplify the positive effects that sustainable lending policies have on the community and the environment.</p>	<div>ACTUAL</div> <div>POTENTIAL</div>	<div>POZITIVE</div>
8 Risk management	<p>We have strong risk management systems in place, which contribute to increased stability, improved financial performance, and reduced potential negative impact when new risks are identified.</p>	<div>ACTUAL</div> <div>POTENTIAL</div>	<div>POZITIVE</div> <div>NEGATIVE</div>
9 Stakeholder engagement	<p>Our stakeholder engagement and communication policies are based on transparency and ownership. Beyond the annual publication of the sustainability report, we provide stakeholders with a variety of channels to provide suggestions, feedback, and recommendations.</p> <p>All of this has a positive impact on our relationship and helps us improve. However, some situations can have a negative impact in the future, such as providing incomplete information about our products and services or not having channels that are easily accessible to all our stakeholder groups.</p>	<div>ACTUAL</div> <div>POTENTIAL</div>	<div>POZITIVE</div> <div>NEGATIVE</div>
10 Procurement policy	<p>By promoting high standards of business ethics and responsibility throughout the supply chain we contribute to maintaining a healthy business climate.</p> <p>However, we recognize the importance of integrating social and environmental criteria into both our supplier selection and evaluation process and are committed to expanding these practices to mitigate any potential negative impacts.</p>		<div>ACTUAL</div> <div>POTENTIAL</div> <div>POZITIVE</div> <div>NEGATIVE</div>
11 Climate change mitigation/adaptation	<p>While increasing the proportion of green funding in our portfolio significantly reduces the negative impact, we generate through the projects we fund, we are aware that these efforts need to be further intensified to achieve our national, European, and global targets.</p> <p>Gradual implementation of the measures needed to encourage the transition to a green economy may prove to be too slow, and too rapid implementation may cause negative economic impacts for our customers and partners.</p>	<div>ACTUAL</div> <div>POTENTIAL</div>	<div>NEGATIVE</div>
12 Resource consumption and waste management	<p>The internal measures (energy efficiency, reduction of resource consumption, selective waste collection) we take help to reduce the pressure we place on natural resources.</p> <p>However, our activity generates negative impacts, both in our own operations and in the projects and industries we fund.</p>	<div>ACTUAL</div> <div>POTENTIAL</div>	<div>NEGATIVE</div>
13 Portfolio environmental impact	<p>The environmental impact we contribute to through our financing portfolio is real and negative.</p> <p>To mitigate this impact and reduce the likelihood of its occurrence in the future, we are in the process of mapping the areas where it occurs and setting reduction targets (UNEP-FI membership, PRB).</p>	<div>ACTUAL</div> <div>POTENTIAL</div>	<div>NEGATIVE</div>

# Materiality matrix

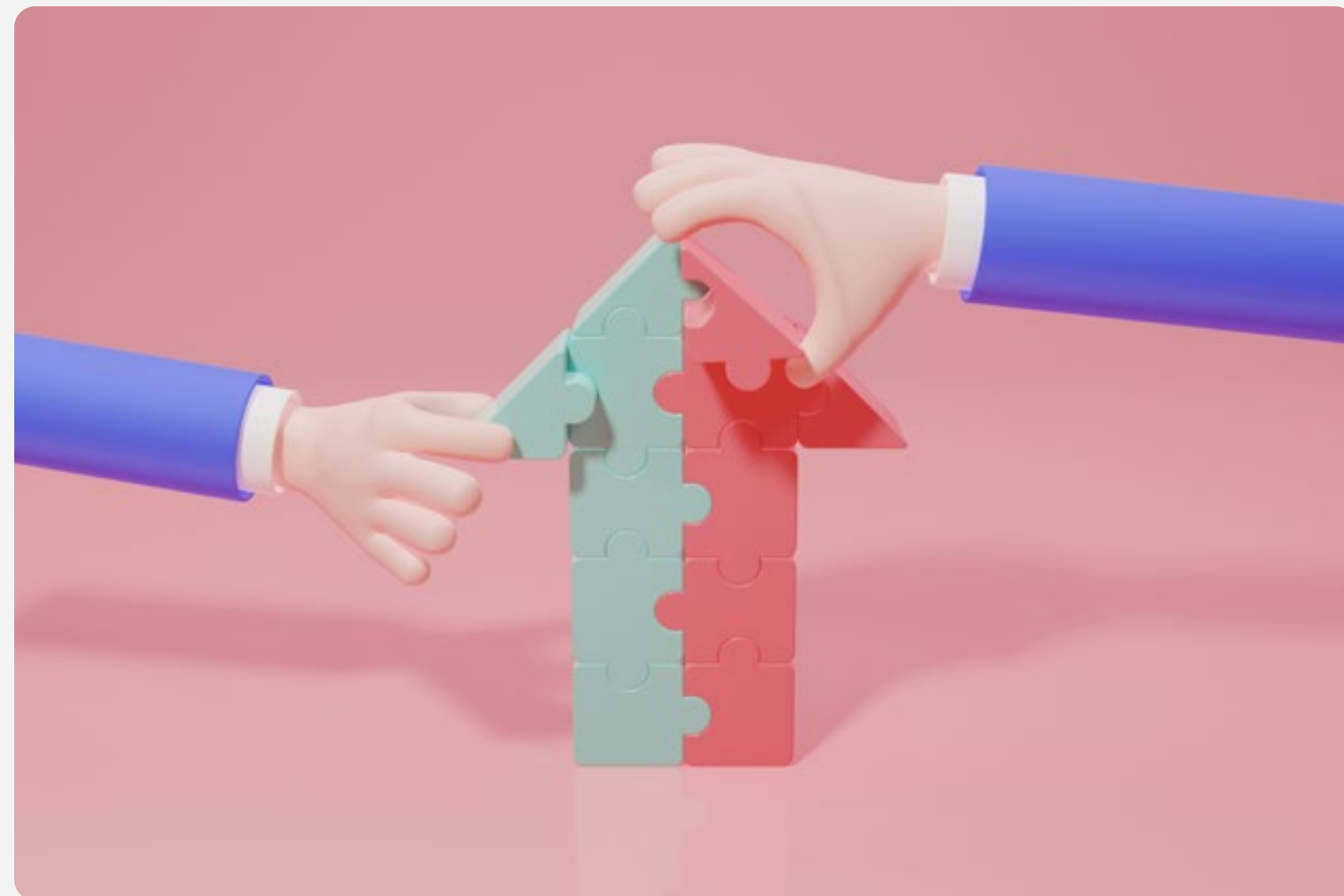
Material topics:

- |   |   |
|---|---|
| 1 Resource consumption and waste management       | 7 Digitalization and cyber security                                 |
| 2 Climate change mitigation/adaptation            | 8 Procurement policy  |
| 3 Economic value generated                        | 9 Responsible employer  |
| 4 Compliance, business ethics, and responsibility | 10 Access to financial services, inclusion, and financial education |
| 5 Risk management                                 | 11 Stakeholder engagement   |
| 6 Portfolio environmental impact                  | 12 Sustainable financing  |
|   | 13 Community investment   |





# Stakeholder engagement



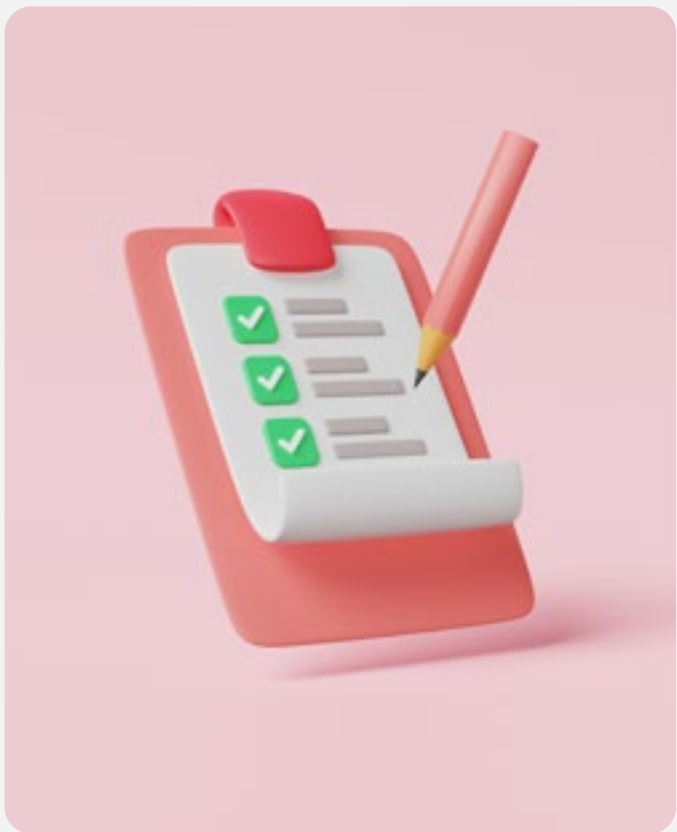
For Banca Transilvania Financial Group, stakeholders are individuals or groups of individuals whose interests are influenced or could be influenced by the organization's activities.

Aligning the interests of all stakeholders is a vital aspect of our daily business, which is why transparency in terms of strategic direction, objectives, and risk management is fundamental. We take responsibility to create a sustainable company and have a positive impact on our society.

we communicate constantly and efficiently with all stakeholders, provide transparent financial results, organize conferences, meet investors at various international conferences, or publish regular informative reports on financial results.

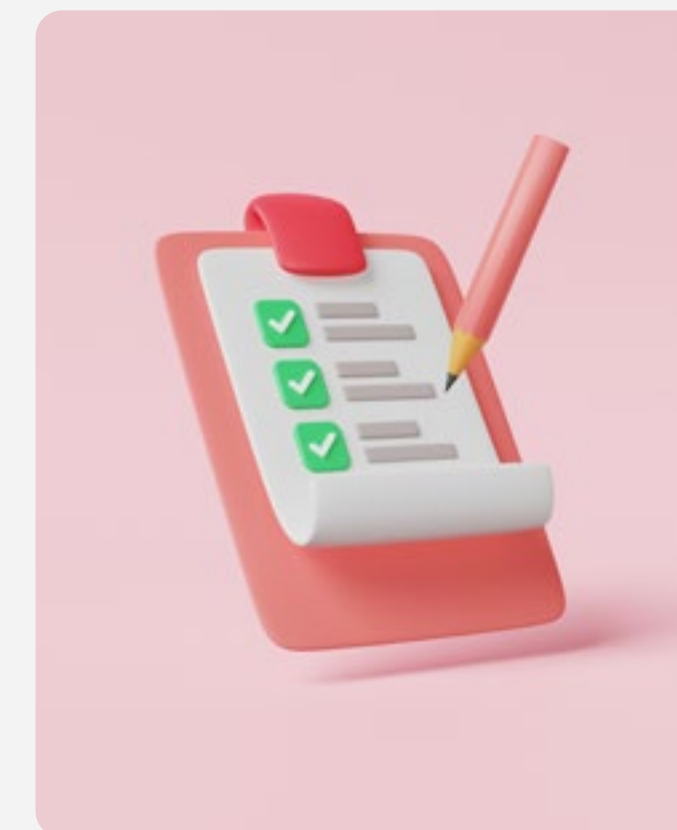
Through the Code of Ethics and Business Conduct, BT Financial Group communicates to all stakeholders the values and principles to which employees and members of the governing body adhere.

Stakeholder category	How we engage	Frequency	Communication channels	Top material topic
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>» Meetings</li> <li>» Conferences</li> <li>» Stakeholder consultation as part of the sustainability reporting process</li> <li>» Access to information published on the BT website</li> </ul>	Quarterly and on request	<ul style="list-style-type: none"> <li>▪ General Meeting of Shareholders</li> <li>▪ Conference calls available on the BT website</li> <li>▪ Roadshows and presentations</li> <li>▪ Regular information reports and financial results</li> <li>▪ Newsletter</li> <li>▪ Board of Directors' report</li> <li>▪ Sustainability report</li> <li>▪ Latest news</li> <li>▪ A dedicated page<sup>7</sup> on the BT website</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, business ethics, and responsibility</li> <li>• Risk management</li> <li>• Stakeholder engagement</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>» BT Employee Experience Index (BT EEI)</li> <li>» Stakeholder consultation as part of the sustainability reporting process</li> </ul>	Biannual	<ul style="list-style-type: none"> <li>▪ BT Con(vention), the festival dedicated to employees</li> </ul>	<ul style="list-style-type: none"> <li>• Economic value generated</li> <li>• Procurement policy</li> <li>• Sustainable financing</li> </ul>
<b>Customers</b> <i>private individuals and legal entities</i>	<ul style="list-style-type: none"> <li>» NPS</li> <li>» Stakeholder consultation as part of the sustainability reporting process</li> <li>» Întreb BT<sup>7</sup> platform</li> </ul>	Occasional/Annual	<ul style="list-style-type: none"> <li>▪ Social media channels</li> <li>▪ BT Talks<sup>7</sup> Podcast</li> <li>▪ BT<sup>7</sup> Blog</li> <li>▪ E-mail</li> <li>▪ Sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>• Digitalization and cyber security</li> <li>• Access to financial services, financial inclusion, and education</li> <li>• Compliance, business ethics, and responsibility</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>» Meetings</li> <li>» Stakeholder consultation as part of the sustainability reporting process</li> </ul>	Occasional	<ul style="list-style-type: none"> <li>▪ E-mail</li> <li>▪ Financial reports</li> <li>▪ Sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>• Digitalization and cyber security</li> <li>• Compliance, business ethics, and responsibility</li> <li>• Access to financial services, financial inclusion, and education</li> </ul>





<b>Regulatory authorities</b>	» Stakeholder consultation as part of the sustainability reporting process	Occasional	<ul style="list-style-type: none"> <li>Financial reports</li> </ul>	<ul style="list-style-type: none"> <li>Digitalization and cyber security</li> <li>Compliance, business ethics, and responsibility</li> <li>Risk management</li> </ul>
<b>Financial institutions</b>	» Stakeholder consultation as part of the sustainability reporting process	Occasional	<ul style="list-style-type: none"> <li>Financial reports</li> </ul>	<ul style="list-style-type: none"> <li>Valoare economică generată</li> <li>Access to financial services, financial inclusion, and education</li> <li>Portfolio environmental impact</li> </ul>
<b>Investors/Analysts</b>	» Stakeholder consultation as part of the sustainability reporting process	Occasional	<ul style="list-style-type: none"> <li>Conference calls available on the BT website</li> <li>Roadshows and presentations</li> <li>Regular information reports and financial results</li> <li>Newsletter</li> <li>Sustainability report</li> <li>Board of Directors Report</li> <li>Dedicated website<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>Compliance, business ethics, and responsibility</li> <li>Procurement policy</li> <li>Access to financial services, financial inclusion, and education</li> </ul>
<b>Business partners</b> <i>consultants, auditors, lawyers</i>	» Meetings » Stakeholder consultation as part of the sustainability reporting process	Occasional	<ul style="list-style-type: none"> <li>E-mail</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable financing</li> <li>Community investment</li> <li>Responsible employer</li> </ul>
<b>Nongovernmental organizations</b>	» Stakeholder consultation as part of the sustainability reporting process	Occasional	<ul style="list-style-type: none"> <li>Partnership projects</li> <li>Sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>Compliance, business ethics, and responsibility</li> <li>Procurement policy</li> <li>Community investment</li> </ul>
<b>Industry associations</b>	» Meetings » Stakeholder consultation as part of the sustainability reporting process	Occasional	<ul style="list-style-type: none"> <li>Financial reports</li> </ul>	<ul style="list-style-type: none"> <li>Compliance, business ethics, and responsibility</li> <li>Procurement policy</li> <li>Community investment</li> </ul>



# Investors communication

4 conference calls with investors are organized annually, according to the financial calendar published on the Bucharest Stock Exchange website, at the beginning of each calendar year. The table below shows the dates of these teleconferences, as well as their topics:

Annual conference calls organized by BT	Date	Event	Event type	Event frequency
Investor conference call to present 2021 annual financial results	February 2 <sup>nd</sup> , 2022	online event	regular event	once a year
Investor conference call to present Q1 financial results for 2022	May 9 <sup>th</sup> , 2022	online event	regular event	once a year
Investor conference call to present H1 financial results for 2022	August 29 <sup>th</sup> , 2022	online event	regular event	once a year
Investor conference call to present Q3 financial results for 2022	November 14 <sup>th</sup> , 2022	online event	regular event	once a year

At the same time, in 2022, Banca Transilvania's Investor Relations Team participated in 12 conferences (both in Romania and abroad) where they met with 110 investors in a total of 49 meetings (both 1:1 meetings and group meetings).





The background of the slide is a photograph of a modern building with a glass facade. A large, stylized number '2' is overlaid on the image. To the right of the text, there is a BT logo, which is a shield-shaped emblem with a blue border, a yellow center, and a red stripe. The letters 'BT' are in the center of the shield.

# How we support the Romanian economy

[Our portfolio](#)

[Our portfolio's  
environmental impact](#)

[Sustainable financing](#)

[Access to financial  
services, inclusion, and  
financial education](#)

[Digitalization](#)

[Awards and affiliations](#)





We know that the role we play in the Romanian economy is extremely important, and our responsibility towards the people and the country's economy must be a priority in every decision we make.

Our business is essential to ensuring the financial stability of our customers, and the products and services we offer help entrepreneurs grow and develop their businesses, help families purchase homes, and help people reach their potential and achieve their goals.

All this contributes to job creation and prosperity in local communities. The support we provide to customers also helps fund important infrastructure projects, encourage innovation, and improve the quality of life for Romanians.

*Our impact thus goes beyond just numbers or statistics and the limits of a conventional business: it is about our mission to empower people to achieve financial freedom and contribute to the*

*sustainable growth of the Romanian economy, about opportunities and stimulating progress, about innovation and the transition to a green economy, about Romanians' hopes and dreams and the future of the country.*



# Our portfolio

In 2022, the post-pandemic economic recovery continued, but at a slower pace, amidst the impact of overlapping supply shocks and the consequences of the events in Ukraine.

Arguably, 2022 was the year of turbulence, fragmentation of global economic flows, build-up of inflationary pressures, and heightened risk perceptions, in a context dominated by the most severe geo-political tensions in decades.



# Economic performance

In 2022, we marked a series of firsts, and the news was mainly related to customer services and the development of the BT Financial Group. BT Financial Group's assets reached RON 140.5 billion and consolidated net profit increased by more than 20%.

In October of the same year, BT marked 25 years since its listing on the Bucharest Stock Exchange.

In 2022, the consolidated net profit of the BT Financial Group was

**RON 2,488.4 mil.**

of which that of Banca Transilvania was

**RON 2,178.0 mil.**

	2021		2022	
	at Bank level <i>thousands RON</i>	consolidated, at Group level <i>thousands RON</i>	at Bank level <i>thousands RON</i>	consolidated, at Group level <i>thousands RON</i>
<b>Direct economic value generated:</b>	<b>4,113,351</b>	<b>4,684,798</b>	<b>5,081,968</b>	<b>5,784,801</b>
Operating income	4,348,178	4,941,414	5,359,989	6,279,956
Impairment allowance as depicted by the Financial Statements	-234,827	-256,616	-278,021	-495,155
Revenue	5,351,711	6,056,566	7,540,497	8,652,249
<b>Economic value distributed</b>	<b>2,330,647</b>	<b>2,660,265</b>	<b>2,903,969</b>	<b>3,296,384</b>
Operating expenses (depreciation and other operating expenses)	931,918	1,053,723	1,276,128	1,328,215
Employee wages and benefits (including paid salary contributions: social protection, payroll tax, etc.)	1,159,065	1,328,277	1,385,160	1,655,533
Payments to shareholders*	0	0	0	0
Payments to the state budget of income tax	239,664	278,265	242,681	312,636
Community investments**	0	0	0	0
<b>Economic value retained</b>	<b>1,782,704</b>	<b>2,024,533</b>	<b>2,177,999</b>	<b>2,488,417</b>

State financial aid		RON
Tax exemptions and credits*		42,016,555
Subsidies**		3,839
Other financial benefits paid or payable by any public authority for any operation***		210,000

\*deduction of reinvested profits in equipment and external tax credits

\*\*amounts received from AJOFM for childcare for children up to 12 years old during the pandemic

\*\*\*Rabla tickets, eco vouchers for electric cars

\*Dividends approved to be paid in 2021 from the 2020 profit: 500,000,000 lei.

Dividends approved to be paid in 2022 from the 2021 profit: 800,000,000 lei

\*\*Community investments in 2022 amounted to approximately 30.5 million at the level of Banca Transilvania and 34.2 million at the level of the BT Financial Group



Reporting requirements under Regulation 852/2020 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment

We continue to support the steps taken at the European Union level towards the transition to a sustainable economy and we are aware of the role we have, as part of the financial sector in Romania, to allocate capital to projects or causes that contribute positively to this transition.

While we are convinced that the entire portfolio of Banca Transilvania as of December 31, 2022, reflects our mission and values, only certain financings and investments represent exposures to eligible economic activities, while other types of impact financings, such as those contributing to social objectives, are not yet incorporated in the taxonomy.

In addition, as of this date, no information has yet been collected from our customers on alignment with the taxonomy.

\*see page 81, green credits granted to companies as assessed by CAFI

Based on the requirements of the **EU Taxonomy Regulation** (EU Regulation 2020/852), the information as of 31.12.2022 is presented below at individual and consolidated levels:

	Banca Transilvania		BTFG	
	RON		RON	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Total assets	133,968,170,548	125,058,459,555	140,782,091,306	132,501,189,802
Exposures to eligible and other economic activities*	6,872,796,205	5,588,556,279	8,090,964,820	6,339,789,712
Proportion of exposures to eligible economic activities in total assets	5.13%	4.47%	5.75%	4.78%
Total loan portfolio/ exposures	75,272,684,276	65,578,849,071	78,706,719,748	70,061,098,451
Exposures to non-eligible economic activities	68,399,888,071	59,990,292,792	70,615,754,928	63,721,308,739
Proportion of exposures to non-eligible economic activities in total assets	51.06%	47.97%	50.26%	48.09%
Exposures referred to in Article 7 (1) and (2)	58,435,049,433	64,057,581,532	61,985,652,263	66,576,053,122
→ central governments	49,481,281,521	49,918,530,210	51,232,783,077	51,199,979,250
→ central banks	8,573,411,788	13,587,743,116	10,327,856,512	14,823,680,081
→ supranational issuers	161,913,265	471,466,388	206,569,814	471,466,387
→ derivatives	218,442,859	79,841,818	218,442,859	80,927,404

Proportion of exposures referred to in Article 7(1) and (2) in total assets	43.62%	51.22%	44.11%	50.25%
Financial assets held for trading	30,692,764	31,207,434	31,237,464	31,820,634
Proportion of assets held for trading in total assets	0.02%	0.02%	0.02%	0.02%
Exposures referred to in Article 7(3)				
→ exposures referred to in Article 7(3) to undertakings that are subject to the obligation to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU	8,181,116,409,25	5,914,006,992	8,284,609,772	6,018,323,511
→ exposures referred to in Article 7(3) to undertakings not subject to the obligation to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU	67,091,567,866,75	59,664,842,079	70,422,109,976	64,042,774,940
Proportion of exposures referred to in Article 7(3) in total assets	50.08%	47.71%	50.12%	48.33%

For reporting at individual level, the exposures represent gross carrying amounts, not reduced by impairment allowances, as per the Financial Reporting for Regulatory Purposes (FINREP). Exposures to eligible economic activities have been identified based on the client's CAEN level 4 code, with related limitations, given that the eligibility based on the CAEN code may differ from the eligibility determined following further analysis of the financing.

Therefore, we have also included in the category of eligible exposures the green loans granted to companies according to the CAFI assessment, the financing of BREEAM-certified real estate projects ((granted before the implementation of the CAFI assessment), and the financing granted before the implementation of the CAFI assessment to companies for energy optimization under dedicated programs run by the European Energy Efficiency Fund and EBRD through the RoSEFF program (Romania - SME Sustainable Energy Efficiency Financing facility).

Please note that these exposures do not include any type of financing granted to retail customers, regardless of the lending product or the related real estate guarantees.

The 4.70% ratio has been calculated by reference to total assets, regardless of their type ("covered" or "uncovered").

Exposures to non-eligible business activities were determined as the difference between the value of the loan book and exposures to eligible business activities.

The exposures referred to in Article 7(1) and (2) shall include all types of exposures to central governments, central banks, supranational issuers as well as financial derivatives instruments.

The exposures referred to in Article 7(3) are exposures to undertakings that are not subject to the obligation to publish nonfinancial information under Article 19a or 29a of Directive 2013/34/EU, namely loans to companies with less than 500 employees, but excluding those companies which are part of a group which, at a consolidated level, has more than 500 employees.

» To comply with the reporting obligations, but also to provide as transparently as possible the information required by the EU Taxonomy, certain reported data have been subject to value judgments that have been described above.







# BT clients

The number of active clients by business lines, for which Banca Transilvania is the main bank, increased by 8.1% in 2022 compared to 2021, with the following structure:

BT active clients	31.12.2022	31.12.2021	2022 / 2021
Large Corporate Clients	1,419	1,464	-3.1%
Medium Corporate Clients	10,548	9,766	8.0%
SME Clients	22,438	20,423	9.9%
Micro Business Clients	387,727	356,441	8.8%
Private Individual (Retail) Clients	3,509,320	3,247,963	8.0%
Total	3,931,452	3,636,057	8.1%

\*The classification of legal entities into segments is governed by internal rules that establish the classification of clients into business segments.



## Private Individual Clients

In 2022, the number of private individual clients increased by 8% year-on-year to over 3.5 million.

At the same time, the number of digitized customers also grew significantly, simultaneously with the increased use of online banking options and the further online migration of product origination processes, and the diversification of the digital product range.

- +26% number of unique digitalized clients, reaching 3 million
- +32.5% number of transactions made with BT cards (2022 vs 2021)
- 5.3 million cards
- 2.8 million unique cards are in the BT Pay, Apple Pay, Google Pay, Fitbit Pay, and Garmin Pay wallets
- phone payments doubled in 2022 compared to 2021; at the same time, transfers initiated from BT Pay became more popular, with their volumes increasing by 72% compared to 2021
- 1,816 ATMs (compared to 1,775 at the end of 2021), of which 593 are multifunctional BT Express Plus ATMs
- above 100,000 POS terminals
- 12,000 Romanians bought a house with the help of BT, the amount granted exceeding RON 3.6 billion, the balance of mortgage loans reaching RON 17 billion
- >100,000 consumer loans were granted, amounting to approximately RON 3.8 billion; the balance of these loans reached RON 9.6 billion
- 63% more interactions in the BT Visual Help app, by exposing the customer to the visual call centre and strengthening it throughout 2022 - accelerating the transition from the traditional call centre to digital self-service channels
- internet banking and mobile banking transaction volumes increased by 32% compared to 2021

## Micro Business Clients

Micro-business clients have benefited from government programmes meant to support Romanian entrepreneurship.

- +8.8% number of active clients (2022 vs 2021), reaching above 387,000
- >13,400 loans granted
- RON 4.6 billion granted loans at Group level
- +12.5% loan balance (2022 vs. 2021) on a consolidated level
- +5.2% deposit balance (2022 vs. 2021)

In supporting access to financing, an important role was played by the microfinance subsidiary, BT Mic.





## SME Clients

The bank has the most diversified SME support ecosystem in Romania, in terms of approach, team, products, and services.

More than 4,700 loans were granted during 2022 within the governmental programs - IMM Invest and AGRO IMM Invest as well as other government-guaranteed financing (Rural Invest, IMM Prod, Garant Construct), in the amount of RON 3,31 billion.

In addition to the active involvement in government support programs, initiatives to improve the digital experience were also prioritized in 2022: the online loan origination platform reached 900 simulations and 100 contracts signed, 2,200 contracts were signed electronically, 7,000 accounts were opened online, 400,000 files sent through Fileshare, and the "Unlimited" package which can be set up and managed 100% online.

- > 2,700 new loans of > RON 2 billion
- +29.6% SME loan balance (2022 vs. 2021), reaching over RON 4.6 billion and RON 3.9 billion at bank level

## Medium Corporate Clients

In addition to the financing provided by its own funds, BT actively participated in conveying to the business environment the benefits offered by governmental programs.

- +29.9% loan balance at the bank level and +27.6% at a consolidated level, reaching RON 9.4 billion and RON 10.0 billion, respectively (2022 vs. 2021)
- +18.4% deposits balance, reaching RON 9.9 billion (2022 vs. 2021)

## Large Corporate Clients

The Bank strengthened its role as a strong supporter of the local corporate sector by providing financing solutions for both investment projects and the establishment of a liquidity buffer either downstream and upstream in the supply chain.

The strategic approach focused on sectors agreed through the ESG strategy, such as healthcare, agribusiness, utilities, and FMCG.

- RON 8.3 billion - new loan production related to large corporate clients
- RON 9.4 billion at the end of 2022 - the balance of the business line's loans at the bank level



# Our portfolio's environmental impact

## UNEP FI

In addition to ensuring non-financial reporting to international standards, an important step was the affiliation of Banca Transilvania to the UNEP FI (United Nations Environmental Program - Finance Initiative) Principles for Responsible Banking in February 2022. The affiliation decision is proof that BT seeks to play an active role in the positive transformation of our environment.

» This has given us a broad view of how other financial institutions are approaching the issue of sustainability, but it has also helped us consider the impact of our business in terms of the Sustainable Development Goals (SDGs).

Following the affiliation, we have started to implement the necessary steps to fulfil the obligations arising from the affiliation process,

namely the portfolio impact analysis, which reveals that the activities carried out by the bank may have an impact on the economy, the environment, and society, and may make negative or positive contributions to sustainable development.

Knowing the impact of our activities on the environment and society, we can define a sustainability policy in line with the current business context, and by aligning sustainability objectives we can establish a sustainable strategy.

The goal-setting process aims to increase the positive impact and reduce the negative impact, provide responsible services, and support customers responsibly, engage and cooperate with stakeholders, develop a responsible banking culture and governance, and make specific and public commitments while ensuring transparency on achievements.

In 2022, the identification of potential areas of positive and negative impact customized across the portfolio was carried out using the UNEP FI Portfolio Impact Analysis Tool.

Therefore, for the analysis, we included the entire portfolio of the bank, distributed in two segments:

- Retail segment representing 43% of the total portfolio
- SME, Corporate, and Large Corporate segments - accounting for 57% of the total portfolio

For consumer/retail banking, the effects of the following banking products were analysed in detail: current accounts, deposits, credit cards, loans, and dedicated products.

To have a detailed view as close as possible to the particularities of each business segment in the corporate category, the portfolio was grouped into 5 categories, namely:

- Construction & Industry,
- Utilities & Transport,
- Agriculture & Food Production, Services & Trade,
- and Other segments not included in the mentioned categories.

The distribution of the portfolio across the 5 categories mentioned above was done based on CAEN codes.

The positive portfolio impact occurred mainly in the following key impact areas: **Availability, accessibility, and quality of resources and services, Healthy economies, and Infrastructure.**

For the negative impact area, the focus will be on Circularity.



Segment:

# Construction & Industry

## Positive impacts

Impact areas:

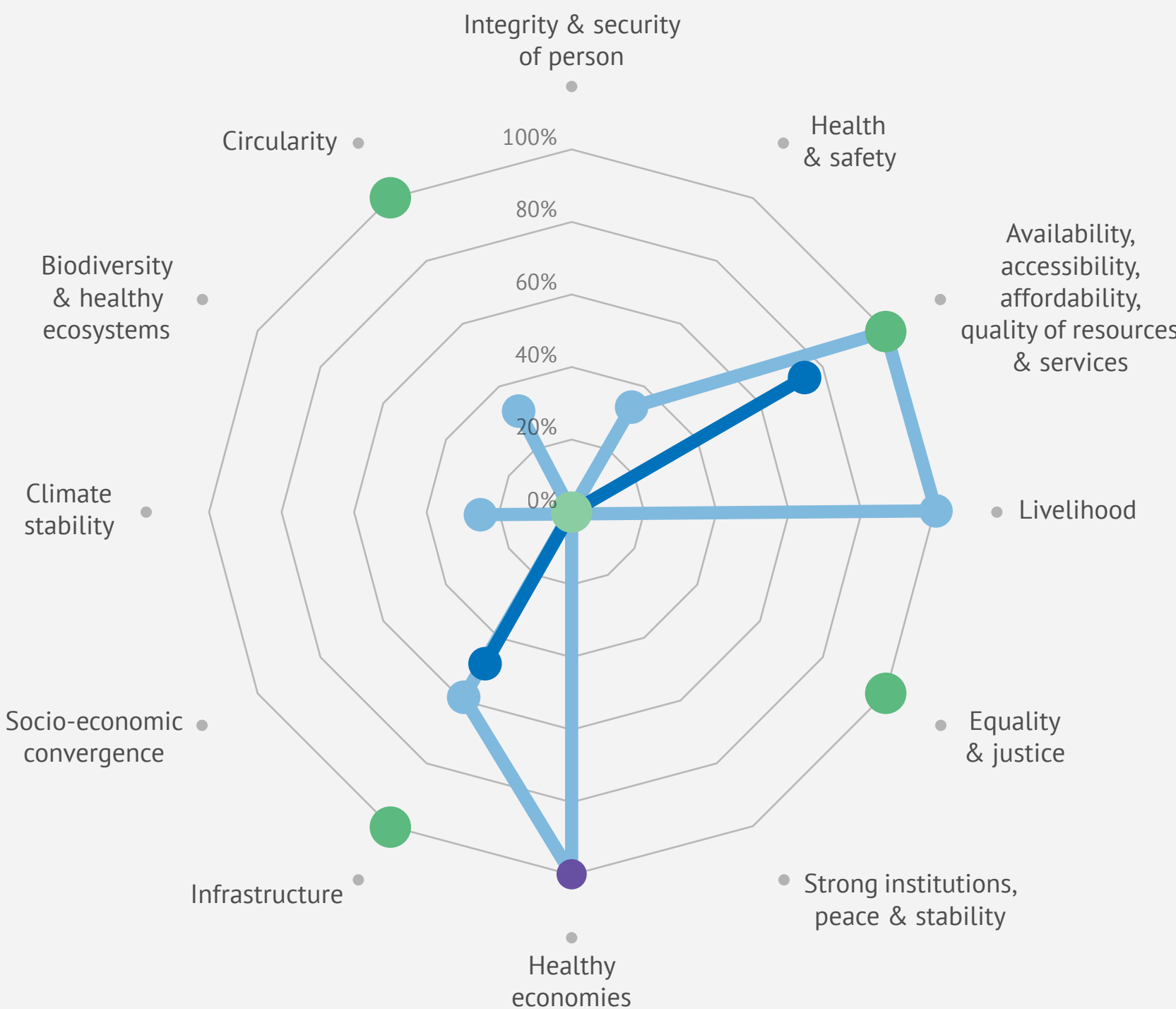
all associations

key associations

country priorities

local priorities

SMEs



Note: The dots do not represent a value. They only show if an impact area is a priority in the countr/locations (based on data in the Context Module).

## Negative impacts

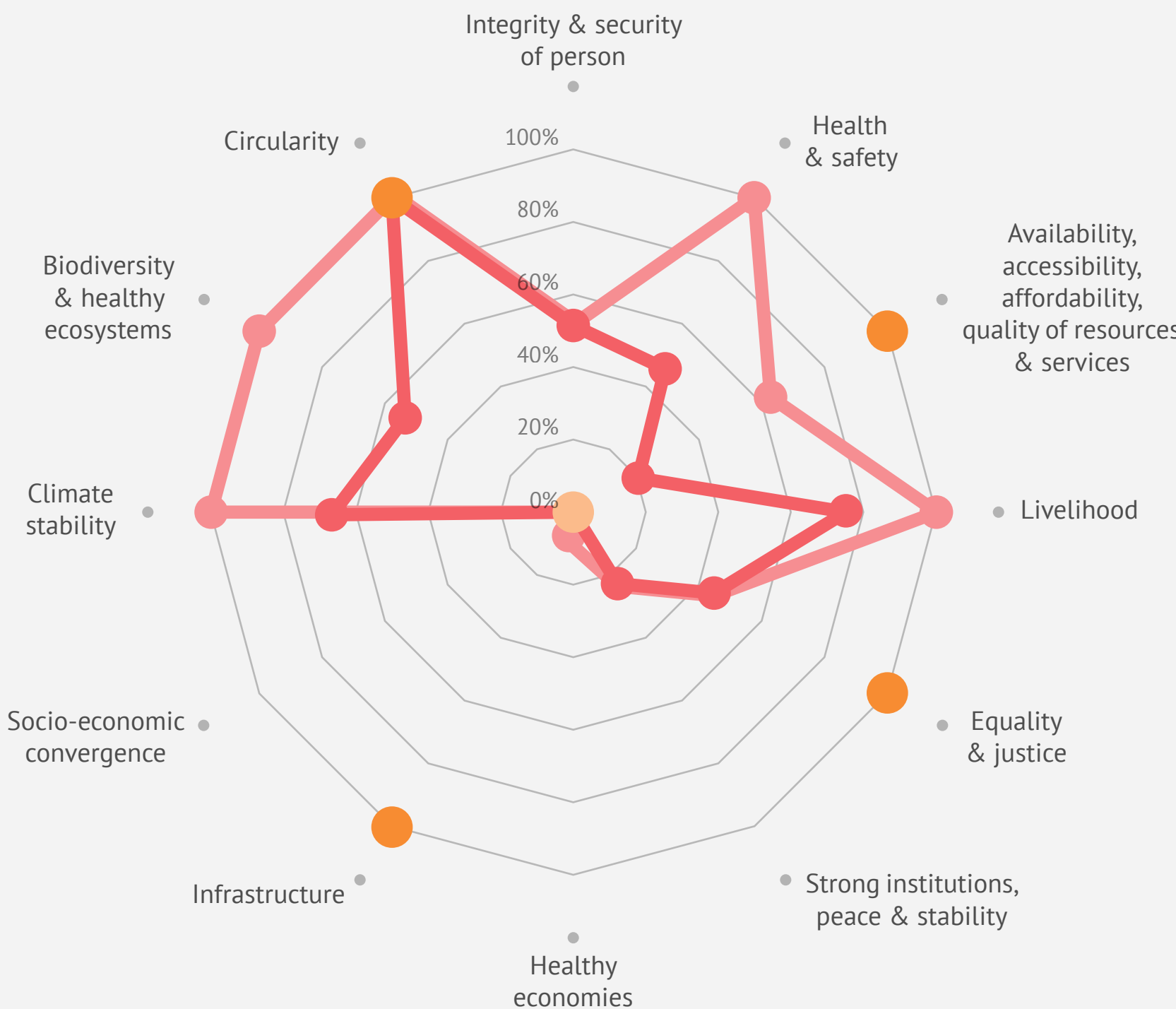
Impact areas:

all associations

key associations

country priorities

local priorities



Segment:

# Utilities & Transport

## Positive impacts

Impact areas:

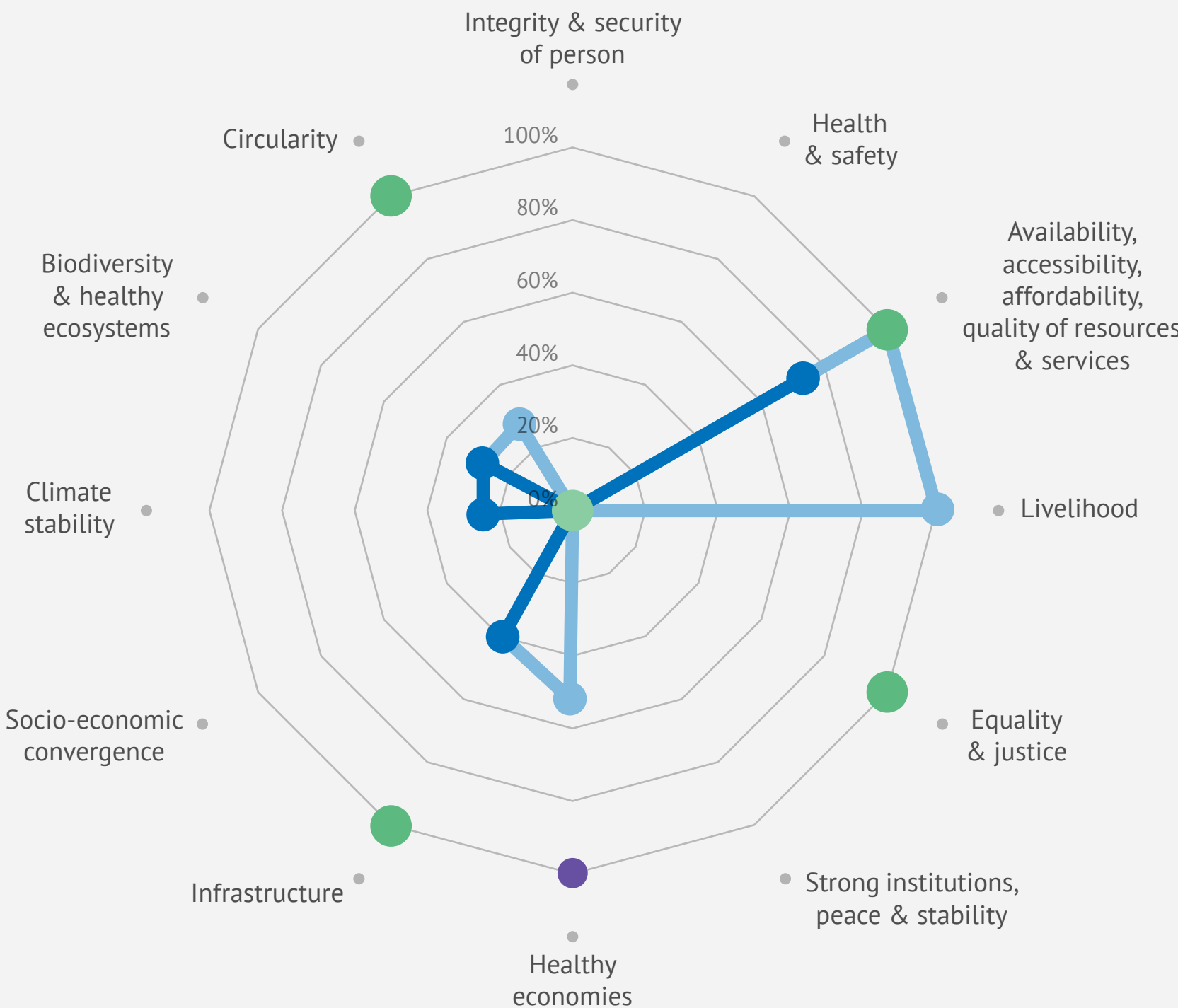
all associations

key associations

country priorities

local priorities

SMEs



Note: The dots do not represent a value. They only show if an impact area is a priority in the countr/locations (based on data in the Context Module).

## Negative impacts

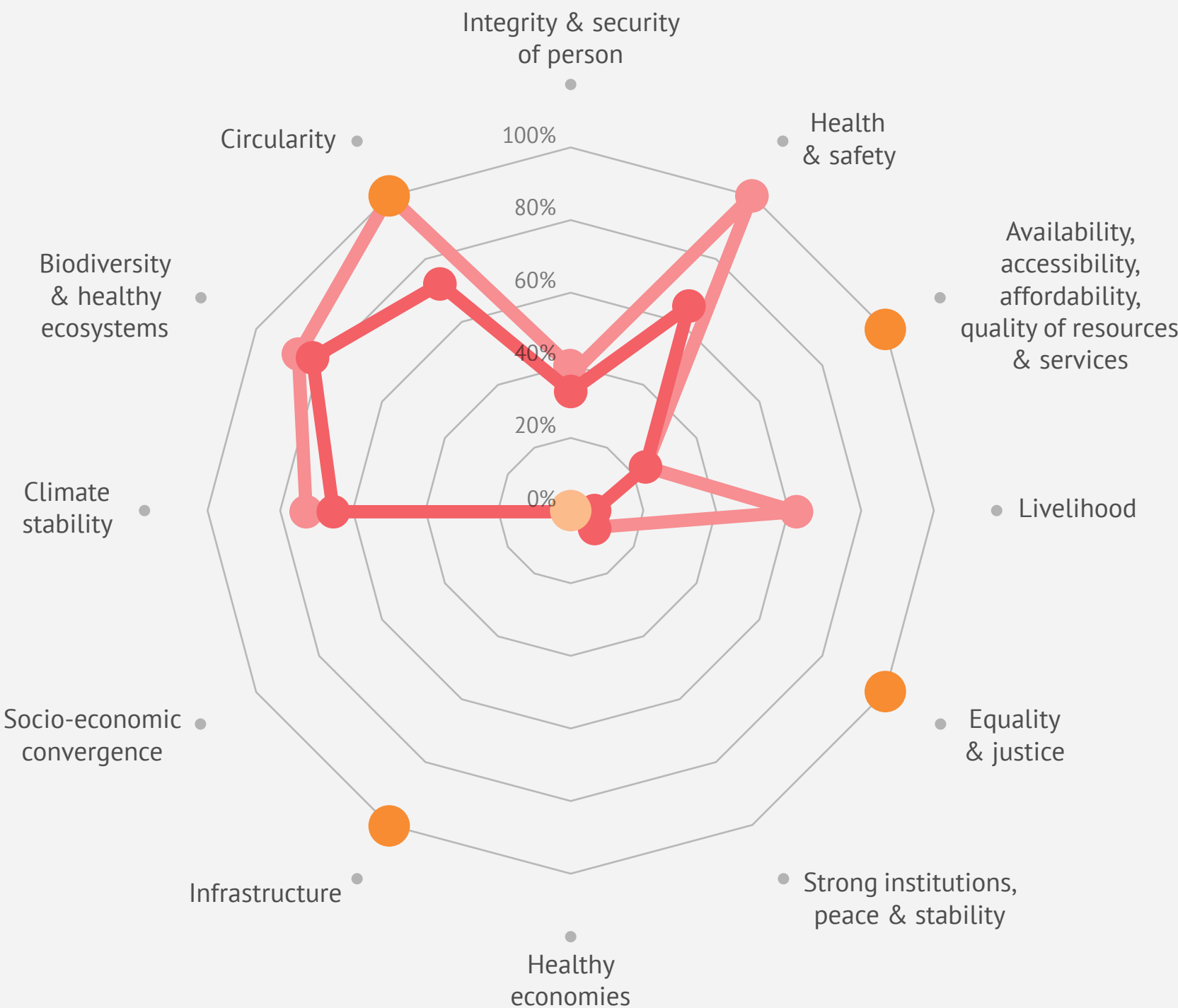
Impact areas:

all associations

key associations

country priorities

local priorities

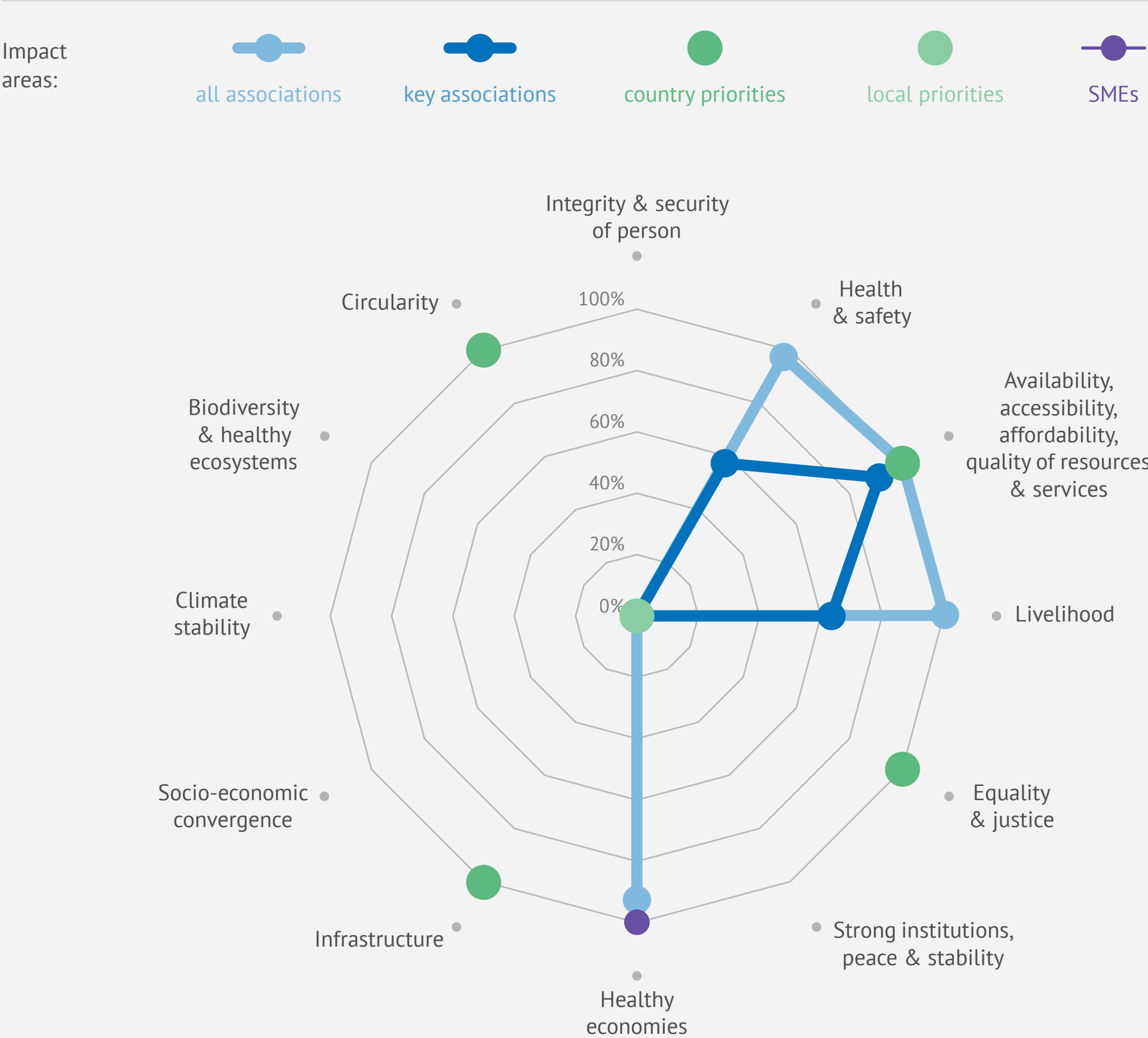




Segment:

# Agriculture & Food Production

## Positive impacts



Note: The dots do not represent a value. They only show if an impact area is a priority in the countr/locations (based on data in the Context Module).

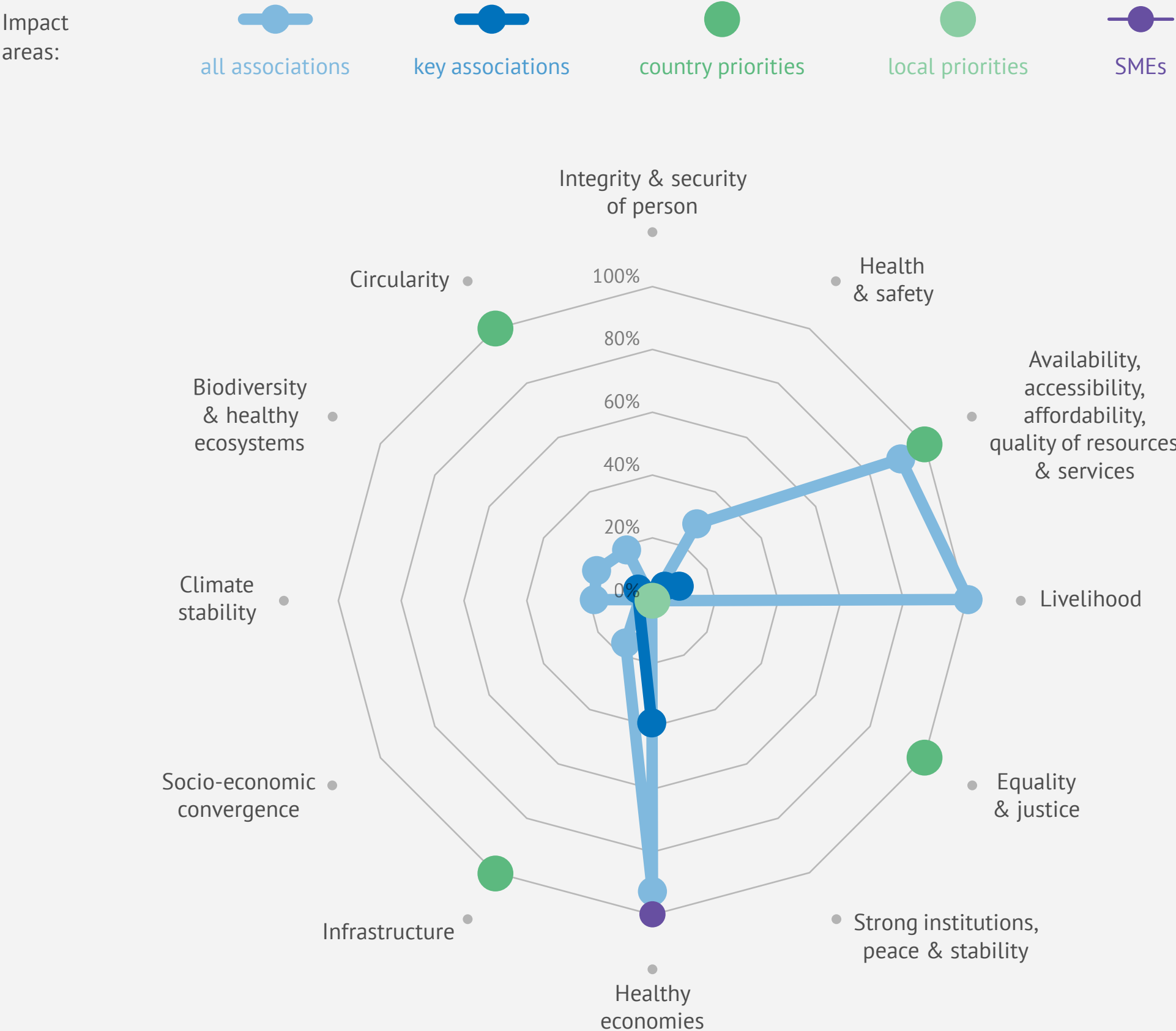
## Negative impacts



Segment:

# Services & Trade

## Positive impacts



Note: The dots do not represent a value. They only show if an impact area is a priority in the countr/locations (based on data in the Context Module).

## Negative impacts

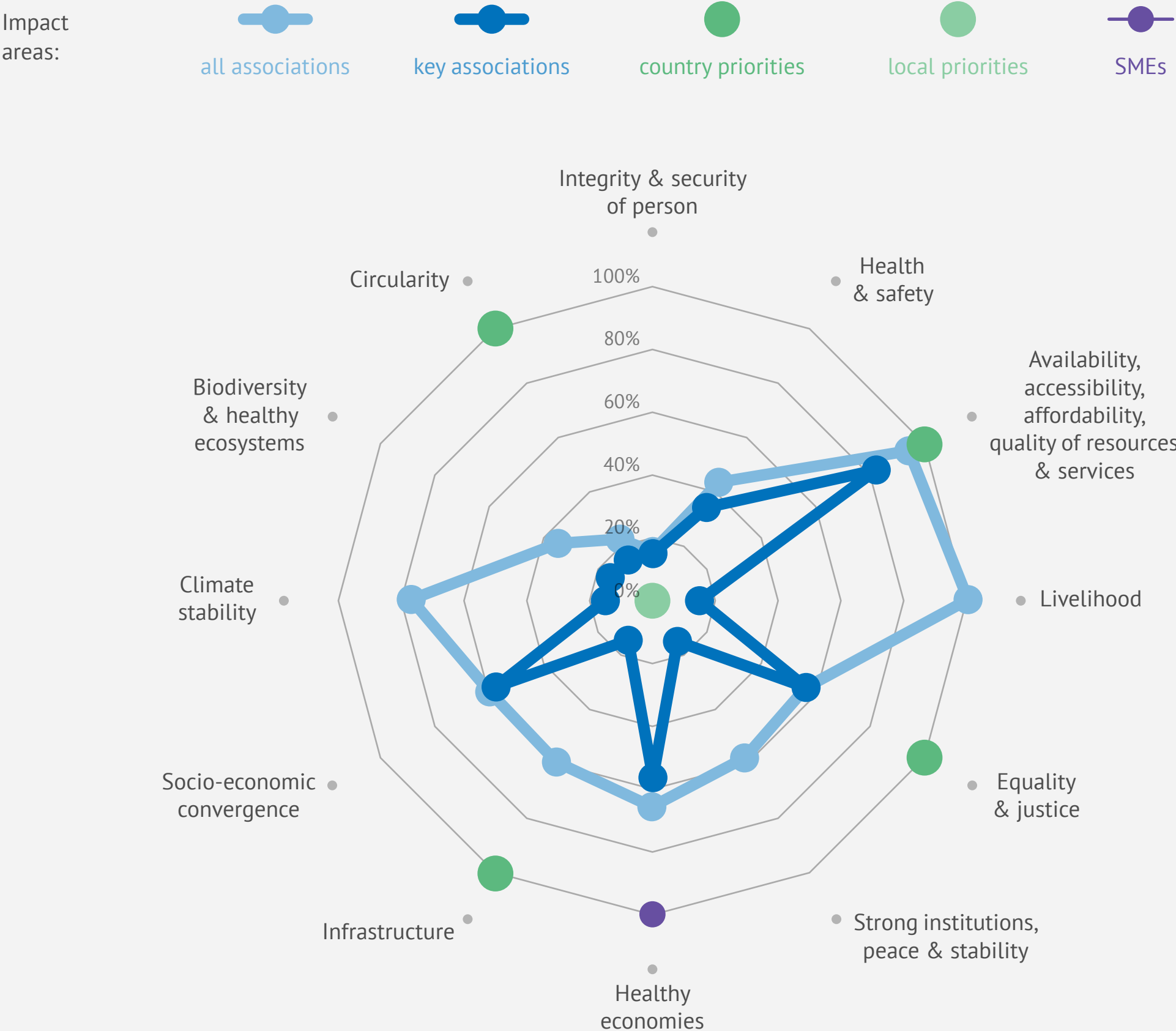




Segment:

# Others segment

## Positive impacts



Note: The dots do not represent a value. They only show if an impact area is a priority in the countr/locations (based on data in the Context Module).

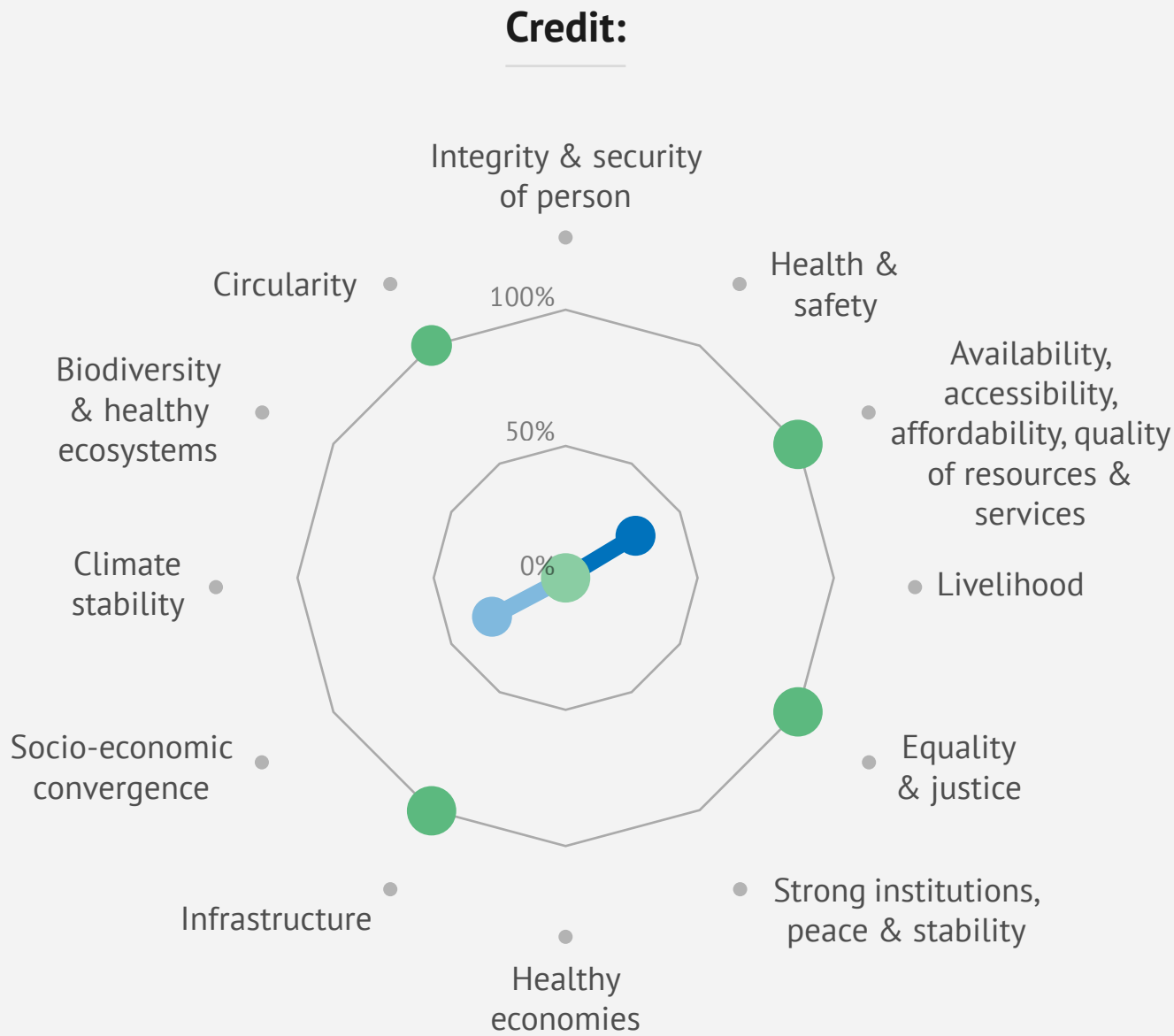
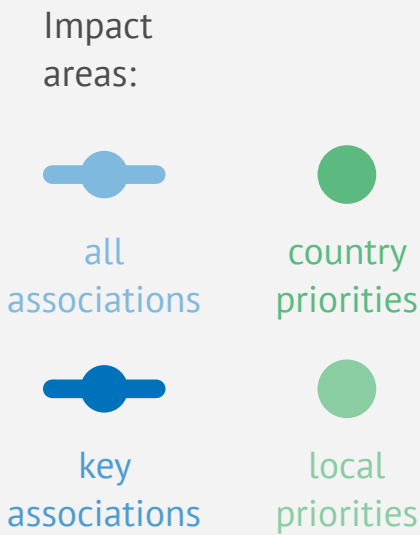
## Negative impacts



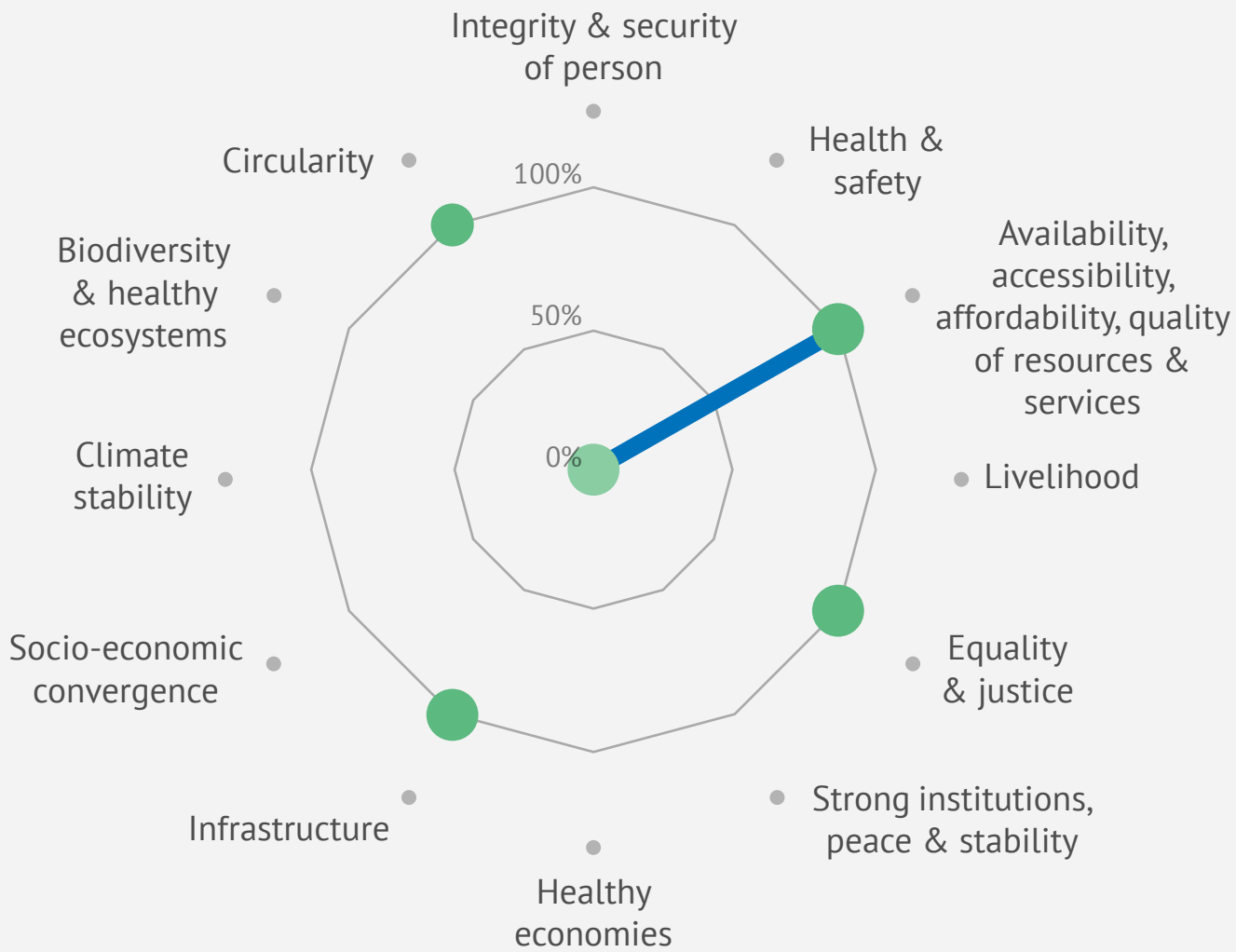
Positive impacts

For the private individual segment, Availability, accessibility, and quality of resources and services has been identified as an area to focus on in order to define sustainable objectives.

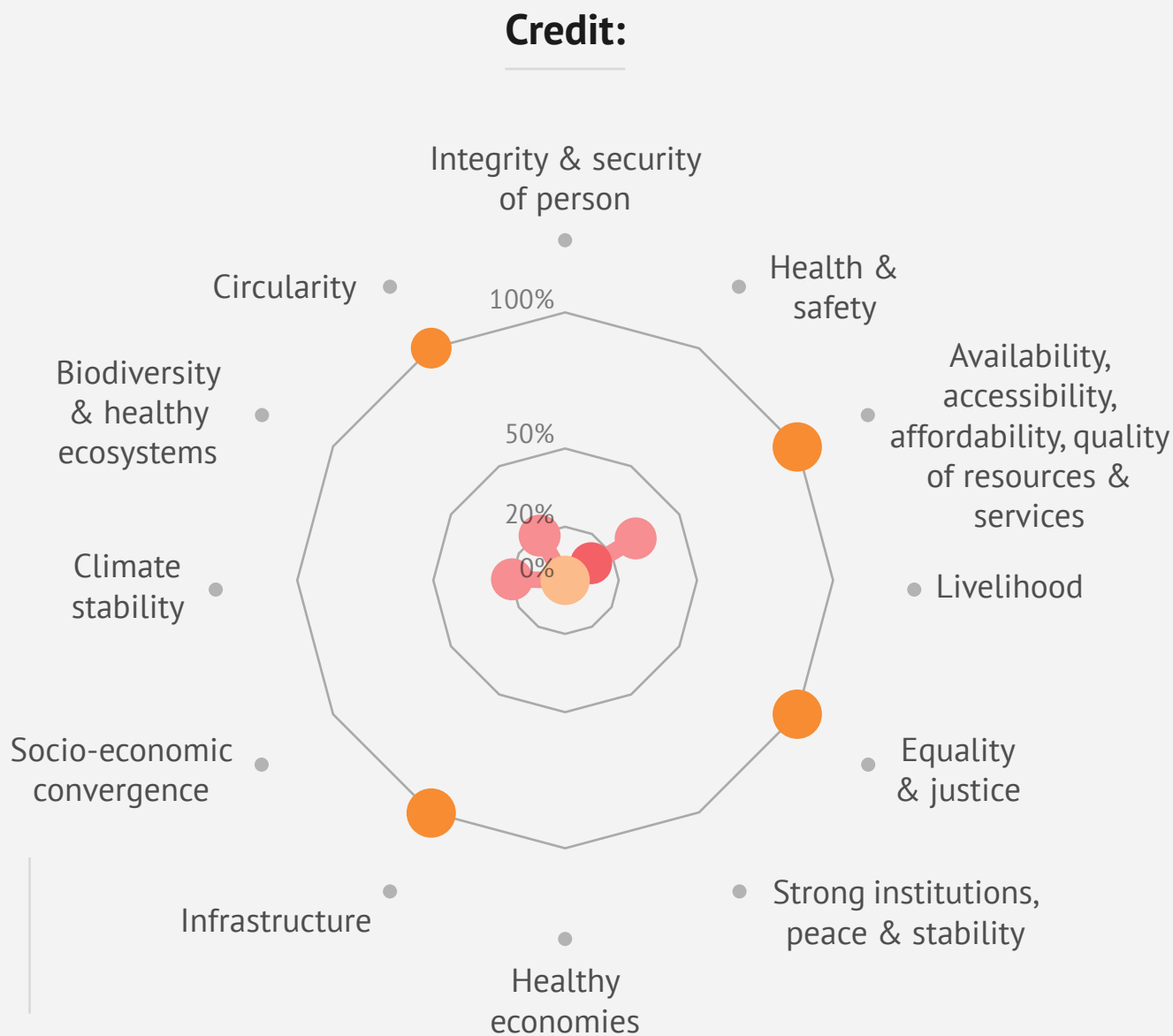
In addition, we will pay attention equally to the two key impact areas identified by UNEP as priorities for all areas, namely the Financial area and Equality and Justice.



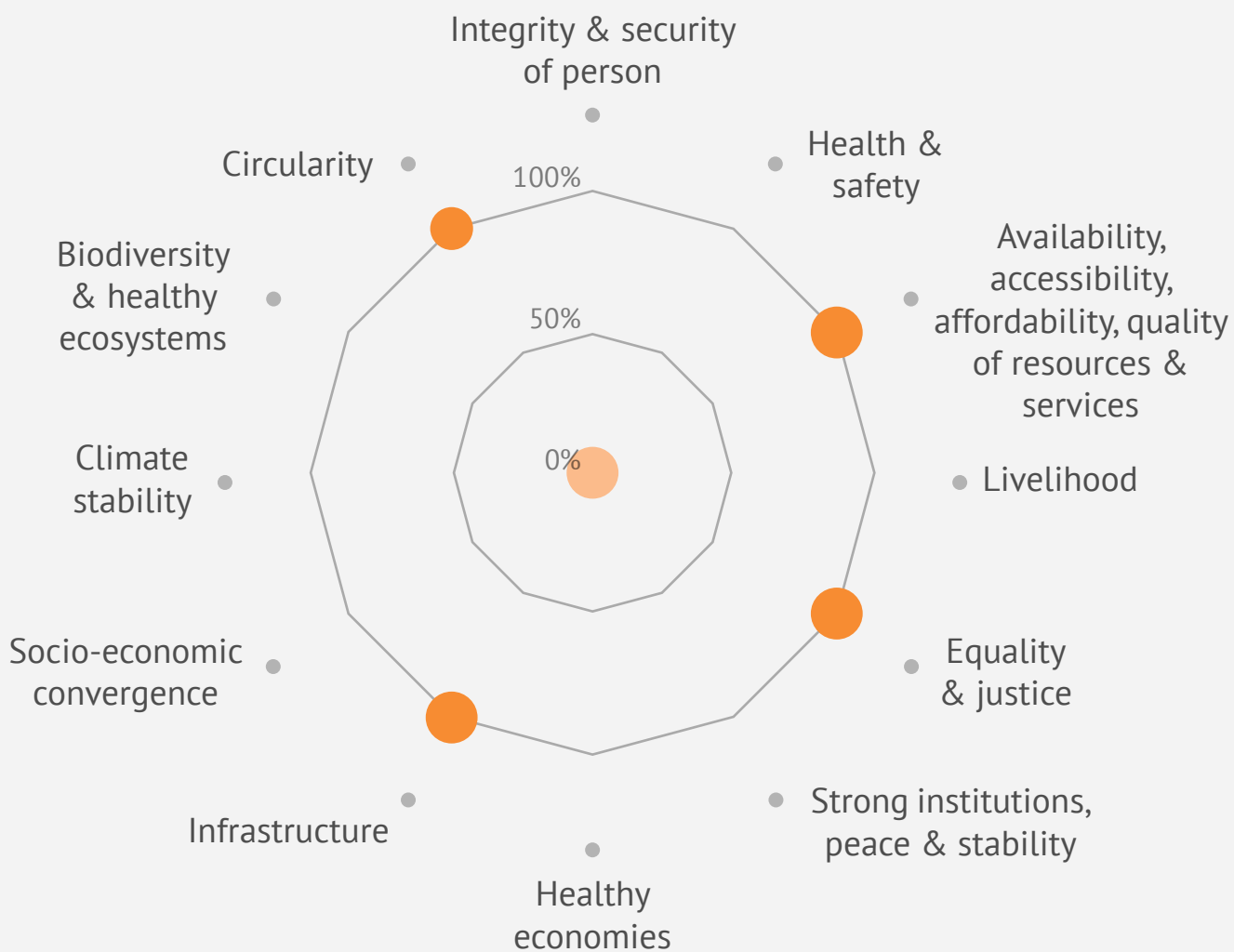
Current accounts and savings:



Negative impacts



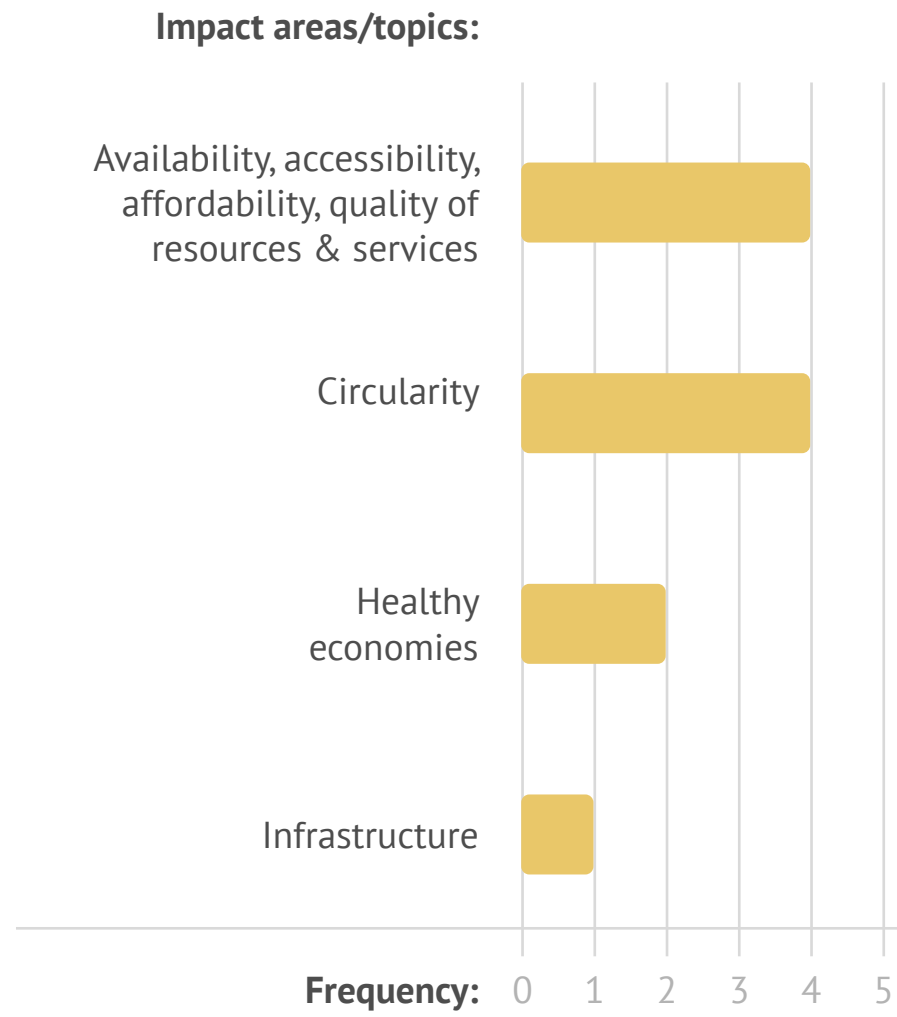
Current accounts and savings:



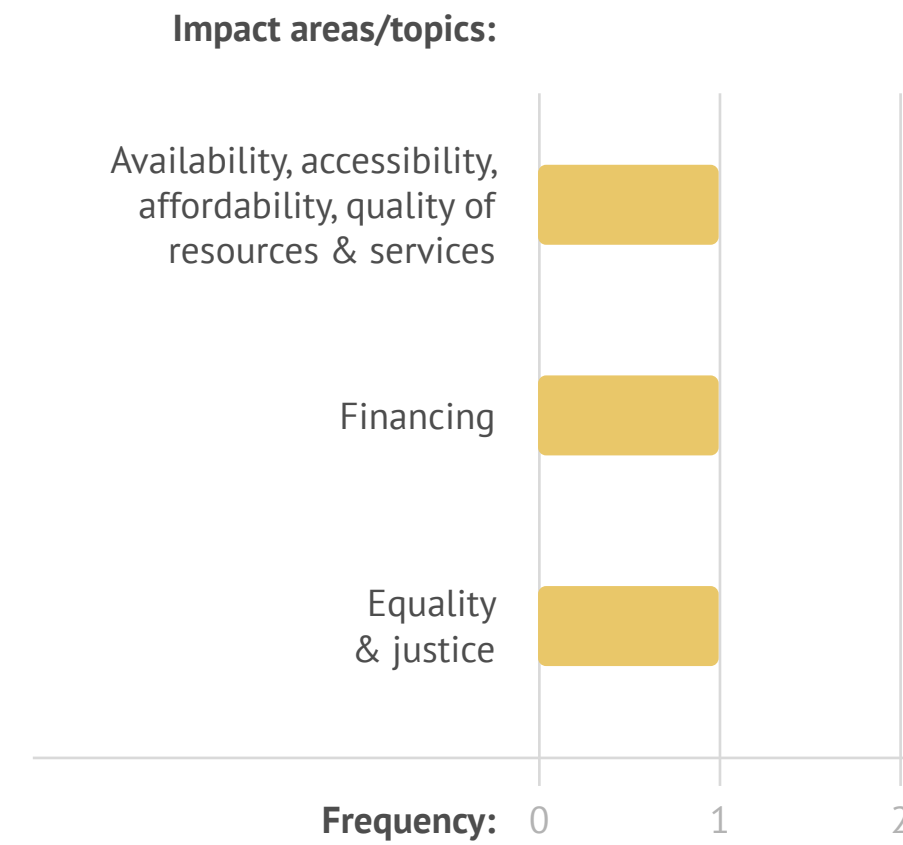
Note: The dots do not represent a value. They only show if an impact area is a priority in the countr/locations (based on data in the Context Module).



### Prioritisation of significant impact areas for the corporate portfolio



### Prioritised significant impact areas for the retail segment



When prioritizing certain impact areas in terms of sustainability, we took into account both the representative weight of those business sectors in the total portfolio and the most relevant challenges and priorities related to sustainable development in the country/region where Banca Transilvania operates.

Based on the results of the impact assessment of the product portfolio, the Bank will set at least 2 targets to address identified areas of a major positive or negative impact and ensure their implementation by May 2024, with annual progress reporting.





# Sustainable financing

Sustainable financing is an essential tool for enhancing the global effort to redirect capital flows to investments and projects that help solve the biggest social and environmental challenges.

It involves incorporating environmental, social, and governance (ESG) factors into decision-making on lending policies and the development of new products and services.

**Sustainable finance calls for an integrated approach that requires both private and public sector involvement and aims to create financial systems aligned with sustainable development goals, both at European and global levels.**

One of the most important benefits of sustainable financing is that it provides investors with the tools they need to support companies and projects that prioritize sustainability.

This approach ensures that investments are directed towards companies and projects that comply with sustainability principles, which can lead to improved risk management, better financial performance, increased positive impact on society and the environment, and reduced negative impacts.

**Sustainability financing supports companies to achieve their sustainability goals by providing capital to implement sustainable policies and technologies.**

**It also promotes greater transparency and accountability, which can help increase and maintain confidence in financial systems and reduce the likelihood of financial crises.**

**Providing capital for sustainable projects is also instrumental in achieving the United Nations Sustainable Development Goals**

(SDGs), which seek to address global issues such as poverty reduction, climate action, gender equality, and access to clean water and energy. The goals, through their proposed targets and indicators, provide a framework for sustainable development, which is essential for the well-being of people and the planet.

By integrating ESG factors into investment decision-making, BT Financial Group promotes investments aligned with the Sustainable Development Goals, ultimately leading to more sustainable and equitable economic growth.





**In the short and medium term, our objectives focus on increasing and promoting impact financing, i.e., green, or sustainability-oriented lending. We seek to support our clients in all their projects, supporting both their development and their adaptation to the context of sustainable development, with the two objectives often interlinked.**

**The measures we plan for the coming years include:**

- continuously update the Social and Environmental Policy to include current IFC/EBRD performance standards as well as best practices in ESG analysis and current regulations;
- prepare and promote green and sustainable credits to support investments by companies and public authorities under the National Recovery and Resilience Plan (NRRP) and other EU funding schemes;
- launch annual specific campaigns to promote social and green projects. The first campaign planned for 2022 is dedicated to the green energy sector;
- increased focus on energy efficiency projects, smart agriculture and adaptation, efficient transport, and water efficiency;
- define and implement the renewable energy strategy;
- develop a dedicated online platform for the dissemination of ESG/ sustainable development information as a measure to increase competence in the field;
- launch dedicated products and complement the current product range with green finance, financial education, and positive social impact components. These launches will be promoted through responsible marketing campaigns;
- extend the use of CAFI (Climate Assessment for Financial Institutions) to check the eligibility for green funding;
- ongoing partnerships with international financial institutions;
- develop entrepreneurial and financial education through our events.



# Credit assessment using CAFI



In order to assess an investment loan's potential to qualify as "green financing", Banca Transilvania uses the **CAFI - Climate Assessment for Financial Institutions** application provided by the IFC (International Finance Corporation).

The platform is a tool to help determine the climate eligibility of financed projects and measure their development impact and is currently used by 142 partner financial institutions.

The analysis process of the projects submitted to the application initially requires that they fall into one of the potentially eligible categories (climate change adaptation, energy efficiency, green buildings, renewable energy, transport, water efficiency, and others).

The actual analysis is carried out either according to a pre-established algorithm or by a panel of (internal/external) specialists (depending on the characteristics of each grant) able to determine whether a funded project can be considered a green grant.

In 2022, 59 employees were granted access to the platform and checked the "green" potential of the funding based on information collected using specific forms.

- » In total, 500 potentially eligible projects were registered in 2021, of which **371 projects were classified as "green funding"**.

The high screening rate has led to the identification of many more green transactions, but also to an increase in user specialization.

Also in 2022, important changes were made to the platform, both to streamline the user process and to expand the scope of eligible projects.

The application was enhanced by the development of a document library, which made it possible to store both documents and certificates attached to transactions and other relevant documents (e.g., data collection forms).

In addition, users were able to validate by listing similar loans (e.g., green energy production), as well as validating in economic sectors where Banca Transilvania holds expertise in the Romanian credit market (agriculture).



"Leadership in climate financing" recognition offered by IFC for contributing to lowering the carbon footprint by 607.8 thousand tonnes in 2022 through green finance in 2022.

The IFC also recognized BT Leasing as one of the Central Europe's top players with the most reported transactions.





# Green loans granted by Banca Transilvania in 2022

In 2022 Banca Transilvania took an important step towards intensifying its efforts to provide sustainable financing to its clients by setting up the **Green and Sustainable Loans Department**, specifically created to coordinate and brand the sustainable lending activity addressed to companies.

The department's activities include the identification of sectors/industries, clients, programs, and funding opportunities, as well as the implementation 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 certain lending directions both for SME/Micro and CO customers.

The "**Sustainable Financing Guidelines**" contain the **lending procedures and 8 categories of green and blue loans**:

- ① **ER Renewable Energy** loan (dedicated to financing the production of energy from renewable resources - wind, solar (photovoltaic panels), biomass, biogas);
- ② **EE Energy Efficiency Investment** loan (with a decrease in energy used in the previous year or a reduction in greenhouse gas emissions by a certain amount);
- ③ **Green transport** loan (electric and/or hybrid cars and means of transport, as well as increasing energy efficiency in transport by replacing a means of transport with one that consumes less);

- ④ Loans for **financing the construction of green buildings** (those buildings that obtain the green building qualification at reception through EDGE, LEED, BREEAM, DGNBC, or Romanian Green Building Council certification);
- ⑤ Loans for **investments that increase water efficiency** (decrease consumption by a minimum of 10%) - can be achieved through the upgrading of an existing facility, a water recycling/reuse project, or a project that will use alternative water sources such as groundwater, desalinated water, or the implementation of advanced (tertiary) on-site wastewater treatment;
- ⑥ Loans for investments to increase adaptation to climate change, financing aimed at reducing the vulnerability of human or natural systems to the effects of climate change and risks related to climate variability by maintaining or increasing capacity to adapt to climate change; examples: additional irrigation leading to lower water consumption than before, multi-crop systems, drip irrigation, and other approaches and technologies that reduce the risk of major crop failures; investment in research and development of crops that are more resilient to extreme climate change;

- ⑦ **Special environmental finance** - those loans for which the greenhouse gas reduction calculation cannot be quantified; examples: working capital funding for manufacturers of energy-efficient equipment, funding for suppliers or users of technologies and services that contribute to climate-smart agriculture by reducing agricultural losses or increasing productivity, funding for companies that carry out environmentally certified agriculture, and funding for companies that aim to recycle waste;

- ⑧ **Blue funding** – funding with a direct impact on aquatic ecosystems such as oceans, seas, watersheds or water resources, distribution networks, or water treatment and purification plants.

Banca Transilvania uses the **CAFI IT** application provided by the IFC (World Bank) to identify all these types of loans.

⊕ Details of the types of projects eligible for funding under each category are set out in the Green Framework in [Annex 2<sup>7</sup>](#) of this report.



Compared to 2021, when

- **44 green loans**, worth
- **RON 538 mil.**,  
were granted,
- **371 green loans**, worth
- **~RON 790 mil.**  
were granted in 2022.

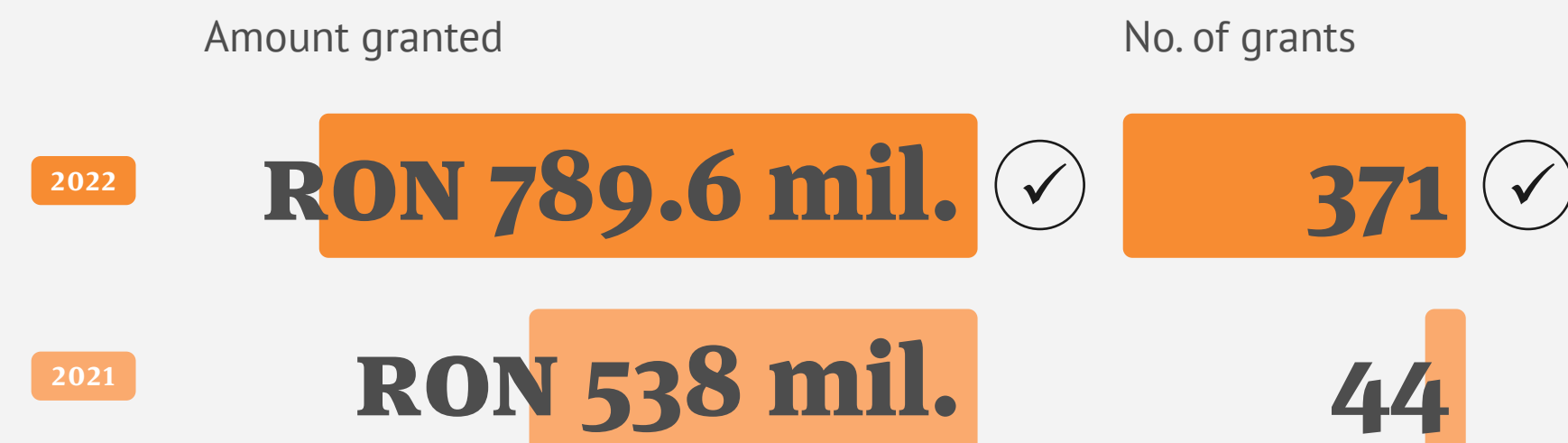
A total of 260 SME and Micro clients and 111 Corporate clients were credited.

Green loans granted to companies in 2022 increased by 55% compared to the previous year.

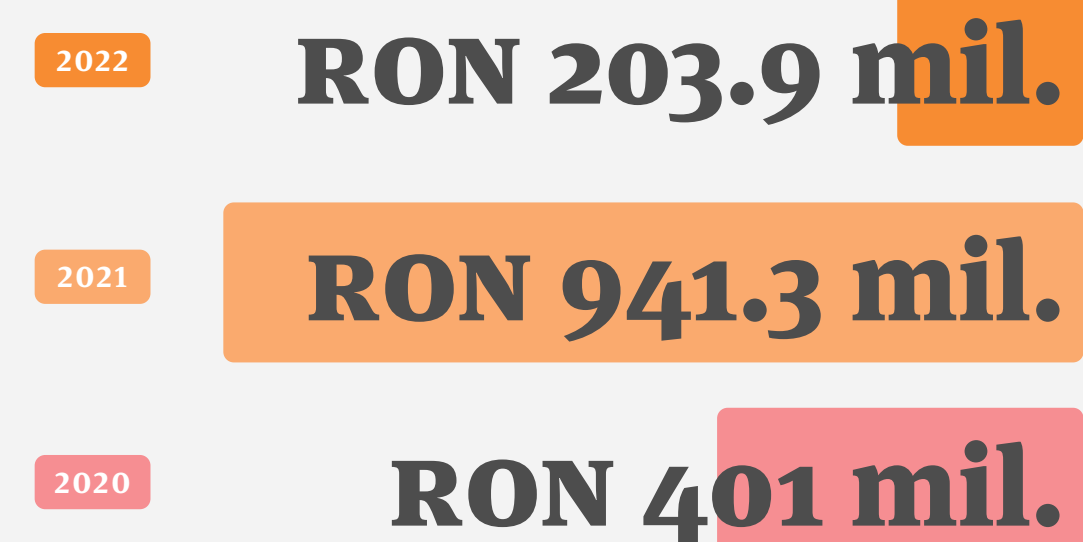
The share of SME&Micro green loans in total green loans granted increased to 21% in 2022 (4% in 2021).

New green loan production for 2023-2025 is estimated at ~RON 3,500 million.

#### Green credit grants



#### Green loan balances



During 2022, the Green and Sustainable Loans Department coordinated **3 campaigns to inform** Banca Transilvania's clients about the non-reimbursable financing programs aimed at promoting the production of energy from renewable resources (PNRR, Large Infrastructure Operational Program), and the energy efficiency of production premises and equipment used (3 campaigns and 17,690 informed clients).

Efforts continued to increase the know-how level of employees involved in lending and green credit analysis by organizing training sessions that were made available to the personnel in the lending area - Relationship Managers and Credit Analysts, who serve both SME and Corporate clients.

- » 10 online webinars were organized in the periods June-July-August and September-October.

A total of 535 trainees participated.

Also, to increase skills in the field of sustainable lending, a space has been created to promote the Think Green concept in digital form in an internal application, which brings together: learning methods (webinars), funding programs (PNRR, POIM, others), legislation in Romania and the European Union, Q&A on how to carry out the lending activity. Access is free for all employees of Banca Transilvania involved in the lending activity of legal entities.





# Environmental and social risk assessment in lending policy

In terms of credit risk management, the analysis of sustainable transactions does not present major differences from other transactions, the particularity being the assessment of compliance with specific eligibility criteria, in addition to the usual aspects of credit risk (financial standing, business risk, market, collateral, etc.).

Within the Risk Management Directorate, in addition to the ESG Risk Analysis and Sustainable Finance department, we created a specialized unit for the approval of sustainable transactions.



The environmental and social risk analysis is based on standards recommended by the EBRD and IFC (e.g., IFC's Environmental and Social Performance Standards), adapted to national specificities.

At the level of the entire Group, an environmental and social risk management system is implemented, which applies to the entire portfolio, each transaction being evaluated from the perspective of environmental and social risk-taking into account the following aspects:

- List of exclusions
- EBRD reference list
- Environmental Risk List
- High environmental/social risk project checklist
- IFC performance standards
- National environmental, health, and safety laws and regulations in force

The list of exclusions includes sectors that are not eligible for credit, regardless of the company's financial performance. Also, tobacco and alcohol production and trade are eligible sectors for financing provided that the maximum exposure per sector does not exceed 1% of the entire portfolio's value. The list of exclusions is updated regularly.

The bank's environmental and social risk analysis and compliance with IFC/EBRD standards also exclude from financing investments in protected areas or areas that could potentially have a negative impact on the environment or communities, as well as on protected plant or bird species inhabiting the areas.

» Thus, Banca Transilvania, through its team of specialists at headquarters, is constantly informed about the areas classified as nature reserves, protected sites or national parks, etc. according to NATURA 2000, and thus ensures that no projects/works are financed, or real estate/land located in these areas is taken as collateral.

The analysis of environmental and social risks is carried out using specific assessment forms based on best practices in the field; transactions above certain thresholds and involving a moderate or high degree of risk require additional advice from the specialized team in the Bank's Headquarters.

In accordance with the provisions of the corporate lending policy, environmental, social, and corporate governance risk analysis chapter, any client/transaction will be analysed regarding the impact of non-financial factors on the business and the proposed transaction. Thus, the principles of responsible lending (financing that incorporates environmental, social, and governance factors in the credit and risk analysis) are applied to our entire loan portfolio, differentiated on proportionality criteria (e.g. different environmental and social risk analysis forms depending on the value of the transaction, including at least: assessment of the environmental management system, of measures to prevent and control pollution and emissions to water, air, soil, climate impact, transition risk, compliance with occupational health and safety measures, etc.).

As of June 2021, Banca Transilvania applies the EBA guidelines on loan origination and monitoring, which introduces the mandatory inclusion of environmental, social, and corporate governance (ESG) factors in credit and risk analysis.





Client type	Total number of clients assessed	Total number of environmental and social permits and exclusions	% of total corporate clients	No. of low-risk loans	No. of moderate-risk loans	No. of high-risk loans
Banca Transilvania	on 31.12.2022					
Micro Business Clients	31,127	3,153	10,13%	19,836	10,435	856
SME clients	7,935	2,114	26,64%	4,135	3,172	628
Medium Corporate Clients	3,108	3,137	100,93%	1,443	1,265	400
Large Corporate Clients	315	390	123,81%	173	90	52
<b>Total</b>	<b>42,485</b>	<b>8,794</b>	<b>20,70%</b>	<b>25,587</b>	<b>14,962</b>	<b>1,936</b>

Note: the number of approvals may differ from the number of loans because there are situations where a lender may have both an ESG approval and an approval for excluded activities. Additionally, a lender may be approved multiple times during the same year.

# Lending policy updates in 2022

- E&S risk assessments are made by ESG risk analysts and governance risk assessments made by risk analysts are fully integrated into the underwriting process. These assessments are generated using a single tool
- Extension of the SMART analysis framework (methodology developed in collaboration with IFC), which was previously applied only to transactions with a value greater than RON 25 million, to any client with a proposed exposure greater than RON 25 million
- The assessment tool is more simplified for clients with a proposed exposure of less than RON 25 million, taking into account the nature of the counterparties (mostly SMEs) as well as the lower value of the exposures
- Client classification is no longer based on transaction value but on the client's total exposure level, as follows:
  1. Clients with exposures greater than RON 25 million are analysed using the SMART methodology, a very detailed framework based on IFC performance standards.
  2. Clients with exposures between RON 4.5 and 25 million are ESG-assessed using a questionnaire similar to the SMART model, which consists of 20 questions, except for clients operating in E&S low-risk sectors, which are assessed using a 10-question questionnaire.
  3. Clients with less than RON 4.5 million exposures are assessed using a simplified approach. However, if the E&S risk associated with the client's line of business is moderate/high, the methodology used is the same as for category 2, except that the 10-question questionnaire is applied.
- Climate risk, both physical and transitional, has been integrated into the ESG risk assessment methodology
- The credit issuance system has been updated to collect the necessary information for the ESG assessment
- The ESG Analysis department at headquarters, part of the risk division, was expanded to 5 members, each with relevant expertise in climate/environmental and social risk assessment
- The E&S team works closely with the Green Loans and Sustainable Finance department, part of the commercial division



# Climate and transition risk identification and assessment

During 2022, significant contributions were made to the ESG analysis process, namely the **introduction of the concepts of climate and transition risks**.

- » To this end, an application has been developed internally to support ESG risk analysts in determining and establishing climate and transition risks.

The application is based on a series of indicators that are considered in the assessment of these risks, such as the CAEN code of the financed activity and the geographical location of the financed activity.

After consulting the relevant literature, **4 indicators were considered relevant for climate (physical) risk**, such as average annual temperature, average annual rainfall, wind speed, and seismic risk level. Multi-year average values were used for temperature, precipitation, wind, and national seismic risk zoning values. For the transition risk, 5 indicators were selected such as CO2 emissions risk, technological risk, reputational risk, legislative risk, and market risk, which determine the transition risk according to the CAEN code financed.

The application developed can determine the value of the climatic and transition risks, from very low risk to very high risk, according to the indicators mentioned above, also considering the CAEN code financed and the geographical location where the financed activity is carried out.

Currently, the application runs simultaneously with the Bank's loan origination program.

In 2023, the objective is to integrate the application developed with the loan origination program to facilitate and optimize the ESG risk analysis process.



Portfolio distribution by activity sectors	Banca Transilvania	BTFG
	% of the total	% of the total
	in 2022	in 2022
Agriculture, forestry, and fisheries	5.19%	5.30%
Extractive industry	0.08%	0.12%
Manufacturing industry	6.04%	6.35%
Electricity, gas, steam, and air conditioning supply	2.47%	2.33%
Water supply	0.25%	0.36%
Construction	3.18%	3.91%
Wholesale and retail trade	11.33%	12.18%

Transport and storage services	3.08%	4.25%
Accommodation and restaurant services	1.38%	1.53%
Information and communication	0.46%	0.62%
Financial and insurance activities	4.10%	0.85%
Real estate activities	2.65%	2.47%
Professional, scientific, and technical activities	0.87%	1.27%
Administrative services and support activities	0.56%	0.78%
Public administration and defense; compulsory social security	13.10%	12.23%
Education	0.08%	0.13%

Human health and social work activities	2.00%	2.02%
Arts, entertainment, and recreational activities	0.43%	0.48%
Other service activities	0.13%	0.23%
Activities of private households as employers of domestic personnel; activities of private households producing goods and services for own consumption	0.00%	0.00%
Activities of extraterritorial organizations and bodies	0.00%	0.00%
Private individuals	42.61%	42.59%

Total	100.00%	100.00%
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Expunerea la riscul climatic fizic pe sectoare de activitate	% very low	% low	% medium- low	% medium	% medium- high	% high	% very high	Total sector
A - Agriculture, forestry, and fisheries	0.2%	0.49%	5.13%	9.90%	20.00%	42.35%	21.92%	100.00%
B - Extractive industry	1.9%	2.49%	2.86%	42.35%	26.20%	23.59%	0.63%	100.00%
C - Manufacturing industry	1.5%	18.57%	30.11%	31.08%	16.72%	1.88%	0.13%	100.00%
D - Electricity, gas, steam, hot water, and air conditioning supply	0.0%	0.00%	0.00%	17.33%	12.83%	2.97%	66.85%	100.00%
E - Water supply; sewerage, waste management, remediation activities	1.1%	18.72%	35.03%	33.17%	11.79%	0.20%	0.00%	100.00%
F - Construction	11.6%	13.30%	29.15%	22.00%	22.63%	1.27%	0.02%	100.00%
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	6.0%	16.26%	42.93%	25.71%	3.94%	4.42%	0.69%	100.00%
H - Transport and storage services	1.5%	4.39%	12.89%	50.45%	17.88%	12.33%	0.53%	100.00%
I - Accommodation and restaurant services	6.9%	5.81%	10.63%	38.25%	26.28%	11.78%	0.38%	100.00%

J - Information and communication	27.2%	10.77%	58.10%	2.73%	1.07%	0.15%	0.00%	100.00%
K - Financial and insurance activities	65.3%	0.47%	34.22%	0.01%	0.03%	0.00%	0.00%	100.00%
L - Real estate activities	27.1%	15.77%	47.96%	2.69%	4.99%	1.43%	0.04%	100.00%
M - Professional, scientific, and technical activities	30.1%	21.12%	44.17%	2.44%	0.60%	1.43%	0.10%	100.00%
N - Administrative and support service activities	29.4%	19.34%	24.12%	11.64%	13.17%	0.75%	1.57%	100.00%
O - Public administration and defence; public social security	59.9%	1.91%	37.79%	0.00%	0.27%	0.14%	0.00%	100.00%
P - Education	36.2%	38.36%	23.40%	1.53%	0.49%	0.00%	0.00%	100.00%
Q - Human health and social work activities	0.1%	0.04%	9.82%	23.64%	21.35%	45.07%	0.00%	100.00%
R - Arts, entertainment, and recreational activities	60.3%	10.19%	26.67%	1.51%	0.85%	0.46%	0.00%	100.00%
S - Other service activities	27.0%	25.82%	36.28%	6.12%	4.38%	0.21%	0.17%	100.00%
Total exposure by risk category	12.5%	10.61%	28.71%	21.63%	10.96%	8.83%	6.72%	100.00%

Exposure to implicit physical climate risk by activity sectors and risk categories	% very low	% low	% medium-low	% medium	% medium-high	% high	% very high
A - Agriculture, forestry, and fisheries	0.00%	0.46%	96.73%	1.0%	1.80%	0.00%	100.00%
B - Extractive industry	0.00%	0.02%	5.73%	87.7%	6.55%	0.00%	100.00%
C - Manufacturing industry	0.19%	1.70%	54.64%	24.7%	13.21%	5.54%	100.00%
D - Electricity, gas, steam, hot water, and air conditioning supply	0.00%	0.00%	0.08%	99.9%	0.00%	0.00%	100.00%
E - Water supply; sewerage, waste management, remediation activities	0.29%	3.70%	9.67%	85.1%	0.33%	0.87%	100.00%
F - Construction	0.05%	3.29%	25.58%	54.7%	16.08%	0.29%	100.00%
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	0.11%	2.83%	93.20%	3.1%	0.48%	0.23%	100.00%
H - Transport and storage services	0.31%	10.74%	8.57%	73.5%	6.89%	0.03%	100.00%
I - Accommodation and restaurant services	0.14%	43.01%	53.39%	3.2%	0.29%	0.02%	100.00%

J - Information and communication	0.12%	71.38%	27.23%	1.2%	0.05%	0.00%	100.00%
K - Financial and insurance activities	0.01%	1.00%	98.96%	0.0%	0.00%	0.00%	100.00%
L - Real estate activities	0.04%	85.43%	10.69%	3.6%	0.23%	0.04%	100.00%
M - Professional, scientific, and technical activities	0.17%	90.05%	6.73%	2.6%	0.41%	0.01%	100.00%
N - Administrative and support service activities	8.96%	40.13%	37.78%	7.8%	5.13%	0.17%	100.00%
O - Public administration and defence; public social security	0.00%	0.11%	0.00%	99.9%	0.00%	0.00%	100.00%
P - Education	0.28%	6.16%	92.58%	1.0%	0.00%	0.00%	100.00%
Q - Human health and social work activities	0.00%	0.39%	99.58%	0.0%	0.02%	0.00%	100.00%
R - Arts, entertainment, and recreational activities	0.08%	93.35%	5.73%	0.8%	0.01%	0.00%	100.00%
S - Other service activities	0.73%	62.84%	25.63%	9.1%	1.72%	0.00%	100.00%
Total exposure by risk category	0.21%	10.31%	64.13%	20.7%	3.76%	0.84%	100.00%

The classification analysis by climate risk class was performed on 81% of the total exposure at the legal entity level.



# Positive environmental and/or social impact financing

Green financing



## MAGNET DEVELOPMENT

green buildings in a residential area in Bucharest

The financing by Banca Transilvania of the first phase of development of the first green suburb in Romania - Amber Forest, a residential project with a total estimated investment of 110 million euros, of which approx. EU 42 million is allocated to this phase of development.

The Amber Forest suburb comprises approximately 500 green villas and 200 green apartments, developed on 31 hectares, of which 235 green villas and 60 green apartments will be completed in the first phase.

Amber Forest homes are the first in Romania to meet the nZEB energy standard, energy-efficient buildings, while building quality, sustainable, and integrating the latest technologies (smart home).

*The project is registered for green certification from the Romanian Green Building Council.*

## ARAMIS

photovoltaic system for the green energy supply of an upholstered furniture factory production

The funding consists of an investment to install a photovoltaic panel system to generate electricity on the roof of the production halls at the Aramis factory, one of the biggest European names in the furniture sector, which produces more than 4 million mattresses and upholstered furniture every year, delivered worldwide.

This system, which will supply clean energy, will be integrated throughout the entire production cycle, starting from the primary processing of wood and textile materials for the covers, the assembly of semi-finished products to obtain finished products, their storage, and delivery to customers.

The photovoltaic system will consist of 8,166 photovoltaic panels, resulting in a minimum output of 4,451 kW.

The company estimates a reduction in electricity consumption by approx. 4,880 MWH/year, representing 32.73% of annual electricity consumption.

The purpose of this investment is to cover the base of electricity consumption during the day, with peak consumption taken from the public electricity grid.

Aramis' targets are ambitious: to reduce greenhouse gas consumption by 50% by 2030 (compared to 2020) and to identify raw materials from renewable sources that can be used in IKEA-branded products by at least 90%.

Following the implementation of this investment, a reduction of greenhouse gas emissions in tons of CO<sub>2</sub> equivalent is 3,015 t/year.

## ROMAQUA

photovoltaic power plant  
to produce the energy  
needed by Borsec water  
bottling plants

In 2022 BT continued with the financing of the second phase of construction of the 4.44 MW photovoltaic power plant in Sebes, to produce the energy needed by all the group's factories and locations.

Upon completion and integration of the second project, Borsec, a Romaqua Group partner, will have a total installed capacity of 5.42 MWp, which will generate up to 7,085 MWh/year of electricity, thus reducing electricity costs and contribute to the achievement of carbon emission reduction targets of more than 1870 tonnes per year.

The direct and indirect investments made by the Romaqua Group in terms of environmental protection are incorporated in technologies that lead to fuel and energy savings, pollution reduction, waste reduction, environmental projects, protection of natural reserves, or in the process of recovery of production waste.

## Quartier AZUGA

green apartments, integrated into  
nature, the new nZEB concept

QUARTIER AZUGA will be a residential development on an area of 12,328 m<sup>2</sup>, in the Doamna Ghica area (district 2, Bucharest), facing Lake Colentina, linked by a promenade area to Plumbuita and Tei Lakes.

It will consist of 5 buildings with 93 apartments and 105 under/overground parking spaces, in which more than 50% of the apartments will overlook the lake, a promenade area with an opening of almost 100m to the lake, while 35% of the land area will be dedicated to green spaces.

The project will benefit from high energy efficiency, with the use of photovoltaic panels, heat pumps, underfloor heating, and air recirculation system among others, all of which will ultimately result in very low maintenance costs for future tenants.

*The project is registered for green certification from the Romanian Green Building Council.*

## SOFTRONIC

mobility can be green, going  
beyond Romania's borders (electric  
locomotives equipped with an  
innovative ETCS braking system)

The Romanian Transmontana locomotives, built by the only factory in Romania producing electric locomotives, equipped with an innovative ETCS system, will contribute to the greening of freight transport in the European Union and increase safety levels, as well as added energy efficiency due to the braking system.

The "Transmontana" locomotives are six-axle electric locomotives equipped with a 25 kV 50 Hz and 15 kV 162/3 Hz bi-system transformer supplying six asynchronous motors. Asynchronous motors are known to reduce electricity consumption compared to synchronous motors, and six-axle locomotives are more power efficient (app.35%) compared to 4-axle locomotives.

The use of electric locomotives such as the "Transmontana" instead of diesel locomotives, the traditional old heavy-duty transport method, helps the transition to the use of renewable energy in freight transport. The "Transmontana" locomotive can reach speeds of over 200 km/h.

The locomotive is approved by the TSI (technical specifications for interoperability) for freight trains with a maximum speed of 120 km/h and can pull very heavy trains of 2000-2500 tonnes, replacing almost 2 classic electric locomotives.

The funding from Banca Transilvania contributes to the construction of these locomotives, but even more, it covers research, prototype development, and production of an innovative braking system.

The European Train Control System (ETCS) is the signalling and control component of the European Rail Traffic Management System (ERTMS). It replaces old train protection systems and is designed to replace the many incompatible safety systems currently used by European railways.

This innovative system will be available after patenting on trains delivered by Softronic in Romania, Hungary, Austria, and Norway.



## PANIMON

retrofitting a mill leads to reduced energy consumption, doubled by investment in renewable energy production using photovoltaic panels

Panimon has invested in the refurbishment of a mill. The investment process involved optimizing the milling plant for processing raw materials, suction of flour particles from the air, transport of raw materials and finished products, and sterilization of finished products.

The resulting plant will increase the processing capacity to 200 tonnes/day, the resulting flour is of the highest quality (wheat, rye, barley malt), contains no food additives, and will be used in various preparations, including with maize. In addition to this, there will be a packaging, boxing, and pallet-boxing plant for milling products, specialized to carry out various functions such as packaging milling products in paper bags, grouping them in boxes, packing them in bags, and finally pallet-boxing them and preparing them for sale. The control and monitoring system added to the milling plant is state-of-the-art, consisting of integrated, interconnected hardware and software components.

In addition, the photovoltaic system, located on the factory, will consist of about 832 monocrystalline photovoltaic panels, and will generate about 364 kW of energy annually, which will be used exclusively for own consumption.

The whole project brings a mill with a tradition dating back to 1957 up to modern standards, contributing to the quality of primary products as well as bakery and pastry products. It is the best example in the "from farm to fork" chain of optimization, from agricultural culture to bread and pastries, local products, and local brand.

## DROPIMEX

high-performance irrigation system leading to efficient water use in agriculture

As part of this investment project, the client chose to invest in an innovative water efficiency and water management technology that leads to remarkable water-saving results. This involves documented reduction of water consumption in agriculture - irrigation.

Before the investment, the client was working on an arable area of 21 ha, irrigated with a drum system. After the investment, Dropimex switched to irrigating an area of 176 ha, with a linear installation equipped with a water management program that perfectly tracks consumption, but also efficiently covers the corners of the plots covered by the large crop.

The investment helps the farmer to adapt to climate change.





## Blue financing

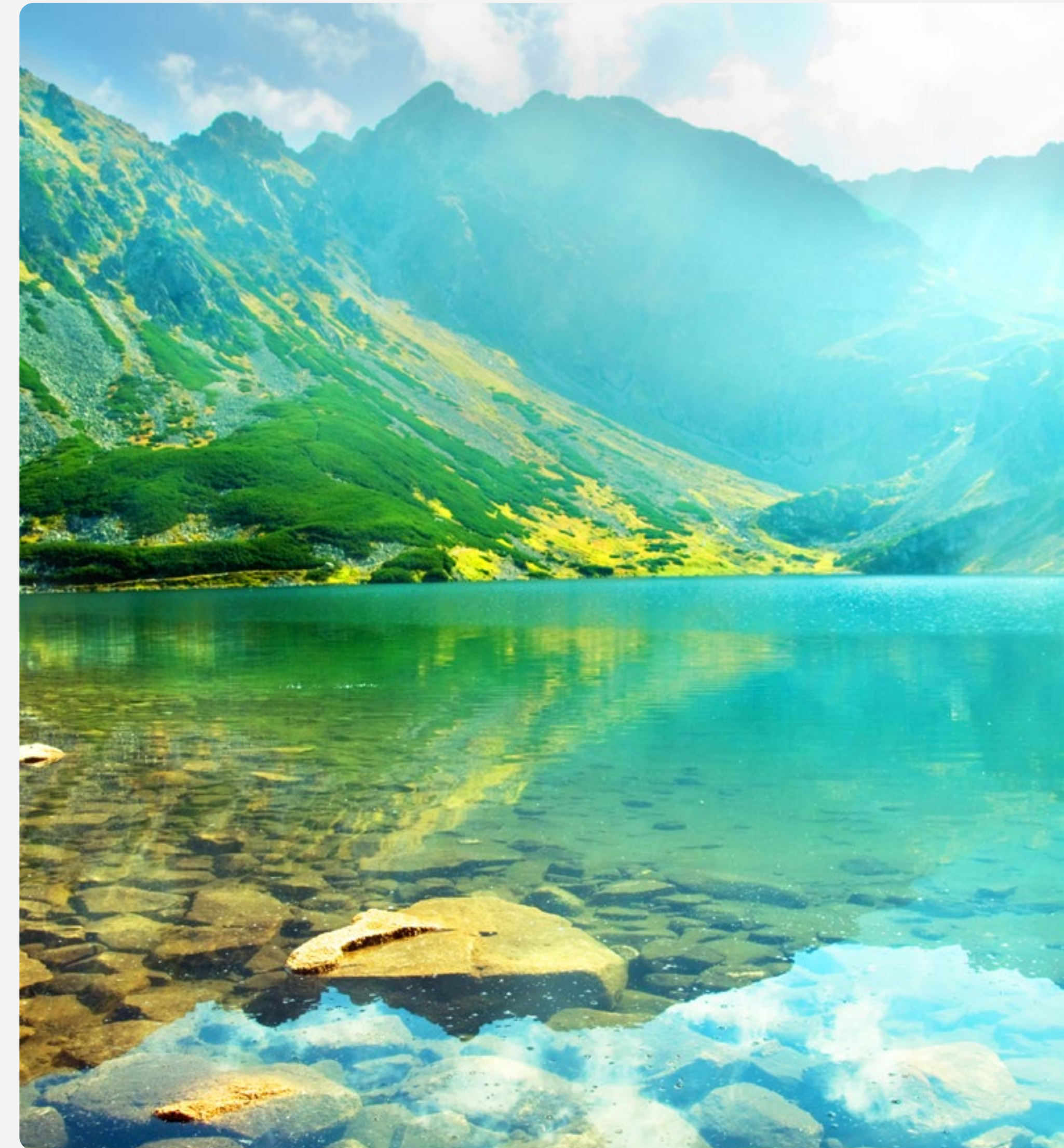
Central and Eastern Europe's first funding for blue loans will support blue economy projects in Romania.

The EUR 100 million loan was granted by IFC to Banca Transilvania. Romania needs to invest around €15 billion by 2027 to comply with all EU requirements for the water and wastewater sector, of which at least €3 billion could be provided by private sector financiers.

IFC's support will help Banca Transilvania launch a blue financing product for micro, small, and medium-sized enterprise lending, in line with IFC's approach to blue financing<sup>7</sup>.

» The blue economy refers to the sustainable use of ocean and marine resources for economic growth, improved livelihoods, and jobs while maintaining the health of ecosystems and water resources.

Funds from the IFC investment will be used to finance specific projects in Romania, including sustainable production, tourism, fisheries, agricultural irrigation, etc., contributing to the sustainability of water resources.





Positive social  
impact financing

## Clinica Rotar Cluj-Napoca

The "Rotar"dental clinic<sup>7</sup> is the fourth generation in the string of private dental institutions developed in Cluj-Napoca, with a history of over 3 decades. In 2022, Banca Transilvania supported the clinic with investment loans for the fitting out and equipping of the clinic.

## MED IMAGISTIC Constanta<sup>7</sup>

The unit, which provides imaging services for Constanta and Tulcea counties, as well as for nearby localities in neighbouring counties, was financed by the Bank for the purchase of medical equipment.

## Spitalul Gynia

Gynia Hospital<sup>7</sup> operates 24 hours a day, 7 days a week, with continuous on-call duty provided by doctors and nurses in the three specialties: obstetrics-gynaecology, neonatology, and ICU and serves the population of Cluj County and neighbouring counties (Bistrita, Mures, Sălaj, Alba).

The Bank provided co-financing and guaranteed the grant for the project to set up a medical centre for assisted human reproduction (in-vitro fertilization, intrauterine insemination, infertility consultations), a separate unit/activity from the current one (gynaecology hospital).

## Royal Hospital

There are 2 centres of excellence in the hospital (Gynecology and Senology) where the most difficult genital and breast surgeries are performed (radical surgeries for oncological pathologies, as well as hysteroscopic myomectomies, laparoscopic and vaginal hysterectomies, breast lumpectomies and sectorectomies, simple mastectomies or radical mastectomies with simultaneous, bilateral breast implants, etc).

In addition, there are the General Surgery, Urology, Bariatric Surgery, Orthopaedic Surgery, ENT Surgery, and Aesthetic Surgery departments. All are equipped with state-of-the-art operating theatres and modern equipment - where highly difficult surgeries are successfully performed - and with private rooms, excellent accommodation conditions, and a pleasant, family atmosphere that is safe for patients.

Royal Hospital Bucharest also provides outpatient medical services for specialties such as obstetrics-gynecology, senology, urology, cardiology, pulmonology, ENT, general surgery, orthopedics, cosmetic surgery, medical oncology, dermatology, endocrinology, psychology, dentistry, and family medicine, providing the medical team with modern and high-performance equipment to help in the correct and complete diagnosis of diseases pertaining to such specialties.

Banca Transilvania financed the purchase of the building in which the hospital operates.

## RM Relife

Medima Health Grup

The Jiu Imaging Centre is part of Medima Health - a national network of clinics of excellence in medical imaging and radiology, providing MRI/CT/PET-CT services, with 9 modern operational clinics and ambitious development plans for Romania. Medima Health provides patients with access to high-performance imaging investigations, performed with modern technologies, at affordable prices and with no long waiting times. Medima Jiului has the first open MRI in the Medima network.

Open MRI helps patients suffering from claustrophobia, mobility, or weight issues as it offers the advantage of a comfortable and fast MRI examination. Compared to a conventional MRI, all sides are open, and it is more spacious. This helps to reduce anxiety throughout the imaging investigation, which helps perform complex investigations for different categories of patients. With the open MRI, medical investigations become easier, even among children.

The financing from the Bank consisted of an investment loan for the purchase of medical equipment.

# Education funding

## Montessori School of Iași

Montessori alternative education is one of the best-known in Romania. More than a school, this system develops communities, students, parents, and teachers, which support children's development through practical, outdoor activities, while stimulating skills in various areas such as mathematics, art, science, and languages.

In the Montessori school and kindergarten, the range of activities that children can attend is much more varied than the traditional one; pupils take part in music, healthy eating, architecture, sports, painting, drama, and tailoring, in addition to the usual activities.

We are proud to support the development of this system by granting a €450,000 loan in 2022 to the One for Hope Association, Iași, for the purchase of space for educational activities, kindergarten, and primary education.

The "One for hope" group, which includes the kindergarten, school, publishing house, and Montessori training centre, has a 9-year history in the market and is a promoter of educational development in rural communities.

## Transylvania College The Cambridge Int. School in Cluj

We continue to support excellence in education. In 2022, we are pleased to have contributed with a €2 million grant to the upgrade of the buildings of Transylvania College, the largest private educational establishment in Cluj and one of the most prestigious in the country.

Transylvania College is a landmark in Romanian education, with over 30 years of experience in education, is accredited by the Romanian Agency for Quality Assurance in Pre-University Education and has British School Overseas status by the UK Department for Education.

Transylvania College's educational offer covers all segments, from nursery to high school, providing teaching on two accredited study streams, in English and Romanian.



Students at Transylvania College learn in a unique, multicultural environment, with the school currently hosting almost 700 students and around 100 teachers of 30 different nationalities from six continents.

The institution has invested in modern, flexible, and agile spaces built on sustainable and energy-efficient principles, including specially designed group rooms for preschool children, an interactive library, a spacious and bright art room, a communication and meeting simulation room, and a swimming pool for children aged 3 months to 10 years, as well as state-of-the-art laboratories for primary, middle, and high school students.



# Sustainable financing for retail customers

Almost 90% of Banca Transilvania's customers are individuals and 43% of the outstanding loan portfolio (gross values) are related to this customer segment, therefore, the retail segment remains an important area where we strive to develop sustainable products and services that help customers to make more responsible choices.

In addition to the measures, we take internally to reduce the impact of client interaction with the Bank (card PINs sent via SMS instead of paper, notifications, and statements sent electronically), retail clients benefit from several types of green products and services:

- **Green mortgage/ housing loan** – the product that encourages clients to purchase high energy-efficient buildings
- **Drive green** (BT Leasing initiative) – leasing of new or used electric or hybrid cars
- **Verde Tot (Green Everything) campaign** – with a focus on promoting special offers for credit card holders at partner stores offering sustainable products



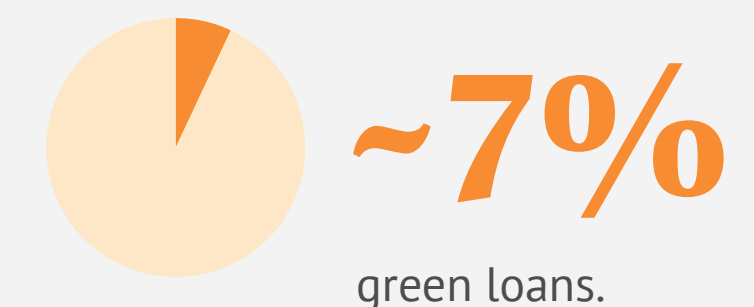
In terms of green loans granted to the retail segment, Banca Transilvania continued the activity of previous years, by intensifying its lending activity in the area of mortgage/ green real estate loans, as well as responsible shopping campaigns.

Thus, in 2022, **1 out of 5 mortgage/mortgage loans granted in 2022 qualifies as green** (energy efficiency certificate category A).

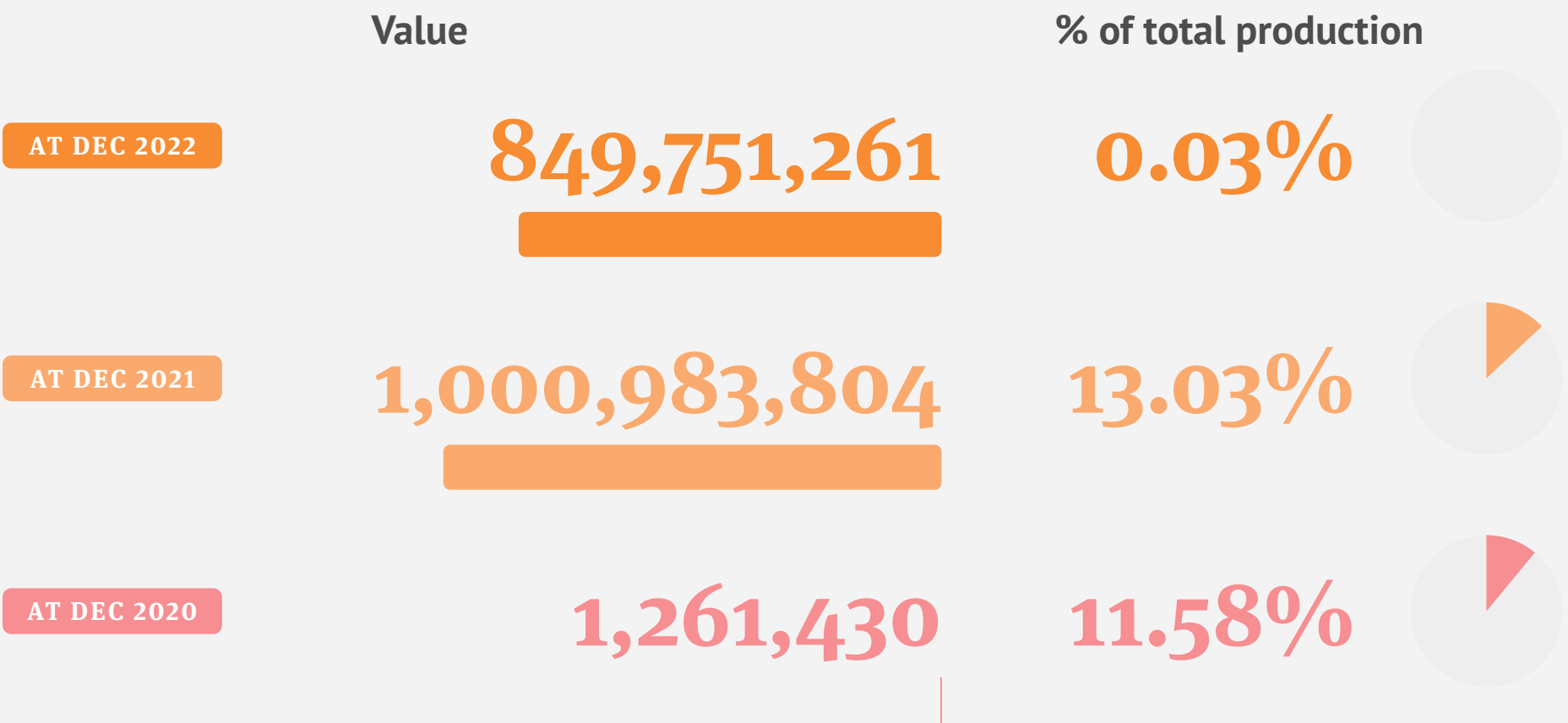


Banca Transilvania granted a volume of Ron 846 million green mortgage/mortgage loans of which Ron 560 million are aligned with the EU taxonomy (partial alignment).

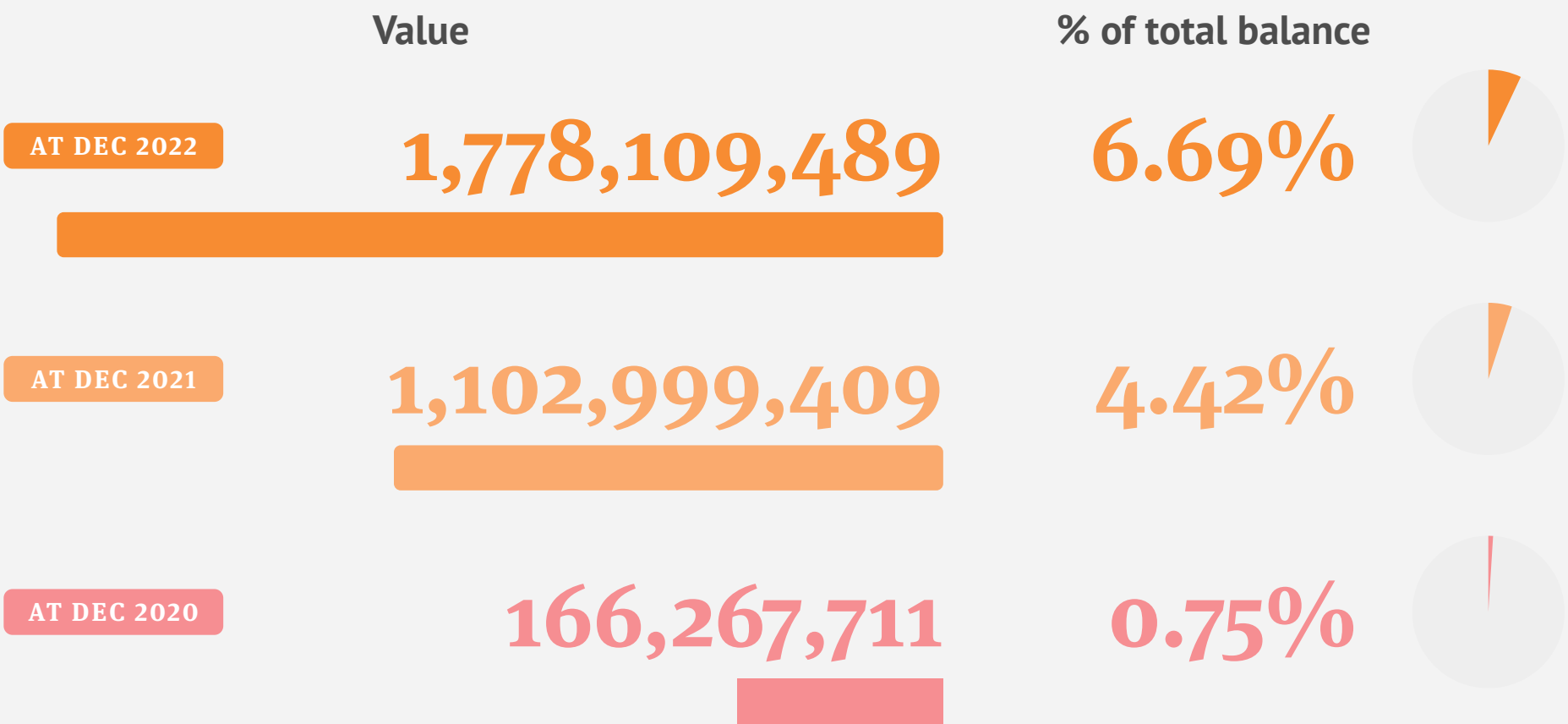
Thus, at the end of 2022, the retail loan portfolio contained



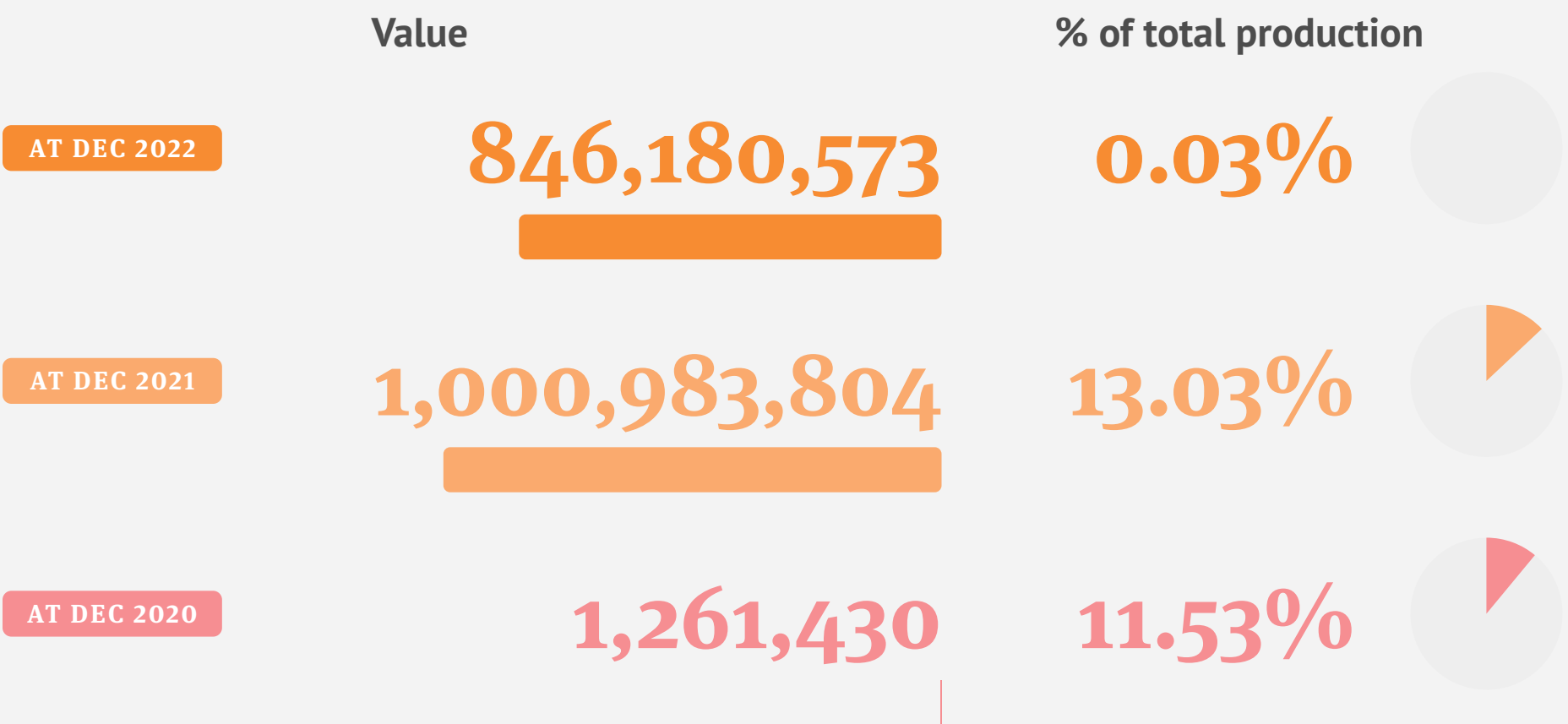
The value of green loans granted to individuals



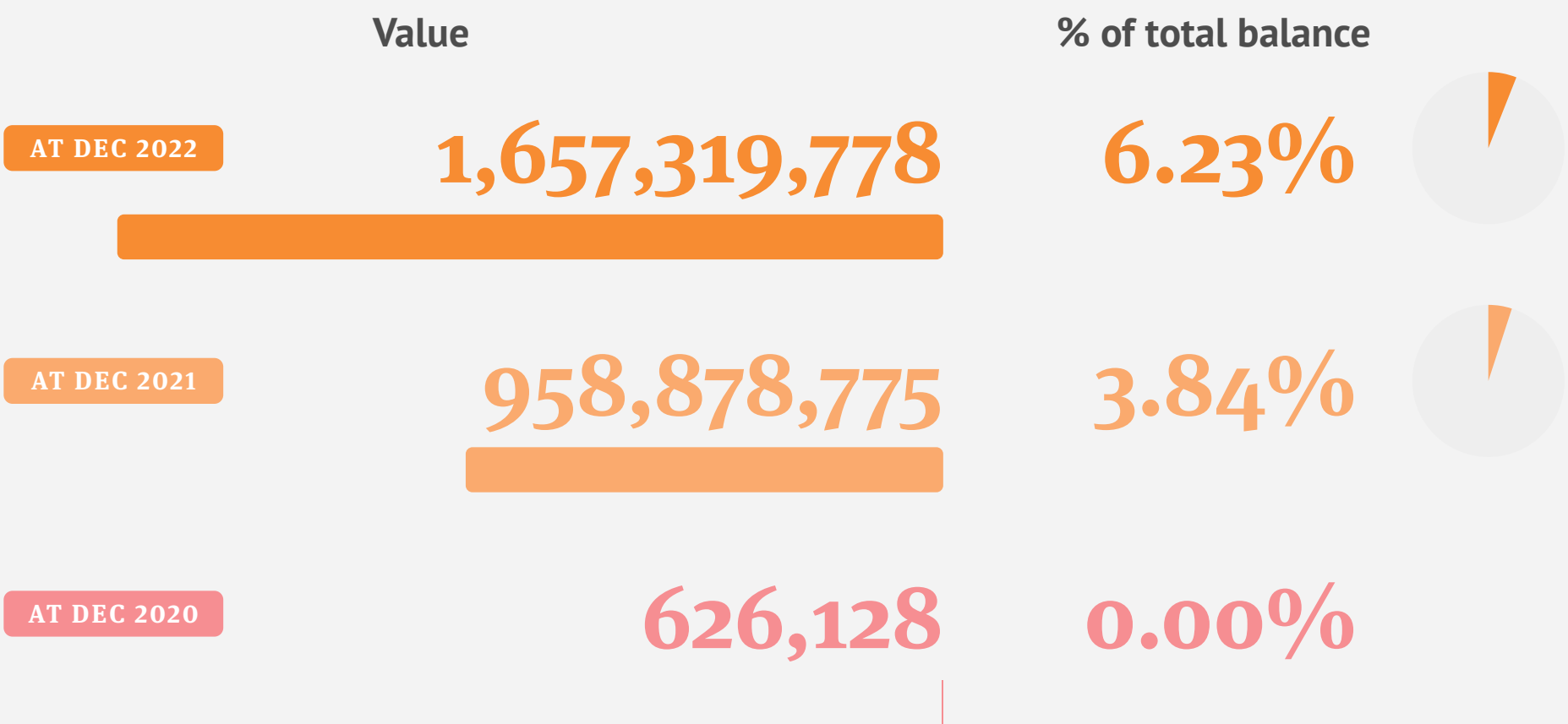
Green loan balances granted to individuals



The value of green mortgage loans granted RFL



Green mortgage balances granted to individuals





# Sustainable financing through BT subsidiaries

Banca Transilvania's range of sustainable products and services is complemented by the activity of its subsidiaries.



## Victoriabank

Victoriabank's financing is regulated internally by the Legal Entities Lending Policy. The purpose of the Policy is to establish a long-term partnership with the community by making investments that benefit both the company and the community as a whole. It is important for the bank to identify whether there is an environmental risk in the projects it finances, as high risks can lead to disruption or discontinuation of production, decrease in sales volume, and if the product/project is deemed harmful - additional costs may arise for both the client and the bank.

As part of the BT Group, Victoriabank applies the Group-wide environmental and social risk management system. The bank classifies each project according to the type and location of the project, complexity, size and nature, and degree of the initial environmental impact.

Compliance with applicable environmental and social legislation, together with the use of appropriate environmental and social practices, are important factors in demonstrating responsible business management.

In this regard, the Bank continues its efforts to integrate environmental and social risk assessment into its risk analysis processes, mainly by strictly funding activities that comply with national environmental, health, and safety laws and regulations.

The Bank also finances clients from EBRD resources, so there are contractual commitments to align with EBRD requirements, including those related to sustainability. At the same time, several areas of activity are excluded from lending under the contractual commitments and the terms and conditions of financing.

In December 2021, Victoriabank signed a new loan agreement with the EBRD to access a new line of credit through the EU4BUSINESS program for €5 million. A minimum of 70% of this funding will be provided to support green projects.

Victoriabank also lends from its own resources to energy efficiency projects, but as this category of loans is not yet marked in the internal systems, no relevant statistics are currently available.

**Of the total loans provided through the EBRD program amounting to €4.67 million, approximately €2.4 million was provided for projects classified as "transition to a green economy" loan.**



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## Butu-Test-Auto S.R.L.

The company's core activities are transport related and the company provides unlimited possibilities in the customs clearance process, i.e., South Internal Customs Post in direct cooperation with the customs service allowing entry, unloading, and parking of seized goods.

The requested loan was directed towards the development of the company, namely the purchase of a three-phase photovoltaic system, which will allow the company to improve electricity cost efficiency.

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## Treci Company S.R.L.

A company specialized in manufacturing and marketing sleep systems: mattresses, pillows, orthopedic/medical bed bases, quality upholstered beds/ couches, and sleeping systems - following Italian technology. High-quality long-lasting materials are used in the production process.

The loan granted by Victoriabank was aimed at the purchase of equipment to help improve the production process and product quality.

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## Golimp Art S.R.L.

AZART Outlet is a 21 clothing stores network located in Chisinau (10), Balti (2), Calarasi, Cahul, Floresti, Comrat (2), Ungheni, Orhei, Edinet, Causeni, specializing in selling clothing and footwear.

The purpose of the loan was the restoration and upgrading of the real estate - the "Megapolis Mall" shopping and entertainment complex located in Chisinau municipality.

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## Emcom E&ES.R.L.

A company specializing in system design providing expert simulations and calculations for the correct sizing of public street lighting systems, modernization and rehabilitation works of the existing public lighting system, extension works of the public lighting system, and execution of new networks, maintenance of installations to ensure the permanent operation of public lighting, maintenance and the periodic review and intelligent lighting systems.

The requested credit was used for the purchase of new equipment.

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## LEEA TOYS S.R.L.

Furniture manufacturing company, founded in 2019.

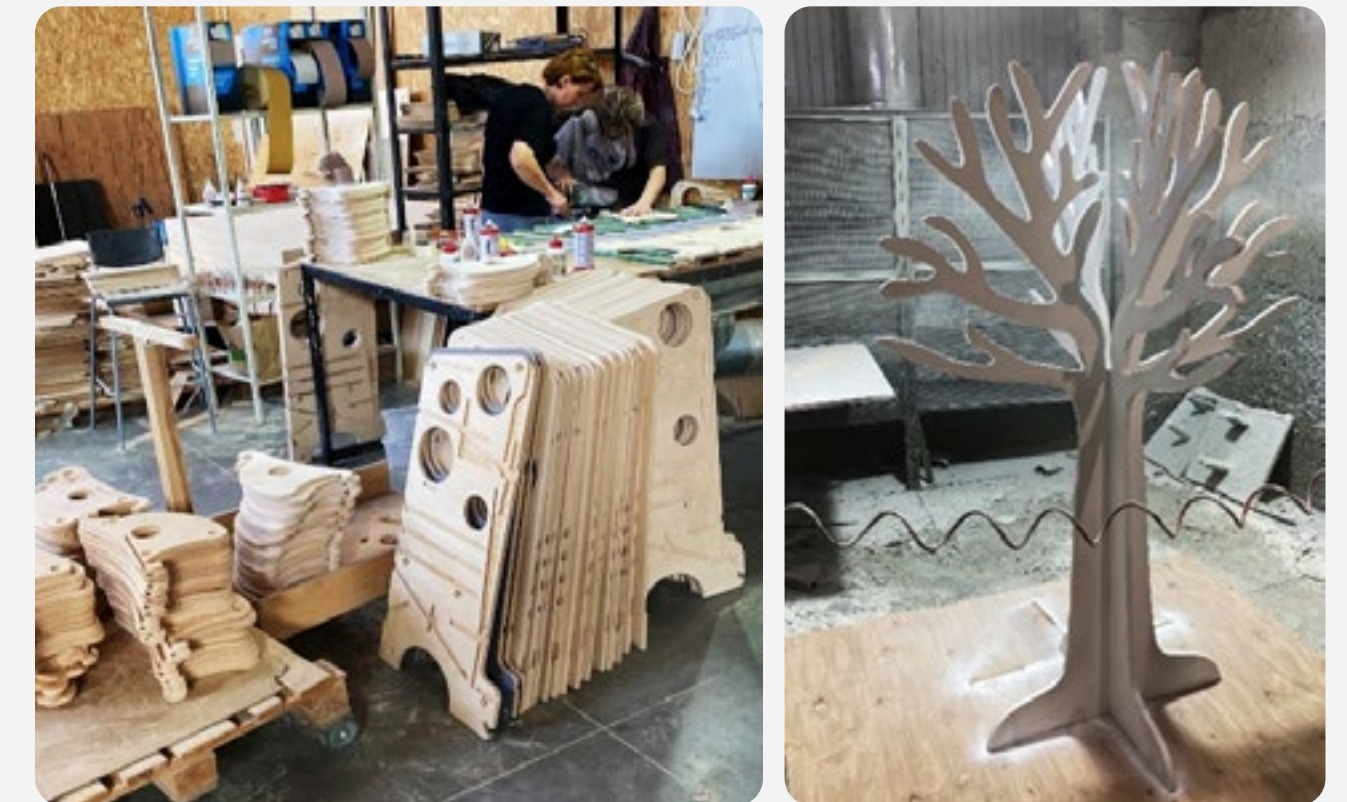
The investment loan was granted for the purchase of painting and drying machinery. The purchased equipment will optimize expenses, automate some production processes and increase sales volume.

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## SUM AGRO SERVICE S.R.L.

A company active in the marketing of veterinary products (feed additives, vitamins, vaccines, etc.), including consultancy services, production of breeding poultry (hens) and hatching eggs (new activity), hatching services for poultry eggs, production and marketing of chicks (1 day old) for meat. The poultry breeding farm is refurbished and equipped according to European standards, including EU Regulation 2019/6 and 2019/4 and Directive 1999/74/EC.

The investment credit was intended to finance renovation work on the farm, the purchase of chickens, and other equipment.





# BT Leasing și Idea::Leasing

Through our subsidiaries BT Leasing and Idea::Leasing, we support green mobility solutions, providing customers with the opportunity to purchase electric or hybrid cars.

Promoting green financing solutions is one of the company's strategic objectives, which is why we have created attractive solutions for our clients, both private and corporate.



<div><div><div><div></div></div><div>BT Leasing®</div></div></div> <div>Total no. of loans on 31.12.2022</div> <div>Value of loans as of 31.12.2022 thounsand RON</div>						
Client type	Total auto	of which electric	of which hybrid	Total auto	of which electric	of which hybrid
Private individual clients	413	55	134	26,850	5,416	11,220
Micro Business Clients	10,617	300	1,259	712,401	32,547	126,770
SME Clients	3,223	74	366	280,330	9,628	47,019
Medium Corporate Clients	1,924	44	233	253,526	6,802	42,533
Large Corporate Clients	233	4	28	82,340	1,743	3,657
Total	16,410	477	2,020	1,355,447	56,136	231,199

<div><div><div><div></div></div><div>Idea::Leasing</div></div></div> <div>Total no. of loans on 31.12.2022</div> <div>Value of loans as of 31.12.2022 thounsand RON</div>						
Client type	Total auto	of which electric	of which hybrid	Total auto	of which electric	din care auto hibride
Micro Business Clients	11,221	80	631	514,780	7,452	52,558
SME Clients	6,490	61	369	398,066	6,204	39,927
Medium Corporate Clients	2,501	45	145	164,142	3,878	18,670
Large Corporate Clients	566	8	41	52,097	941	7,159
Total	20,778	194	1,186	1,129,085	18,475	118,314

Since July 2022, Idea::Leasing has been running a campaign targeting new and used electric cars, a campaign providing certain more attractive financing terms for such cars.

Note: the values above include all contracts, with or without assignment of claims to Idea::Bank

# BT Mic

Through its business model, BT Mic directly generates a positive impact by providing access to financial services and products to small businesses of all forms of organization: authorized private individuals, sole proprietorships, self-employed professionals, individual agricultural producers, and associations/foundations.

Starting in 2021, BT Mic continued financing education in 2022 through the dedicated product for private schools and kindergartens, aiming to facilitate access to finance for a category that is not normally eligible for funding and has not been included in recent state aid schemes.

## Total number of loans granted up to 31 December 2022

Client type	Total no. of loans on 31.12.2022	Total number of environmental and social opinions and exclusions	% of total corporate clients	Number of low-risk loans	Number of moderate-risk loans	Number of high-risk loans
Micro Business Clients	17,749	17,749	96%	14,553	3,028	168

## Total number of loans granted in 2022

Client type	Total no. of loans granted in 2022	Total number of environmental and social opinions and exclusions	% of total corporate clients	Number of low-risk loans	Number of moderate-risk loans	Number of high-risk loans
Micro Business Clients	6,775	6,775	100%	5,417	1,303	55

Further measures to support entrepreneurs:

**The initiative is guaranteed by the EIF. Some 230 schools and kindergartens have been funded since the product was launched (up from 120 in 2021), which has helped improve educational facilities for over 13,500 children.**

## What would you do with an extra hour?

*Tu ce ai face cu o oră în plus?*

BT Mic loan promotion campaign using the Raul chatbot, encouraging small businesses to apply online for BT Mic funding solutions. Raul introduced new functionality and clients were able to get in touch with fellow BT Mic consultants who could provide guidance, and advice on BT Mic finance solutions, leading up to the actual application for a BT Mic loan.

## Grow with BT Mic

BT Mic promotional campaign featuring the business stories of 10 clients.





# Access to financial services, inclusion, and financial education



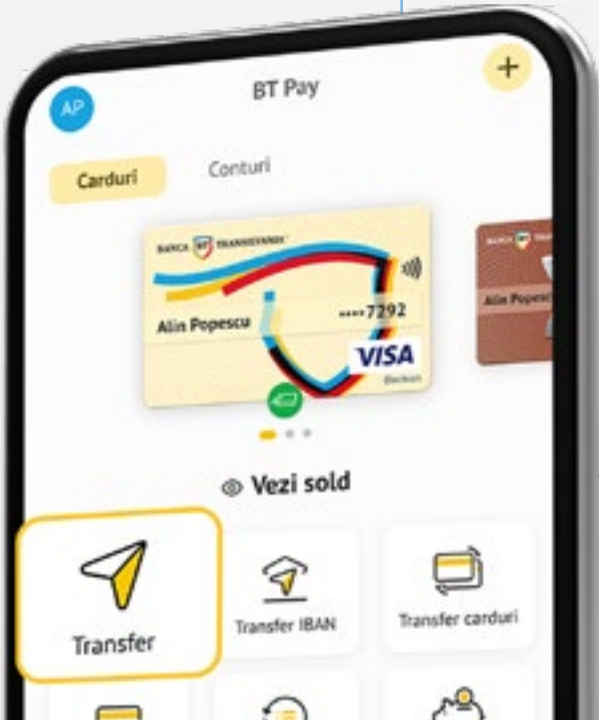


**Inclusion and access to financial products and services are key to the sustainable growth of a community. They contribute to poverty and inequality reduction, business development, job creation, and financial innovation.**

The bank provides its customers with a range of solutions that support Romanian individuals or entrepreneurs, regardless of their location, income level or size of business, facilitating access to financial products and services including people in unbanked areas, such as:

- enrolling as a customer of the bank and obtaining a current account and a debit card online, with delivery of the card by courier to the address provided by the customer; access to the requested card digitally, instantly, free of charge, by adding it to the BT Pay mobile app
- obtaining a cash reserve in the form of an Overdraft or online credit card from the BT Pay app in about 5 minutes
- request a debit card or virtual card from the BT Pay app, with delivery of the card to the address provided by the customer in the case of standard debit cards

- managing cards from the BT Pay app, from viewing the balance, transaction history and charges to setting transaction limits, blocking the card and reissuing it
- access to BT accounts, utility bill payments directly from the BT Pay app
- BT POS App solution, allowing contactless card payments to be accepted directly on the merchant's or employee's Android phone



In 2022, 48% of rural BT customers had BT cards in their BT wallet (BT Pay) or BT-integrated wallets (Apple Pay, Google Pay, Fitbit Pay, Garmin Pay), while in 2021 the share was 31.3%.

In 2022, 12% of BT customers with cards in BT Wallet (BT Pay) or BT-integrated wallets (Apple Pay, Google Pay, Fitbit Pay, Garmin Pay) are rural.

Access points in economically underdeveloped or less populated areas	2020	2021	2022
Number of ATMs	5.1%	5.4%	5.8%
Number of POSs	6%	7%	8.4%
Cards	15%	15%	15%



As part of the solutions offered by BT for selected client categories, young people can choose a youth card with specific dedicated benefits.

- » Thus, with the BT-Omnipass card, they benefit from the free opening of a current account and issuing of the card, free travel insurance abroad, discounts under the Omnipass program. Criteria taken into account when granting the product: customers must be between 14 and 30 years old.

At the same time, according to the legislation, individuals who do not have an account with BT or another bank, and who have an income of less than 4,074 lei gross per month, can apply for a basic services payment account in lei for financially vulnerable people.

**At the same time, BT Direct counts 42% of its cardholders in rural areas.**

**BT Direct card clients are included in an educational process on the use of the card in the month following the issuance of the product.**

**Customers are contacted by phone and are presented with the features and how to use the product based on an educational script.**

**After the start of the war, in order to support and adapt Ukrainian refugees in our country, we quickly took a series of measures to help them:**

- a dedicated line in the call centre
- donation campaigns through BT Pay
- action to support refugee students
- facilitating access to financial products (current account, debit card) for refugees who have decided to stay in Romania for a longer period of time



# First-year free account for start-ups (CPAG)

For start-up entrepreneurs, we have designed a comprehensive package that includes a Visa Business Silver debit card, Internet&Mobile banking, a current account, and unlimited transactions in lei and foreign currency, all free of charge. After one year of use, customers automatically benefit from the Unlimited Current Account package, which provides them with cost savings and greater ease of banking.

In addition, we offer the same facilities for non-profit associations, plus 25 free interbank transactions.

Number of new CPAG accounts	2020	2021	2022
	33,607	45,804	53,561

# Inclusion and access to services through BT Mic

BT Mic aims to complement BT Group's financial ecosystem by providing funding to the smallest businesses in the market, businesses that in most cases do not have access to finance.

Thus, BT Mic offers financing both for starting entrepreneurs (start-ups operating for only 3 months) and for small companies with an annual turnover of up to 1 million lei.

Through BT Mic, we finance businesses of any form of organization, beyond the classic commercial company, i.e., authorized private individuals, sole proprietorships, self-employed professionals, individual agricultural producers, and associations/foundations.

Our typical client is usually a family business, often merging the family unit with the economic unit.

The purpose of the loans granted by BT Mic is as diverse as possible: from the support and development of day-to-day business, purchase of goods, payment of suppliers to invest in workplaces and/or opening of new ones, purchase of machinery, and equipment.

To support access to finance for micro-enterprises and start-ups, BT Mic has played an extremely important role, with the following developments in 2022:

» **6,750 loans granted amounting to > RON 430 million**

» **24% increase in outstanding loans and a 15% increase in the number of current clients**

BT Mic Financing	31.12.2020	31.12.2021	31.12.2022
No. of clients financed from start to date:	22,240	17,607	13,598
No. of loans granted from start to date:	30,237	23,460	17,705
Amount granted from start to date: <i>thousand RON</i>	1,705,604	1,274,113	922,418

For about 4 years, BT Mic offered European-guaranteed loans through the EaSi program, during which time we provided over 9,000 guaranteed loans. As of October 2022, BT Mic was the first financial institution in Romania to access the InvestEU program, which is the follow-up to the EaSi program. Under this program, BT Mic holds European guarantees to build a portfolio of approximately €100 million for 7,500 small businesses.

**We know that inclusion and diversity contribute to innovation and economic growth, which is why BT Mic supports and encourages the development of female entrepreneurship.**

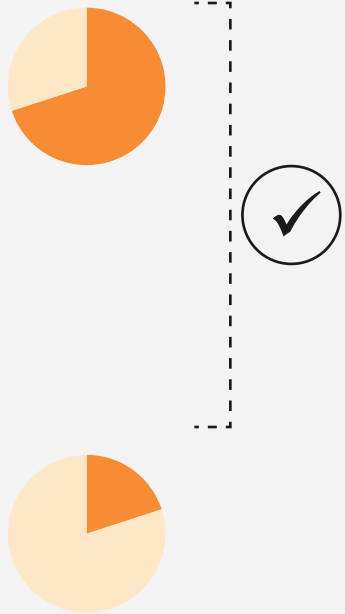
At the end of 2022, BT Mic had around 7,300 loans outstanding to female-owned clients (41.4% of total portfolio), a 14% increase compared to 2021, when their number was 6,400 (41.9% of total portfolio).

### Total loans granted in 2022:



Moreover, BT Mic also continued in 2022 to contribute to a higher level of financial education among entrepreneurs:

- is the primary lender for approximately 75% of the credited clients (based on the total number of BT Mic clients on 31 December 2022), which is equal to the proportion in 2021
- approximately 20% of the loan portfolio is represented by loans granted to start-ups in Romania (companies with less than 12 months of economic activity at the time of financing)







Stup<sup>7</sup> is a physical one-stop shop dedicated to supporting the entrepreneurial community. Under the umbrella of #sefacelastup, BT&BT Mic have created the infrastructure to connect entrepreneurs with service and product providers to start, run or manage a business. Stup also hosts events for entrepreneurs and future entrepreneurs, organized by both BT and partners of this initiative. It is dedicated to all entrepreneurs, regardless of the bank they are a customer of, there is no membership fee to use Stup's resources, free advice is offered and the products and services of the partners we collaborate with are priced with discounts.

Stup is:

- the first one-stop-shop concept for entrepreneurs in the country
- physical (2.500 m<sup>2</sup>) & virtual (btstup.ro<sup>7</sup>) space that brings together most of the products and services an entrepreneur needs: business solutions, financing solutions, banking solutions, events&networking

Stup addresses any entrepreneur/ future entrepreneur, whether they are a BT customer or not. Those who use the STUP platform receive free advice and pay NO membership fee, and the products and services of the partners we work with are discounted.

#### Business solutions -----

- 20 partners with different business products & services
- company set-up, digital invoicing solutions, accounting solutions, digital marketing consultancy, online shop solutions,

marketplace integration solutions, legal consultancy, EU funds consultancy, etc.

#### Financing solutions -----

- small business financing hub; part of Stup is the BT Mic Bucharest team, which specialized in financing start-ups and small businesses, currently serving around 3,000 entrepreneurs

#### Banking solutions -----

- the first BT agency exclusively dedicated to entrepreneurs, with a servicing model based on advice and accommodation with digital banking tools

#### Events & networking -----

- framework for organizing several types of events for entrepreneurs (learning sessions, networking, information on entrepreneurial news, etc.)

#### In 2022, at Stup:

63 events  
were held with  
2,043 participants

6,567 accounts  
were opened on the  
btstup.ro platform

244 business solutions  
were accessed

4,500 entrepreneurs  
came to Stup



# Financial education

Promoting financial education is one of the ways we aim to increase our positive social impact. Within our organization, we believe that investing in the financial education of the employees, partners, and clients we interact with regularly can be an effective means of achieving this goal.

Within the Bank, the main projects we support in this regard are:

## *BT Club - The Romanian Entrepreneur's Club*

Founded by Banca Transilvania in 2006, is the first initiative addressed to entrepreneurs, to offer continuous and free services and access to relevant information in an interactive environment, both through training and seminars and virtually via the Internet.

The Club operates in the business environment by providing consultancy and regular information, entrepreneurial education, and networking tools, as well as support in accessing European funds, aiming to contribute to the sustainable development of business actively and effectively throughout the country and to always be the first choice for the entrepreneurial community in Romania.



In 2022, a total of **1,661 people** attended the **18 BT Club events** (both online and in-person).

The club is active through:

- free training programs
- free consultancy services
- financial-banking seminars
- conferences and courses that respond to the real needs of entrepreneurs
- encouraging partnerships within the Club





## From numbers to money

BT Club, in partnership with Eusebiu Burcaș, has launched FROM NUMBERS TO MONEY - a financial education program for entrepreneurs, dedicated to those who want to better understand business finance and the levers available to them to increase business profitability in the medium and long term.

The program addresses entrepreneurs with at least 6-12 months of experience, with a turnover of more than €50,000, a minimum of 2 employees, working in one of the following sectors: services, construction, HoReCa/Tourism, e-commerce, IT, medical practices and those looking to learn how to better run and grow their business.

The program consisted of **12 weekly in-person meetings** with **Eusebiu Burcaș**, from October 19, 2022, to January 25, 2023, at the BT headquarters in Cluj-Napoca, for two and a half hours, during which the following topics were discussed:

1. Financial principles - your business model
2. The 3 P&L tools
3. Cashflow - the money control tool
4. Sources of finance and debt management
5. How to manage stocks
6. Key financial indicators
7. Financial dashboard
8. Pricing policies
9. Profit First - principles and operating procedures
10. Profit First in practice
11. Marketing - the secret weapon
12. Sales plan

## Întreb BT

Ask BT

Întreb BT is Banca Transilvania's largest online financial education program with over 1,800 banking questions and answers.

Moreover, if the information you are looking for is not available, you can submit a question and our colleagues will answer it shortly.



In 2022, the Întreb BT platform was visited by over 4 million people, +11% compared to 2021.

The number of visits increased by almost 30%.



## Financial education programs supported by BTFG subsidiaries

BT Capital Partners

### *Made in Romania 2022*

5 companies for the growth of the Romanian economy and their success stories, the flagship program of the Bucharest Stock Exchange (BVB) for Romanian companies. The platform is dedicated to investors, consultants, and, in particular, companies with growth prospects, who want to attract financing from investors or who are in the process of preparing a private placement on the AeRO or Main Market. The media content made available by consultants through the platform supports companies in implementing best practices and preparing their businesses for the next level of growth.



Beneficiaries: +1,000 companies nominated, >€50m funding for participating companies that subsequently entered the capital market

partner: BVB

Idea::Bank

### *Financial education – an investment for the future*

In 2022, we joined the project initiated by the Association for the Promotion of Performance in Education (APPE) for the school year 2022-2023.

The project's main objectives were:

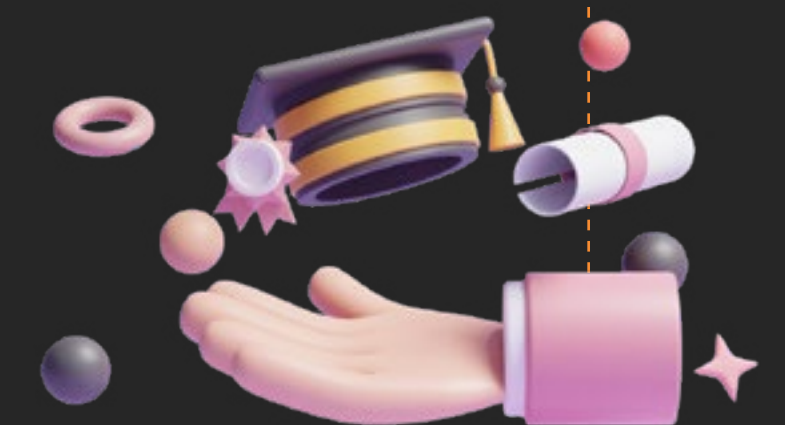
- promoting the concept of financial education for children, with activities involving the parent-child-teacher triad;
- ensuring personal financial stability by developing individual credit and consumer protection skills;
- instilling respect in children for work and money.

The aim of the project was to:

- increase the involvement of teachers, children, and their parents in financial education activities and better knowledge of Romanian cultural particularities;
- gain a complete picture of how money is perceived, spent, saved, borrowed, and invested in today's society while acquiring money management skills;
- ensure personal financial stability by developing individual credit and consumer protection skills.



Beneficiaries: 30,000 preschool children, pupils, and their teachers





## Global Money Week (GMW)

In 2022, we joined GMW, International Financial Literacy Week, an annual event designed to raise awareness of the issues related to the lack of financial education, financial awareness, and financial inclusion of young people and children.

To mark the occasion, on March 23rd, the Victoriabank Head Office opened its doors wide, welcoming over 40 students from the "Ion Creanga" Theoretical High School in Chisinau in a relaxed atmosphere. During the educational meeting, the children took a tour of the bank's head office and Chisinau Branch No. 3, the largest branch of the bank. The bank's management team pleasantly surprised the youngsters by taking on the role of trainers.

## Zoom in Banking

Now in its third year, the *Zoom in Banking* program continues to offer students educational and employment opportunities. The theme of this edition was "Zoom in Banking | Internships with remuneration" and had 4 bank employees as lecturers.

The program includes a training part where professionals share useful information from the financial-banking sector, as well as practical internships with remuneration, where participants are familiarized with the daily processes of the bank. After the practical part, the participants then have the opportunity to be employed.

*partners: European Business Association (EBA) together with the Academy of Economic Studies of Moldova, the State University of Moldova, and the Technical University of Moldova*

## The money trail

The financial education event addressed pupils and students interested in finance and the benefits of being financially literate in the modern world.

The meeting discussed topics on money and safeguards, cards, digital wallets, and credit. The students were impressed by the variety of foreign currency notes, the money counting and checking machine, and at the end, they got to discover what is inside an #ATM, all of which were presented by the bank's specialists.

*partners: National Bank of Moldova*

# Digitalization

**Digitalization is a key element in the banking sector in the context of sustainable development, as it can help promote financial inclusion, reduce the carbon footprint of banking operations, and facilitate the transition to a low-carbon economy.**

One of the main ways in which digitalization contributes to financial inclusion is by making banking services more accessible to people who may not normally have access to traditional banking channels.

Digital banking platforms can be accessed via mobile phones or the Internet, meaning that people in rural areas or those who cannot physically go to a bank branch can still access financial services.

This can help promote responsible economic growth and poverty reduction, both important components of sustainable development.

In addition to promoting financial inclusion, digitalization can also help reduce the carbon footprint of banking operations. Replacing paper-based processes and migrating to digital transactions significantly reduces the amount of paper used and energy consumed.

In addition, digital platforms can enable customers to access their banking services remotely, reducing the need to physically travel and further lowering the carbon footprint of banking.

In 2022:

We took the first steps towards **building the first 100% digital bank in Romania**, around Idea::Bank, part of BT Group, acquired in 2021.

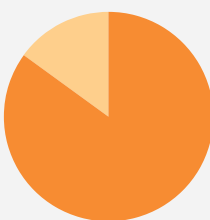
Idea::Bank is operating as of June 14, 2022, as a cashless bank and aims at a complete digital transformation process, so that it will be the first fully digital bank "made in Romania", without banking units, thus offering clients digital-only banking services.

BT Group's technology company, **Code Crafters**, was launched to increase its own IT solutions development capacity.





At the same time, the accelerated digitalization process continued in 2022, with significant increases in the use of the remote banking solutions we provide to our customers:



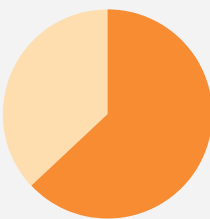
**>3.3 million unique digitized customers**, +22% compared to 2021, representing **85%** of the active customers base

**+32,5%** number of transactions made with the BT cards (2022 vs. 2021)

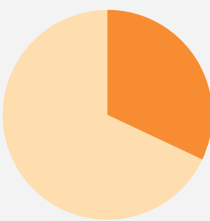
**payments by phone doubled** compared to 2021

**2,8 million unique cards** are enrolled in

- » BT Pay
- » Apple Pay
- » Google Pay
- » Fitbit Pay
- » Garmin Pay wallets



**63%** more interactions in the BT Visual Help app, by exposing the customer to the visual call centre and strengthening it throughout 2022 - accelerating the transition from the traditional call centre to digital self-service channels



transaction volumes via Internet Banking and Mobile Banking grew by **32%** as compared to 2021



## BT Pay

Launched in January 2018 as the first wallet in Romania and Southeast Europe to allow contactless payments via Visa Token Service smart payment technology, BT Pay saw a multitude of new features added, becoming the first banking and payments super-app in Romania.

The BT Pay app facilitates access to BT financial products and services, and contributes to behavioural change and trendsetting, to financial inclusion and to increasing the adoption of online banking.

BT Pay helps us encourage and support fundraising through the dedicated in-app functionality, BT Pay - Donations component, where users can donate to their favourite causes. These transfers are free of charge and users can choose to support non-governmental organizations from a predefined list or any other organization.

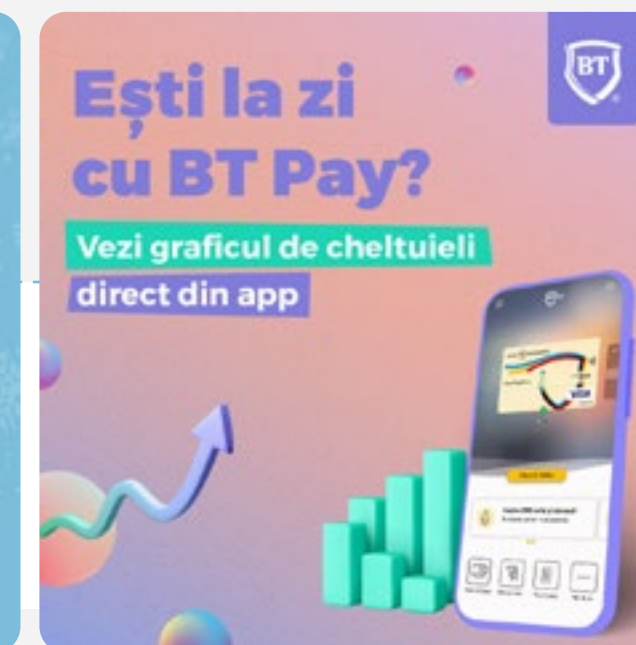
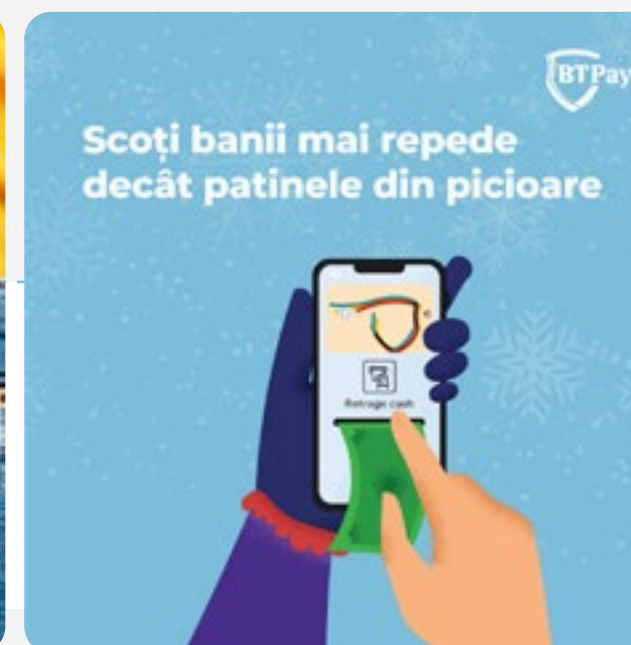
### Novelties in 2022:

- **Increasing credit on your card:** after completing the online steps, in about 10 minutes, the money is available immediately. The loan amount is up to Ron 50,000, depending on product and eligibility conditions. The increase can be made on one of the following cards: STAR Forte/ Forte Medici, Star Gold/Gold BT-Rotary, BT Flying Blue Classic, and Premium.
- **Savings with Round-Up:** the amount spent is rounded up to 1, 5, or 10 Ron and is automatically transferred to a separate savings account, which earns 5.25%/year interest. If the round-up threshold is 10 Ron, for a payment of 3.5 Ron, the round-up is 6.5 Ron, which is automatically transferred to the Round-Up savings account.

- **Adding BT current accounts, regardless of currency:** clients can consult their balances and transaction history for the last 30 days. They can also transfer money (Ron) to their own accounts or other individuals and set up recurring payments.
- The new authentication/enrolment process in BT Pay has been updated in line with the requirements for online user identification and the security standards in the application have been improved.
- Extension of BT Pay accessibility to Huawei phones.
- 100% online overdraft from BT Pay.
- Possibility to purchase RCA from BT Pay (beta version).
- Debit card issuing and reissuing for individuals from BT Pay 100% online.
- Wellbeing and health campaigns in BT Pay.

### Integrated wallets

- **Apple Pay** – in June 2019, when Apple Pay entered the Romanian market, BT was among the first banks in Romania to facilitate the addition of BT cards to the Apple Pay wallet, thus offering iPhone and Apple Watch customers the option to pay with their phone using NFC technology.
- **Garmin Pay și Fitbit Pay** – contactless payment options via smartwatch, which marked a first in Romania: the possibility to shop with compatible Garmin and Fitbit smartwatches by adding BT cards in the related apps. By adding the cards to one of the compatible Fitbit and Garmin gadgets, customers have an easy, handy way to shop.
- **Google Pay** – is another option for Android phone payments and ATM withdrawals, offered to customers alongside the bank's payment solution, BT Pay, launched in 2020, which complements the range of contactless alternative payments in the portfolio.

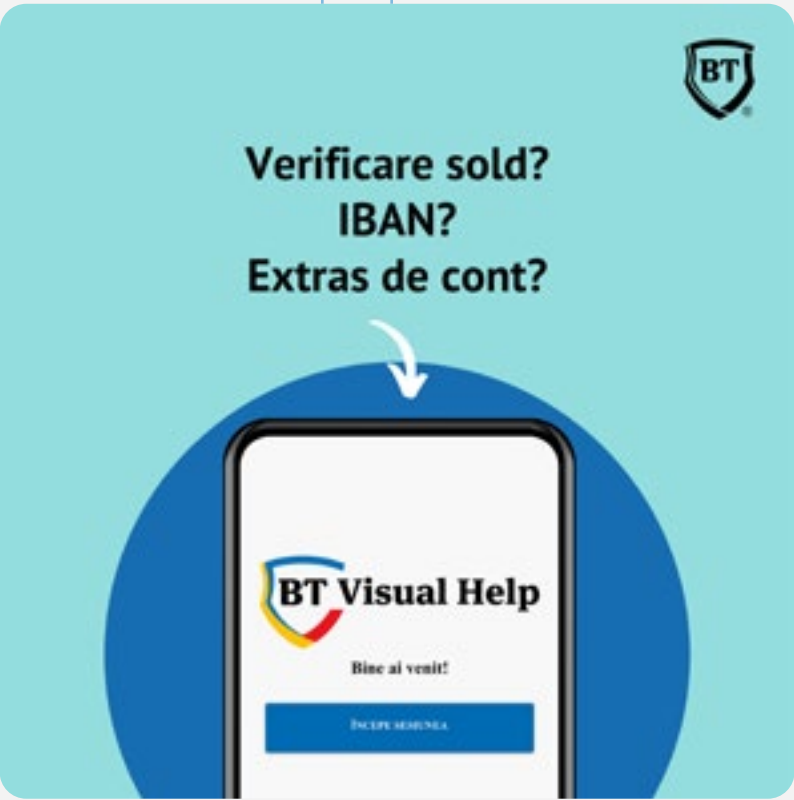




# BT Visual Help

The digital platform provides customers with account, transaction, and card information. To access the service, clients need to follow two simple steps, contacting a dedicated number by phone and then accessing the link received by text message. Once logged in, customers can block their cards and change their transaction limits, check balances or transaction details, credit card payment obligations, or request statements.

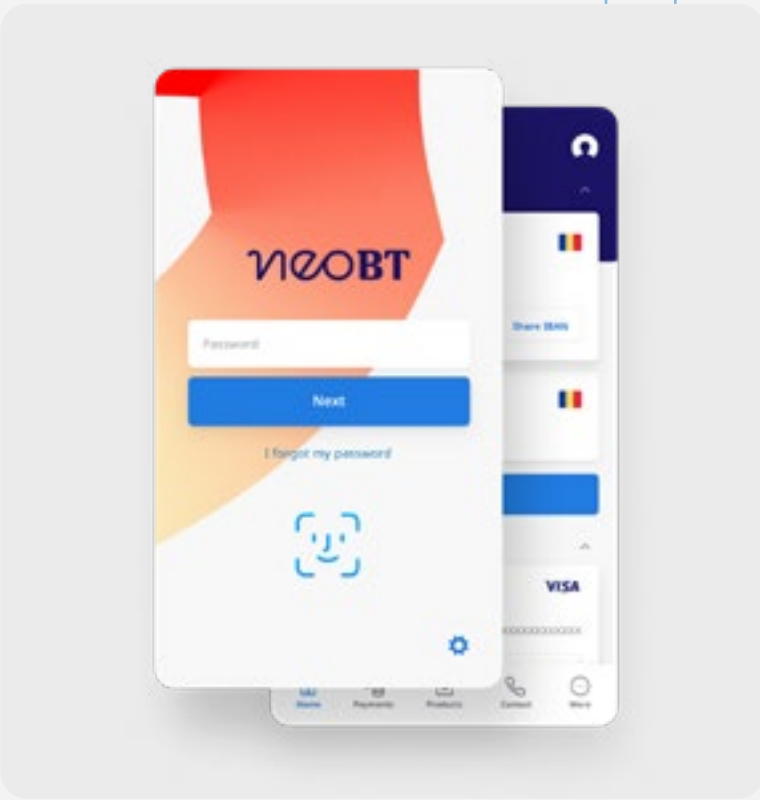
From 2022, people who contact the Call Center team of Banca Transilvania by phone also have the option of Visual Call Center, an interactive menu through which they can select how to get the information they need: self-service BTVisual Help, chatbot or entering into dialogue with a consultant (voice or chat).



# NeoBT

NeoBT is the internet and mobile banking platform where customers can quickly access account and transaction information. Through NEO Control, customers can view details of their personal accounts with fintech or banks operating in Romania.

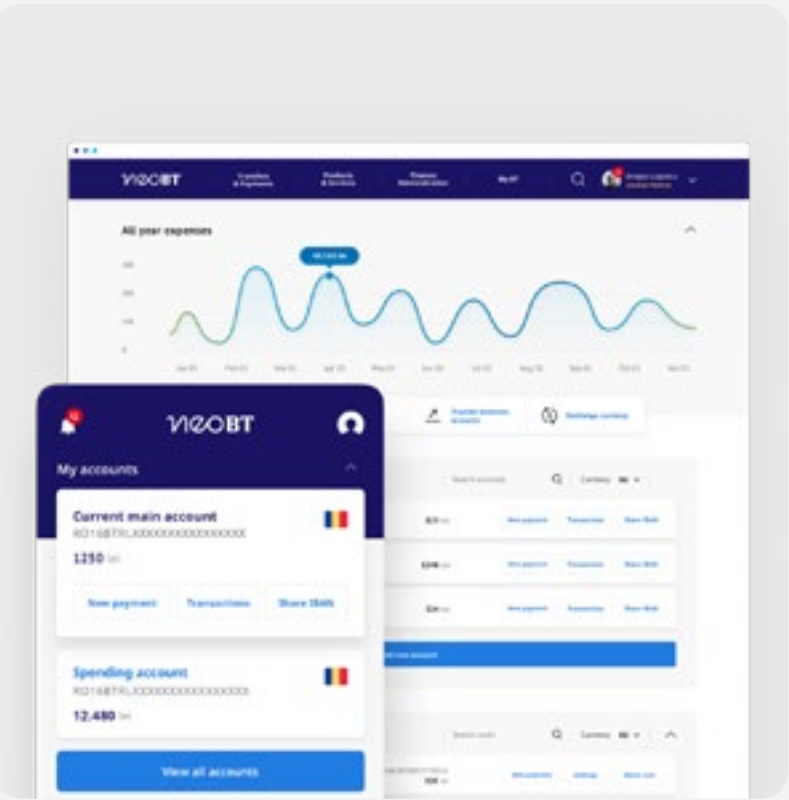
Thus, Banca Transilvania marked a first in Romania, NEO Control is a multi-banking service based on interconnection using the BT Open Banking platform.



# NeoCont

For those who do not have an account with BT and want to become a customer, the Bank has launched NEOcont, the option to open a current account 100% remotely. NEOcont is a very easy gateway to the rest of BT's products and services for individual customers.

Opening an account requires a video call with one of the bank's representatives, and within 10 minutes, customers can have an account with us: the physical card is sent by courier, and the digital card can be added and used in the BT Pay app on the spot.



# BTePOS

BTePOS.ro is an online hub of electronic payment acceptance products, a platform through which merchants can order everything they need to offer their customers the option to pay by card, phone, or online, with customized solutions according to industries.

New features include the BT POS App solution, which allows contactless card payments to be accepted directly on the merchant's or employee's Android phone.

Helping to make payment by card, phone, or other payment devices more accessible, even in unbanked areas, as well as reducing plastic, it is a mobile app solution installed on merchants' phones, no additional devices, cables, or other equipment are

needed, phone or other Android OS device turns into POS whenever and wherever the merchant needs to collect a payment. In addition, this solution also helps save paper, as the receipt is issued electronically, sent via email in .pdf format.





# Digitalization for businesses

In 2022, 7,153 new customers opened their business current account 100% online, a substantial increase from 2,042 accounts opened in 2021. At the same time, 2,218 corporate customers set up or changed their Unlimited package online, and another 927 customers updated their data. 2,200 contracts were signed electronically, and the Loan Origination Platform was used for 900 simulations and 100 loans granted. 790,000 documents were sent in 2022 via Fileshare, the secure document transfer solution between clients and the bank.

## APIA online credit

In 2022, Banca Transilvania launched the option to apply online for the APIA loan granted to BT customers receiving subsidies, directly on the BT website. This complements the bank's subsidy-based loan offer, alongside its other loans for farmers.

Depending on the customer's choice, the entire credit flow - including receipt of APIA statements and signing of the credit contract - can be done online without having to go to the bank.

The APIA loan is an advance loan, which secures the money needed for current farm payments until the APIA subsidy is received and is granted for up to 90% of the amount a BT customer is to receive.





# BT chatbots

## Livia

Livia is a chatbot dedicated to private individuals that communicates with customers via Facebook, Skype, and phone. It was born in 2017 and is the first chatbot in bank communication in Romania. Developed in partnership with Microsoft, Livia helps customers with information about money in their account, BT products, and services, IBAN, rates, interest, fees, garnishments, etc.

## Raul Intern

helping colleagues by filling in the most used forms (credit applications, CRC agreement, GSM resolution model, early repayment request, loan subordination statement), and providing information about the customer's company and BT's internal products. Among others, Raul SME also includes an FAQ section that provides colleagues with answers in different categories such as loans, operations, business issues, and workflows.

## Ino

Available on the BT website for private individual customers and implemented in less than 3 days, from April to May 2020 Ino helped customers affected by the pandemic with information about deferring loan rates: from application status to the steps needed to apply.

## Aida

Born in 2019, the chatbot is BT's employee assistant on HR topics. Aida helps employees with information, requests, and documents in the HR area. In 2022, Aida sent over 4.4 million messages to 11,093 unique users.

## David

Launched in June 2020, David is an assistant to the BT helpdesk operations team and helps colleagues to clarify situations that may arise with the use of applications and systems, generates reports, and calculates interests, making ultra-fast diverse verifications.

## Raul SME dedicated to clients

It is a chatbot available to entrepreneurs, launched in July 2019. It provides round-the-clock information about the accounts, products, and services your business has with BT.

What information can Raul provide?

- » IBAN of their current account in RON or other currencies
- » Balance of their current account in RON or other currencies
- » Payment amounts on credit card loans
- » Details about installments, interest, credit fees, garnishments, exchange rates
- » Details on your loan from BT Mic (installment due dates, arrears, payment amounts)
- » Information on payment instruments (CEC, BO, bills of exchange, and ORN)
- » Requesting payment instruments (CEC, BO, bills of exchange, and ORN)



- » Number of loyalty points earned on their STAR shopping card
- » Details about the Unlimited package in the BT network and its extra option
- » Information about the grant program
- » Grant account(s) balance
- » IBAN of the grant account(s)
- » Update account details
- » List of ATMs

At the end of 2022, 10,260 unique users were registered and over 870,700 messages were sent to corporate customers.

# Digital solutions offered by BTFG subsidiaries

## VB24

VB24 is Victoriabank's online and mobile banking platform that allows customers to remotely manage their accounts and payments and make purchases and transfers from anywhere in the world at any time. At the same time, VB24BUSINESS, the platform for business customers, offers two types of access: informational - the user has access to the balance, transaction history, account status, and the possibility to generate electronic statements and transactional - the user can perform online operations (payments, conversions, etc.).

The number of remote banking users increased, with web banking growing by 23.2% and mobile banking by 42.9%. The total number of transactions increased overall by 12.9%, as follows:

- » by 13.4% for private individuals
- » by 11.4% for corporate customers

### New services/products in 2022:

- VB Notifications via Telegram
- Cash by Barcode (cash-in) - VB 24 WEB/Mobile
- Send to Friend - VB 24 WEB/Mobile
- KYC online update on the site
- STAR Card in E-commerce (Acquiring)
- ApplePay Wallet
- Xiaomi Pay Wallet
- Google Pay Wallet
- Push notifications service - VB 24 WEB/Mobile
- Digital Onboarding
- Top UP service (money funding) - VB 24 WEB/Mobile
- Expansion of the range of products issued through VB 24 (Salut card), including the option of courier delivery - VB 24 WEB/Mobile
- SMS on card expiry (for customers with valid SI number)
- Cash-out RON
- Cash-in RON

## Ideea::Leasing

Idea::Leasing provided the following online facilities to customers in 2022:

- an online calculator and the option to submit a financing request, on the [Idea::Leasing](#) website;
- **partner interface** – a replica of the Simple-Offer app, where credit brokers, by username and password and based on the active brokerage contract, can access the interface to draw up financing offers, obtain a financing pre-approval, upload the necessary documents and send them to Idea::Leasing for processing;
- **stock interface** – a satellite of the Simple system that provides financing partners with an approved stock financing line and the option to enter stock financing requests along with related documents to automatically reach Idea::Leasing for processing;
- **My Client** – the interface for customers with at least one activated contract where they can perform the following actions using their username and password: download invoices related to a financing contract, consult their balance, view their payment schedules, make new financing requests and enter the lead mechanism mentioned in the website section, withdraw or activate their GDPR consent, download their permission to exit the country, if invoiced debts are overdue, download a copy of the vehicle identity card, receive an informative calculation for an early capital repayment, download standard forms for transferring amounts from Idea::Leasing to Idea Insurance Broker or other requests.

In addition, Idea::Leasing offers its customers the facility to electronically sign leasing/ credit contracts using a qualified electronic signature.





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## Idea::Bank

Idea::Bank became a cashless bank in June 2022. This means that its customers can pay their installments via the Internet Banking app (Digital Edge).

The number of Internet Banking users decreased from 24,331 to 18,318 as part of the sale of the customer portfolio in June 2022 to Banca Transilvania. Idea::Bank owns chatbots used to update customer data.

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## BT Leasing MD

BT Leasing MD customers can request a consultation directly from the company's website as well as fill in the online financing application form. At the same time, there is an increased interest in this type of application compared to previous years.

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## BT Mic

Raul BT Mic is a chatbot designed for potential BT Mic customers, regardless of whether they are BT customers or not, and allows them to apply online for a credit product. In its 2 years of activity:

- >26,000 entrepreneurs sat down for a discussion with Raul on various topics, mostly credit simulations
- >13,000 also chose to apply for financing
- ~1,600 entrepreneurs took out a loan

In 2022, BT Mic added video identification functionality to Raul to meet the needs of potential customers who do not have a current account with Banca Transilvania to apply online for a BT Mic loan.

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## BT Direct

BT Direct cardholders can enroll their card in BT Pay and have access to the app's features: pay by phone, view card details, confirm online payments, view balance, and view last transactions.

At the end of 2022, 12% of the valid BT Direct card portfolio was enrolled in BT Pay.

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## BT Asset Management

Through BT's Internet Banking platform, BT Asset Management customers have the "buy/sell via BT24" option. Thus, 35% of transactions were conducted online, plus recurring Direct Invest transactions, with organic growth correlating with the annual growth in the number of BTAM customers.

Clients can also manage an online account and subscribe to a newsletter with weekly updates on investment developments.

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## BT Capital Partners

BT Capital Partners has its own trading platform, BT TRADE, through which clients can log in with a username and password and have access to their account where they can change/update their personal data, place buy/sell orders, change orders, transfer shares/amounts of money.

Compared to the previous year, there has been an increase in new users, both private individuals and corporate clients.

In 2022, BTCP together with the IT division created an app called EVO-BT TRADE, a mobile version of the BT TRADE platform. The app was launched in early February 2023.

# Awards and affiliations

Across BT Financial Group, we view collaboration as a crucial factor in promoting sustainable growth.

This is why we frequently participate in initiatives that align with the core values and principles on which our organization was founded.

Partnering towards a common goal not only fosters positive outcomes but also strengthens our commitment to sustainability.

Affiliations

The BT Group, through its companies, is a member of the following associations:

Banca Transilvania		
» ACI Romania Financial Markets Association	» Romania Private Equity Association (ROPEA)	» Spherik Accelerator Association
» Romanian Transmedia Audit Bureau Association	» Association of Electronic Payments in Romania (APER0)	» British Romanian Chamber of Commerce
» American Chamber of Commerce in Romania (AmCham)	» HR Management Club Association	» French Chamber of Commerce, Industry, and Agriculture in Romania
» Education Cluster Association C-EDU	» The Aspen Institute Romania	» The Council of Banking Employers in Romania
» Agro-Food-Ind Napoca Cluster Association	» National Association of Exporters and Importers in Romania (ANEIR)	» Women Entrepreneurs' Employers' Association
» Transylvania Creative Industries Cluster Association	» Romanian Investors Relations Association (ARIR)	» Romania Green Building Council (RoGBC)
» Electronic Archive for Security Interests in Movable Property (AEGRM)	» The Romanian Association of Banks (ARB)	» The European Money Market Institute
» Youth Cultural Association	» The Romanian Factoring Association (AFR)	» UNEP-FI: Initiative Principles for Responsible Banking
» Romanian Fintech Association - Pago		
BT Mic	BT Direct	Victoriabank
» Romanian Microfinance Association	» Association of Financial Companies (ALB)	» Moldovan Banks Association (ABM)
» European Microfinance Network (EMN)	» Association of Financial Companies Consumer Credit Council	» Association of Romanian Investors in the Republic of Moldova (AIR)
» Social Finance Alliance		» European Business Association (EBA)
		» The American Chamber of Commerce in Moldova (AmCham)
BT Asset Management	BT Leasing	
» Fund Managers Association (AAF)	» Association of Financial Companies (ALB)	
BT Capital Partners	Improvement Credit Collection	BT Leasing Moldova
» Romanian Brokers Association	» Trade Receivables Management Association (AMCC)	» Association of Romanian Investors in the Republic of Moldova (AIR)
» Oaklins Alliance		» The American Chamber of Commerce in Moldova (AmCham)



# Awards

## Banca Transilvania



Best SME Bank in Central and Eastern Europe Award

Euromoney



Horia Ciorcila, Chairman of the Board of Directors, Banca Transilvania in the "Top 100 Most Admired CEOs in Romania 2022"

Business Magazin



The Strongest Bank in the Romanian Banking System Award

Top-Finmedia Bankers Gala



Award for the most investment loans SME Invest - Trophy of Excellence

National Credit Guarantee Fund for SMEs



Best Employee Efficiency Award

Top-Finmedia Bankers Gala



Best Solvency and Liquidity Indicators Award

Top-Finmedia Bankers Gala



Banca Transilvania, the most traded share on the main market of the BVB

BVB Gala 2022



Sustainability Project of the Year Award 2022

Business Review Awards



2022 Employer of the Year Award

Business Review Awards



Best UX in Remote Lending for the functionality "Overdraft 100% online"

Future Banking 2022 Gala, wall-steet.ro





BT Capital Partners



BT Capital Partners the most active broker on both BVB markets

BVB Gala 2022



Best Securities Brokerage Romania 2022

Best Investment Bank Romania 2022

Best Research House Romania 2022

Best Management Team Romania 2022

Security Brokerage CEO of the Year Romania 2022 - Daniela Secara

Global Banking and Finance Review

Global Banking and Finance Review



Award for Consistency in Supporting Financing by the Ministry of Finance

BVB Awards, Bucharest Stock Exchange

BT Pensii



Best Private Pensions Award

Financial Market Awards Gala 2022

Improvement Credit Collection



First place in Top Business Romania 2022

Chamber of Commerce and Industry of Romania

BT Asset Management



BT Energy named best-performing equity fund

Bucharest Stock Exchange



Fund Manager of the Year Award (Investment Funds category)

Capital Markets Gala, Finmedia

Victoriabank



Honorary Medal "Banking Merit" for Radu Jitaru, Digital Technology Manager of the Digital Excellence Center

Association of Banks of Moldova (ABM)



Honorary diplomas for :

- » Maria Cozaru, Head of Budget, Compensation and Benefits Department, Human Resources Directorate
- » Liviu Nazari, Branch Director
- » Natalia Buran-Pavlova, Branch Director
- » Irina Erezanu, Branch Operations Coordinator

Association of Banks of Moldova (ABM)



Banca Transilvania

...

83/100 score (A-)<sup>↗</sup>

Refinitiv, a London Stock  
Exchange Group company

...

ESG Risk Rating 17, clasified as  
Low Risk<sup>↗</sup>

Sustainalytics

...

Sustainable Cities and Communities  
”Sustainable Development Goal  
Targets Achievement Award”

Intact Media Group

...

Gold Level Recognition for BT  
Sustainability report<sup>↗</sup>

Romania Corporate Sustainability and  
Transparency Index (CST Index)

...

Gold Recognition for three  
community involvement projects

Community Index

...

Long-term rating reaffirmed at BB+

Fitch Ratings

...

”Leadership in climate financing”  
for the contribution to reducing the  
carbon footprint by 607.8 thousand  
tons in 2022 through green finance

IFC

...

Exceptional Development of the  
Acquiring Business in Romania

Visa

...

The best-performing Romanian  
company

Capital

...

Banca Transilvania's headquarters  
received the highest level of  
BREEAM Outstanding certification

BREEAM

Victoriabank

...

Top 5 best employers on the market

delucru.md study

...

Ranking among the best employers  
in Moldova following the vote  
of a community of over 120,000  
employees

undelucram.md.

More information about  
Sustainalytics and Refinitiv  
rating you can read in Annex 3<sup>↗</sup>.

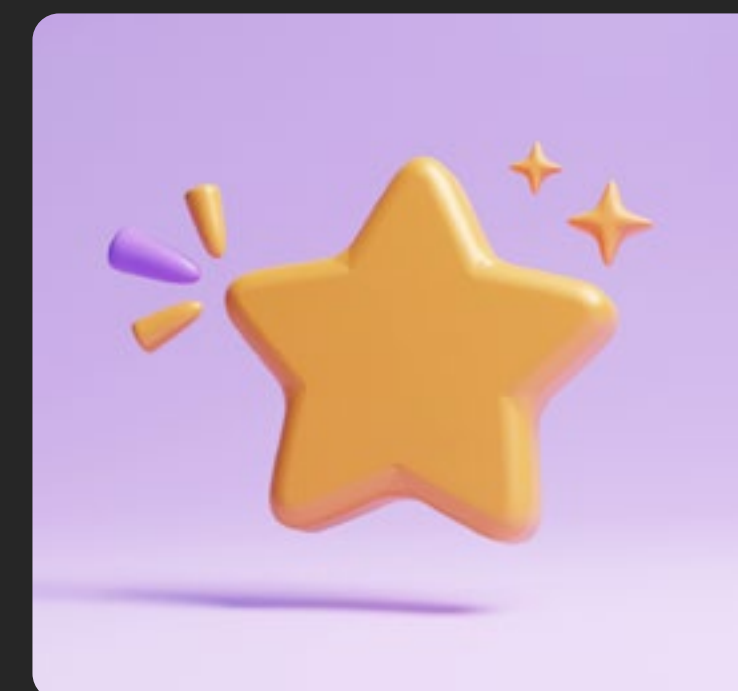
...

The first bank in Romania with ISO9001:2015 quality  
certification for card payment solutions.

...

Banca Transilvania received 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 third consecutive year that BT receives 10  
out of 10 points for communication with one of its most  
important stakeholders.



# Achievements



# Our contribution to community well-being

Our team  
Responsible employer  
Community investment  
Responsible procurement



# Our team

Banca Transilvania Financial Group prides itself on having a team of professionals dedicated to providing the Bank's clients with high-quality services and products.

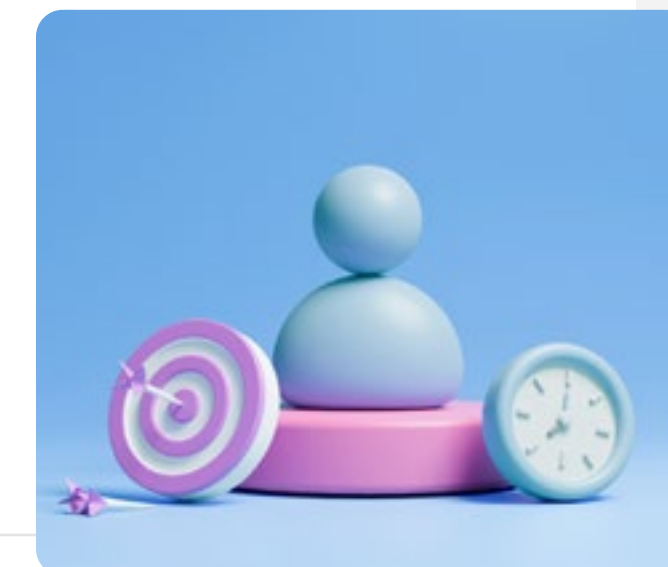
Their commitment and dedication are appreciated and supported through the well-being programs and projects we implement each year.

Transparent, continuous, and relevant communication is a common practice in Banca Transilvania, a practice that ensures that all topics of interest to colleagues are addressed, inclusive, and collaborative.

*The BT team equals courage, trust, and empathy.*

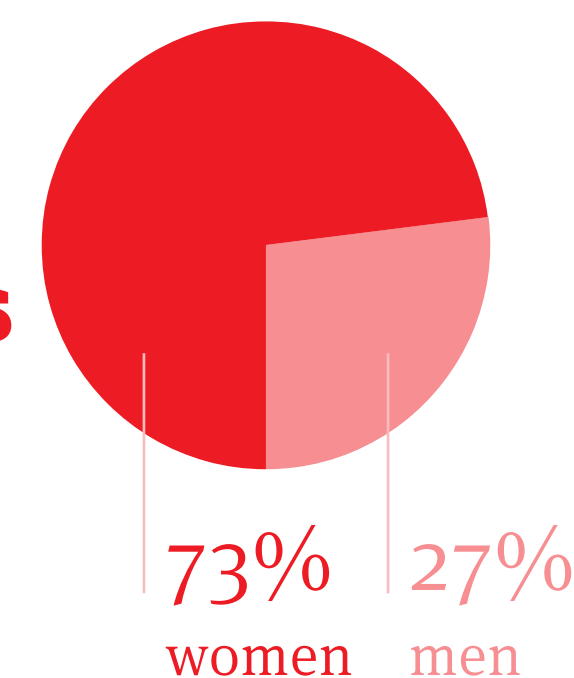
In 2022, the BT Group team consisted of:

**12,076**  
people



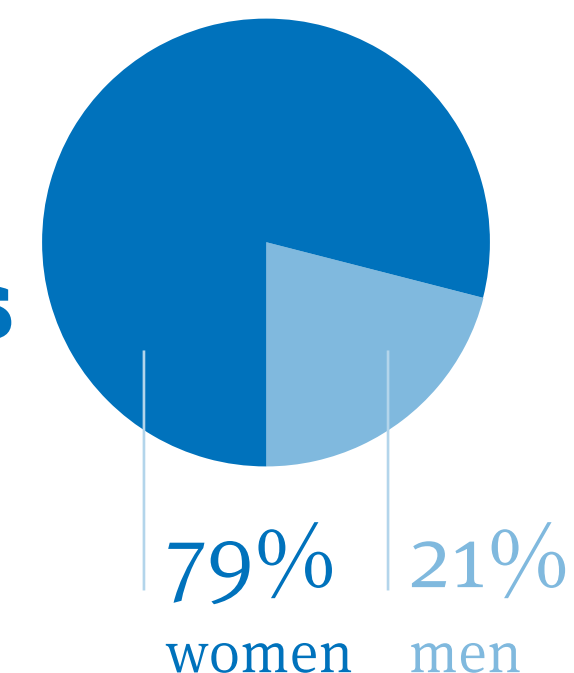
**10,711**  
employees

in Romania



**1,365**  
employees

in the Republic  
of Moldova



✓

Number of employees		BTFG Romania		BTFG Moldova		Total
		men	women	men	women	
Employees by employment contract	Permanent	2,675	7,131	264	931	11,001
	Fixed-term	197	708	30	140	1,075
	Total	2,872	7,839	294	1,071	12,076
Employees by working hours	Full time	2,827	7,763	294	1,071	11,955
	Part-time (<8h)	45	76	0	0	121
	Total	2,872	7,839	294	1,071	12,076



In 2021, BTFG had 10,006 employees on fixed-term contracts and 1,308 employees on permanent contracts, while by employment type there were 11,206 full-time employees and 108 part-time employees (<8h).

Note: represents the number of active and inactive employees



New employees and staff turnover		BTFG Romania				BTFG Moldova			
		New employees		Employees who left the company		New employees		Employees who left the company	
		no.	rate (%)*	no.	rate (%)*	no.	rate (%)**	no.	rate (%)**
Gender	Women	1,196	12.26	1,074	11.01	217	16	230	17
	men	572	5.87	427	4.38	70	5	56	4
	Total	1,768	18.13	1,501	15.39	287	22	286	22
Age group	<30	997	10.22	640	6.56	165	13	123	9
	30-50	677	6.94	736	7.55	114	9	153	12
	>50	94	0.97	125	1.28	8	1	10	1
	Total	1,768	18.13	1,501	15.39	287	22	286	22
Location	Headquarters and administrative offices	914	9.37	297	3.05	144	11	90	7
	Branches and agencies in the country	854	8.76	1,204	12.34	143	11	196	15
	Total	1,768	18.13	1,501	15.39	287	22	286	22

\* The rates were calculated in relation to the average number of employees in 2022, i.e., 9,751 employees

\*\* rates were calculated based on the average number of employees in 2022, i.e. 1,319 employees



## Third-party activities

Several auxiliary personnel in the BTFG companies are not directly employed but operate from our offices. Their activities are mainly non-essential, support activities (cleaning services, security, etc.).

Workers providing services to the organization are paid above the minimum wage required by national legislation, based on working hours, according to the terms of their contracts with the companies we collaborate with.

At the same time, 136 apprentices are working at Victoriabank, under apprenticeship contracts.

## Collective labor contract

Number of employees covered by collective labor agreement	BTFG Romania		BTFG Moldova	
	no.	% of total	no.	% of total
	2022			
	10,678	99.70	1,325	100

The members of the management of all subsidiaries, in line with the members of the bank's management, are not covered by the collective labor agreement, as they operate on a mandate basis.

At BT level, and its subsidiaries in Romania, employee' interests are promoted and advocated by Employee Representatives. They are elected and mandated specifically for this purpose by law. Employee Representatives are elected by a vote of at least half plus one of the total number of employees/workers in the unit concerned. The notice period for dismissal for any reason is 20 working days in accordance with the Labor Code.

All provisions for consultation and negotiation with employees are set out in the Social Dialogue Act and the Labor Code.

For the Group companies in the Republic of Moldova, the notice period and the provisions for consultation and negotiation with employees are governed by the applicable legislation.

Individuals working for BTFG under mandate contracts are not covered by the Collective Labor Agreement.



# Employee representation

Employee representatives are elected by the free vote of their colleagues in the BT team. Any employee of Banca Transilvania with a permanent employment contract may apply for the Employee Representative position and must submit their application in person. The voting is done electronically.

» The last employee election process took place in 2023 and consisted of voluntary, open nominations. Employee representatives were nominated by the votes of around 4,900 colleagues. Of the total number of candidates, 7 were elected as Employee Representatives.

At BT, Employee Representatives are BT management's dialogue partners. They are involved in decisions that directly affect the team and organizational culture at BT.

Employee Representatives responsibilities include, among other things, negotiating the collective labor contract, ensuring that employees' rights are respected, promoting employees' interests in terms of pay, working conditions, working hours and rest periods, job security, and any other professional, economic, and social interests related to employment relations, participating in the development of internal rules, etc. They gather proposals from colleagues and negotiate with management representatives.

At the level of subsidiaries that in 2022 have exceeded the criterion of having 21 employees, there are 3 employee representatives.

At Victoriabank, employee representation is carried out in accordance with applicable legislation, the Internal Regulations, the Collective Labor Agreement, and other agreements





# Responsible employer



In 2022, the Human Resources Department continued to focus on several key priorities that are critical to the Bank's success.

**These priorities include fostering a constructive and productive working environment, promoting the health and safety of employees and their families, ensuring high-quality recruitment, and hiring processes, and providing ongoing professional and personal development opportunities for all staff.**



Furthermore, a strong focus is being placed on **developing career paths for employees across the organization**, particularly in the Network and Central departments, and on **improving leadership and management skills at all coordination and management levels**.

These efforts have had a significant impact on the Bank's overall performance, resulting in higher employee retention and a greater sense of commitment and dedication among employees.



# Remuneration policy

The provisions concerning the salaries and benefits granted to the employees of Banca Transilvania are set out in the BTFG Staff Remuneration Regulation. They apply to all employees of the Bank/ BT Financial Group in accordance with the specific Collective Labor Agreements for each entity within the group. To ensure efficient and transparent communication, both documents are posted on the Intranet, accessible to all employees for information and consultation.

BT Financial Group's remuneration system is design to ensure a sound risk management, including conduct risk as defined in the applicable internal rules, so that the Bank and its subsidiaries ensure a strong link between remuneration and performance while respecting the interests of customers.

Thus, **the fundamental principles of the remuneration policy within the BT Financial Group are:**

- delivering long-term performance;
- attracting and retaining the best professionals;
- rewarding according to the level of responsibility and track record;
- delivering sustainable and competitive returns;
- ensuring transparency of the remuneration policy;
- respecting the interests of all stakeholders: shareholders, employees, customers, and regulators.

Based on these general provisions, **BT Financial Group's remuneration system comprises:**

- » **fixed remuneration**, determined by the level of responsibility assumed, which constitutes a relevant part of the total remuneration;
- » **variable remuneration**, calculated in relation to the achievement of pre-established targets and prudent risk management. It is based on the design of incentives tailored to the long-term interests of the Bank.

**Objectives of the remuneration structure:**

- encourage teamwork and cooperative relationships among colleagues;
- to ensure a strong link between pay and performance, while respecting the interests of clients;
- create a reward mentality based on individual and team performance;
- attract, retain, and motivate employees in key positions, as defined in the Policy on selection, monitoring, evaluation, and succession planning within Banca Transilvania;
- flexibility, enabling it to be quickly adapted according to the bank's objectives;
- comply with the legal framework.

Banca Transilvania Financial Group's main objective regarding remuneration is to comply with the principle of fairness taking into account the Group's business and risk strategy, corporate culture and values, the long-term interests of the Group, and the measures used to avoid conflicts of interest, without encouraging excessive risk-taking and with the promotion of viable and efficient risk management.



**Remuneration within Banca Transilvania is carried out without discrimination based on gender, sexual orientation, genetic characteristics, age, nationality, race, color, ethnicity, religion, political choice, social origin, disability, family situation or responsibilities, trade union membership, or activity.**

<div>The ratio of the minimum wage in the company to the national minimum wage</div>		<div>BTFG Romania</div>		<div>BTFG Moldova</div>	
		men	women	men	women
<div>2022</div>		1.64	1.64	2	2

>

Banca Transilvania pays particular attention to the remuneration of its employees and monitors the evolution of their remuneration by various function categories each semester.

<div>2022</div>	<div>Banca Transilvania</div>	<div>BTFG Moldova</div>
Ratio of the annual total compensation for the organization’s highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	12.19	24.30
Rate of percentage increase in annual total compensation for the organization’s highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	0.92	0.13

<div>2022</div>	Ratio of women to men wages	Ratio of women to men remuneration	Ratio of women to men wages	Ratio of women to men remuneration
Second level of management	0.95	1.09	0.89	0.99
Other management positions	0.82	0.80	0.66	0.66
Specialists – head office	0.82	0.80	1.00	0.87
Specialists - branch	0.93	0.89	0.95	0.99

+

The details of the remuneration of the first level of management can be found in the Board of Directors' Report on Banca Transilvania’s website.

Note: Remuneration information covers only employees of Banca Transilvania Romania, excluding subsidiaries in Romania.



# Recruitment programs

The selection process of candidates is carried out without discrimination based on gender, sexual orientation, genetic characteristics, age, nationality, race, color, ethnicity, religion, political choice, social origin, disability, family situation or responsibility, trade union membership, or activity.

At the Group level, an internal procedure governs the recruitment process. The main criteria for the selection of candidates are their match with BT's values and the requirements of the vacancy. Human Resources manages the recruitment process.

Bringing in new people, trained and suited to BT's needs was also a priority on the HR agenda in 2022. **Our target profile was that of an employee with good collaboration skills, autonomy, customer care, and adaptability.**

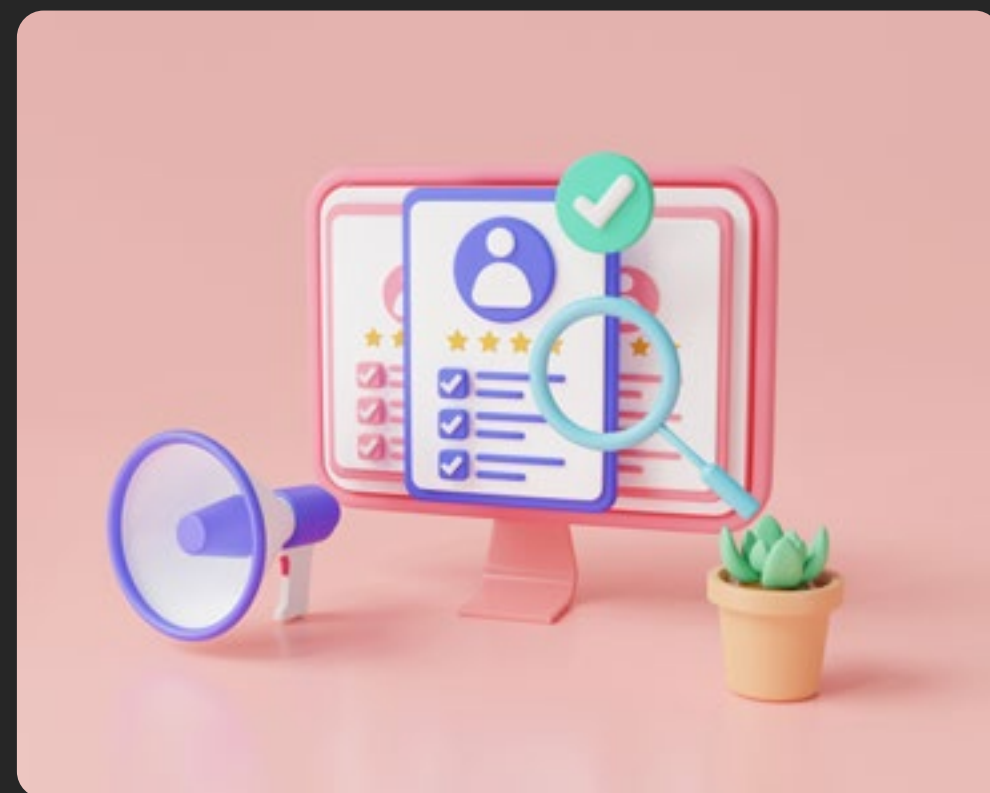
In 2022, we continued several impactful recruitment/retention/engagement projects:

## > The BT Career Plan

The BT Career Plan has been developed to ensure predictability and transparency of BT promotion and career development opportunities. The program operates across the BT network and some HQ departments. In 2022, more than 900 employees benefited from this programme.

## > GROW X(perience)

GROW X(perience) is a professional competency mapping project for all functions within BT, designed to help build motivated and high-performing teams.



## > BT Internship:

### > Hai la practică, cu ZÂMBT

**Let's intern with a smile!** is one of the internship programme managed with European funds, which runs from 2020 to 2023. The program involves 325 students (undergraduate and graduate level) from 10 university centers, as well as 325 tutors from the network and the Bank's headquarter.

In 2022, **more than 90 students from different university centers participated.** The 2022 programme involved more than 3,000 applications and around 300 selection interviews.

### > Technical internship

39 participants in various interships, of which 31 were hired by BT.

## > BTransformers IT, BTransformers chatbots, BTMind Product

These are reskilling programmes dedicated for BT employees through which participants have learned the methodologies and technologies used in the technical area of the bank and were supported in making a career change. The objective of these programmes was professional retraining for multiple domains through courses supported by the Informal IT School: Business Analyst (BA), Automated Testing (QA Automation), Manual Testing (QA Manual), Product Management, and Product Owner. The programme involved over 400 applications and over 90 selected BT employees, of whom 44 colleagues were moved to technical roles.

> Expanding the geographical reach of IT recruitment and setting up regional IT hubs.

## > BT Summer Work Experience

BT Summer Work Experience is a mentoring programme for students in its first year. The result is a wireframe & prototype of the TeenStar mobile app which connects students to opportunities. The TeenStar app was the brainchild of two high school students.

# The professional and personal development of employees

The bank offers its employees mutually beneficial training and individual development opportunities. Training is a dual responsibility of both employer and employee.

The training needs of each employee are analyzed in particular during the annual evaluation and the planning of objectives for the coming period. Any training needs thus identified which must be relevant to the employee's position and objectives, are recorded on each employee's appraisal form. All such records are included in the annual training plan prepared by BT Academy and reviewed and approved by the Human Resources Committee.

Training methods include:

- temporary transfers to other positions;
- fixed-term transfers to different departments/ services/ directorates;
- participation in projects;
- on-the-job training for new colleagues or colleagues taking up a new position;
- mentoring programmes;
- individual coaching programmes;
- courses held in the Bank and facilitated by trainers inside or outside the Bank;
- courses provided by national or international specialized companies;
- webinars facilitated by instructors inside or outside the bank;
- individual training through online courses developed within BT or by various providers.

The annual training budget at the level of Banca Transilvania:

2020  
**3,578,828 lei**

2021  
**5,125,891 lei**

2022  
**9,986,000 lei**

In 2022, the annual training budget at BT level increased by

**~95%**

compared to the previous year.







**At BT there are mandatory training programmes for all employees.** These programmes are based on an annual training plan, developed by the BT Academy in the Human Resources Department (HRD) together with the bank's specialist departments and approved by the Human Resources Committee (HRC).

» Mandatory staff training is carried out at least once per calendar year, based on course material developed/purchased by/through the specialist departments and implemented by BT Academy on the internal eLearning platform.



**The bank aims to encourage its employees to develop their professional skills** by providing partial financial assistance when certain long-term programmes are considered relevant to the organization and the employee's future in the organization.

When the Bank decides to provide this type of assistance, it will do so under the following conditions:

1. the employee must have a permanent employment contract;
2. the employee must have at least one year's seniority with BT;
3. the course must be relevant to the employee's position and future career in the bank;
4. the Human Resources Committee decides which employees will be sponsored and the amount of the sponsorship.

Financial assistance may cover part of the following costs: registration, training, examination, and certification.





These programmes also include **long-term MBA-type training programmes**.

In 2022,

**14 employees attended this programme,**

of whom 9 continued the programme started in previous years and 5 started now.

Among the necessary criteria that applicants for sponsorship must meet are:

- strong personal motivation and commitment from the employee applying for sponsorship;
- the potential for a leadership position at director level;
- the relevance of the course to the employee's future career;
- added value to the Bank;
- fluency in English, BEC Higher C1 level minimum qualification.

Other types of **long-term training programmes** that are partially or fully sponsored by the Bank: ACCA (*Association of Chartered Certified Accountants*), CFA (*Chartered Financial Analyst*), ACI (*Association Cambiste Internationale*), etc.

The selection of employees will be made by the Human Resources Committee (HRC), based on criteria including:

- strong personal motivation and commitment of the employee requesting sponsorship;
- increased potential for professional development;
- the relevance of the course to the employee's future career;
- added value to the Bank.

For all bank-sponsored long-term training programmes, employees who successfully complete the examinations in one year and score at least a 3 (out of a maximum of 4) on the job performance evaluation are eligible the following year for continued sponsorship of subsequent modules of the training programme, with Human resource Committee's approval. Failing the examinations in a year or failing to achieve at least a grade of 3 in the job performance assessment will result in the employee losing eligibility for financial support from the Bank in the following year.





At the same time, BT has **career management programmes**.

The selection criteria for employees with high development potential fall into two categories:

- **business criteria**, linked to strategic priorities (e.g., need for continuity in managerial roles, training of resources required to participate in strategic projects, employees critical to the quality of BT's services, etc.);
- **individual criteria**, related to performance, experience, and future professional development potential.

At Victoriabank, the training and professional development process is governed by the *Staff Training Procedure*.

- » The procedure regulates the process for identifying training needs and access to further training programmes to continuously improve the skills and professional training of employees.

**The process aims to:**

- develop Bank staff capable of contributing to the Bank's competitiveness and development;
- integrate new employees into the Bank's operations in line with their career aspirations and the Bank's requirements;
- improve employee training;
- create appropriate conditions for the development and full achievement of the staff's professional potential.

# Employee development programmes

➤ **Banca Transilvania continues to play a key role in the professional development of its employees.** High figures were recorded for attendance in development programmes: over 285,432 cumulative participations in classrooms, webinars, and e-Learning.

The majority (94%) were hard skills programmes, i.e., knowledge related to products and services, applications, workflows, and specific skills (financial analysis, project management, legal, IT, etc.).

In addition to the programmes already implemented in the bank, addressing specific hard skills needs, a series of programmes have been developed to address soft skills development needs.

➤ In 2022, 1,053 BT employees benefited from the **Learn from Home** programme.

In 5 BT subsidiaries, in addition to the mandatory BTFG courses, employees also benefit from training programmes specific to their role (business and compliance training programmes).

**In 2022, the following employee development programmes were implemented at Victoriabank:**

1. **long-term programmes** focusing on a variety of topics and approaches, including the *Sales Academy* and the *Beginner's Teller School*
2. **themed webinars** - Payability, Patent, etc.
3. **training on sustainability topics** - *Sustainable Finance Certification Programmes* organized by the Association of Banks of Moldova in partnership with the Luxembourg Training House
4. other types of programs - *Feedback and effective communication, 3C - Communication, Care, Coach, Service Excellence, Power up your sales*

Average number of training hours per year per employee by category	Banca Transilvania		BTFG Moldova	
	men	women	men	women
	2022			
First level of management	23.25	101.00	26.40	88.00
Second level of management	27.11	51.86	43.70	47.70
Other management positions	38.84	43.69	18.70	28.30
Specialists - headquarters	26.52	25.12	6.00	10.90
Specialists - branch	95.03	116.22	19.60	10.80

In 2022, BT employees received on average

~72 hours of training/employee



In 2021, BT Group employees received an average of 30 training hours/employee.

Note: the increase in the average number of training hours/year/employee in 2022 compared to 2021 is due to the fact that the systems for monitoring and recording training hours have been updated to better capture hours from sessions conducted in physical format.



# Performance evaluation and career development plan

In 2022, the individual criteria for assessing each employee's contribution were updated and new competencies were defined for each role in the organization:

- three core competencies common to all Banca Transilvania employees: autonomy, collaboration, and adaptation to change;
- three competencies common to each family of roles;
- three competencies specific to each role.

The employee performance evaluation process was further improved and updated to make it more agile and valuable for colleagues.

» To this end, new functionalities have been developed in the current dedicated platform..

Performance evaluation and career development plan	BTFG Romania				BTFG Moldova			
	no.	men	no.	women	no.	men	no.	women
2022		% of total employees by category and gender		% of total employees by category and gender		% of total employees by category and gender		% of total employees by category and gender
First level of management	15	71.43	11	91.67	4	40.00	1	100
Second level of management	3	33.33	3	30.00	26	81.25	45	83.33
Other management positions	468	100	784	95.73	25	89.29	107	93.04
Specialists - head quarters	1,136	75.03	2,078	74.91	154	82.35	200	63.49
Specialists - branch	807	93.84	3,564	84.38	27	72.97	383	65.36
Total	2,470	86.00	6,440	82.15	236	80.27	736	68.72

# Employee benefits

» **One of Banca Transilvania's priorities is to build systems that inspire and encourage employees, creating an environment where people learn, grow, and feel comfortable as a team.**

In 2022, the **Screening saves lives** programme continued - a prevention programme for the most common types of cancer implemented together with the Regina Maria Network of Clinics.

Banca Transilvania is the only company in Romania running such a programme available to all its employees, and all the investigations in the program are carried out free of charge.

» In 2022, 4,405 screening packages were carried out, resulting in lives saved when cellular changes were detected and treated in time.

At the same time, we expanded our current subscription to include additional medical services that are flexible and tailored to each employee’s health status. New medical plans have also been added, namely a *Second Opinion Medical* plan and a dental subscription. Voluntary health insurance for BT employees was also made available to their family members (spouse/ children).

» To reward employee loyalty, a fidelity and retention bonus was granted in May 2022 as a *Stock Option Plan* to eligible employees with a minimum of 5 years of service with BT on its 25<sup>th</sup> anniversary.

Benefits by type of contract	BTFG Romania		BTFG Moldova *	
	Full time	Part-time	Full time	Part-time
	2022			
Medical insurance	+	+	+	+
Life insurance	+	+	+	+
Disability or invalidity insurance <i>resulting from work-related accidents</i>	-	-	+	+
Parental leave	+	+	+	+
Retirement benefits	+	+	+	+
Shares	+	+	+	+
Additional days off	+	+	+	+
Flexible working hours	+	+	+	+

\*In our companies in the Republic of Moldova apprentices receive the same benefits as employees.

Voluntary pension plan	+	+	+	+
Private dental insurance	-	-	+	+
Loyalty bonus	+	+	+	+
Meal vouchers	+	+	+	+
Work from home	+	+	+	+
Flu vaccination	+	+	+	+
Social assistance for events (death, birth)	+	+	+	+



# Wellbeing programmes



In 2022, the BT Group continued to develop its **Health & Wellbeing projects**. These projects aim to prevent health problems at all levels: social, emotional, professional, financial, and family.

Thus, employees can access their internal communication platform (BTHuB) featuring a dedicated Wellbeing section with materials addressed to colleagues, grouped into three main categories: physical health/financial health/mental health.



## #SafePeopleofBT

As part of the #SafePeopleofBT project, a series of actions were carried out to maintain employee health in all its forms, with a holistic approach:

### ■ Physical health:

in addition to existing programmes (e.g., medical subscription, Screening Saves Lives program, MRI, CT, and physiotherapy services), a series of context-specific actions were implemented: working from home, protective measures against SARS-COV-2 infection, PCR, and rapid testing of employees, interviews with medical and psychological specialists, workout sessions with personal trainers, flu vaccination campaign, etc.

### ■ Emotional health:

psychological counseling, cognitive therapy, implementation of emotional balance kits, mindfulness sessions, yoga, emotional agility webinars, etc.



## Emotional balance programme

It started in 2020 after the COVID-19 pandemic put several topics on 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 as of 2021:

- » therapy and psychological support services for issues related to anxiety, stress, etc.;
- » a series of psychological articles and tips under the *Wellbeing* umbrella, available on the bank's intranet (BT Hub).





## Programme to integrate parents returning from parental leave

The project is designed for BT employees who are parents returning to the office after maternity or paternity leave, and the benefit is the gradual integration of the employee after an absence of around 2 years. Parents have a flexible schedule during the first month after their return.

Parental leave	BTFG Romania		BTFG Moldova	
	men	women	men	women
	2022			
Total number of employees that were entitled to parental leave	2,872	7,839	294	1,071
Total number of employees that took parental leave	14	585	1	102
Total number of employees that returned to work (in 2022) after parental leave ended	19	256	0	76
Total number of employees that returned to work (in 2021) after parental leave ended that were still employed 12 months after their return to work (in 2022)	14	245	0	27
Return to work rate	100%	41.22%	0%	33.30%
Retention	82.35%	85.07%	0%	35.50%



# Organizational culture and climate.

## BT Employee Experience Index



Constantly striving to build a constructive organizational culture, where people collaborate and are committed to achieving goals and to their professional development, and to make Banca Transilvania a place where employees enjoy coming to work, BT coordinated the organizational culture survey in 2022, the last similar survey having been carried out in 2014, both conducted by Human Synergetics.

The initiative aimed to analyze the impact on the organizational culture of the major events that took place in Banca Transilvania or the external environment between 2014 and 2022: the bank's organic growth, the merger with two medium-sized banks, the pandemic, the military crisis at the country's borders, the increasing inflation.

The results of the analysis showed that despite potentially eroding stimuli, the constructive components of organizational culture were preserved and even strengthened (e.g., self-development and humanistic encouragement).




We have also continued the implementation of the **internal BT Employee Experience Index (BT EEI)** survey. This is conducted bi-annually and has three main objectives:

- measuring the employer Net Promoter Score (eNPS);
- measuring the quality of interaction between managers and their team members;
- collecting suggestions/recommendations that can increase employee satisfaction.

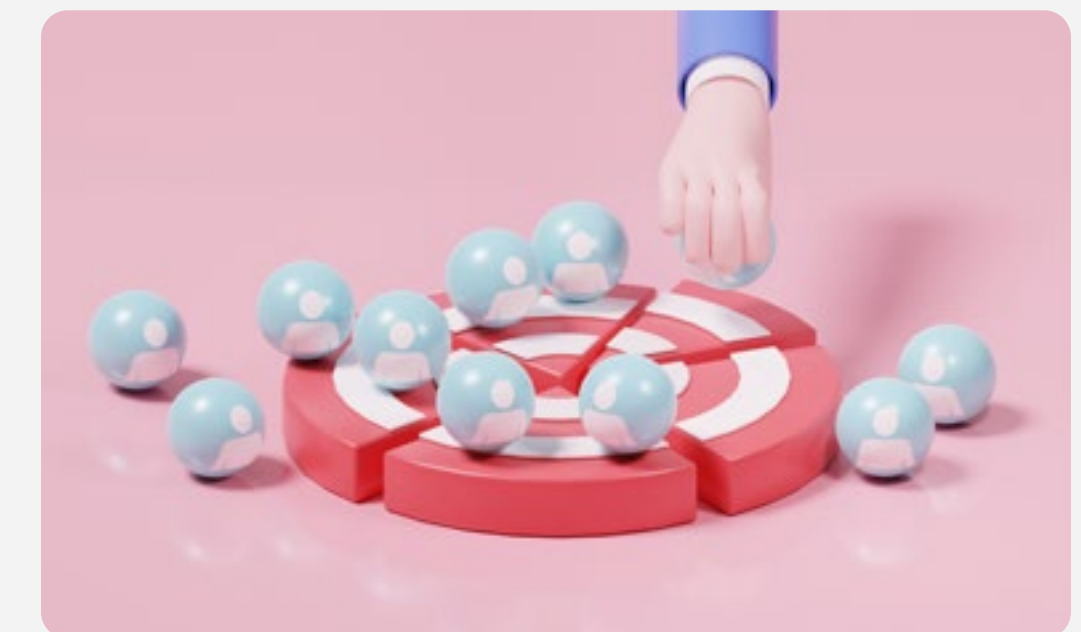
The information collected following this study helped the bank set its strategy and actions to achieve its organizational culture and climate goals.

Nearly 5,700 suggestions were received, which were analyzed and used as a basis for decisions to improve organizational climate.

- » Employee participation rate was 90% in the survey conducted in July-August 2022 and the eNPS score continued to exceed the target.



**In 2022, the eNPS score was 56.31 for the January survey and 51.05 for the July survey.**



# Diversity and equal opportunities at BTFG



One of Banca Transilvania's permanent priorities is to create a fair and equitable working environment, characterized by diversity, inclusion, and equal opportunities.

Within BTFG, the Gender equality policy, in force since 2020, aims to:

- guide employees to understand what discrimination and harassment are, what their roles and responsibilities are, and what the procedures are if there are harassment concerns;
- correct those attitudes and behaviors that may lead to the exclusion or alienation of people of either sex and promote the benefits of building an inclusive and non-discriminatory society, in which the gender dimension is integral, to bring real benefits to the lives of all women and men and eliminate all forms of discrimination and violence;
- set out the provisions for 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 the concrete measures for implementing this principle.

At the same time, issues relating to diversity, inclusion, and equal opportunities and describing 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 nondiscriminatory manner.

The fundamental principles underlying every 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.

The average age in 2022:

**38 years**

in companies in Romania

**36 years**

in companies in the Republic of Moldova





Employees by age, gender, and category	BTFG Romania								BTFG Moldova							
	men				women				men				women			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
First level of management	0	16	5	21	0	7	5	12	0	8	2	10	0	1	0	1
Second level of management	0	7	2	9	0	6	4	10	2	28	2	32	2	42	10	54
Other management positions	2	398	68	468	2	642	175	819	6	19	3	28	14	87	14	115
Specialists - headquarters	333	1,012	169	1,514	656	1,870	248	2,774	49	85	53	187	109	181	25	315
Specialists - branch	216	566	78	860	1,047	2,806	371	4,224	26	10	1	37	211	358	17	586
Total	551	1,999	322	2,872	1,705	5,331	803	7,839	83	150	61	294	336	669	66	1,071

Note: represents the number of active and inactive employees



Number of employees with disabilities, by category	BTFG Romania		BTFG Moldova	
	men	women	men	women
2022				
Other management positions	1	3	0	0
Specialists - headquarters	6	18	2	1
Specialists - branch	7	16	0	4
<b>Total</b>	<b>14</b>	<b>37</b>	<b>2</b>	<b>5</b>

Employees in senior management* positions recruited from local communities**	BTFG Romania		BTFG Moldova	
	no.	% din total	no.	% din total
2022				
	30	91.00	2	18.20

\*For Banca Transilvania and Victoriabank senior management is represented by the members of the Leadership Committee, respectively the Board of Directors, 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 Republic of Moldova

Note: represents the number of active and inactive employees

In 2021, for Banca Transilvania and subsidiaries in Romania, 100% (25) of employees in management positions were recruited from local communities, while for Victoriabank, the proportion was 40% (2).

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

- **direct reporting to the line manager** - any manager receiving such a complaint is required to inform the Human Resources Department/designated officer in the Human Resources Department within 24 hours of receiving the complaint
- **direct referral to the designated employee in the Human Resources Department** responsible for equal opportunities and treatment of women and men, who will provide guidance and assistance as necessary
- through the internal whistleblower application **MyAlert**



In 2022, no incidents of discrimination were recorded at BT Group level.



# Occupational health and safety

At BTFG in Romania, issues relating to the occupational health and safety of employees are internally regulated in the Occupational Health, Safety (OHS) and Emergency Situations (ES) Rules, which are under the responsibility of the Physical Security Directorate. They were developed in accordance with current legislation and updated in 2022. The Bank's OHS and ES activity is coordinated by the Deputy General Manager CRO (Chief Risk Officer) through the Occupational Health and Safety and Emergency Situations Service.

At the same time, the **Occupational Health and Safety Committee** (OSHC), chaired by the CRO Deputy General Manager, operates within the Headquarters. The Occupational Health and Safety Committee has 17 members:

- » 8 employee representatives
- » 8 employer representatives, and
- » the occupational physician.

The duties and operating procedures of this committee are set out in the specific legislation (G.D. 1,425/2006 art. 67) and the internal regulations.

## **The Occupational Health and Safety Committee has the following responsibilities:**

- analyzes and makes proposals on occupational health and safety policy and prevention and protection plan, in accordance with the internal regulation or the rules of the organization and operations;
- monitors the implementation of the prevention and protection plan, including the allocation of the necessary means to achieve its provisions and their effectiveness in terms of improving working conditions;
- examines the introduction of new technologies, and the choice of equipment, taking into account the consequences they could have on workers' safety and health, and makes proposals in the event of finding certain deficiencies;
- proposes measures for the design of working spaces, taking into account the presence of groups sensitive to specific risks;
- analyzes workers' demands on working conditions
- monitors the application and compliance with the legal regulations on occupational health and safety of the measures ordered by the labor inspector;
- examines workers' proposals on the prevention of work-related accidents and occupational diseases, as well as on improving working conditions, and proposes to introduce them in the prevention and protection plan;
- examines the causes of work-related accidents, occupational diseases, and events and may propose technical measures in addition to the measures ordered as a result of the research;
- carries out its own investigations into the application of its working instructions and draws up a written report on the findings;
- discusses the written report submitted to the occupational health and safety committee by the head of the unit at least once a year, on the status of occupational health and safety, the measures taken and their effectiveness in the previous year, and the proposals for the prevention and protection plan to be carried out in the following year.

OHSC meetings are held quarterly or whenever necessary.

At branch level, a designated person is appointed for prevention and protection and training/coordination activities in the field of occupational health and safety and emergency situations. The designated person applies the instructions received from the Occupational Health and Safety and Emergency Situations Service.

The Deputy General Manager, CRO is also responsible for coordinating activities related to hazard identification and risk assessment for each component of the work system, i.e., the performer, the work task, the job resources/equipment, and the work environment per job/workstation.

Risk assessments are carried out by the internal occupational health and safety department by qualified personnel trained as risk assessors. The risk assessment includes measures to eliminate hazards and minimize risks.

General induction training at the workplace and regular training sessions covers risks in the company and at the workplace. The risks of occupational injury and illness are assessed in accordance with the assessment method developed by the National Institute for Research and Development in Occupational Health and Safety.

At the same time, it is the responsibility of each employee to immediately inform the employer and/or designated workers of any work situation that they have good reason to believe poses a risk to their health and safety, as well as any deficiencies in their protective systems.

Work-related accidents					BTFG Romania	
2022	employees		workers			
	men	women	men	women		
No. of fatalities as a result of work-related injuries	0	0	0	0		
No. of high-consequence work-related injuries <i>e.g., employee will not recover within 6 months</i>	0	0	0	0		
No. of recorded work-related accidents*	2	2	0	0		

Rate of high-consequence work-related injuries

=

No.of high-consequence work-related injuries

×

1,000,000

=

0

15,412,050

×

1,000,000

=

0

Rate of recorded work-related accidents

=

No.of recorded work-related accidents

×

1,000,000

=

4

15,412,050

×

1,000,000

=

0.26

\*2 employees were involved in road accidents while using the company car and traveling on business, 1 employee was hit on the pavement by a cyclist while traveling to work and 1 employee slipped while working on the company premises.



# Employee OHS training

The topics and training programme are prepared according to functions and risk types and include materials, training methods, and duration for:

- General induction training;
- On-the-job training;
- Periodic training;
- Periodic refresher training;
- Collective training (for service providers, visitors, etc.).

The OHS and ES training topics, i.e., general induction training, on-the-job training, periodic training, and additional training, is delivered online via the bank's e-learning platform, managed by the BT Academy, according to the training modules available on the platform.

Two types of training are provided on the employee's first day: a 4-hour general induction training and a 4-hour on-the-job training.

Regular training takes place twice a year and lasts one hour. It is intended for all employees and aims to refresh and update knowledge in the field of OHS. Additional periodic training lasts 4 hours and is intended for employees who have transferred to a new position or workplace, those who had more than 30 days' absence from work (e.g., employees returning from parental leave), or those performing special work.

For contractors (external staff, e.g., cleaning service providers, security guards), OHS training is carried out via the collective training sheet on arrival (first time).



În 2022, the number of hours of training dedicated to OHS was

# 28,494

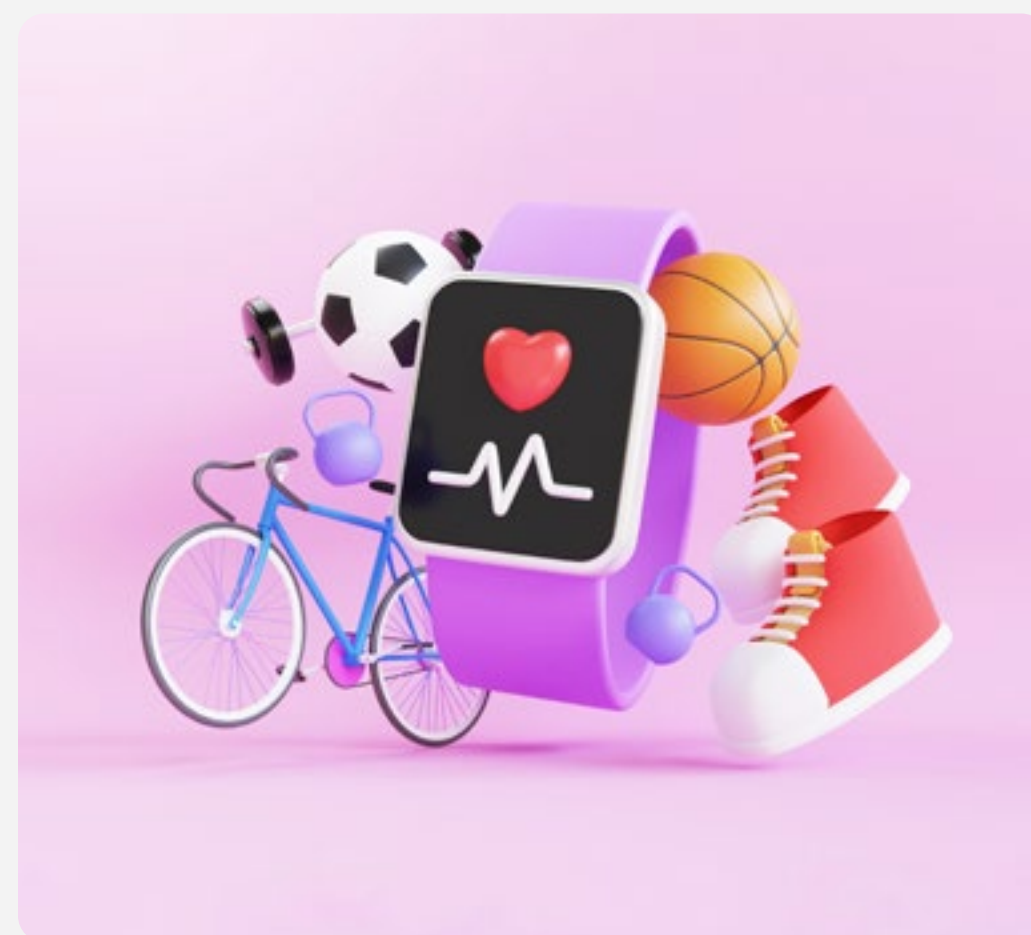






### We want to provide a healthy and safe working environment for our employees.

So, in addition to the medical packages we offer (a detailed overview can be found in the [Employee Benefits](#)<sup>7</sup> sub-chapter), we also encourage our employees to exercise. We offer free membership to various gyms. BT also offers annual flu vaccinations. Colleagues were able to register for the vaccination using Aida chatbot. In 2022, 866 doses of flu vaccine were ordered.



At the level of BT Group companies in the Republic of Moldova, the occupational health and safety management system is carried out in accordance with the legislation in force (Law on Occupational Health and Safety no. 186-XVI of July 10, 2008, and the Regulation on the organization of activities for the protection of workers and prevention of occupational risks, approved by Government Decision no. 95 of February 5, 2009).

Workplace risks are assessed based on an assessment methodology developed by an external OHS consultancy. All workplaces are assessed for the risk of occupational injury and illness. Risk assessments are carried out by Victoriabank's Occupational Safety Engineer and an external service provider. They include measures to eliminate hazards and minimize risks. Both employees and contractors (workers) are advised to report by call, e-mail, or Skype any hazards or dangerous situations to their health and safety.

Employees are consulted throughout the development, implementation, and evaluation of the OHS management system.

During the OHS general induction training for employees, it is emphasized that they must immediately report to the workplace manager and/or the designated worker any work situation which they believe poses a risk to the safety and health of workers, as well as any deficiencies in protective systems.

The investigation of work-related accidents begins with the drafting of the workplace accident investigation report (its structure is in accordance with the template set out in the legislation). The investigation of accidents is carried out by the investigation commission by order. Following the investigation, the report establishes the causes of the accidents/events that led to their occurrence and determines measures to prevent further similar accidents/events and the persons responsible for their implementation. Following the accidents, the assessment of the risk of injury and occupational illness is repeated, as appropriate.



In 2022, there were no work-related accidents.

In 2022, various types of training were provided to employees including introductory-general training and on-the-job training. Additionally, periodic, semi-annual, one-hour training sessions and accident/workplace incident processing training were supported when applicable. Moreover, external contractors (cleaning service providers, security personnel) were trained in the field of OHS.

In 2022,

**254 people**

attended

**80 hours**

of training on OHS topics



# Community investment

For us, 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.

As the last three years have been atypical (pandemic, war), we have focused our efforts more on social projects and initiatives that promote support and solidarity.



Starting this year, we aim to undertake larger and more sustainable national projects, such as **Timisoara - European Capital of Culture** and **Via Transilvanica**, to also showcase the positive developments taking place in Romania beyond the social challenges.



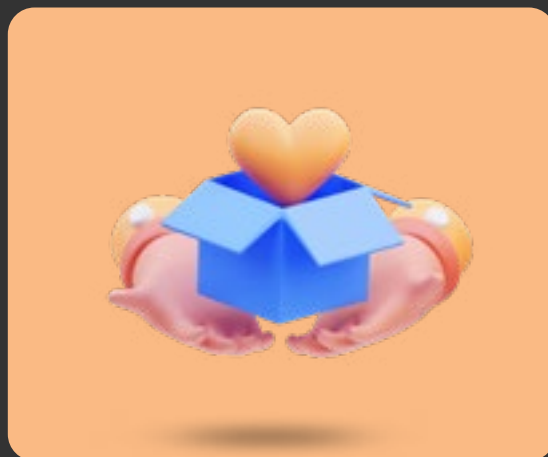
In 2022, the total value of the sponsorship budget at GFBT level was  
**~34.25 mil. lei.**  
In 2021, it amounted to ~30 million lei.



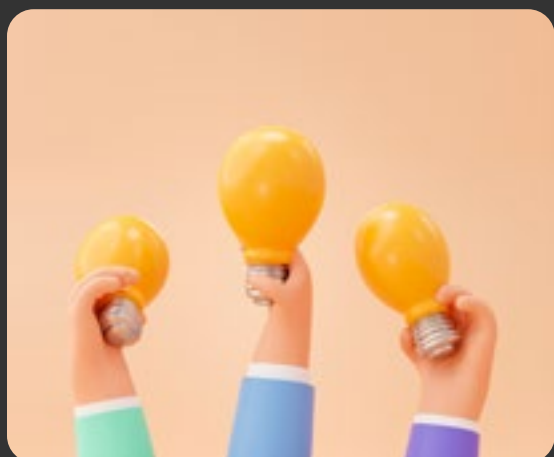
Our main community involvement directions which guide us when deciding to support projects are:



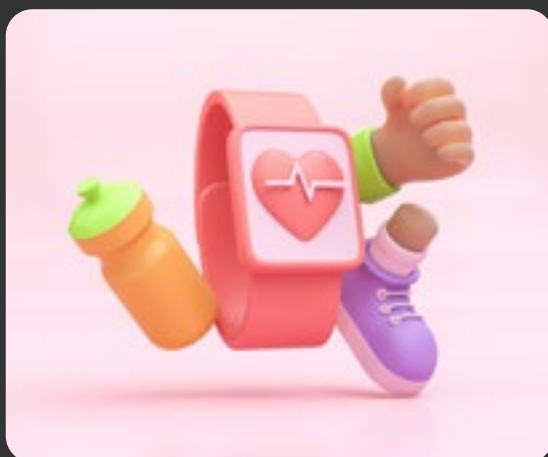
**Supporting the Romanian economy and entrepreneurs**



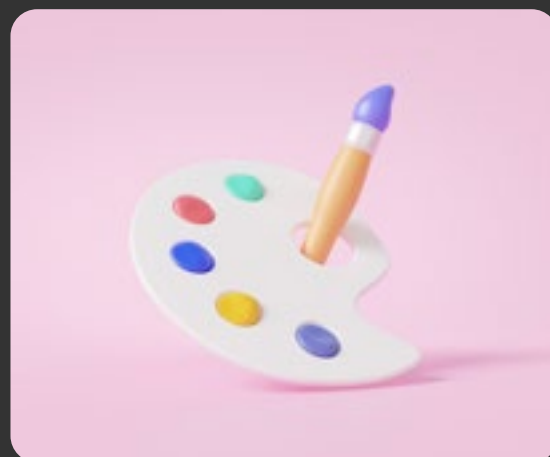
**Providing support and solidarity to disadvantaged communities**



**Supporting young talent and developing new ideas**



**Supporting performance sports**



**Supporting the cultural & artistic environment**

Our sponsorship policies and procedures 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, social welfare and services, environmental protection, social and community, representation of professional associations, and maintenance, restoration, conservation, and enhancement of historical monuments.

Eligible entities can be non-profit legal entities, public institutions and authorities, and public persons residing in Romania and operating in the above-listed sectors. Sponsorship may also be granted for radio and television programmes or broadcasts, as well as for the printing of books or publications in the above-mentioned fields.

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 are approved annually at the Leaders' Committee meeting.

Because we also want to measure the impact that our community investments generate, in 2022 we initiated a **pilot social impact assessment process**.

- » We developed a questionnaire based on LBG and SRS methodology indicators and sent it to a select number of non-governmental partners. By 2023, we plan to expand the analysis to encompass one-third of the community investment budget.





Banca Transilvania

Total investment budget:

30.5 mil. lei

Total number of projects supported:

150

Total number of partner organizations:

135

BT Mic

Total investment budget:

1.04 mil. lei

Total number of projects supported:

3

- U - BT Cluj-Napoca Sports Club Association
- Transylvania Foundation
- Romanian Entrepreneur's Club - BT Club

Total number of partner organizations:

3

BT Asset Management

Total investment budget:

~325,000 lei

Total number of projects supported:

4

- CERT Association - Transylvania
- Transylvania Foundation
- New Odyssey Association
- M.A.M.E. Association

Total number of partner organizations:

4

BT Leasing

Total investment budget:

~1.209 mil. lei

Total number of projects supported:

3

- U-BT Cluj-Napoca Sports Club
- Transylvania Foundation
- Aid for Ukraine through ADRA Romania partner

Total number of partner organizations:

3

BT Capital Partners

Total investment budget:

230,000 lei

Total number of projects supported:

1

- U-BT Cluj-Napoca Sports Club, in partnership with BT

Total number of partner organizations:

0

Idea::Bank

Total investment budget:

4,000 lei

Total number of projects supported:

1

- Association for the Promotion of Performance in Education

Total number of partner organizations:

1

Idea::Leasing

Total investment budget:

400,000 lei

Total number of projects supported:

1

- Sports Club U-BT Cluj-Napoca

Total number of partner organizations:

1

BT Direct

Total investment budget:

160,000 lei

Total number of projects supported:

1

- Sports Club U-BT Cluj-Napoca

Total number of partner organizations:

1

BT Pensii

As BT Pensii was acquired by BT Financial Group in 2020, the subsidiary invests its own resources in developing operations and has no allocated sponsorship budget.

Improvement Credit Collection

Total investment budget:

160,000 lei

Total number of projects supported:

1

- Sports Club U-BT Cluj-Napoca

Total number of partner organizations:

1

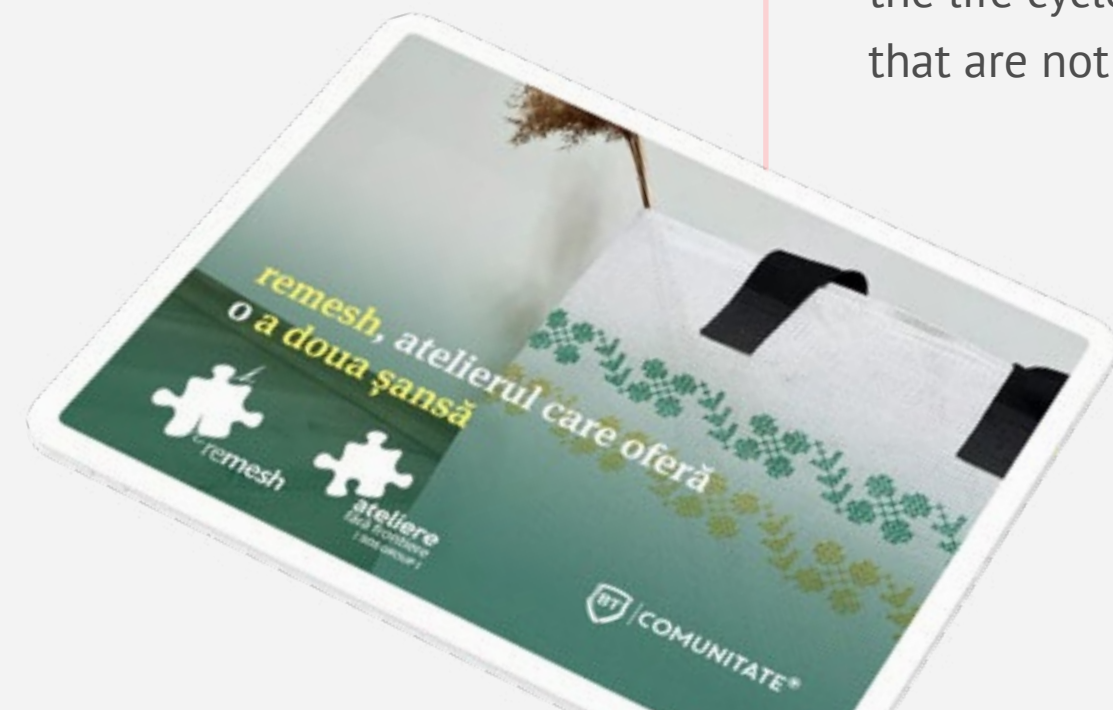




## For people and the environment - Remesh

The Remesh workshop provides individuals with disabilities from underprivileged backgrounds and with multiple vulnerabilities a chance to integrate into society and employment.

Additionally, it offers a sustainable solution to outdoor advertising materials by reusing them to create useful products, thereby extending the life cycle of advertising materials that are not easily recyclable.



OUR  
CONTRIBUTION

€30.000

BENEFICIARIES

6

## Cluj Cultural Centre

It is a physical space in Cluj, and the programme addresses a variety of topics: contemporary art, emotional and mental well-being, cultural and artistic education, urban regeneration, connecting communities, social inclusion, cultural industries, rural development, social and urban innovation, etc.

The space is open for exhibitions or cultural events.

OUR  
CONTRIBUTION

€35,000

BENEFICIARIES

>3,000  
annual visitors

## Center of Interest

It is a center dedicated to contemporary art and culture in Cluj and is designed as a space that aims to bring contemporary art to the community.

The space hosts 30 artistic creation workshops and another 8 rooms dedicated to exhibitions.

OUR  
CONTRIBUTION

€30,000

BENEFICIARIES

>5,000  
annual visitors

*our  
projects*

Annual support

Involvement in mass sporting events, especially running, which has become a significant trend during the pandemic:

*sport*

## The Iasi Half Marathon

The Iasi Half Marathon is a social-sports-charity event that aims to promote outdoor exercise and a healthy lifestyle.

At the same time, the event involves local communities in a fundraising effort to support exceptional children from rural areas, with no material resources.

All registration fees go to Save the Children - Iasi branch - which actively campaigns for children's rights and protection.

OUR  
CONTRIBUTION

€35,000

BENEFICIARIES

2,000  
participants

## msg Apuseni Marathon

msg Apuseni Marathon is a mountain running event dedicated to children and adults and offers five running routes in the Apuseni Mountains.



OUR  
CONTRIBUTION

€10,000

BENEFICIARIES

1,224  
participants

## Brasov Marathon

Brasov Marathon is an outdoor mountain competition. The running route takes place on marked trails in Brasov and the Postavarul Massif.

OUR  
CONTRIBUTION

€10,000

BENEFICIARIES

1,200  
participants



Following the outbreak of war, our focus has shifted to actions that facilitate the support and adaptation of Ukrainian refugees in our country.

Our actions:

- dedicated page on the website is also translated in Ukrainian: [bancatransilvania.ro/bt-pentru-ucraineni](https://bancatransilvania.ro/bt-pentru-ucraineni)<sup>7</sup>
- social media information (e.g. option to open accounts for Ukrainians)
- a dedicated section in Ukrainian on the Ask BT website
- announcing job openings at BT for Ukrainians

- added to BT Pay 7 associations providing support to refugees to help them collect donations

From January 1 to March 31, 2022,

**donations amounting to RON 333,620,**

were made, of which Ron 200,000 went to support Ukrainian refugees

Our actions in support of refugees did not stop there. Since March, we have directed our attention and actions on humanitarian support for Ukrainian refugees in Romania through various campaigns.

**Banca Transilvania contributed with >90.000 €.**

**€25,000 donation:**

- » together with **Hope and Homes for Children**, we helped cover the basic needs of **50 Ukrainian orphaned children**

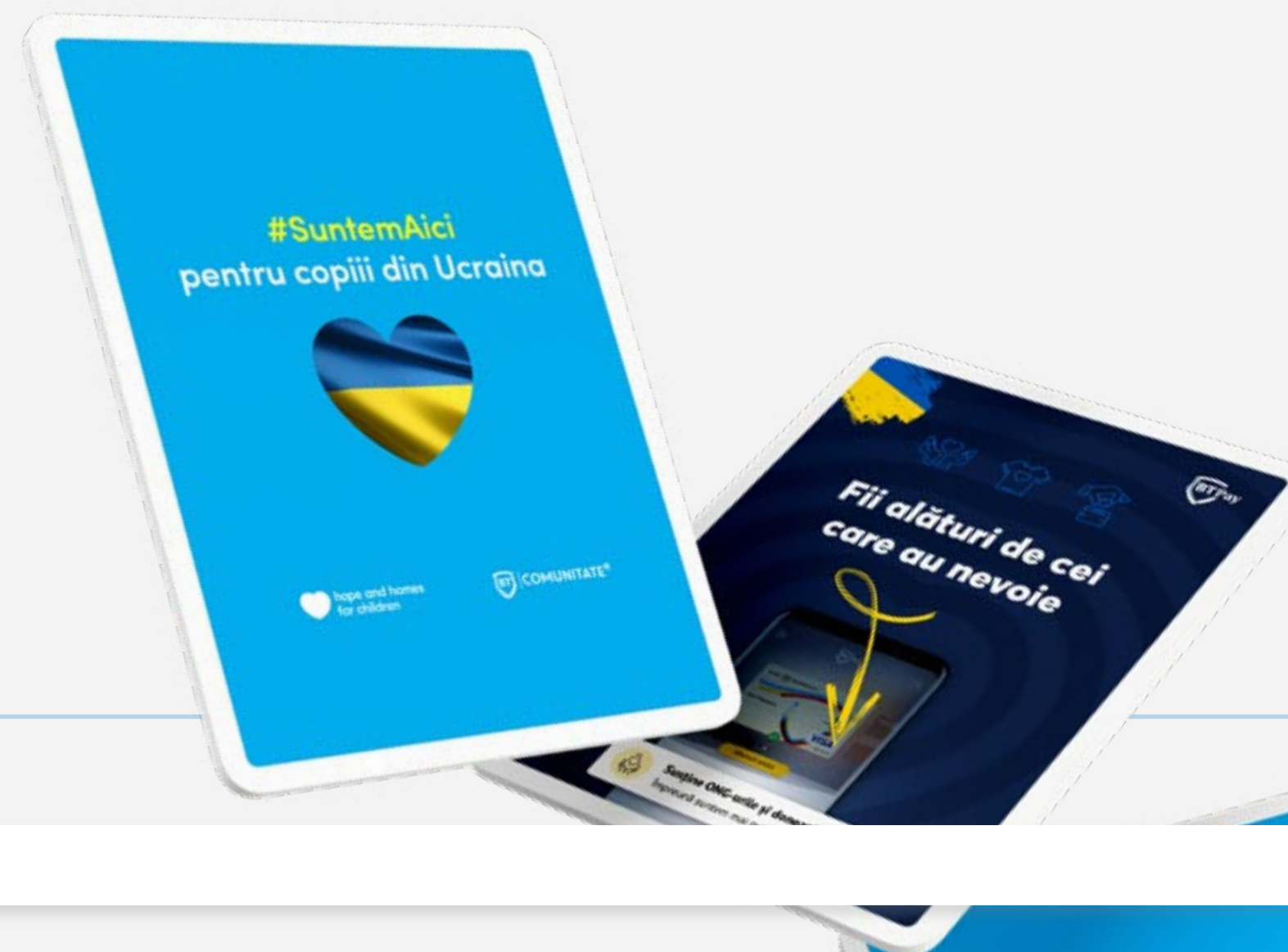
**€60,000 donation:**

- » we joined the **Tasuleasa Social Association's Humanitarian Hub** initiative to collect essential goods that arrived weekly in Ukraine and the Republic of Moldova
- » we provided financial support for Ukrainian students; **103 students received a scholarship worth 300 lei each**
- » involvement in various local projects with the help of branch managers

*actions to support Ukrainian refugees*



OUR CONTRIBUTION



## EASTER CAMPAIGN

# Play without borders. Help us color their childhood. No matter what their story is

Childhood is one of the most beautiful and important periods of our lives, laying the foundation for shaping each of us into happy adults. This year, February 24 interrupted play for children in Ukraine, and smiles were replaced by fear and uncertainty. Millions of Ukrainians, mostly women and children, were forced to flee the war.

**Because play knows no borders, we decided to set up playgrounds in schools where Ukrainian children learn alongside Romanian children.**

» Together with **Save the Children**, we selected two schools (Barbu Delavrancea 73 School in Bucharest and Tulcea Economic High School) to **build playgrounds**.

In both schools, Save the Children supports both Ukrainian and Romanian children from disadvantaged backgrounds through socio-educational programmes, and both categories will benefit from the playgrounds

To build the playgrounds, a specialized company with relevant experience was selected and the necessary technical steps were taken. Following site visits, discussions, and needs assessments, proposals tailored to the groups of children in each school emerged, and the works are scheduled to be carried out in December.

More than 130 Ukrainian children and over 400 Romanian children aged between 3 and 18 will enjoy the two playgrounds.

At School 73 Bucharest, primary and secondary school children will benefit from outdoor play activities, while at the Tulcea Economic High School, Ukrainian children living with their families in the high school boarding school and Romanian high school students will also benefit.



### OUR CONTRIBUTION

# €80,000



### BENEFICIARIES

# >530

children





## BACK TO SCHOOL CAMPAIGN

# From the schoolyard bench to the school desks

together with  
SOS Satele Copiilor

For children in disadvantaged communities and those who are no longer with their biological families, every year in school can make a difference and help them have a better future.

Because we truly believe that education can change lives, for students in the **SOS Brasov Programme**, school will start with everything they need to change their lives for the better.

**For one year, all children in the SOS Brasov Programme will be supported and given the best learning conditions.**

There are 7 teenagers in this community, and we will cover all the expenses related to school supplies, clothes, psychological support, and hot meals for a year.

» Moreover, we promoted this campaign both internally and externally, so anyone could donate through BT Pay.

OUR  
CONTRIBUTION

€30.000

BENEFICIARIES

7

teenagers

## CHRISTMAS CAMPAIGN

# Christmas of Simple Wishes

Christmas always brings lots of joy, love, and attention from those around us.

Together with **Hope and Homes for Children Romania**, we helped the most vulnerable enjoy this time of the year by running a donation campaign and through direct involvement.

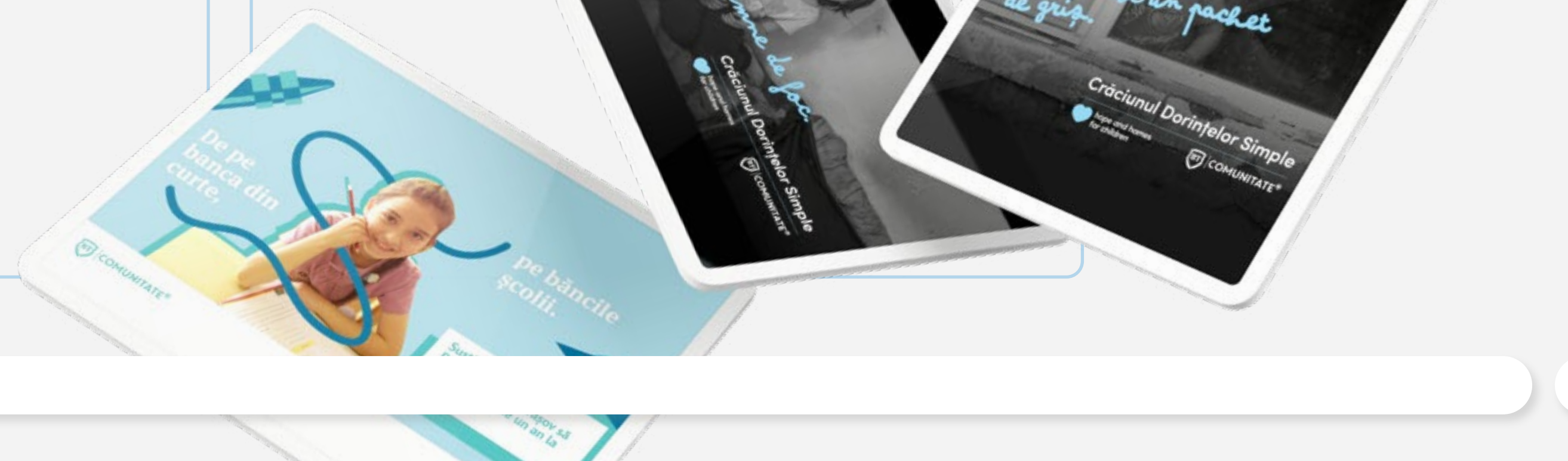
OUR  
CONTRIBUTION

€15.000

BENEFICIARIES

34

people



## FITS

Sibiu International Theatre Festival

This festival is one of the largest theatre events in Eastern Europe and takes place in Sibiu.


This year **more than 500 events** were held in **70 locations**, attended by **more than 3,300 participants**.

Each year, **we are partners in the street season**.



OUR  
CONTRIBUTION

**€10,000**



BENEFICIARIES


**70,000**  
visitors

*cultural  
events*

## Mita Biciclista House


It is a building in the center of Bucharest, one of the 159 monuments of national value in the capital's heritage.

After 80 years, the house has reopened its doors to the general public.



OUR  
CONTRIBUTION

we were a partner in the grand opening



BENEFICIARIES

by the end of the year, the House had been visited and photographed by

**>5,000**  
people

**We have joined the support of the Romanian Embassy in the US for the 25<sup>th</sup> anniversary of the Romania-US strategic partnership.**

Throughout the year several events took place, such as:

- **mainly diplomatic activities** (topics of national interest on the security, prosperity, and democracy agenda; strengthening the partnership with the Romanian-American community, etc.)
- **cultural events:** concerts; Romanian film festival in Washington; small festival on the Potomac shore (Washington); contemporary art exhibition focusing on Romanian contemporary art, innovation, and technology, etc.



BENEFICIARIES

**>20,000**  
participants  
in the events

Other cultural events we have supported:

- » Tiff
- » Electric Castle
- » Untold
- » Hungarian Cultural Days
- » Cluj International Book Festival
- » Northern Days
- » Central Wine Park
- » Rasnov Theatre and Film Festival

We also supported the film industry, as a partner of the movies: **Balaur**, **Mirciulică** and **King Michael - the way home**.





## *afforestation actions*

Beyond our internal action plan to streamline resource consumption and reduce our environmental impact, we aim to go further in the community and partner with environmental organizations to make an additional contribution to the fight against the main issues we face nationally.

**Thus, since 2014, we have invested more than €300,000 in volunteer programmes dedicated to reforestation in several areas:**

- |   |                              |
|---|------------------------------|
| » <b>Cluj</b><br>Trittenii de Jos   | » <b>Calarasi</b><br>Jegalia |
| » <b>Bistrita-Nasaud</b><br>Budesti, Budesti-Fanate,<br>Sanmihaiu de Campie | » <b>Buzau</b><br>Sapoca     |
|   | » <b>Bucharest</b><br>Videle |

In 2022, we continued the series of afforestation actions and supported **8 such projects.**

During these actions, which took place in various areas of the country (Cluj, Arad, Brasov, Timisoara, and Buzau) we collaborated with our partners at Tășuleasa Social, Cert Transilvania, Euromediu, and ProPark Association.

This year, **70 colleagues volunteered** in these reforestation actions.

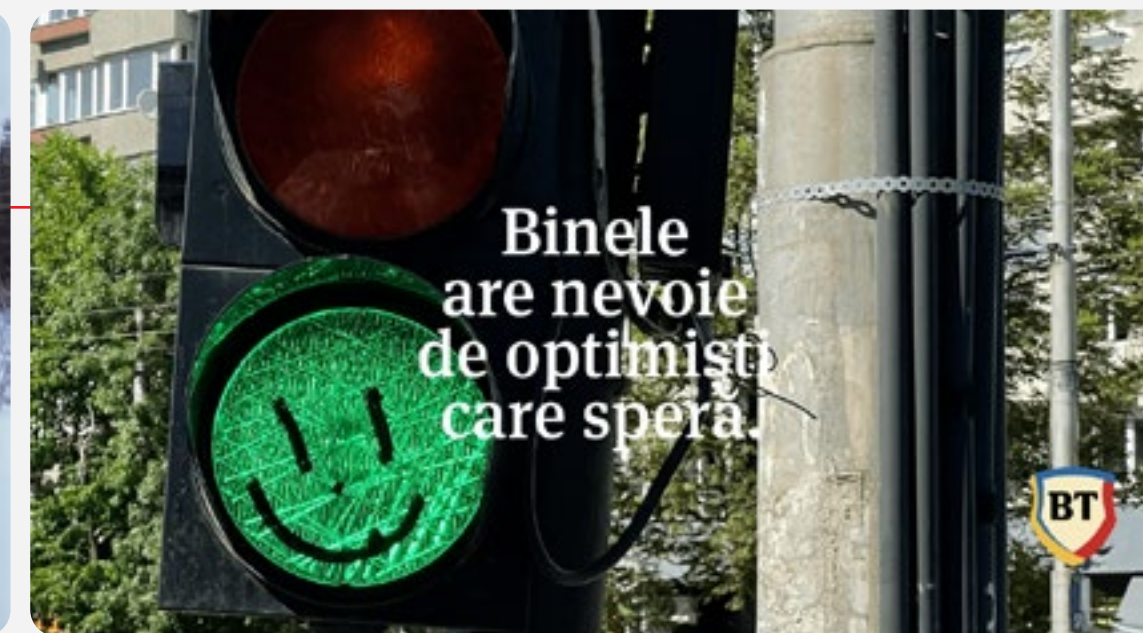


### RESULTS

we managed to plant

**>83,000  
seedlings**





In 2022, customers  
donated a total of

**RON 694,412**

via the website  
and the BT Pay app.

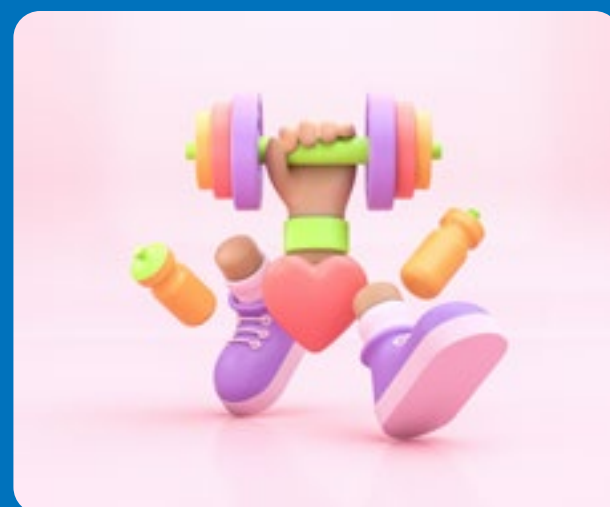


In our branches in the Republic of Moldova, our community engagement strategy focuses on three pillars:



## culture

Through the projects we implement, we aim to support the local communities in which we operate, contributing to improving the quality of life by promoting sports and culture.



## sport

At the same time, we show our solidarity with the people around us through specific initiatives, based on the context, population needs, and requests from our NGO partners.



## family

### Victoriabank

- Total investment budget:

**218,688 lei**

- Total number of projects supported:

**15**

- Total number of partner organizations:

**12**

### BT Leasing Moldova

- Total investment budget:

**2,704 lei**

- Total number of projects supported:

**1**

- **AIR Holiday Charity Campaign**

- Total number of partner organizations:

**1**

## Stories from home

### CAMPAIGN

Initiated by the **Child Community Family Organization**<sup>7</sup> (CCF Moldova) and it aims to raise funds to support children to grow up with their parents at home. Victoriabank is a partner of CCF Moldova.

Several well-known figures took part in the campaign and read stories online. This way, each one helped raise the respective amount to benefit children.

Among the protagonists of the "Stories from home" campaign were the president of Victoriabank, Bogdan Pleșuvescu, the writer Iulian Filip, the general director of the National Theatre "Mihai Eminescu", Petru Hadârcă, the entrepreneur Tudor Darie, all of whom read a story every day.



OUR  
CONTRIBUTION

**RON 4,916**

## The Generosity Gala

It is the largest charity event in the Republic of Moldova, held by the non-profit organization **Child Community Family** (CCF).

Victoriabank supported the gala for the eighth consecutive year. The support of the Generosity Gala is part of the well-

known large-scale campaign **Together with Moldova, together with everyone**, implemented this year by Victoriabank to support the population in the current situation in the country.

We support CCF Moldova's noble cause to provide a safe and secure family environment for every child.



OUR  
CONTRIBUTION

**RON 39,254**

## Run for Children

With a taste for good deeds, Victoriabank supported a humanitarian cause and joined this year's team of heroes who change destinies - the **Run for Children** team of the **Chisinau International Marathon 2022**, organized by the **Child Community Family** (CCF) organization.



The money was donated to 5 children to help them, and their families have a home of their own.

At the same time, several Victoriabank employees signed up for the marathon.



OUR  
CONTRIBUTION

**RON 9,832**



BENEFICIARIES

**5**  
copii



## State University of Moldova

We supported two projects carried out by USM students (Faculty of Economics):

- The **"NAV USM Workflow"** project aims to develop a complex and functional navigation system throughout the university, including in each study block;
- The **"Market Place"** project involves designing a promotion strategy for USM by diversifying the marketing tools used during the admission period.



OUR  
CONTRIBUTION

**RON 24,580**

## Genesis Art Theatre Let's go to the Theatre

The partnership between Victoriabank and the **Geneza Theatre Art**<sup>7</sup> in Chisinau, in place since 2021, continues this year.

Geneza Art is an independent theatre from the Republic of Moldova, and its main objective is to promote young actors and choose a repertoire accessible to all ages, but also authentic, emerging from the multicolored amalgam of states and situations life offers.

It is a classic theatre with a contemporary vision in the full sense of the word.

Geneza Art Theatre advocates the exclusion of stereotypes in theatre art, it is open to courageous theatrical experiments of the highest relevance.



OUR  
CONTRIBUTION

**RON 49,160**

## LSORM Gala

Native Moldovan Students League

The Gala of Native Moldovan Students is organized by the Native Moldovan Students League.

LSORM aims to identify and promote Moldovan-origin students studying at international universities and achieving outstanding academic and extra-curricular results, and to facilitate their involvement in development projects in the country (public and private sector).



OUR  
CONTRIBUTION

**RON 4,916**

## Moldovan Basketball Federation

Victoriabank also stands in solidarity with athletes in the Republic of Moldova, providing financial support for the activities and plans of the Basketball Federation of the Republic of Moldova and becoming its main partner.

The bank will support all categories of teams, including women's and men's leagues, as well as those for juniors and adults.



OUR  
CONTRIBUTION

**RON 61,450**

### CHARITY CAMPAIGN

## AIR for the Holidays

**The Investors Association of Romania (AIR)** in the Republic of Moldova organized a charity campaign around the winter holidays.

The campaign aimed at the most disadvantaged families in the districts of Cahul, Cantemir, Cimislia, Stefan Voda, and Causeni, who received food and hygiene products as gifts.



OUR  
CONTRIBUTION

**RON 2,704**



BENEFICIARIES

**150**  
families

Victoriabank supported various other organizations and causes during 2022, such as the **Romanian Embassy in Moldova, the Education, Culture, and Tourism Department of the Taraclia District Council.**

In addition, **the bank donated electronic equipment** to:

- » the General Directorate for Child Protection
- » "Chisinau" Patrol Section of the "Center" Patrol Directorate of the National Public Security Inspectorate
- » the National Public Security Inspectorate - "North" Patrol Directorate
- » Leova Police Inspectorate
- » Vocational School No. 11
- » Vânători Gymnasium Public Institution



OUR  
CONTRIBUTION

we supported these organizations with

» **RON 25,072**

and

- » **75 computers**
- » **6 printers**
- » **2 servers**

used for internal needs



# Responsible procurement



Within the BT Group, the procurement process is internally regulated by the Rule and Procedure for the procurement of works, goods, and services in Banca Transilvania, updated and amended in 2020 and 2021 respectively.

- » Procured products and services are divided into several categories, such as Investment and Logistics, IT, Human Resources, Marketing and Communication, Information Security, Retail, and Legal Services.

The Procurement, Investment, and Logistics Directorate is responsible for all procurement in BT, except the procurement of goods, IT services, and software, related licenses and maintenance, the procurement of goods, services, and software, related licenses and maintenance carried out by the Information Security Department, the procurement of equipment, products, and services used in the card issuing and approval process, legal assistance, human resources services as well as the procurement of marketing and advertising services, which are the responsibility of the Directors of each department.

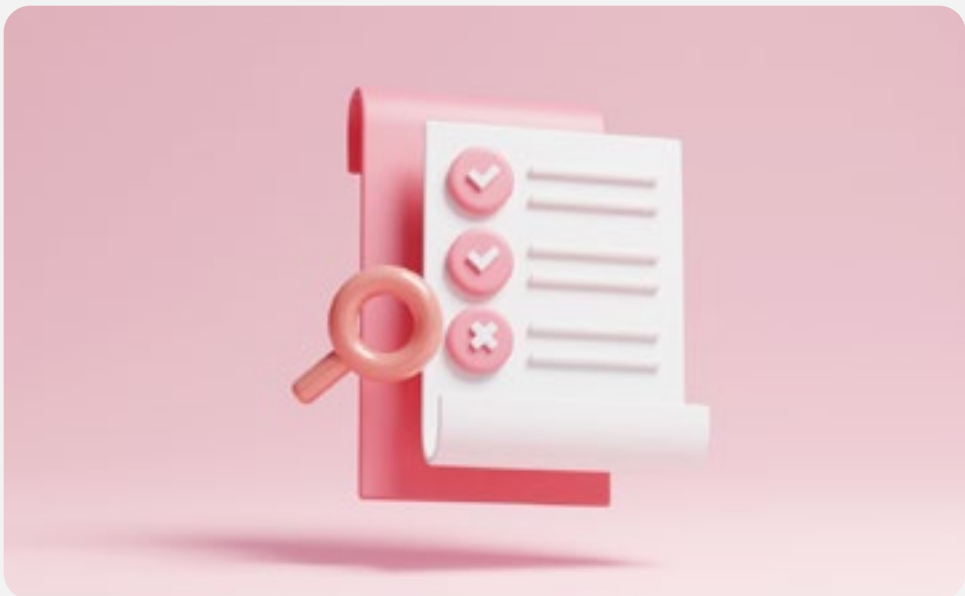
As a rule, purchases are generally made by selecting the supplier from at least three bids from the same number of different and independent bidders. The selection process for goods and services suppliers is carried out using **Oracle Fusion Cloud Procurement**, implemented in 2020. For new goods or services procurement contracts whose estimated value exceeds a certain limit, the approval of the Compliance Department - Compliance Risk Management Service is required for potential conflicts of interest and reputational risk.



In 2022, there were no significant changes in the localization of the supply chain.

The BT Group's suppliers comply with the principles of business continuity, always providing services and goods for both critical and non-critical activities. As for the other entities, suppliers participating in the tender selections organized by the Bank have agreed to extend the contractual terms and prices offered to other BT Group entities.

To align with sustainability principles and ensure high standards in the relationship with approved suppliers, in 2022, we acted on two dimensions; ESG criteria were included in the selection process of new suppliers, while for current suppliers, we collected additional information to show their commitment to sustainability pillars.



Thus in 2022, we implemented and tested a questionnaire in the supplier selection application which includes criteria/questions to evaluate BT suppliers on environmental, social, and governance aspects. These were developed in line with the Group's Environmental Policy.



The questionnaire was accessed to **assess the top 55 service and product providers** and resulted in a classification of current suppliers into three categories:

- » **sustainable**  
*score between 50-100*
- » **partially sustainable**  
*score between 30-49*
- » **non-sustainable**  
*score between 0-29*

ISO14001 certification is an important component of the goods and services supplier quality assessment criteria in the selection or verification process of new suppliers. Alongside this, information such as the energy efficiency of the products provided, whether a recycling policy is in place for the materials used, compliance with working and health conditions of employees, and involvement in social responsibility and/or environmental protection activities are also assessed and used in the rating process. The information collected from potential suppliers is reinforced by supporting documents related to each aspect presented.



From 2023 onwards, the score resulting from the sustainability questionnaire will be taken into account for the final scoring in the selection procedure for new main suppliers.





## Supplier expenditure

Local suppliers\*  
**1,698,847,004.21 lei**

Other suppliers  
**1,028,857,377.73 lei**

Total supplier  
expenditure  
**2,727,704,381.94 lei**

## Number of suppliers

Local suppliers  
**7,691**

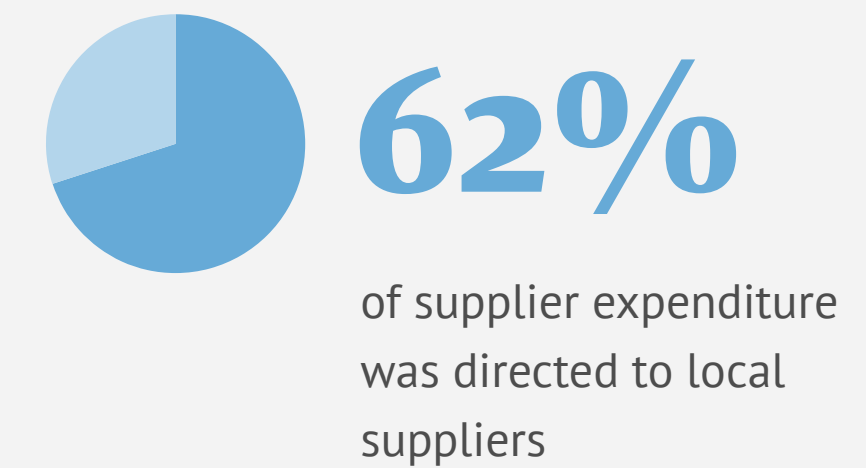
Other suppliers  
**334**

Total number  
of suppliers  
**8,025**

of which,  
new suppliers

**1,947**

In 2022:



In 2021, 93% of total  
supplier expenditure was  
made with local suppliers.

\* local supplier = supplier based  
or registered in Romania

Supplier  
expenditure

Local suppliers\*  
**65,141,998.42 lei**

Other suppliers  
**18,301,398.82 lei**

Total supplier  
expenditure  
**83,443,397.24 lei**

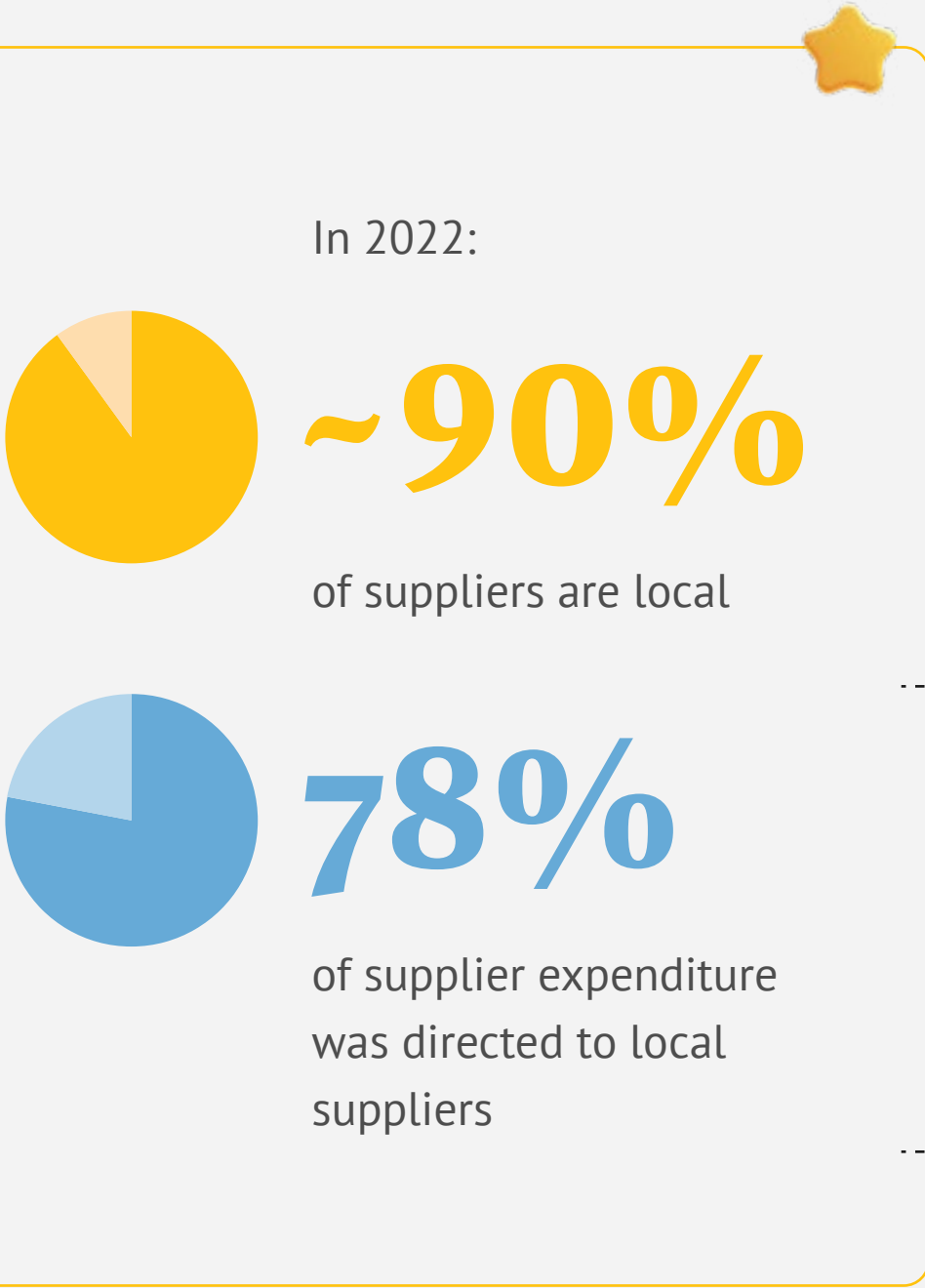
Number of  
suppliers

Local suppliers  
**803**

Other suppliers (based in Romania)  
**85**

Total number  
of suppliers  
**888**

of which,  
new suppliers  
**208**



In 2021, 72% of total supplier  
expenditure was made with local  
suppliers.

\* local supplier = supplier based or  
registered in the Republic of Moldova





# How we reduce our environmental impact

Resource consumption  
and waste management

Energy consumption

Climate change actions





**At BTFG, we understand how important it is to protect the environment, both for ourselves and future generations, and we are committed to doing our part to substantially reduce the negative impacts of economic activities on the environment.**

We also acknowledge the negative impact that our operations, both direct (day-to-day office activity, employee travel, etc.) and indirect (through the financing we provide, and lending operations), can have on the environment and society, and we take proactive measures to mitigate this impact. From reducing our carbon footprint through energy-efficient buildings and operations to implementing sustainable policies across our supply chain, we continuously strive to improve our environmental performance.

In doing so, we set high standards for both the environmental and social impact of our operations, and at the same time initiate ongoing activities to raise awareness of environmental and social issues among our colleagues, customers, suppliers, and employees, as well as the general public.



**We, therefore, operate in a sustainable, environmentally friendly, and responsible manner, which is why we adhere to the following principles to continuously improve our business:**

- » Most efficient use of the Bank's internal resources
- » Identify environmental issues and the impact of our business activity
- » Develop and implement measures to reduce negative environmental impacts
- » Minimize the negative environmental impact of our lending operations
- » Ensure compliance with relevant environmental and social legislation and international standards
- » Contract and collaborate with suppliers that operate in line with the Bank's Environmental Policy

However, it is not just a matter of what we do as a financial-banking service provider. We are also dedicated to supporting our customers, helping them make sustainable choices through our products and services. Whether it's financing renewable energy or education projects or providing resources, we develop solutions to help both our private individual and corporate customers reduce their environmental impact, we are committed to supporting a more sustainable future.



**We believe that first and foremost, collaboration is the essential factor in achieving lasting positive change and we are proud to be a leader in this endeavor.**

We are also leaders of the Romanian banking system, but this privilege brings an immense responsibility to be a role model in the way we relate to the protection of the environment, natural ecosystems, and the planet's resources. We will continue to work tirelessly to create a better world for ourselves and future generations.



More details on how we approach issues related to environmental protection can be found in GFBT's Environmental Policy, available [here](#)<sup>7</sup>.



# Resource consumption and waste management



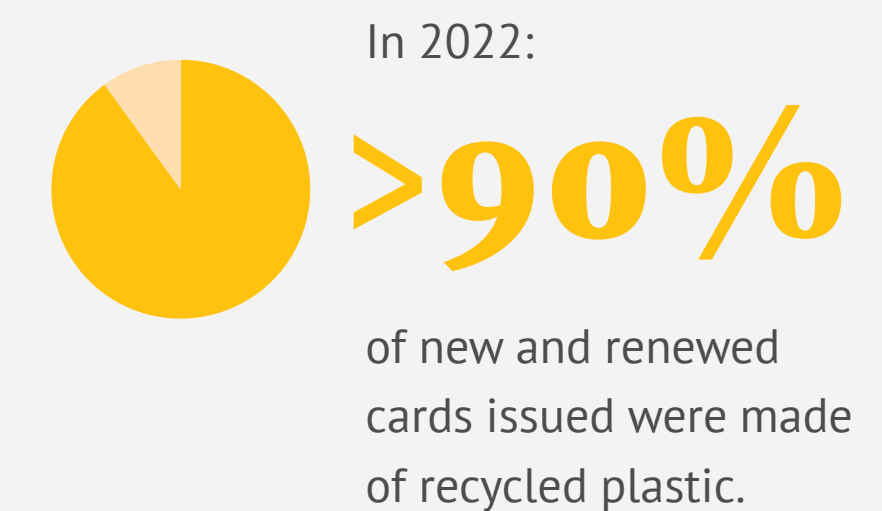
At the BT Group level, the waste generated comes from both employee activity and the day-to-day operations of the banking units. Paper, plastic, electrical and electronic waste, batteries and accumulators, lighting devices, printer cartridges, and household waste are the main residual materials included in the waste management process.

Most of the processes carried out in the bank involve the use of paper and plastic to prepare documents, issue cards to customers, or send information by post. Waste batteries and accumulators, printer cartridges, and WEEE (end-of-life electrical and electronic equipment) from certain employee activities, if mismanaged, can contaminate the environment, and impact wildlife or human health.

Banca Transilvania places great emphasis on how waste is managed, aiming to continuously update all processes to reduce the amount of waste generated, in particular by reducing the consumption of resources and through selective and efficient waste collection.



**We are aware of the significant impact that plastic has on the environment. From 2021, a large proportion of cards issued are made from recycled plastic and biodegradable elements.**



**We plan to continue issuing cards made of this material, completely phasing out "classic" plastic cards.**



Paper consumption reduction		
	2021	2022
	A4 paper	A4 paper
Card PINs sent via SMS vs. paper	985,000	1,000,000
Account statement	12,520,000	7,066,000
Digitally signed online accounts and cards	36,000	250,000
<b>Total</b>	<b>14,477,000</b>	<b>8,316,000</b>

In addition, the consumption of paper envelopes used to send notifications and statements has been reduced by

**~7,066,000 envelopes**

in 2022.



Paper reduction measures have resulted in saving

**64 t of paper.**

Materials ordered in kg	
	2022
Paper	820,302
Cardboard	27,056
Plastic	27,319
Metal	5,471
Recycled plastic	8,616
Biodegradable plastic	633
Materials ordered in pieces	
Furnishings put into service in 2022	6,091
Printer toners*	19,362

\*During 2022, BT provided pay-per-page printing services equivalent to 19,362 printer cartridges.

From July to December 2022, we launched a campaign at Banca Transilvania to encourage colleagues to reduce materials and energy consumption.

The departments responsible for the campaign implementation were Procurement-Logistics, Marketing, IT, and ESG-FS. The objectives of the campaign were:

- Reducing energy and paper consumption and reducing the amount of waste generated and not recycled, with a major impact on cost reduction and CO<sub>2</sub> emissions associated with day-to-day operations
- Raising sustainability awareness within the Bank among all BT colleagues
- Implementation of activities aimed at developing team spirit, communication, and "acting responsibly together"




Materials ordered	Subsidiaries								
	BT Mic	BT Direct	BT CP	BT Pensii	ICC	Idea::Bank	Idea::Leasing	BT Leasing MD	Victoriabank
Paper <i>kg</i>	1,755	27,319	731	417	2,188	960	2,625	793	1,250
Cardboard <i>kg</i>	n/a	n/a	15	n/a	n/a	191	1,000	58	n/a
Plastic <i>kg</i>	n/a	335	83	n/a	n/a	245	100	19	n/a
Printer cartridges <i>pcs.</i>	*	325	*	n/a	*	n/a	34	19	94


Note: For the first time, in 2022 we started monitoring the materials used in our internal operations. For part of the materials used, data was not available at all subsidiaries, marked in the table above with n/a.

» We are currently working on internal processes to help us monitor the categories of materials used consistently across all subsidiaries.

Printer cartridge consumption for BT Mic, BTCP, and ICC is included in Banca Transilvania's cartridge consumption.



From 2021, the Bank uses **100% FSC-certified paper** for card letters and envelopes, for printed statements sent to customers, and for POS and ATM rolls.



Waste generated in own operations	Banca Transilvania	
	2021	2022
	tone	tone
Paper	93.3	1,051.64
Lighting fixtures	0.12	0.2
Batteries	0.05	0.2
Plastic	19.31	34.93
WEEE	4.04	8.2
Other end-of-life equipment	2.22	0.54
Household waste	1,449.92	1,535.99

Note: The increase in paper waste arose from the disposal of approximately 883 tonnes of archive paper.

Waste diverted from disposal		Banca Transilvania	
		2022	
Where it is managed →	Onsite	Offsite	Total
	tonnes	tonnes	tonnes
Hazardous waste			
Recycling	0	8.74	8.74
Other recovery operations	0	0	0
Total	0	0	8.74
Non-hazardous waste			
Recycling	0	1,079.77	1,079.77
Other recovery operations	0	0	0
Total	0	0	1,079.77

Waste send for disposal		Banca Transilvania	
		2022	
Where it is managed →	Onsite	Offsite	Total
	kg	kg	kg
Hazardous waste			
Landfilling	0.4*	-	0.4
Total	0.4	-	0.4
Non-hazardous waste			
Landfilling	-	1,535.99	1,535.99
Energy recovery	0	6.8	6.8
Total	-	1,542.79	1,542.79

\* fluorescent tubes, batteries and accumulators to be handed in for disposal





Waste generated	Subsidiaries					
	2022					
	Idea::Bank	Idea::Leasing	BT Pensii	ICC	BT Leasing MD	Victoriabank
	tonnes	tonnes	tonnes	tonnes	tonnes	tonnes
Paper	1,760	0.63	0.42	1.20	0.78	25.87
Lighting fixtures	0.03	0.01	n/a	n/a	n/a	n/a
Batteries	n/a	0.01	n/a	n/a	n/a	n/a
Plastic	1,262	0.05	n/a	n/a	n/a	n/a
wEEE	n/a	1.10	n/a	n/a	190	n/a
Metals	3,683	n/a	n/a	n/a	n/a	n/a
Wood	2,874	n/a	n/a	n/a	n/a	n/a
Household waste	112	2.51	n/a	n/a	n/a	n/a

Note: For the first time, in 2022 we started monitoring the materials used in subsidiaries' operations. For part of the materials used, data was not available at all subsidiaries, marked in the table above with n/a.

We are currently working on internal processes to help us monitor the categories of materials used consistently across all subsidiaries.

Our activities to efficiently manage waste resulting from our operations include the collection, transport, treatment/disposal of waste, together with monitoring and regulating the process as a whole. All resulting waste is disposed of/valued under Law 426/2001 and its records are kept in accordance with the national waste list established by GD 856/16.08.2002 as amended.

WBA (Waste Batteries and Accumulators) and WEEE (Waste from Electrical and Electronic Equipment) have a special route, are collected over up to 3 months, and then handed over to authorized agents.

- » The department in the Bank responsible for waste management is the Procurement, Investment, and Logistics Department, through a Waste Management Specialist. He draws up a monthly record which is then reported to the Environmental Protection Agency, regularly updates the Bank's waste management policy, and proposes measures to reduce waste and streamline waste-generating processes.

Waste management activities are carried out in accordance with the regulations defined in the Bank's Waste Management and Handling Policy.

- » The main objective of the waste management policy is to set out the general methods the organization uses to manage waste resulting from day-to-day activities. Waste management responsibilities are assigned to the Waste Management Specialist, Building Managers, and Heads of Agencies.
- » The policy regulates how waste is transported, and how data is reported to the competent authorities, contains information on waste management records, and sets out the measures to be taken by individual employees to keep the amount of waste generated to a minimum.

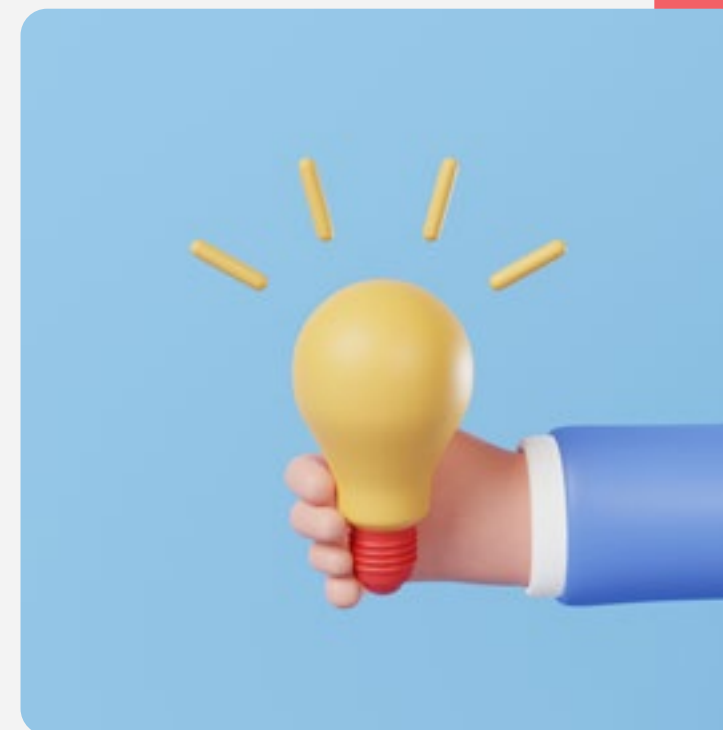


# Energy consumption

Electricity consumption aspects are set out in the Bank's Environmental Policy. The Procurement, Investment, and Logistics Department is responsible for monitoring consumption and reporting it to the Board of Directors as well as to other relevant departments.

All daily activities of our employees require the use of electricity in one form or another: from lighting the workstations to ensuring the functionality of the equipment used. For this reason, we closely monitor consumption and continuously upgrade our facilities to achieve a high degree of energy efficiency.

**This is also our goal: to reduce our environmental impact, including by reducing energy consumption**



Among the most important measures we implemented to achieve this goal are:

- Smart building lighting - implemented in every renovated or upgraded facility
- Replacing equipment used in day-to-day activities with more energy-efficient ones
- Construction or refurbishment of buildings, aiming at achieving energy-efficient buildings
- Installing charging stations for electric cars in the underground car parks of Banca Transilvania's offices, with access for both the company's fleet and customers' cars (24 stations installed so far)
- Replacing the building cooling and heating equipment with more energy-efficient, higher-energy class ones
- Training of employees to behave appropriately concerning electricity consumption
- Construction of new buildings, or upgrading/refurbishment of existing energy-intensive buildings, to be certified as "green buildings", obtaining BREEAM- outstanding certification (e.g., headquarters in Cluj)
- Continuous education via internal environmental & social training, environmental and social awareness campaigns, and internal consumption efficiency campaigns as defined at the Bank level, i.e., electricity, paper, fuel/ car fleet, resulting in a reduction of CO<sub>2</sub> emissions from the Bank's activities



BTFG

2022

MJ

Total fuel consumption from conventional sources

Gasoline	22,411,265
Diesel	28,504,440

Natural gas	64,814,536
-------------	------------

Conversion factors:

1 litre diesel = 38 MJ

1 litre gasoline = 32 MJ

BTFG

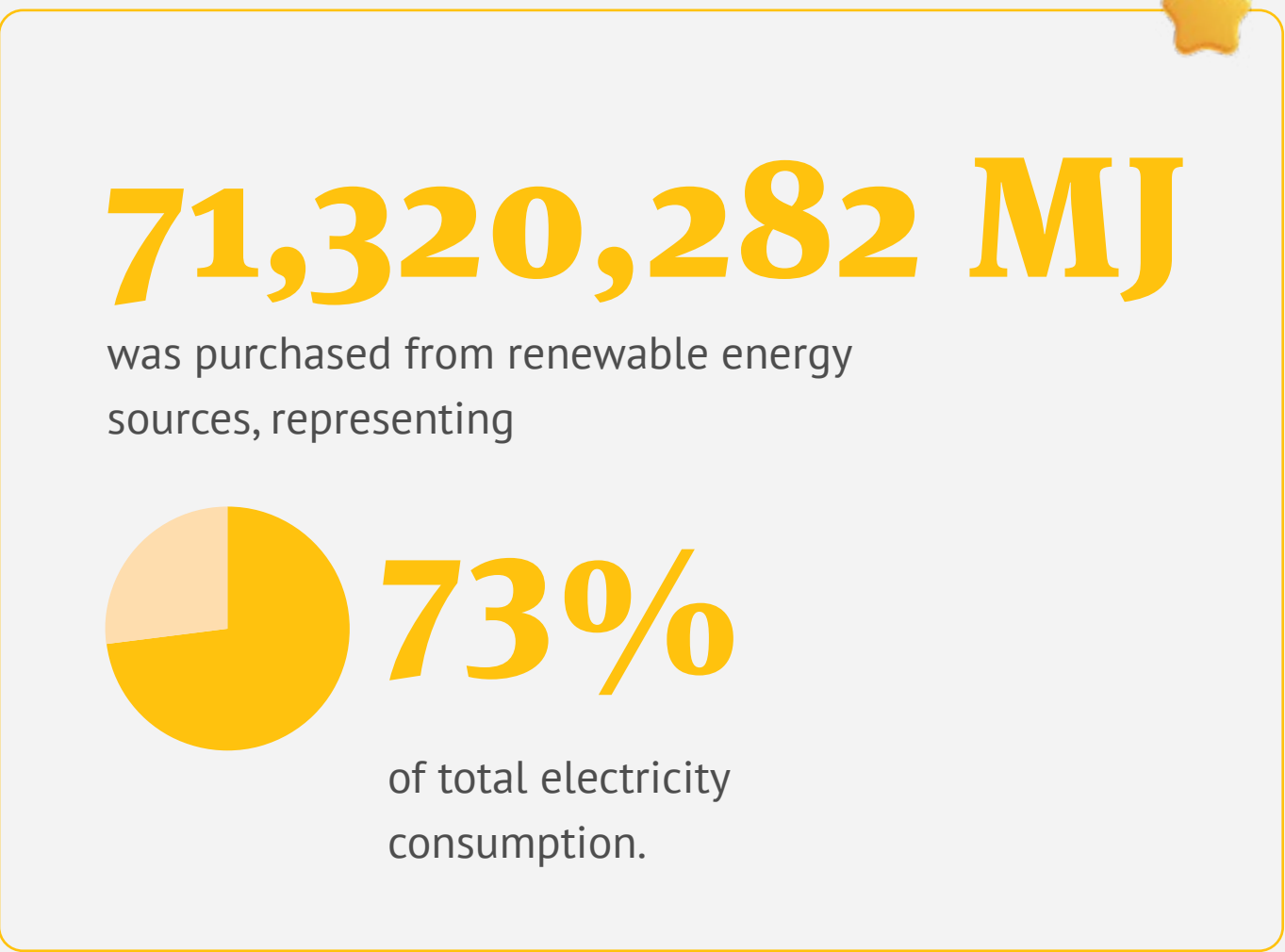
2022

MJ

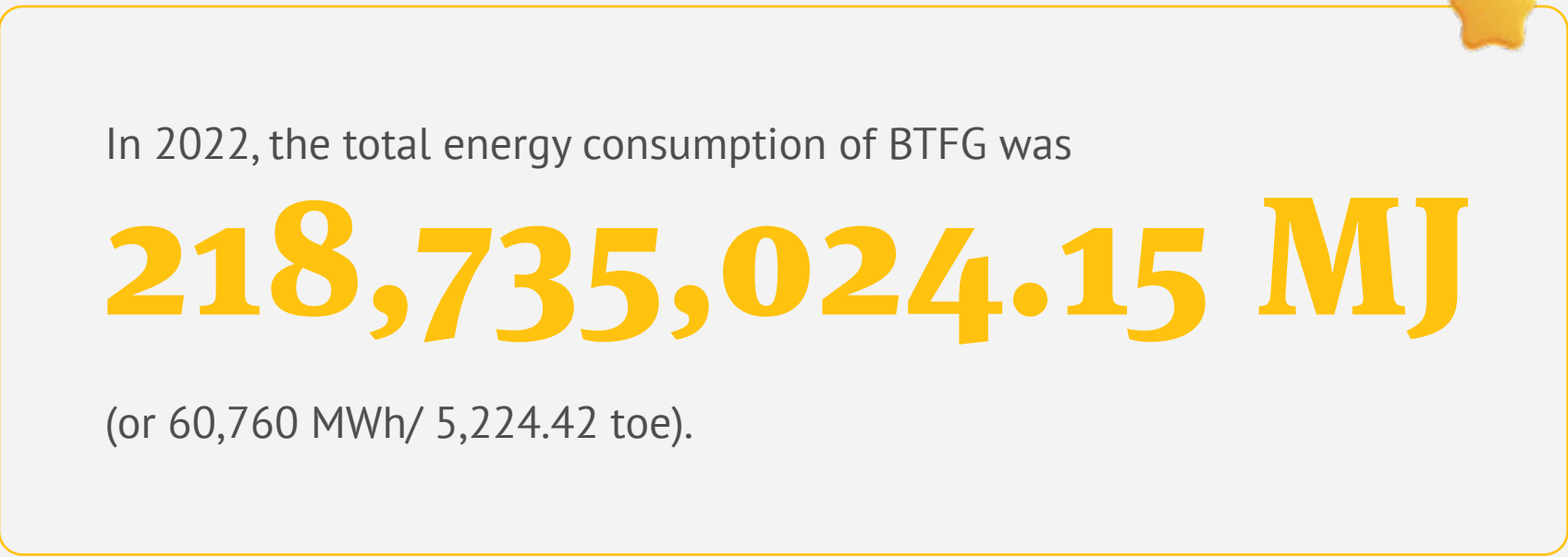
Electricity and thermal energy consumption

Electricity	97,881,215
-------------	------------

Thermal energy	5,123,568
----------------	-----------



The share of electricity from renewable sources is lower than last year because, in the current reporting cycle, the consumption of subsidiaries has been included, while in 2021 the reporting was done exclusively on the consumption of Banca Transilvania.



Note: consumption of natural gas, electricity, and heat also covers part of the BTFG subsidiaries which are not included in the scope of the sustainability report as they are located at Banca Transilvania's headquarters. Compared to the information published in the Board of Directors Report, there are minor differences in natural gas and electricity consumption, as at the time this information was not available for the subsidiaries in Moldova, Ideia::Bank, Ideia::Leasing, and BT Pensii.

Gasoline consumption includes the following subsidiaries: BT Direct, BT Leasing MD, BT Mic, BT Pensii, ICC, Victoriabank, BT Leasing, Ideia::Bank, Ideia::Leasing, Banca Transilvania.

Diesel consumption includes the following subsidiaries: BT Direct, BT Leasing MD, BT Mic, BT Pensii, ICC, Victoriabank, BT Leasing, Ideia:: Bank, Ideia::Leasing, Banca Transilvania.

Natural gas consumption includes the following subsidiaries: Banca Transilvania, BT Leasing, Improvement Credit Collection, BT Capital Partners, BT Direct, Transilvania IFN, BT Mic, BT Asiom Agent de Asigurare, BT Safe Agent Asigurare, BT Intermedieri Agent Asigurare, BT Solution Agent Asigurare, BT Asset Management, Victoriabank, Ideia::Bank, Ideia::Leasing.

Electricity consumption includes the following subsidiaries: Banca Transilvania, BT Leasing, Improvement Credit Collection, BT Capital Partners, BT Direct, Transilvania IFN, BT Mic, BT Asiom Agent de Asigurare, BT Safe Agent Asigurare, BT Intermedieri Agent Asigurare, BT Solution Agent Asigurare, BT Asset Management, BT Pensii, Ideia::Bank, Ideia::Leasing, Victoriabank.

Thermal energy consumption includes the following subsidiaries: Banca Transilvania BT Leasing, Improvement Credit Collection, BT Capital Partners, BT Direct, Transilvania IFN, BT Mic, BT Asiom Insurance Agent, BT Safe Insurance Agent, BT Intermedieri Insurance Agent, BT Solution Insurance Agent, BT Asset Management.

Energy intensity at the BT Group level:

EI

BTFG

=

Total energy consumption at Group level

Turnover

EI

BTFG

=

5,224.52

8,652,249,702.31

EI

BTFG

=

6.04×10<sup>-4</sup> toe/thousand lei

In 2022, at the level of Banca Transilvania, energy consumption intensity was 5.767×10<sup>-4</sup> toe/thousand lei, a decrease of about 2% compared to 2021, when it reached 5.871×10<sup>-4</sup> toe/thousand lei.

The measures implemented in 2022 to reduce energy consumption at Banca Transilvania consisted of:

Implemented measure

Banca Transilvania

Energy savings in 2022  
toe/year

Purchase of new energy-efficient tires	7.74
Renovation of 22 agencies whose energy and financial efficiency indicators are not positive	161
Replacing existing lamps with LED lamps	1.18
Total	169.92

At the same time, 82 hybrids (PHEV), electric (EV), or mild hybrid (MHEV) cars were purchased in 2022, i.e., approximately 10% of Banca Transilvania's car fleet.



Car Fleet

Banca Transilvania

2022

Gasoline	445
Diesel	302
PHEV	76
MHEV	7
EV	2



# Climate change actions

As key players in the financial ecosystem, we have a unique role and responsibility in directing capital flows and shaping the trajectory of economic growth. The carbon footprint is an extremely important indicator for any economic activity and its importance is critical given the global fight against climate change.

» Measuring our carbon footprint gives us a better understanding of the strategy we need to adopt to reduce our environmental impact, helping us to take the necessary steps towards a low-carbon economy.

In terms of the carbon footprint of BTFG, financing emissions are significant as they represent greenhouse gas (GHG) emissions associated with projects and companies that we finance through loans, investments, or other financial products. This category of emissions is considerably larger than operational emissions (Scope 1 and Scope 2).

2022 was the first year we calculated our Scope 3 portfolio emissions. We did this to have an accurate picture to enable us to make informed decisions and the right-size products and services that can help lower the carbon footprint of our customers, and therefore the Group.

Emissions intensity\* =  $\frac{\text{Total emissions Scope 1 + 2 + 3}}{\text{Turnover}}$

Emissions intensity location-based =  $1.87 \times 10^{-3} \text{ t CO}_2\text{e/ thousand lei}$

Emissions intensity market-based =  $1.43 \times 10^{-3} \text{ t CO}_2\text{e/ thousand lei}$

The calculation of Scope 1, Scope 2, and Scope 3 emissions - category 3.3 was based on the Greenhouse Gas Protocol Corporate Standard.

\*Scope 3 does not include funded emissions,intensities for this category are listed below

Categories	CO <sub>2</sub> Emissions tonnes	% of Total	Methodology
Scope 1 Direct emissions	5,111.35	31.63% <div><div></div></div>	
1.1. Stationary combustion	3,124.75	19.34%	Activity data
1.2. Mobile combustion	1,986.60	12.29%	Activity data
Scope 2 Indirect emissions - Location-based	6,586.35	40.76% <div><div></div></div>	
2.1. Purchased electricity	6,307.50	39.03%	Activity data
2.2 Purchased heat	278.85	1.73%	Activity data
Scope 2 Indirect emissions - Market-based	2,820.85	22.77% <div><div>of total market-based</div></div>	
2.1. Purchased electricity	2,542.00	20.51%	Activity data
2.2 Purchased heat	278.85	2.25%	Activity data
Scope 3 Other indirect emissions	4,459.20	27.59% <div><div></div></div>	
3.3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	4,459.20	27.59%	Supplier-specific
Total (Scope 1+2+3) – Location based	16,157.00	100%	
Total (Scope 1+2+3) – Market based	12,391.00	100%	



### Scope 3 - Funding emissions

Funded emissions were estimated based on The Global GHG Accounting and Reporting Standard for the Financial Industry, from the Partnership for Carbon Accounting Financials, with the help of external expert Klima Metrix. The calculation of emissions included financed motor vehicles (all leasing subsidiaries), business loans (Banca Transilvania, Victoriabank, BT Microfinanțare), commercial real estate/mortgage loans to individuals (Banca Transilvania and Victoriabank), project finance (Banca Transilvania), listed equity, unlisted equity, and corporate/business bonds (Banca Transilvania, BT Pensii and BT Asset Management).

Asset Class		Share of portfolio RON based %	Financed emissions - PCAF 2022 <i>t CO<sub>2</sub>e</i>	Share of portfolio GHG based %	Intensity value <i>kg CO<sub>2</sub>e / RON outstanding</i>
1	Listed equity and corporate bonds	5.3%	18,503	0.4%	0.005
2	Business loans and unlisted equity	54.4%	3,657,771	80.7%	0.095
3	Project finance	3.8%	83,561	1.8%	0.031
4	Commercial Real Estate	3.6%	88,484	2.0%	0.034
5	Mortgages	28.0%	617,403	13.6%	0.031
6	Motor vehicle loans	4.8%	68,937	1.5%	0.020
Total		100%	4,534,659	100%	0.064



Asset Class							PCAF Score (RON Based)	
		Score 1	Score 2	Score 3	Score 4	Score 5	NA	Excluded
		%	%	%	%	%	%	%
1	Listed equity and corporate bonds	0%	0%	0%	0%	0%	100%	0%
2	Business loans and unlisted equity	0%	0%	0%	76.4%	0%	23.6%	0%
3	Project finance	0%	0%	0%	0%	0%	100%	0%
4	Commercial Real Estate	0%	0%	0%	98.9%	1.1%	0%	0%
5	Mortgages	0%	0%	0%	98.0%	2.0%	0%	0%
6	Motor vehicle loans	0%	0%	47.4%	52.4%	0.2%	0%	0%
Total		0.0%	0.0%	2.3%	75.2%	0.6%	16.7%	0%

Asset Class						PCAF Score (GHG Based)	
		Score 1	Score 2	Score 3	Score 4	Score 5	NA
		%	%	%	%	%	%
1	Listed equity and corporate bonds	0%	0%	0%	0%	0%	100%
2	Business loans and unlisted equity	0%	0%	0%	91.1%	0%	8.9%
3	Project finance	0%	0%	0%	0%	0%	100%
4	Commercial Real Estate	0%	0%	0%	99.5%	0.5%	0%
5	Mortgages	0%	0%	0%	99.1%	0.9%	0%
6	Motor vehicle loans	0%	0%	27.8%	71.9%	0.3%	0%
Total		0.0%	0.0%	0.4%	90.0%	0.1%	9.0%

# Annexes

Annex 1: Exclusion list

Annex 2: Green Financing Framework

Annex 3: ESG and sustainability  
performance rating

Annex 4: Definitions and criteria



# Annex 1:

## Exclusion list

Banca Transilvania will not knowingly finance, directly or indirectly, projects involving the following:

- a The production of or trade in any product or activity deemed illegal under Romanian laws or regulations, or international conventions and agreements, or subject to international phase-out or bans, such as:
  - i Production of or trade in products containing polychlorinated biphenyls (PCBs)
  - ii Production of or trade in pharmaceuticals, pesticides/herbicides, and other hazardous substances subject to international phase-outs or bans<sup>1</sup>
  - iii Production of or trade in ozone-depleting substances subject to international phase-out<sup>2</sup>
  - iv Trade in wildlife or production of or trade in wildlife products regulated under CITES<sup>3</sup>

- v Transboundary movements of waste prohibited under international law<sup>4</sup>
- b Production or use of or trade in unbonded asbestos fibres or asbestos-containing products<sup>5</sup>
- c Activities prohibited by Romanian legislation or international conventions relating to the protection of biodiversity resources or cultural heritage<sup>6</sup>
- d Drift net fishing in the marine environment using nets in excess of 2.5 km in length
- e Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO) requirements<sup>7</sup>
- f Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import, and, if applicable, transit

<sup>1</sup> Reference documents are EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard.

<sup>2</sup> Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in widely publicised 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents, together with details of signatory countries and phase out target dates, is available from the EBRD.

<sup>3</sup> CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. The lists of CITES protected species are available at [www.cites.org/eng/app/index.shtml](http://www.cites.org/eng/app/index.shtml).

<sup>4</sup> Reference documents are: Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/ Final on the control of transboundary movements of wastes destined for recovery operations; Basel Convention of 22 March 1989 on the control of transboundary movements of hazardous wastes and their disposal.

<sup>5</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.

<sup>6</sup> Relevant international conventions include, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity.

<sup>7</sup> This includes: tankers which do not have all required MARPOL SOLAS certificates (including, without limitation, ISM Code compliance), tankers blacklisted by the European Union or banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase out under MARPOL regulation 13G. No single hull tanker over 25 years old should be used.

- g Production or activities involving harmful or exploitative forms of forced labor<sup>8</sup>/ harmful child labor<sup>9</sup>.
- h Production or trade in weapons and munitions<sup>10</sup>
- i Production or trade in radioactive material. This does not apply to the purchase of medical equipment, quality control equipment, and any equipment where radioactive source is trivial and/or adequately shielded
- j Tobacco cultivation

- k Production of or trade in tobacco
- l Production of or trade in wood and/or primary forestry other than from sustainably managed forests<sup>11</sup>.
- m Production of or trade in alcoholic beverages (excluding beer and wine)
- n Gambling, casinos and equivalent
- o Logging operations in tropical forests
- p Pawnbroking activities and Currency exchange offices
- q Pornography, prostitution, videochat

Against the exclusions defined above, the following exceptions are accepted, for which Environmental and Social Risk Officers will be able to approve further analysis:

- production or trade of alcohol and tobacco if that activity represents an insignificant proportion of the customer's total business or is within 1% of BT's total portfolio;
- trade in hunting weapons and ammunition, subject to careful monitoring of the customer, in order to have the assurance that the customer will only trade in hunting weapons and ammunition;
- for gambling: SGBs with cash collateral to guarantee budgetary obligations (Ordinance 77).

If the Environmental and Social Risk Officer does not approve the further analysis, the credit will be rejected and the client will be informed.

<sup>8</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

<sup>9</sup> Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

<sup>10</sup> This does not apply to funders of a project who are not substantially involved in these activities. 'Not substantially involved' means that the activity in question is secondary to the primary operations of a project funder.

<sup>11</sup> Sustainable managed forests - the bank's understanding of wood material from sustainable managed forests is wood that comes from legal harvesting and whose origin can be verified.




# EBRD

## reference list

The financing of the following environmentally or socially sensitive business activities is subject to referral to EBRD. The principal Performance Requirement that proposed transactions will be expected to meet is indicated in italics:

- a Activities involving involuntary resettlement – *EBRD Performance Requirement 5*
- b Activities within, adjacent to, or upstream of designated protected areas under national law or international conventions, sites of scientific interest, habitats of rare/endangered species, fisheries of economic importance, and primary/ old growth forests of ecological significance - *EBRD Performance Requirement 6*
- c Activities within, adjacent to, or upstream of land occupied by Indigenous Peoples and/ or vulnerable groups including lands and watercourses used for subsistence activities such as livestock grazing, hunting, or fishing - *EBRD Performance Requirement 7*
- d Activities which may affect adversely sites of cultural or archaeological significance - *EBRD Performance Requirement 8*
- e Activities in the nuclear fuel production cycle
- f Energy generation using nuclear fuels (excluding electricity import/export)
- g Activities involving the release of Genetically Modified Organisms (GMO) into the natural environment - *EBRD Performance Requirement 6*
- h Construction of mini-hydro cascades - *EBRD Eligibility Criteria for Small Hydro Projects*

# Annex 2: Green Financing Framework

Category	Description	SDG
1. Renewable Energy  RE	<p>They are defined as installation or construction measures implemented by an entity targeting investments in fixed assets that enable the efficient generation or use of electricity, heat, cooling, or any other form of energy from renewable sources, including solar, wind, hydro, biomass, biogas, geothermal, tidal, or other similar forms of energy.</p>	<p>For RE equipment the eligible project should directly produce or supply the component that is solely used for producing or supporting RE.</p> <p>Renewable energy sources:</p> <ul style="list-style-type: none"><li>» Wind</li><li>» Solar - photovoltaic panel systems</li><li>» Water - micro hydropower</li><li>» Biogas (including from waste)</li><li>» Biomass</li></ul> 

## 2. Energy Efficiency EE

They are defined as measures implemented by a company to purchase, replace, redesign, or refurbish equipment, systems, or contract services/products to reduce energy consumption for each service unit offered by the entity. This includes the use of waste-to-energy or any other measure for the efficient use of energy (or reduction of specific energy consumption) of the system directly impacted by the initiated project, based on minimum requirements.

a) a decrease of absolute energy consumption by at least 15% or

b) a reduction of greenhouse gas emissions by at least 25,000 t CO<sub>2</sub>e/year, or

c) a reduction in electricity consumption of at least 50 GWh/year.

d) Appliances and lighting with an energy efficiency comparison label representing at least 15% energy savings compared to the baseline.






For EE equipment or products, the eligible project should be the manufacture or direct supply of energy-efficient technology (equipment or appliances).

EE equipment or products should be verified as energy efficient based on a benchmark that is representative of the market for the technology or product sold or be supplied directly to EE projects (as defined as an eligible EE project above).

Eligible projects may include financing of energy efficiency measures in production or processing facilities. These include measures implemented by an entity to purchase, replace, redesign, or refurbish equipment, systems, and/or processes to improve energy consumption per production unit.





<p><b>3. Transport</b></p> <p><b>T</b></p>	<p>In the transport sector, the following products can be financed:</p> <ul style="list-style-type: none"> <li>» Electric cars, or plug-in hybrids;</li> <li>» EE for vehicles that will be used to replace existing vehicles using the same fuel. New vehicles require a 15% improvement in fuel consumption, expressed in miles or kilometers per gallon or liter of fuel, compared to the vehicles to be replaced.</li> </ul>	<p>Part of the financing condition is the borrower's obligation that the vehicles being replaced will be phased out of service. The customer will submit an affidavit that within 12 months he will remove/dispose of the existing vehicles being replaced;</p> <p>Replacements involving the exchange of a gasoline-powered vehicle for one that runs on the following fuels are automatically qualified:</p> <ul style="list-style-type: none"> <li>» Liquefied petroleum gas (LPG);</li> <li>» Gasoline blend with at least 15% ethanol (CNG);</li> <li>» Vehicles switching from diesel to biodiesel.</li> </ul>	
<p><b>4. Green Buildings</b></p> <p><b>GB</b></p>	<p>These are buildings that meet green building standards, such as:</p> <ul style="list-style-type: none"> <li>» IFC Certificate of Excellence in Design for Greater Efficiencies (EDGE);</li> <li>» Leadership in Energy and Environmental Design (LEED) certificate issued by US Green Building;</li> </ul>	<ul style="list-style-type: none"> <li>» "BREEAM" certificate, for the environmental assessment method as defined by Building Research;</li> <li>» Bronze, Silver, or Gold issued by the German Sustainable Building Council (DGNB);</li> <li>» RoGBC certificate or other types of certification;</li> <li>» NZEB (net zero energy building) certified buildings;</li> <li>» Class A energy performance certificate.</li> </ul>	 
<p><b>5. Water Efficiency</b></p> <p><b>EA</b></p>	<p>These are investments that materially reduce water use per production unit. These projects can be carried out by upgrading an existing facility, a water recycling/reuse project, or a project that will use alternative water sources such as groundwater, desalinated water, or the implementation of advanced (tertiary) on-site wastewater treatment and are investments in fixed assets designed to reduce water consumption, provided that the decrease in water use from the initial baseline meets minimum requirements.</p>	<ul style="list-style-type: none"> <li>» Annual water savings (m³/year) from water efficiency projects;</li> <li>» Water use per production unit (water consumption/tonne, water consumption/night for hotel guests, water consumption/square meter in commercial buildings or shopping malls, water consumption/equivalent product, etc.);</li> <li>» Percentage/age of wastewater discharged;</li> <li>» Evidence of a water management strategy that will lead to a minimum 10% reduction in water consumption.</li> </ul>	
<p><b>6. Climate change adaptation</b></p> <p><b>CCA</b></p>	<p>This category relates to funding that aims to reduce the vulnerability of human or natural systems to the effects of climate change and risks related to climate variability by maintaining or increasing adaptive capacity.</p> <p>A climate change adaptation project should reduce risk, exposure, or sensitivity to climate change, increase resilience, or build problem-solving capacity to respond to identified risks, vulnerabilities, or impacts.</p>	<p>As an example:</p> <ul style="list-style-type: none"> <li>» Investments in supplemental irrigation, multi-crop systems, drip irrigation, leveling, and other approaches and technologies that reduce the risk of large crop failures;</li> <li>» Investment in research and development of crops that are more resilient to extreme climate change;</li> <li>» Changes in the road or material levels due to rising sea and ocean levels.</li> </ul>	

## SEF

- » Financing in the above categories for which greenhouse gas (GHG) reductions cannot be calculated - e.g. working capital financing for manufacturers of energy-efficient equipment;
- » Financing for providers or users of technologies and services that contribute to climate-smart agriculture by reducing agricultural losses or increasing productivity, thereby directly or indirectly supporting climate change mitigation or adaptation;

- » Financing companies that carry out certified organic farming;
- » Reducing GHG emissions other than from energy sources: reducing fugitive emissions, and reducing emissions from industrial processes to mitigate the effects of climate change.
- » Afforestation activities, forestry, enforcement of cross-compliance rules, biomass certificates, etc.
- » Waste recycling companies.



## BF

In summary, these grants mainly cover the following projects:

- » Water supply and treatment sector: investment in research, design, and implementation of water efficiency, drinking water supply, and water treatment solutions;
  - » Water/ocean/sea friendly products: investments in the value chain, including production, packaging, and distribution of environmentally friendly products that avoid water/ocean/sea pollution;
  - » Water, ocean/sea friendly chemicals and plastics economic sectors: investments in research, design, development, and implementation of measures to manage, reduce, recycle, and treat plastic, pollution, or chemical waste in coastal and watershed areas;
- value chain: sustainable production, waste management, and reduction measures that meet, maintain, or exceed Marine Stewardship Council standards or equivalent standards approved by the IFC;
  - » Offshore renewable energy installations;
  - » Other (eligible activities in sustainable tourism sectors, etc).





# Annex 3: ESG and sustainability performance rating

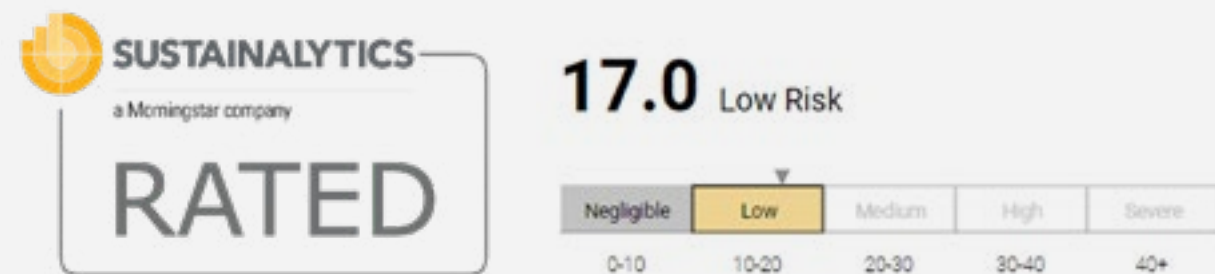
## Sustainalytics Rating

Banca Transilvania obtained a very good score of **17 (Low ESG Risk)** from Sustainalytics. By obtaining this rating, Banca Transilvania ranks 135th position, out of 988 assessed banks worldwide. This score also places us among the top 15% of all companies analyzed by Sustainalytics, respectively in the top 8% of the assessed regional banks.

A strong performance of Banca Transilvania was noted by Sustainalytics in the following areas:

- » governance and product offer,
- » responsible marketing policy,
- » initiatives implemented for human capital development,
- » the policy of excluding polluting sectors in terms of lending, such as the financing of fossil fuels.

The analysis criteria are based on 10 international standards and frameworks, such as the Global Reporting Initiative, Sustainability Accounting Standards Board, Task Force on Climate-related Financial Disclosures, or the World Economic Forum. Sustainalytics is one of the leading global providers of ESG ratings, covering over 15.000 companies from 172 countries.



## Refinitiv Rating

Banca Transilvania has obtained a very good rating score of 83/100 (A-), from Refinitiv, a London Stock Exchange Group Company. This score places Banca Transilvania as the no. 46 out of 1105 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.

Banca Transilvania topped most of these categories and sub-categories, based on the scores obtained. Performances of over 90 points out of 100 points maximum were obtained in the following areas:

- » Environment - 91/100 points;
- » Innovation - 97/100 points;
- » Workforce - 95/100 points;
- » Governance - 90/100 points;
- » Management - 95/100 points.

Refinitiv is an American-British global provider of financial market data and infrastructure. The company was founded in 2018. Refinitiv offers one of the most comprehensive ESG databases with data on over 12,000 public and private companies, across 76 countries. Refinitiv's ESG dataset measures a company's relative ESG performance, engagement, and effectiveness, based on publicly available and auditable data, mainly the Sustainability Report and the company's website.



# Annex 4: 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.	<ul style="list-style-type: none"><li>Access to financial services, inclusion and financial education</li><li>Sustainable financing</li></ul>	Non-GRI Indicator	Section Access to financial services, inclusion and financial education <sup>7</sup> 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.	<ul style="list-style-type: none"><li>Community investment</li></ul>	Non-GRI Indicator	Section Investments for communities <sup>7</sup> , pages 168 and 178
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.	<ul style="list-style-type: none"><li>Access to financial services, inclusion and financial education</li><li>Sustainable financing</li></ul>	Non-GRI Indicator	Section Access to financial services, inclusion and financial education <sup>7</sup> , page 121	4 Green loans granted by Banca Transilvania in 2022	<p>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.</p> <p>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.).</p> <p>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.</p>	<ul style="list-style-type: none"><li>Sustainable financing</li></ul>	Non-GRI Indicator	Section Sustainable financing <sup>7</sup> , page 97



5	<b>Proportion in total assets of exposures related to eligible economic activities and other green financing</b>	<p>Based on the requirements of the EU Taxonomy Regulation (EU Regulation 2020/852), exposures towards eligible economic activities were identified under the NACE code, by 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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>Sustainable financing</li> </ul>	Non-GRI Indicator	Section Our portfolio <sup>7</sup> , page 80				
7	<b>The diversity of the BT Financial Group team</b>	<p>Total number of employees, active and inactive, by age, gender and level of management:</p> <p>(i) the first level of management is represented by the general managers and deputy general managers;</p> <p>(ii) the second level of management by executive directors and coordinators;</p> <p>(iii) the third management level of other middle management positions;</p> <p>(iv) specialists at the level of administrative headquarters;</p> <p>(v) specialists at the level of territorial units.</p>	<ul style="list-style-type: none"> <li>Responsible employer</li> </ul>	GRI 405-1	Section Responsible employer <sup>7</sup> , page 160				
8	<b>Employees in senior management positions recruited from local communities</b>	<p>In the case of Banca Transilvania and Victoriabank, the senior management is represented by the members of the Leaders' Committee and Steering Committee, and in the case of the subsidiaries, by the director and deputy director, which were recruited from local communities.</p> <p>Local community = Romania / Republic of Moldova.</p> <p>The number of employees is total, comprising of both active and inactive employees.</p>	<ul style="list-style-type: none"> <li>Responsible employer</li> </ul>	GRI 202-2	Section Responsible employer <sup>7</sup> , page 161				
6	<b>Number of Employees</b>	<p>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.</p>	<p>.. General Indicator reported regardless of material topics</p>	GRI 2-7	Section Our team <sup>7</sup> , page 141				

9	List of stakeholders	<p>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.</p> <p>Stakeholders = an entity or individuals that may be significantly affected by Group's activities, products and services or whose actions may have a significant impact on Group's ability to successfully implement its strategy and achieve its objectives.</p>	<p>• General Indicator</p> <p><i>reported regardless of material topics</i></p>	GRI 2-29	Section Materiality analysis <sup>7</sup> , page 67	12	Average number of training hours per year, per employee	<p>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.</p>	<ul style="list-style-type: none"> <li>Responsible employer</li> </ul>	În baza GRI 404-1	Section Responsible employer <sup>7</sup> , page 153
10	Material topics	<p>List of material topics that emerged from the stakeholder consultation process.</p> <p>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.</p>	<p>• General Indicator</p> <p><i>reported regardless of material topics</i></p>	GRI 3-2	Section Materiality analysis <sup>7</sup> , pages 69-70	13	Average number of training hours per year, per employee, for data protection	<p>Total training hours during 2022 on themes such as data protection, captured and registered in the online training platform available to all employees of Banca Transilvania.</p>	<ul style="list-style-type: none"> <li>Business compliance, ethics, and responsibility</li> <li>Digitalization and cyber security</li> </ul>	Non-GRI Indicator	Section Business compliance, ethics, and responsibility <sup>7</sup> , page 45
11	Proportion of purchases from local suppliers	<p>Proportion of purchases from local suppliers during 2022, represented by payments performed and accruals.</p> <p>Local community is Romania / Republic of Moldova</p> <p>Local suppliers = suppliers based in Romania / Republic of Moldova</p>	<ul style="list-style-type: none"> <li>Procurement policy</li> </ul>	GRI 204-1	Section Responsible Procurement <sup>7</sup> , pages 184-185						



# GRI content index

# GRI content index

Statement of use	Banca Transilvania Financial Group has reported in accordance with the GRI Standards for the period January 1, 2022 - December 31, 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Currently not available

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	4, 5, 9, 10			
	2-2 Entities included in the organization’s sustainability reporting	4			
	2-3 Reporting period, frequency, and contact point	4			

2-4 Restatements of information	4	
2-5 External assurance	4	
2-6 Activities, value chain and other business relationships	9-19, 182	
2-7 Employees	140, 141	
2-8 Workers who are not employees	143	Incomplete information. The Group does not hold information on the total number of employees who provide services at the premises of Group entities and are not employees of these entities.
2-9 Governance structure and composition	22-28, 31-35	
2-10 Nomination and selection of the highest governance body	23-26, 32, 34	
2-11 Chair of the highest governance body	23	
2-12 Role of the highest governance body in overseeing the management of impacts	25, 30, 35, 37, 55-57, 67, 68	
2-13 Delegation of responsibility for managing impacts	55-57	
2-14 Role of the highest governance body in sustainability reporting	55-57	
2-15 Conflicts of interest	41	



<b>2-16</b> Communication of critical concerns	42	
<b>2-17</b> Collective knowledge of the highest governance body	60	
<b>2-18</b> Evaluation of the performance of the highest governance body	29, 30	
<b>2-19</b> Remuneration policies	29, 30	
<b>2-20</b> Process to determine remuneration	29, 30	
<b>2-21</b> Annual total compensation ratio	147	
<b>2-22</b> Statement on sustainable development strategy	3	
<b>2-23</b> Policy commitments	30, 53, 58-66, 92	
<b>2-24</b> Embedding policy commitments	55-66	
<b>2-25</b> Processes to remediate negative impacts	42, 55-57, 69, 70	
<b>2-26</b> Mechanisms for seeking advice and raising concerns	42	
<b>2-27</b> Compliance with laws and regulations	40, 41	
<b>2-28</b> Membership associations	135	
<b>2-29</b> Approach to stakeholder engagement	21, 67, 72-75	
<b>2-30</b> Collective bargaining agreements	143	

Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	67, 68
	3-2	List of material topics	68, 71
Economic value generated			
GRI 3: Material Topics 2021	3-3	Management of material topics	69
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	79
	201-4	Financial assistance received from government	79
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	122, 129-134, 175
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	147
	202-2	Proportion of senior management hired from the local community	161

Compliance, business ethics, and responsibility			
GRI 3: Material Topics 2021	3-3 Management of material topics	36, 37, 60, 69	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	38	Incomplete information. The % of persons who were informed/trained on anti-corruption procedures was not presented.
	205-3 Confirmed incidents of corruption and actions taken	36	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	39	
GRI 415: Public Policy 2016	415-1 Political contributions	43	
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	41	
	417-3 Incidents of non-compliance concerning marketing communications	40	

Digitalization and cyber security			
GRI 3: Material Topics 2021	3-3 Management of material topics	44, 47, 62, 69, 127	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	46	
Specific indicator: Digitalization and cybersecurity	Average number of training hours per year per employee on data protection and information security topics	45, 47	
	Number of unique digitized clients	128	
Risk management			
GRI 3: Material Topics 2021	3-3 Management of material topics	48-53, 70, 98-105	
Specific indicator: Risk management	List of industries excluded from financing	203-205	
	Classification of the corporate loan portfolio by environmental and social risk classes	102-105	



Environmental impact of the portfolio			
GRI 3: Material Topics 2021	3-3 Management of material topics	66, 70, 85	
Specific indicator: Environmental impact of the portfolio	Arii cheie de impact pozitiv	86-92	
	Arii cheie de impact negativ	86-92	
Sustainable financing			
GRI 3: Material Topics 2021	3-3 Management of material topics	60, 61, 66, 70, 93, 94	
Indicator specific: Sustainable financing	Proportion of exposures to eligible economic activities in total assets	80, 81	
	Positive social impact loans granted to companies in Romania	110, 111, 117	
Procurement policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	70, 182, 183	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	184, 185	
Specific indicator: Procurement policy	Number of main suppliers assessed against ESG criteria	183	

Access to financial services, inclusion, and financial education			
GRI 3: Material Topics 2021	3-3 Management of material topics	66, 69, 119, 120	
Specific indicator: Access to financial services, inclusion, and financial education	Proportion of the loan portfolio granted to companies for which BT Financial Group, through its subsidiary BT Mic, is the first lender to the company	121	
	Number of loans outstanding on December 31, 2022 to women-owned business	121	
	Access points in economically underdeveloped or less populated areas	119	
	Initiatives addressing financial education of the population and entrepreneurs	123-126	

Responsible employer			
GRI 3: Material Topics 2021	3-3	Management of material topics	63, 64, 66, 70, 145
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	142
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	155
	401-3	Parental leave	157
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	25, 27, 32, 34, 159-161
	405-2	Ratio of basic salary and remuneration of women to men	147
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	161
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	153
	404-2	Programs for upgrading employee skills and transition assistance programs	148-153
	404-3	Percentage of employees receiving regular performance and career development reviews	154

GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	162	
	403-2	Hazard identification, risk assessment, and incident investigation	163	
	403-3	Occupational health services	162, 163	
	403-4	Worker participation, consultation, and communication on occupational health and safety	162, 163	
	403-5	Worker training on occupational health and safety	164, 165	
	403-6	Promotion of worker health	155, 156	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	164, 165	
	403-8	Workers covered by an occupational health and safety management system	164, 165	
	403-9	Work-related injuries	163, 165	



Implicarearea stakeholderilor			
GRI 3: Material Topics 2021	3-3 Management of material topics	70, 72, 158	
Indicator specific: Stakeholder engagement	Frequency of stakeholder engagement	73-74	
Community investment			
GRI 3: Material Topics 2021	3-3 Management of material topics	63, 64, 66, 69, 166, 167	
Specific indicator: Community investment	Total number of projects supported	8, 168-181	
	Total value of sponsorships	8, 168-181	
Resource consumption and waste management			
GRI 3: Material Topics 2021	3-3 Management of material topics	65, 70, 187, 188	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	189, 190	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	188, 192	
	306-2 Management of significant waste-related impacts	188, 192	
	306-3 Waste generated	192	

	306-4 Waste diverted from disposal	191	
	306-5 Waste directed to disposal	191	
Climate change mitigation/adaptation			
GRI 3: Material Topics 2021	3-3 Management of material topics	60, 61, 65, 66, 70, 193	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	194	
	302-3 Energy intensity	195	
	302-4 Reduction of energy consumption	195	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	196	
	305-2 Energy indirect (Scope 2) GHG emissions	196	
	305-3 Other indirect (Scope 3) GHG emissions	196, 197	
	305-4 GHG emissions intensity	196	





Sustainability  
Report  
**2022**