

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders,  
Banca Transilvania S.A.

### Report on the Audit of the financial statements

#### Opinion

- We have audited the separate and consolidated financial statements ("financial statements") of Banca Transilvania S.A. (the "Bank") and its subsidiaries ("the Group"), with registered office in Calea Dorobanților, no. 30-36, Cluj-Napoca, Romania, identified by unique tax registration code RO5022670 which comprise the consolidated and separate statement of financial position as at 31 December 2023, the consolidated and separate statement of profit or loss, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.
- The financial statements as at 31 December 2023 are identified as follows:
  - Separate financial statements
    - Equity RON thousand 11,829,366
    - Net profit for the financial year RON thousand 2,490,572
  - Consolidated financial statements
    - Equity RON thousand 13,896,508
    - Net profit for the financial year RON thousand 2,984,230
- In our opinion:
  - the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU and National Bank of Romania Order no. 27/2010 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to credit institutions, with subsequent amendments ("Order 27/2010").
  - the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU as issued by the International Accounting Standards Board and Order 27/2010.

#### Basis for Opinion

- We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (herein after referred to as "Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nature of the area of focus	How our audit addressed the key audit matter
<p><b><i>Collective impairment of loans and advances to customers and finance lease receivables</i></b></p>	
<p>According to IFRS 9, the Group accounts for credit losses on loans and advances to customers, respectively for finance lease receivables based on expected credit losses (ECL): for a period up to 12 months for credit exposures for which the credit risk did not increase significantly since origination, and throughout the credit, respectively financial lease receivables lifetime for exposures with significant increase in credit risk, as detailed in significant increase in credit risk and measurement of the expected credit loss allowance policy from Note 4 (b) to the financial statements.</p> <p>As at 31 December 2023, the Group registered an impairment allowance in amount of RON 4,707,534 thousand for Loans and advances to customers in gross amount of RON 76,715,758 thousand and RON 142,091 thousand for Finance lease receivables in gross amount of RON 3,704,774 thousand.</p> <p>The Group exercises significant professional judgement using complex models, extensive data and subjective assumptions over both when and how much to record as impairment for loans, respectively from finance lease receivables.</p> <p>Because loans and advances granted to customers, respectively finance lease receivables form a major portion of the Group's assets, and due to the significance of the management professional judgments applied in classifying loans and advances granted to customers, respectively finance lease receivables into various stages stipulated in IFRS 9 and determining the related impairment level, this audit area is considered a key audit matter.</p> <p>Key areas of professional judgment included:</p> <ul style="list-style-type: none"> <li>• utilization of historical data for determining risk parameters;</li> <li>• the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the expected credit loss model;</li> <li>• assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customers;</li> <li>• the identification of exposures with a high level of significant deterioration in credit quality and the industries affected by the restrictions imposed as a result of current economic environment;</li> <li>• potential impact on the assumptions used, increases in credit risk and impairments, and future cash flows as a result of the current social and economic conditions;</li> <li>• assessment of the forward-looking information.</li> </ul>	<p>Based on our risk assessment and industry knowledge, with the support of our credit risk experts, we have examined the impairment charges for loans and lease receivables and evaluated the methodology applied as well as the key assumptions made by the management according to the description of the key audit matter.</p> <p>Our procedures included the following elements:</p> <p>1) Testing of key controls:</p> <p>We have checked the adequacy of the key processes and related key controls applied by management to ensure accuracy of impairment calculation, including:</p> <ul style="list-style-type: none"> <li>• key controls identified to ensure quality assurance of the methodological aspects used in the development of professional judgments and the ECL models;</li> <li>• key controls related to timely identification of impairment triggers and significant increase in credit risk;</li> <li>• key controls to assess the debtors' financial performance and estimate future cash flows.</li> </ul> <p>For the relevant key controls identified in addressing the risks, we have tested the design and operating effectiveness of such controls.</p> <p>2) Testing the implementation of the ECL computation methodology into the IT system, including:</p> <ul style="list-style-type: none"> <li>• test the general IT controls related to data sources and computations of ECL;</li> <li>• assessment on a sample basis of the credit/leasing receivables quality and stage allocation;</li> <li>• test on a sample basis the ECL computations.</li> </ul> <p>3) Obtaining and analysing the information to support the key assumptions used in:</p> <ul style="list-style-type: none"> <li>• development of the models for the key risk parameters computation (12-month probability of default, lifetime probability of default and loss given default), including procedures on the source data quality;</li> <li>• development of the expected credit loss models;</li> <li>• development and adequacy of the stage allocation and the criteria used to determine the significant increase in credit risk;</li> <li>• development of models to reflect the potential impact of future economic conditions in the ECL computation;</li> <li>• assessment of the adequacy of the analysis and adjustments made by the management, on all the aspects pertaining to the estimation of expected credit losses, including prospective information on customers loans and leasing portfolio.</li> </ul> <p>We have assessed whether the material information on ECL presented in the financial statements is adequate, in accordance with the applicable IFRS requirements.</p>

Nature of the area of focus	How our audit addressed the key audit matter
<b>Interest Income Recognition</b>	
<p>Refer to Note 8 of the financial statements.</p> <p>For the year ended 31 December 2023 the Group interest income represents RON 5,763,453 thousand, the main source being loans and advances to customers, respectively RON 367,323 thousand from finance lease receivables. These are the main contributors to the operating income of the Group affecting the Group's profitability.</p> <p>Interest income from loans and advances to customers is accrued over the expected life of the financial instrument using the effective interest rate, while the interest income from finance lease receivables is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.</p> <p>Fees that are directly attributable to the financial instrument are part of the effective interest rate and accrued over the expected life of such an instrument and are presented as interest income.</p> <p>Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT system for their recording, resulted in this matter being identified as a key audit matter.</p>	<p>- We have tested the design and operating effectiveness of the key internal controls and focused on:</p> <ul style="list-style-type: none"> <li>• data input on interest and directly attributable fees for loans and advances to customers, respectively finance lease receivables;</li> <li>• management oversight and control on interest income results, including budget monitoring;</li> <li>• IT controls relating to access rights and change management of relevant automated controls, with the assistance of our IT specialists.</li> </ul> <p>- We performed also the following procedures with regard to interest income recognition:</p> <ul style="list-style-type: none"> <li>• We evaluated the accounting treatment in respect of fees charged to clients to determine whether the methodology complies with the requirement of the relevant accounting standard. We have focused our testing on challenging the correct classification of fees that are identified as directly attributable to the financial instrument and are part of the effective interest rate;</li> <li>• For a sample of loan and leasing contracts, we assessed the completeness and accuracy of data used for the calculation of interest incomes;</li> <li>• We evaluated the mathematical formula used for accruing the relevant interest income over expected life of the loan, respectively of a finance lease contract;</li> <li>• We have assessed the interest income by building our own expectation on the revenue and compared with the actual results.</li> </ul> <p>- We have assessed the presentation in financial statements of the interest income in accordance with the applicable IFRS requirements.</p>

## Other Matters

6. The Bank's and Group's separate and consolidated financial statements for the year ended December 31, 2022 were audited by another auditor, which expressed an unmodified opinion on such separate and consolidated financial statements on March 10, 2023.

## Other information – Administrators' Report

7. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Boards' report ("Administrator's report") which includes the non-financial information declaration and also the Remuneration Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements for the year ended 31 December 2023, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## **Other reporting responsibilities with respect to other information – Administrators` Report**

With respect to the Administrators` report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33.

On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

- a) The information included in the Administrators` report and the Remuneration report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;
- b) The Administrators` report has been prepared, in all material respects, in accordance with the provisions of National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared as at 31 December 2023, we are required to report if we have identified a material misstatement of this Administrators` report. We have nothing to report in this regard.

## **Other reporting responsibilities with respect to other information – Remuneration report**

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

8. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Order 27/2010 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Group`s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. Those charged with governance are responsible for overseeing the Group`s financial reporting process.

## **Auditor`s Responsibilities for the Audit of the Financial Statements**

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor`s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group`s internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Requirements for audits of public interest entities

16. We have been appointed by the General Meeting of Shareholders dated April 26, 2023 to audit the financial statements of Banca Transilvania S.A. for the financial year ended 31 December 2023. The uninterrupted total duration of our commitment is 1 year, covering the financial years ended 31 December 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Bank that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the Group.
- No non-audit services referred to in Article 5 (1) of EU Regulation No. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

### Report on compliance with the Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

We have undertaken a reasonable assurance engagement on the compliance with Law 162/2017, and Commission Delegated Regulation (EU) 2018/815 applicable to the financial statements included in the annual financial report of Banca Transilvania S.A. ("the Bank") and its subsidiaries ("the Group") as presented in the digital files which contain the unique code ("LEI") 549300RG3H390KEL8896 ("Digital Files").

(1) *Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF*

Management of the Bank and of the Group is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the financial statements to be submitted in accordance with Order 27/2010.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

## *(II) Auditor's Responsibilities for Audit of the Digital Files*

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Bank's and Group's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited financial statements of the Bank and Group to be submitted in accordance with Order 27/2010;
- evaluating if all financial statements contained in the annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

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

### **Conclusion**

In our opinion, the financial statements for the year ended 31 December 2023 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our opinion relating to the financial statements of the Bank and Group for the year ended 31 December 2023 is set out in the "Report on the audit of the s financial statements" section above.

Irina Dobre, Audit Partner

*For signature, please refer to the original signed Romanian version.*

*Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 3344*

On behalf of:

**DELOITTE AUDIT SRL**

*Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25*

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March 25, 2024