

CONSOLIDATED DIRECTORS' REPORT

**for the nine month period ended
30 September 2021**

**In compliance with the Financial Supervision
Authority's Regulation no. 5/2018**

Identification Details of the Issuer

Report date: November 12, 2021

Name of the company: BANCA TRANSILVANIA S.A.

Registered office: 30-36 Dorobanților street, Cluj-Napoca, Cluj county, postal code 400117

Phone/fax: 0264.407.150; 0264.407.179

Tax identification no: RO 5022670

Trade Register no: J12/4155/16.12.1993

Registered capital, subscribed and paid: RON 6,311,469,680

The regulated market where the issued securities are traded:

The company's shares are listed on the Bucharest Stock Exchange (symbol: TLV).

Main features of the securities issued by the company:

6,311,469,680 nominal shares with a par value of RON 1/share.

Banca Transilvania's Financial Group Presentation

Transilvania Bank Group („the Group” or „BT Group”) was established in 2003 with Banca Transilvania („the Bank” or „BT”) as the main subsidiary. Besides Banca Transilvania, BT Group has the following subsidiaries: Victoriabank S.A., BT Capital Partners S.A., BT Leasing Transilvania IFN S.A., BT Investments S.R.L., BT Direct IFN S.A., BT Building S.R.L., BT Asset Management SAI S.A., BT Solution Agent de Asigurare S.R.L., BT Asiom Agent de Asigurare S.R.L., BT Safe Agent de Asigurare S.R.L., BT Intermedieri Agent de Asigurare S.R.L., BT Leasing Moldova(MD) S.R.L., BT Microfinanțare IFN S.A., VB Investment Holding B.V., Improvement Credit Collection S.R.L., Timesafe S.R.L., Sinteza S.A. and BT Pensii S.A..

The main Group's fields of activity are: banking through Banca Transilvania S.A. („the Bank”) and through Victoriabank S.A., investment and brokerage through BT Capital Partners S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., BT Direct IFN S.A., BT Microfinanțare IFN S.A. and BT Leasing MD S.R.L., asset management through BT Asset Management S.A.I S.A., diverse activities of the Group carried out by VB Investment Holding B.V. and administration of voluntary pension funds through BT Pensii S.A.. Moreover, the Bank controls three investment funds that are also included in the consolidation.

Banca Transilvania is a public listed company founded in 1993, headquartered in Cluj-Napoca, with majority romanian shareholders – 70.1% as of the end of September 2021. Currently, BT occupies the first place in the top of the banking system in Romania.

The Bank's shareholding structure is constantly changing due to the fact that Banca Transilvania's shares are traded on the securities market, in compliance with the provisions of Law 52/1994 and the Norms of A.S.F. (Financial Supervisory Authority). Currently, Banca Transilvania's shares are listed on the Bucharest Stock Exchange, Category I.

The structure of Banca Transilvania S.A. shareholders as at September 30, 2021 is presented in the Appendix 1 to this document.

I. Significant Events During the Period July-September 2021

Amendments brought to the Articles of Association

Following the decision of the Extraordinary General Meeting of Shareholders as at April 28, 2021, it was decided to increase the share capital with the amount of RON 573,769,971 by issuing 573,769,971 new shares, at a nominal value of RON 1/share. The share capital increase was achieved by incorporating the reserves constituted from the net profit of 2020, in amount of RON 573,769,971, through the issuing of 573,769,971 shares with the nominal value of RON 1/share, for the benefit of shareholders registered in the Register of Shareholders kept by the Central Depository. Thus, the new shared capital is in value of RON 6,311,469,680, respectively 6,311,469,680 shares with the nominal value of RON 1/share.

The legal procedures for the registration of the share capital increase required by the capital market authorities (the Financial Supervision Authority, the Central Depository) were completed in early September 2021.

Main Transactions Regarding Affiliates:

In the third quarter of 2021, there were no transactions with the Bank's affiliated parties which could influence substantially the financial position of the Group.

Changes in the third quarter of 2021 regarding Banca Transilvania Financial Group

At the level of the Group's subsidiaries, the following changes occurred:

BT DIRECT IFN SA

- On September 20, 2021 the Board of Directors took note of the resignation, from the position of General Manager and of Director and the person responsible for managing and administering the activity of providing payment services, as well as the termination of the

mandated contract of Mrs. Ana Maria Popescu and it was decided that during the vacation of this position, the interim should be provided by Mrs. Nicoleta Bott - Deputy General Manager and Director of the company;

BT ASSET MANAGEMENT SAI SA

- The appointment of Mr. Condor Călin Paul in the position of Deputy General Manager of the company, for a determined period of four years starting with November 1st, 2021 the exercise of the attributions related to the position will be done only after obtaining the approval decision issued by Financial Supervision Authority.

Risk Management

The management of Banca Transilvania S.A. continuously assesses the risks likely to affect the Group or the Bank's business and goals and takes actions whenever any changes appear in its business conditions.

The main risks and uncertainties identified for the next period of time are identified mainly as a result of the incidence of the pandemic and the consequences of this shock:

- Risk related to the increase of the non-performing loans ratio after the elimination of the support measures introduced to combat the effects of the pandemic threat and for the moment when all the customers will exit from the conditions of moratoriums;
- The perspective of accelerating the growth of retail prices, combined with the depreciation of the local currency against Euro, by comparison with the current situation;
- The delay of the economic relaunching, combined with the persistence of the health crisis, can produce negative effects, with impact on the financial situation and on the economical behaviour of the economic agents and consumers;
- Risks related to the evolution of the national economy, correlated with the pandemic dynamics.

II. Detailed Information

1. Financial Statements

1.1.a. Statement of Financial Position at Group and Bank level

The statement of the financial position of the Group and the Bank at the end of September 2021, compared to the end of last year and the end of September 2020, is as follows:

Indicators (RONmn)	Group				
	Sep-21	Dec-20	Sep-20	Sep'21 vs Dec'20 %	Sep'21 vs Sep'20 %
Cash and current accounts with Central Bank	19,625	22,133	16,373	-11.3%	19.9%
Placements to banks	4,760	7,223	10,171	-34.1%	-53.2%
Treasury financial instruments	43,737	33,322	29,372	31.3%	48.9%
Loans and advances to customers, net	45,445	40,893	40,721	11.1%	11.6%
Finance lease receivables	1,364	1,228	1,205	11.1%	13.2%
Tangible and intangible assets	1,720	1,676	1,495	2.6%	15.0%
Other assets	1,262	1,018	1,061	24.0%	18.9%
Total assets	117,913	107,492	100,399	9.7%	17.4%
Deposits from customers	99,375	90,942	83,879	9.3%	18.5%
Deposits from banks	646	319	363	102.7%	78.2%
Loans from banks and other financial institutions	1,554	1,692	1,711	-8.1%	-9.2%
Subordinated loans	1,722	1,668	1,694	3.3%	1.7%
Other liabilities	3,720	2,457	2,924	51.4%	27.2%
Total liabilities	107,018	97,078	90,571	10.2%	18.2%
Equity	10,895	10,414	9,827	4.6%	10.9%
Total liabilities and equity	117,913	107,492	100,399	9.7%	17.4%

Indicators (RONmn)	Bank				
	Sep-21	Dec-20	Sep-20	Sep'21 vs Dec'20 %	Sep'21 vs Sep'20 %
Cash and current accounts with Central Bank	18,539	20,979	15,335	-11.6%	20.9%
Placements to banks	4,111	6,636	9,587	-38.1%	-57.1%
Treasury financial instruments	42,633	32,401	28,504	31.6%	49.6%
Loans and advances to customers, net	44,991	40,364	40,080	11.5%	12.3%
Tangible and intangible assets	2,081	2,096	1,685	-0.7%	23.5%
Other assets	1,062	879	923	20.8%	15.0%
Total assets	113,417	103,355	96,114	9.7%	18.0%
Deposits from customers	96,622	88,297	81,266	9.4%	18.9%
Deposits from banks	638	312	362	104.5%	76.3%
Loans from banks and other financial institutions	1,152	1,176	1,180	-2.0%	-2.4%
Subordinated loans	1,719	1,664	1,690	3.3%	1.7%
Other liabilities	3,485	2,383	2,651	46.3%	31.5%
Total liabilities	103,617	93,832	87,150	10.4%	18.9%
Equity	9,800	9,523	8,965	2.9%	9.3%
Total liabilities and equity	113,417	103,355	96,114	9.7%	18.0%

At the end of the first nine months of 2021, the Group's assets reach almost RON 118 billion, increasing by 9.7% compared to the end of last year and by 17.4% compared to the end of September 2020. At the same time, the Bank's assets increased by almost 9.7% compared to the end of the previous year, respectively by 18.0% compared to September 2020, reaching RON 113.4 billion.

The evolution of the Group and the Bank assets is summarized as follows:

Loans' portfolio: At Group level, considering also the receivables from leasing contracts, registered an increase of 11.1% and 11.6% respectively compared to the end of 2020 and the end of September 2020, respectively. The positive evolution was mainly determined by the increase of the loans' portfolio managed by the Bank, by 11.5% compared to the end of the previous year and by 12.3% compared to the end of the same period of 2020, but all entities within the Group, that manage loan portfolios, including receivables from leasing contracts portfolios, registered positive evolutions compared to the end of the previous year.

Between January and September 2021, more than 178,000 new loans were granted, out of which 166,000 to retail customers.

At the Bank's level, the net loans at the end of September 2021 amount to RON 45.0 billion. All the business lines supported the increases compared to the analyzed periods, each of them registering favorable evolutions towards the end of the year, but the SME sector was the main supporter by granting loans in the SME invest , performance influenced by IMM invest and AGRO IMM Invest programs. 25% of the legal entities applying to the program chosed BT as their intermediary.

Provisions' stock: Banca Transilvania recorded at the end of September 2021 revenues from the adjustments for financial assets for other risks and credit commitments in the amount of RON 9 million (including recoveries from off-balance sheet loans). The balance of provisions reached the level of RON 3.5 billion at the end of September 2021.

The non-performing NPE exposure rate according to the EBA is 3.43% as of September 30, 2021 and the coverage with total provisions of the non-performing exposures according to the EBA is 147.08%.

Cash and current accounts with Central Bank together with the placements to banks represent as at September 30, 2021 approximately a fifth part of the total assets at both Group and Bank level, the balances of these elements registering a drop compared to the end of 2020, at both Group and Bank level but showing an increase versus the same period of the previous year.

At the Group level, the cash and current accounts with the Central Bank decreased by approximately 11.3% compared to the end of 2020, but increased by approximately 19.9% compared to the level registered on September 30, 2020, amounting to RON 19,625 million. At the Bank's level, the decrease is of approximately 11.6% by comparison with December 2020 and the increase of 20.9% versus September 2020, the final balance as at September 30, 2021 amounting

to RON 18,539 million. The most significant element of this asset category is the minimum compulsory reserve held with the National Bank of Romania with a weight of approximately 81%.

Placements to banks, at the end of September 2021, show a negative evolution at both Group and Bank level, decreasing by 34.1% and 38.1% respectively compared to December 31, 2020. Compared to September 30, 2020, the drop is approximately 53.2% for the Group and 57.1% for the Bank. The variations are mainly determined by the volume of placements in credit institutions but also by the volume of reverse repo operations and loans granted to credit institutions.

Treasury financial instruments include: financial assets measured at fair value through other comprehensive income, financial assets mandatorily measured at fair value through profit or loss, financial assets held for trading and measured at fair value through profit or loss, debt instruments measured at amortised cost as well as derivative instruments. Of those listed, the most significant category is the one of financial assets measured at fair value through other comprehensive income with a weight of over 93% in the total category of treasury financial instruments, both at Group and Bank level, representing at the same time, approximately 35% of the Group and the Bank's total assets.

The treasury instruments increased by quasi 31% compared to December 31, 2020 for both the Group and the Bank, respectively, by 48.9% for the Group and 49.6% for the Bank compared to September 30, 2020, reaching RON 43,737 million at Group level, respectively RON 42,633 million at Bank level. The increase in these instruments is directly correlated with the increase of the managed portfolio of government bonds.

Resources from clients: Regarding the balance sheet liabilities, the most significant category, representing approximately 84% of the total liabilities and equity, in the three analyzed periods, is represented by the category of customers' deposits. At Group level, the customers' deposits reached RON 99,375 million on September 30, 2021, increasing by 9.3% compared to the end of the previous year and by 18.5% compared to September 30, 2020. At Bank level, the balance of the customers' deposits reached RON 96,622 million on September 30, 2021, increasing by 9.4% compared to the end of the previous year and by 18.9% compared to September 30, 2020.

For both the Group and the Bank, 68% of the total customers' deposits represent savings of the individuals and 32% savings of the legal entities customers. The share of current accounts is approximately 63%, while fixed-term deposits represent around 36% of the total customers' deposit balances as of September 30, 2021.

The loan-to-deposit ratio is 50.2% as at the end of September 2021 at Bank level, the gross loans level being of RON 48.5 billion while the customers deposits reached RON 96.6 billion.

The equity of Banca Transilvania S.A. as at 30.09.2021 amounts to RON 9,800 million, increasing by 2.9% compared to the same period last year when it amounted to RON 9,523 million. The partial capitalization in retained earnings of the profits registered during the first nine months of the year as well as the capital increase by approximately RON 574 million through granting free shares represent the main factors that led to these increases in the Group's and the Bank's equity.

The Ordinary General Meeting of Shareholders of Banca Transilvania held on September 8, 2021, approved the granting of dividends amounting to RON 500,000,000, the initially proposed value of the gross dividend/share being RON 0.07922085114. Following the closure of the share capital increase process in accordance with the Decisions of the Extraordinary General Meeting of Shareholders of April 28, 2021, after applying the allocation ratio in accordance to the number of shares entitled to dividend at the date of registration and of the rounding method, the final gross dividend/share rate has been established at RON 0,0792210443.

Solvency: The Bank's solvency calculated as at September 30, 2021 is 21.35%, being at a comfortable level, above the minimum reference threshold of 8%, value imposed by the Regulation (EU) no. 575/2013 on prudential requirements for credit institutions, which apply starting with 2014.

Banca Transilvania S.A. financial data confirms that the Bank has an adequate capitalization and a comfortable level of liquidity.

1.1.b. Profit and Loss Account

The main elements of the Profit and Loss Account at Group and Bank level for the first nine months of 2021, compared to the same period last year, are as follows:

Indicators (RONmn)	Group			Bank		
	Sep-21	Sep-20	Sep'21 vs Sep'20 %	Sep-21	Sep-20	Sep'21 vs Sep'20 %
Net interest income	2,267	2,175	4.2%	1,997	1,931	3.5%
Net fees and commissions income	701	560	25.2%	600	477	25.7%
Net trading income	388	228	70.0%	313	216	45.1%
Net income from financial assets measured at fair value through comprehensive income	174	231	-24.6%	174	231	-24.6%
Net income from financial assets which are required to be measured at fair value	58	50	16.1%	105	24	338.1%
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(89)	(73)	21.3%	(82)	(70)	17.5%
Other operating income	119	87	37.1%	124	77	61.5%
Total operating income	3,618	3,257	11.1%	3,232	2,886	12.0%
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	33	(558)		9	(542)	
Personnel expenses	(963)	(797)	20.8%	(855)	(701)	21.9%
Depreciation and amortization	(267)	(241)	10.6%	(258)	(223)	15.9%
Other operating expenses	(487)	(451)	8.2%	(413)	(382)	8.2%
Total operating expenses	(1,684)	(2,047)	-17.7%	(1,518)	(1,848)	-17.9%
Profit before income tax	1,934	1,211	59.7%	1,714	1,038	65.2%
Income tax expense	(265)	(154)	72.3%	(240)	(136)	76.2%
Net profit	1,669	1,057	57.9%	1,474	901	63.5%
Profit of the Group attributable to equity holders of the Bank	1,635	1,022	60.0%	1,474	901	63.5%
Profit of the Group attributable to non-controlling interests	34	35	-2.8%	0	0	
Net profit	1,669	1,057	57.9%	1,474	901	63.5%

Compared to the similar period from 2020, the activity was still affected by the impact of the Covid-19 pandemic but the measures taken by the authorities to diminish the negative consequences of the pandemic situation determined a revival of the economic activity.

The **gross profit** registered by the Group during January-September 2021 amounts to RON 1,934 million, increasing by 59.7% compared to the same period of 2020, while the Bank reported a gross profit of RON 1,714 million, 65.2% higher than the profit registered during the same period in 2020.

This positive impact comes also from the improvement of the results registered in the income categories but especially from the significantly lower level of cost of risks booked until the end of September 2021.

Thus, the **net profit** obtained by Banca Transilvania as at September 30, 2021, representing RON 1,474 million, is 63.5% higher compared to the same period of 2020 when it amounted to RON 901 million. The net profit of the Group as at September 30, 2021, add up to RON 1,669 million, is 57.9% greater compared to the same period of 2020 when it amounted to RON 1,057 million.

The **net interest income** decreased by approximately 4.2% at Group level and by 3.5% at Bank level, being influenced by a larger number of newly granted loans and but also by a low level of the real financing costs, but with the future perspective of ROBOR recovery.

Net fees and commissions income during the first nine months of 2020 is also expanding at both Group and Bank level by 25.2% and 25.7% respectively compared to the same period in 2020. The customers' precautions in a pandemic crisis determined a lower level of cash transactions, an increase of card transactions as well as an enhancement of the digitalization of customers thus largely determining the favorable evolution of this category of income.

Net trading income was 70.0% higher than in the same period of last year at the Group level, and 45.1% at the Bank level. The increase in the number of foreign exchange transactions as well as the increase in the exchange rate have significantly influenced this positive development.

In total, the **operating income** reached, at the end of the third quarter of 2021, RON 3,618 million at Group level and at RON 3,232 million at Bank level, with 11.1% and 12.0% respectively higher compared to the same period of last year.

The **operating expenses** significantly diminished by comparison with the similar period of 2020, influenced by the revenues from the adjustments for financial assets for other risks and credit commitments, therefore the total operating expenses at Group level were 17.7% decreased compared to the first nine months of 2020 and at Bank level 17.9% lower in comparison to the same period.

Operational result: In this context, the operational efficiency shows a comfortable level, of 47.2%, increasing however compared to the level of 45.3% reported during the first nine months of 2020.

The **result per share** at nine months of 2021 and nine months 2020 restated taking into consideration BT's share capital increase which took place in September 2021, is the following:

Indicators	Bank Sep-21	Bank Sep-20	Sep-21 vs Sep-20 %	Group Sep-21	Group Sep-20	Sep-21 vs Sep-20 %
Net profit for the period (RON thousands)	1,473,711	901,487	63.5%	1,668,606	1,056,764	57.9%
Basic earnings per share	-	-	-	0.2594	0.1623	59.8%
Diluted earnings per share	-	-	-	0.2594	0.1622	59.9%

An additional set of financial indicators computed as at September 30, 2021 are presented in Appendix 2.

Other information regarding the first nine months of 2021:

Facilitating customers' access to BT services and to their personal information, aiming to provide the best possible customer experience by automating and digitizing processes is one of the main areas in which Banca Transilvania has invested and continues to invest.

These investments have made Banca Transilvania a market leader in the cards market, with 4.65 million cards in portfolio, out of which over 555,000 are credit cards. The transactions made with the 4.65 million cards increased by 32% compared to the same period last year.

BT has over 2.5 million unique digitized customers, representing 68% of the active customers. This is one of the indicators that BT constantly monitors, reflecting the degree of digitalization of the bank. These customers use at least one of the bank's digital solutions - applications, Internet Banking or Mobile Banking.

The bank reached over 1.9 million unique cards in BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets, and the number of payments by phone doubled in the third quarter of 2021 compared to the third quarter of 2020, reaching 19.9 million.

As of September 30, 2021, BT had installed 1,770 ATMs, out of which approximately 560 are multifunctionals, through which self-banking can be carried out - from cash deposits in RON and foreign currency, to foreign exchange and contactless or code-based cash withdrawals. Also, the Bank has approximately 500 BT Express terminals that are used for various operations, including bill payments, 81,700 POS installed and collaborates with approximately 3,500 e-commerce merchants.

In the first nine months of this year, the number of cash deposits through BT Express Plus exceeded 10 million.

Over 750,000 cash withdrawals were made by phone, through BT Pay, from Banca Transilvania ATMs in the first nine months of the year.

In the pandemic context, there were 37% more interactions in the third quarter of 2021 compared to the same period last year in the BT Visual Help application. The month-on-month increase was steady, reaching almost 120,000 interactions in September.

The number of Internet Banking users exceeded 1.7 million in the third quarter of this year, with 27% more compared to the same period last year. The volume of transactions through Internet Banking and Mobile Banking increased by 20% compared to the third quarter of 2020.

BT priorities by the end of the year are:

- BT will continue to invest heavily to grow and to position BT Pay as the first payment application in Romania, which integrates several types of facilities and becomes part of customers' daily lives. The Transilvania Bank's itinerary regarding the digital transformation aims at including the transposition in the online environment of most of the product origination processes.
- Transformation of the portfolio of new cards issued by BT into an eco-friendly one, from recycled materials, a transformation that means reducing the carbon footprint by 36%/card.

The Group's number of active employees as at September 30, 2021 is 10,170 (10,009 at December 31, 2020).

The Bank's number of active employees as at September 30, 2020 is 8,521 (8,359 at December 31, 2020).

1.1.c. Cash Flow Statement and Liquidity Position

The cash flow statement detailing the cash flows from operating, investment and financing activities is part of the Financial Statements that accompany this report.

The liquidity ratio computed in accordance with NBR regulations in force at September 30, 2021 was between 1.82 and 27.78, being above the minimum level of 1, as required by the NBR Regulation (No. 25/8.11.2011, applied from 31.01.2012).

2. The Analysis of the Bank's Activity

2.1 Presentation and Analysis of Trends, Elements and Events or Uncertainty Factors that Could Impact the Bank's Liquidity vs. the Same Period of the Last Year

The Romanian economic environment:

The figures released by the National Trade Register Office show the increase of the number of the newly set up companies by 44.17% YoY to 116.7 thousand during January-September 2021, an evolution supported by the reopening of the economy (and the entry into a new cycle), the consolidation of the positive investment climate and the low level of the real financing costs.

On the other hand, according to the statistics of the National Trade Register Office the number of the companies that entered insolvency rose by 6.9% YoY to 4.3 thousand in the first nine months of 2021, due to the challenges at Mezzo and Microeconomic levels (associated to the transition between cycles) and to the intensification of the risk perception (including the political tensions).

In the third quarter 2021 the National Bank of Romania (NBR) kept the monetary policy rate at the record low level of 1.25%, but signalled the start of a new monetary cycle, to counter the accelerating inflationary pressures (mainly determined by the supply-side shocks). For instance, during the third quarter of the year the central bank continued the *depo* auctions, with the total cumulated volume of RON 45 billion, up by 50.6% QoQ.

At the same time, the central bank maintained the levels of the MRRs, at 8% for RON and 5% for the FX segment during the third quarter 2021.

According to the statistics released by the National Bank of Romania (NBR) the positive climate on the credit market consolidated in September and in the third quarter 2021, an evolution supported by the entry of the real economy into a new cycle and the low level of the real financing costs.

The non-government loans rose for the 16th month in September, by 1.6% MoM to RON 314.6 billion (a record level) (the YoY pace accelerated to 13.4%, the maximum since 2009).

There can be noticed the increase of the RON-denominated non-government loans by 2.1% MoM and 18.4% YoY to RON 225.3 billion (a record high level), an evolution supported by the low level of the real financing costs (given the context of accelerating inflation – in September the consumer prices rose reaching the highest pace since the summer of 2011).

At the same time, the FX-denominated loans advanced by 0.4% MoM and by 2.3% YoY to RON 89.3 billion in September.

Consequently, during the first nine months of the current year the household loans rose by 8.3% ytd to RON 162.3 billion, an evolution supported by the reopening of the economy and the low level of the real financing costs.

There can be noticed the increase of the corporate loans by 14.9% ytd to RON 152.3 billion, given the positive dynamics of the fixed investments and the low level of the real financing costs.

According to the figures released by the central bank the non-government deposits rose by 0.6% MoM and 13.9% YoY to RON 452.5 billion in September, a record high level.

During January-September 2021 the household deposits rose by 6.4% ytd to RON 273.1 billion, an evolution supported by the high level of the savings rate (in the context of the pandemic).

The corporate deposits advanced by 9.4% ytd to RON 179.4 billion in September.

Consequently, the loans-to-deposits ratio rose from 68.8% in August to 69.5% in September, the highest level since September 2020.

2.2 Presentation and Analysis of the Effects on Financial Statements of all Capital Expenditures, Current and Anticipated, Compared to the Same Period of Last Year

At the Group level, investments in tangible and intangible assets were RON 1,720 million at September 30, 2021, compared to RON 1,676 million at December 31, 2020 and RON 1,495 million at September 30, 2020. As compared with the two periods analysed, tangible and intangible assets registered an increase of 2.6%, while compared to September 30, 2020, the increase is of approximately 15.0%.

At the Bank level, investments in tangible and intangible assets were RON 2,081 million at September 30, 2021, compared to RON 2,096 million at December 31, 2020 and RON 1,685 million at September 30, 2020. As compared with the two periods of the previous year, the value of the tangible and intangible assets did not have a significant evolution, exhibiting a decrease of 0.7% compared to the end of 2020 and an increase of only 23.5% when compared to September 30, 2020.

At both Group and Bank level, the change in fixed assets was mainly determined by the category of property, plant and equipment and real estate investments, including the assets related to the right of use.

2.3 Presentation and Analysis of the Economic Events, Transactions and Changes that Significantly Impact the Main Revenues of the Bank

The main activity of the Bank was performed under normal conditions, with no exceptional circumstances. All legal requirements were followed, in terms of the correct and up-to-date organization and management of accounting, in terms of accounting principles, as well as in terms of complying with the accounting rules and regulations in force.

The interim condensed consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by the European Union, effective as at the Group’s and Bank’s interim reporting date, September 30, 2021. The data presented regarding the third quarter of 2021 are based on the organisation and accounting rules as stated by the Law no. 82/1991, republished and further amended and completed, Government Emergency Ordinance no. 99/2006 further amended and completed, NBR Order no. 27/2010 for the approval of the accounting rules under International Financial Reporting Standards adopted by the European Union applicable to credit institutions – republished, as well as other NBR instructions in the field.

3. Changes that Affect the Share Capital and the Administration of the Company

3.1 Description of Cases in which the Company Could not Fulfill its Financial Obligations in the Reporting Period

Not the case.

3.2 Description of any Changes in the Rights of the Shareholders of the Company

On the 8th of September 2021, the Ordinary General Shareholders’ Meetings of Banca Transilvania S.A approved the previous year’s net profit distribution as well as the distribution of the previous years’ reserves, as follows:

- Allocation of the sum of RON 74,245,723 from the previous years’ reserves of net profit (an 2019) as well as the sum of RON 425,754,277 for net profit reserves of the year 2020 to be distributed, thus the total amount of RON 500,000,000 will be paid as cash dividends;
- Approval of a gross dividend per share of RON 0.07922085114 (taking into account the share capital of the Bank on the registration date, the final value of the gross dividend /

share to be determined subsequent based on the number of shares entitled to dividend from registration).

Following the completion of the share capital increase process, based on the Decision of the Extraordinary General Meeting of Shareholders of April 28, 2021, following the application of the allocation report and the rounding method to the lower whole, the final rate of gross dividend/share was set at 0.0792210443 lei.

Regarding the payment of dividends, the date of September 23, 2021 was approved as the date of registration, the date of September 22, 2021 as the ex-date and the date of October 6 as the the date for the payment of dividends. On October 6, 2021, the procedures for paying the dividends to shareholders took place.

Based on the Decision of the Extraordinary General Meeting of Shareholders dated 28.04.2021, the increase of the share capital with the amount of RON 573,769,971 was achieved by issuing 573,769,971 new shares, at a nominal value of RON 1/shares (10 new shares were attributed for every 100 shares). The payment date for free shares was 13.09.2021 and were allocated to investors which holded TLV shares at the registration date, namely 10.09.2021.

3.3 Changes in the Management Structure of the Bank (Board, Executive Level etc.)

There were no changes in the Board of Directors.

There were no changes in the Leaders' Committee.

There were no changes in the Statutory auditor.

4. Significant Transactions

There were no major contracts concluded by BT in the third quarter of 2021 There was no information concerning significant major transactions concluded by BT with the persons it cooperates with or in which such persons were involved during the third quarter of 2021.

5. Conclusions

The economic and health crisis caused by the Covid-19 pandemic continues to attract and trigger a political crisis and to enhance expectations of slowing down positive trend registered by the macroeconomic environment. Measures taken by the government during this period to reduce the effects of pandemics have led on the one hand to mitigating the effects of the recession and to the

increasing economic performance and on the other hand to tensions over individual freedoms and the situation in the education system.

At this time, both the reappearance of the virus with more aggressive strains and the lack of a constant and politically consistent vision lead to higher expectations of slowing the economic recovery.

Although the economic environment was very volatile, BT reported a robust balance sheet and a sound financial performance, above expectations, at the end of the third quarter. Both the income and the operating expenses remain at a comfortable level, considering the existing economic context. The cost of risk reflects the changes in the methodology regarding the provisioning, being in line with the NBR and EBA recommendations.

The number one priority of Banca Transilvania was and remains the support of businesses, with focus on small businesses. To facilitate customer access to products and services offered in this pandemic context, BT continued to invest in process automation and digitization.

For BT, remains important as well, the support provided to the communities through:

- projects to reinforce and raise awareness of the need for green spaces and environmental protection;
- cultural and educational projects in the financial, technical fields as well as on the importance and the methods of supporting the communities fields.

6. Subsequent events to the date of the consolidated statement of financial position

On the 29th of October 2021, Banca Transilvania completed the transaction for the acquisition of the entire share package (100%) owned by Getin Holding Group in the share capital of Idea Bank S.A.. Through this transaction BT also acquires 100% in the share capital of the companies of the Idea Bank Group in Romania, namely Idea Leasing IFN S.A. and Idea Broker de Asigurare S.R.L.. Idea Bank will become a digital banking hub, beyond the scope of traditional commercial banks. All the three entities known under the Idea brand will have new corporate identities.

ANNEX: The present report has attached the copies of the following documents:

1. Interim condensed consolidated and separate financial statements prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by the European Union:
 - Interim Consolidated and Separate Statement of Profit or Loss and Statement of Other Comprehensive Income;
 - Interim Consolidated and Separate Statement of Financial Position;
 - Interim Consolidated and Separate Statement of Changes in Equity;
 - Interim Consolidated and Separate Statement of Cash Flow;
 - Notes to the Interim Condensed Consolidated and Separate Financial Statements;

2. The statement of the Deputy CEO of Banca Transilvania assuming the responsibility for the preparation of the interim condensed consolidated and separate financial statements for the period ended on September 30, 2021;

Note: The financial statements for the periods ended September 30 are not audited nor revised.

**CHAIRMAN OF THE
BOARD OF DIRECTORS
HORIA CIORCILĂ**

**CHIEF EXECUTIVE OFFICER

ÖMER TETİK**

**SHAREHOLDERS STRUCTURE AT
30.09.2021**

EXPLANATIONS	No.of holders	No. Shares	Percentage %
ROMANIAN CAPITAL	37,209	4,424,252,775	70.1
Individuals	36,505	1,313,412,153	20.81
Companies	704	3,110,840,622	49.29
of which Financial Investment Companies	5	1,105,170,808	17.51
FOREIGN CAPITAL	1,026	1,887,216,905	29.9
Individuals	762	66,201,528	1.05
Companies	264	1,821,015,377	28.85
TOTAL	38,235	6,311,469,680	100

ECONOMIC AND FINANCIAL RATIOS AS AT 30.09.2021

<u>Ratio</u>	<u>Method of computation</u>	<u>30.09.2021</u>
1. Current Liquidity Ratio	Current assets/Current liabilities	107.44%
2. Indebtedness Ratio	Borrowed capital/Shareholder's equity *100	25.61%
	Borrowed capital/Capital employed*100	21.82%
3. Accounts receivable turnover rate	Average client balance/Turnover*365	Not applicable
4. Fixed assets turnover rate	Turnover/Fixed assets	2.01

Nota: Point 3 "average client balance" does not apply to financial banking institutions.