

Dividend Policy for Banca Transilvania

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Acronyms

1. ROE – Return on Equity
2. CAR – Capital Adequacy Ratio
3. Board – BT Board of Director
4. GM – General Meeting of Shareholders

1. General provisions

- 1.1. This policy is developed in accordance with the legal and regulatory framework applicable in the Romanian banking sector and with the internal regulations of Banca Transilvania S.A. (hereinafter the Bank).
- 1.1. This policy sets guidelines for calculation, declaration and payment of cash dividends in the Bank (herein referred as *dividend*).
- 1.2. Dividend on share is the portion of net profit of the Bank which is calculated and disbursed to shareholders for each share, depending on the income of the Bank, the expected CAR and the expected ROE.
- 1.3. Dividends can be disbursed to shareholders on a yearly basis as cash funds based on the bank's performance, the expected CAR and the related expected ROE.
- 1.4. However the present policy does not obligate the Board to recommend a cash dividend disbursement should such a decision not be in favour of the bank's sustainable development in the Board's opinion or through an order/decision/act of a legally competent surveillance authority.
- 1.5. Beside the possible cash dividends, the Bank may continue its policy of capitalizing the retained profits by increasing its share capital, distributing common stock dividends.

2. Decision on disbursement of dividend

- 2.1. Decision on declaration and disbursement of dividends shall be made by Annual Ordinary General Meeting of Shareholders upon recommendation of the Board of Directors.
- 2.2. Recommendations on dividend amount and method of disbursement are adopted at the Board meeting devoted to propose profit distribution based on year-end results. Such recommendation will be based on the validation of the following topics:
 - 2.2.1.1. The provisional level of CAR for the next 2 (or 3 years) after applying all relevant legal regulation and prudential requirements stays at a comfortable level no less than 14%
 - 2.2.1.2. A sound and efficient correlation between the CAR and the ROE is achieved for the next 2 (or 3 years)
 - 2.2.1.3. The business opportunities and the growth potential are considered for a period of minimum other 3 years
- 2.3. Amount of dividends and method of disbursement shall be identified when decision is made to declare and disburse dividends.
- 2.4. Decision of the General Meeting on declaration and disbursement of dividends shall reflect the following:
 - 2.4.1.1. amount of dividends per share;
 - 2.4.1.2. registration and payment date for dividend disbursement;
 - 2.4.1.3. type of dividends allocated;

2.4.1.4. Any other legal requirements as mentioned by the applicable legal provisions.

3. Dividend calculation

- 3.1. Dividends are distributed and disbursed from Bank's net profit, in proportion to amount of shares owned by shareholders.
- 3.2. Amount of dividends shall not exceed the amount recommended by the Board.
- 3.3. Amount of dividend payable per one share is identified by dividing total amount of dividends to a total number of shares issued by the Bank.
- 3.4. Applicable tax regulations will be respected.

4. List of persons with the right to receive dividends

- 4.1. List of persons possessing the right to receive dividends is developed based on Bank's shareholders register issued by the Central Depository as at the registration date according to the decision taken by the General Meeting.

5. Disbursement of dividend

- 5.1. Declared dividends shall be disbursed within 15 working days from the registration date, no later than 6 month from the date of the General Meeting in which the disbursement of cash dividends was approved.
- 5.2. The Board shall ensure disbursement of declared dividends to shareholders. Starting with 2015, the disbursement of dividends has been centralized and is coordinated by the Central Depository. The Bank may also change the present policy should there be any changes in the way the Central Depository coordinates this procedure.
- 5.3. The Bank shall publish method, date and venue of dividend disbursement according to applicable regulations in Romania in accordance with the applicable legal provisions.
- 5.4. A shareholder may address the Bank to inquire whether he/she is in the list of persons authorized to receive dividends, as well as method, date and venue of dividend disbursement. In this case the Bank shall adequately respond to the shareholder's request. The bank may issue a Dividend disbursement procedure, uploaded on the company website, in order to ensure proper notification of shareholders.
- 5.5. The Bank may not disburse declared dividends to shareholders in following exclusive cases:
 - 5.5.1. as of the date of dividend disbursement, value of Bank's net assets is lower than the level of capital required according to capital adequacy regulations or will be lower as a result of dividend disbursement;
 - 5.5.2. as of the date of dividend disbursement, the Bank faces bankruptcy risk or disbursement of dividends could cause bankruptcy for the Bank;
 - 5.5.3. at the request of a legally competent surveillance authority;
 - 5.5.4. other cases set forth in legislation.

6. Final provisions

- 6.1. This policy takes effect as of the date of approval by The Board. Should the need arise, the Board may change the present policy and will inform the shareholders prior to the date the changes take effect.
- 6.2. In the event when changes and amendments are made to legislation or the Bank's charter, provisions hereof are to be modified in order to reflect the new applicable terms.