

# **CONSOLIDATED DIRECTORS' REPORT**

**for the six month period ended  
30 June 2022**

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

## Identification Details of the Issuer

**Report date:** August 24, 2022

**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 at 30.06.2022:** RON 6,311,469,680

**The regulated market where the issued securities are traded:** Bucharest Stock Exchange

**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., Idea Bank S.A., BT Capital Partners S.A., BT Leasing Transilvania IFN S.A., Idea Leasing IFN S.A., Țiriac Leasing IFN S.A., BT Investments S.R.L., Idea Investments S.A., Idea Broker de Asigurare 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., BT Pensii S.A. and Code Crafters by BT S.R.L..

The main Group's fields of activity are: banking through Banca Transilvania S.A. („the Bank”), Victoriabank S.A. and through Idea Bank S.A., investment and brokerage through BT Capital Partners S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., Idea Leasing IFN S.A., Țiriac Leasing 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. and administration of voluntary pension funds through BT Pensii S.A.. Moreover, the Bank controls two investment funds that are also included in the consolidation and is associated in Sinteza S.A. with a holding percentage of 31.15%.

Banca Transilvania is a public listed company founded in 1993, headquartered in Cluj-Napoca, with majority romanian shareholders – 73.7% as of the end of June 2022. 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 June 30, 2022 is presented in the Appendix to this document.

## **I. Significant events in the first six months of 2021**

### **Amendments brought to the Articles of Association**

As a result of the Decisions of the Extraordinary General Meeting of Transilvania Bank Shareholders of April 28, 2022, it was decided to increase the share capital by the amount of RON 765,112,650 by issuing a number of 765,112,650 new shares, with a nominal value of 1 RON/share. The increase of the share capital will be achieved by incorporating the reserves constituted from the net profit of the year 2021, in the amount of RON 765,112,650, by issuing a number of 765,112,650 shares with a nominal value of 1 RON/share, for the benefit of the shareholders registered in the Shareholders' Register held by the Central Depository. Therefore, the new share capital is RON 7,076,582,330, respectively 7,076,582,330 shares with a nominal value of 1 RON/share.

The legal procedures for registering the capital increase at ONRC were completed at the end of June 2022.

### **Changes in the first half of 2022 regarding Banca Transilvania Financial Group**

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

#### **BT MICROFINANȚARE IFN S.A.**

- On 14.01.2022, Mr. Szekely Daniel was appointed as administrator, in place of Mr. Dudoiu Andrei, for the current term, valid until 28.06.2022.
- It was also decided to reformulate and explain the main object of activity, as follows:  
*"6492 Other lending activities - microfinance of legal entities.*

*The main object of activity consists in granting credits and can take the form of:*

- *Microcredits granted to legal entities;*
- *Consumer loans;*
- *Mortgage;*
- *Real estate loans;*
- *Financing commercial transactions;*
- *Discounting and lump sum operations;*
- *Other lending activities. "*

and the CAEN code 6499 in the secondary object of activity has been completed and detailed as follows:

*"6499 - other financial intermediation n.c.a. - issuing guarantees and assuming commitments - acquiring participations in the capital of other entities, as well as factoring activities".*

- *On 14.04.2022, it was decided to amend and reformulate the Constitutive Act of the company as follows:*
  1. *The main object of activity provided for in art. 6 thus:*
    - a. *"6492 Other lending activities - microfinancing of legal entities."*
  2. *The secondary object of activity provided for in art. 6 is supplemented with the following:*

*"6492 Other lending activities - consumer loans; mortgage; real estate loans; financing of commercial transactions; discounting and lump sum operations; other lending activities,*

*7311 - Activities of advertising agencies - marketing activities for the benefit of entities in the group, carried out on the occasion of the company's lending activities, consisting in promoting the services/products offered by the entities in the group.*
- *Also, in the same AGM of 14.04.2022, it was decided to detail the attribution of the Ordinary General Meeting of Shareholders provided for in art. 13 letter j, which will have the following content:*

*"j) the issue of bonds, exclusively through public offers addressed to qualified investors, within the meaning of the law on the capital market".*
- *By the AGEA Decision of 06.06.2022, it was decided to modify the secondary object of activity by removing the phrase "other lending activities" from the explanation of CAEN code 6492 - Other lending activities and rewording the Constitutive Act of the company accordingly.*

## **TIRIAC LEASING IFN SA**

- On 02.06.2022, in accordance with the Closing Certificate, Banca Transilvania SA took over from Molesey Holdings Limited and from Hyundai Auto Romania S.R.L all 131,264 shares of Tiriac Leasing IFN S.A., becoming the sole shareholder of Tiriac Leasing IFN S.A.
- On 30.06.2022, the sole shareholder Banca Transilvania decided to move the registered office of the company to Cluj-Napoca, str. C. Brâncusi, no. 74-76, Cluj county, the opening of a work point in Bucharest, Exhibition Boulevard no. 2, sector 1 and the reformulation of the company's Articles of Association accordingly.

## **CODE CRAFTERS by BT S.R.L**

- On 10.02.2022, the company Code Crafters by BT S.R.L was established, being associated with Banca Transilvania S.A. (99.9%) and BT Investments S.R.L. (0.1%). The members of the Board of Directors are: Mr. Călinescu George (Chairman of the Board), Mrs. Nistor Gabriela and Mr. Toderici Leontin.

## **TIMESAFE S.R.L**

- As of 14.02.2022, Timesafe S.R.L. is no longer part of Banca Transilvania Financial Group, following the sale by BT Investments S.R.L. of the entire participation held (51.12%).

## **Main transactions regarding affiliates**

There were no related party transactions that substantially affected the Group's financial position or results in the first six months of the current financial year. For additional details see Note 35 of the interim financial statements accompanying this report.

## **Risk Management**

The management of Banca Transilvania S.A. continuously assesses the risks to which the Bank's activity is or may be exposed, which may affect the achievement of its objectives, and takes measures regarding any change in the conditions in which it operates.

The main risks and uncertainties identified for the next period are generated mainly as a result of the consequences of the coronavirus pandemic and the geopolitical context generated by the Russian-Ukrainian conflict:

- Risks of economic growth lower than the estimates and high inflation, aggravated by the conflict and tensions existing at the level of the region;
- The increase in financing costs, generated by more restrictive monetary policies;
- The increase in production costs, especially due to the increase in the cost of energy and global blockages in supply;

- The acceleration of consumer prices, combined with the depreciation of the national currency in relation to the Euro, compared to current levels;
- The delay in the absorption of European funds, especially through the National Recovery and Resilience Plan, can produce possible negative effects.

## 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 the first half of 2022, compared to the same period of last year, is the following:

Indicators (RON mn)	Group				
	Jun'22	Dec'21	Jun'21	Jun'22 vs Dec'21 %	Jun'22 vs Jun'21 %
Cash and current accounts with Central Bank	17,519	18,321	18,756	-4.4%	-6.6%
Placements to banks	6,835	10,394	6,350	-34.2%	7.6%
Treasury financial instruments	46,679	44,204	42,887	5.6%	8.8%
Loans and advances to customers, net	62,189	54,630	43,076	13.8%	44.4%
Finance lease receivables	2,674	1,488	1,304	79.7%	105.1%
Tangible and intangible assets	2,104	1,989	1,725	5.8%	22.0%
Other assets	2,137	1,475	1,240	44.9%	72.3%
<b>Total assets</b>	<b>140,138</b>	<b>132,501</b>	<b>115,338</b>	<b>5.8%</b>	<b>21.5%</b>
Deposits from customers	110,929	108,022	97,166	2.7%	14.2%
Deposits from banks	1,465	1,024	770	43.0%	90.1%
Loans from banks and other financial institutions	12,642	7,930	1,675	59.4%	654.7%
Subordinated loans	1,776	1,762	1,693	0.8%	4.9%
Other liabilities	3,350	3,199	2,794	4.7%	19.9%
<b>Total liabilities</b>	<b>130,162</b>	<b>121,937</b>	<b>104,098</b>	<b>6.7%</b>	<b>25.0%</b>
Equity	9,976	10,564	11,240	-5.6%	-11.2%
<b>Total liabilities and equity</b>	<b>140,138</b>	<b>132,501</b>	<b>115,338</b>	<b>5.8%</b>	<b>21.5%</b>

Indicators (RON mn)	Bank				
	Jun'22	Dec'21	Jun'21	Jun'22 vs Dec'21 %	Jun'22 vs Jun'21 %
Cash and current accounts with Central Bank	15,928	16,764	17,724	-5.0%	-10.1%
Placements to banks	7,580	9,613	5,716	-21.1%	32.6%
Treasury financial instruments	45,507	42,786	41,615	6.4%	9.4%
Loans and advances to customers, net	60,207	52,239	42,658	15.3%	41.1%
Tangible and intangible assets	2,720	2,429	2,096	12.0%	29.8%
Other assets	1,900	1,232	1,104	54.2%	72.1%
<b>Total assets</b>	<b>133,842</b>	<b>125,062</b>	<b>110,912</b>	<b>7.0%</b>	<b>20.7%</b>
Deposits from customers	107,895	102,698	94,406	5.1%	14.3%

Indicators (RON mn)	Bank				
	Jun'22	Dec'21	Jun'21	Jun'22 vs Dec'21 %	Jun'22 vs Jun'21 %
Deposits from banks	1,280	952	763	34.4%	67.7%
Loans from banks and other financial institutions	11,469	7,458	1,262	53.8%	809.0%
Subordinated loans	1,721	1,706	1,690	0.9%	1.9%
Other liabilities	2,845	2,894	2,544	-1.7%	11.8%
<b>Total liabilities</b>	<b>125,210</b>	<b>115,709</b>	<b>100,665</b>	<b>8.2%</b>	<b>24.4%</b>
Equity	8,631	9,353	10,248	-7.7%	-15.8%
<b>Total liabilities and equity</b>	<b>133,842</b>	<b>125,062</b>	<b>110,912</b>	<b>7.0%</b>	<b>20.7%</b>

At the end of the first six months of 2022, the Group's assets exceeded RON 140 billion, increasing by 5.8% compared to the end of last year and by 21.5% compared to the end of June 2021. At the same time, the Bank's assets recorded an increase of 7.0% compared to the end of the previous year, respectively by 20.7% compared to June 2021, exceeding RON 133.8 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, the loans' portfolio registered an increase of 15.6% and 46.2% respectively compared to the end of 2021 and the end of June 2021, respectively. The positive evolution was mainly determined by the increase of the loans' portfolio managed by the Bank, by +15.3% compared to the end of the previous year and by +41.1% compared to the end of the same period of 2021. At the Bank's level, the net loans at the end of June 2022 amount to RON 60.2 billion, all business lines recording increases as compared to the end of the previous year.

At the Group level, the balance of net loans of the retail segment increased by 4.3% compared to the end of the previous year, and in terms of loans granted to companies, an extremely dynamic activity was recorded in all segments, supported mainly by the Large Corporate segment (22.1% vs December 31, 2021) and SME segment (+21.3% vs December 31, 2021).

In 2022, BT was the most important partner in the governmental support programs IMM Invest and AGRO IMM Invest, but also in other guarantee schemes for SMEs launched this year.

Between January and June 2022, more than 139,000 new loans were granted to individual customers and companies.

**Provisions' stock:** Banca Transilvania recorded at the end of June 2022 a net expense with adjustments for financial assets for other risks and credit commitments in the amount of RON 99 million (including recoveries from off-balance sheet loans). The balance of provisions reached the level of RON 3.9 billion at the end of the first half of the year.

The non-performing NPE exposure rate according to the EBA (European Banking Authority) is 2.55% as of June 30, 2022 and the degree of coverage with total provisions of the non-performing exposures according to the EBA is 180%.

**Cash and current accounts** with Central Bank represent as at June 30, 2022 approximately 13% of the total assets at Group level, respectively 12% at the Bank level, the balances of these elements registering decreases as compared to December 31, 2021 at both Group and Bank level.

At the Group level, the cash and current accounts with the Central Bank decreased by approximately 4.4% and 6.6 compared to the end of 2021 and respectively compared to June 30, 2021, amounting to RON 17,519 million. At the Bank's level, the decrease is of approximately 5.0% compared to December 31, and 10.1% compared to June 30, 2021, the final balance as at June 30, 2022 amounting to RON 15,928 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 72%.

**Placements to banks** at the end of June 2022, declined at both Group and Bank level, by 34.2 and 21.1% respectively compared to December 31, 2021. Compared to June 31, 2021, the increase is approximately 7.6% for the Group and 32.6% for the Bank. Variations in this category are mostly determined by the evolution of the balance of current accounts at other banks, the volume of placements at 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 debt instruments measured at amortised cost with a weight of over 52% in the total category of treasury financial instruments, both at Group and Bank level, representing at the same time, approximately 18% of the Group and the Bank's total assets at the end of the first half of 2022.

As compared to December 31, 2021, the treasury instruments increased by approximately 6% both at Group and Bank level, while compared to June 30, 2021, increased by approximately 9% for the Group and the Bank, reaching RON 46,679 million at Group level, respectively RON 45,507 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 is represented by the category of customers' deposits, with a share in total liabilities, in the three



analyzed periods, decreasing from 93% to 85%. At Group level, the customers' deposits reached RON 110,929 million at June 30, 2022, increasing by 2.7% compared to the end of the previous year and by 14.2% compared to June 30, 2021. At Bank level, the balance of the customers' deposits reached RON 107,895 million on June 30, 2022, increasing by 5.1% compared to the end of the previous year and by 14.3% compared to June 30, 2021.

For both the Group and the Bank, approximately 66% of the total customers' deposits represent savings of the individuals and 34% savings of the legal entities customers. The share of current accounts is approximately 63%, while fixed-term deposits represent 35% of the total customers' deposit balances as of June 30, 2022.

**The loan-to-deposit ratio** at Bank level stands at 59.40% as at the end of the first half of 2022, the volume of gross loans being RON 64.1 billion, while the resources attracted from customers are RON 107.9 billion.

**The equity** of Banca Transilvania S.A. as at 30.06.2022 amounts to RON 8,631 million, decreasing by 7.7% compared to the end of the previous year, when it amounted to RON 9,353 million, evolution determined by the reduction of reserves from the revaluation of debt instruments valued at fair value through other comprehensive income, in the context of the accelerated increase in yields.

**Solvency:** The Bank's solvency calculated as at June 30, 2022, taking into account the cumulative profit of the first six months of 2022 is 22.39%, 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 or Loss Account at Group and Bank level for the first six months of 2022, compared to the same period last year, are as follows:

Indicators (RON mn)	Group			Bank		
	Jun'22	Jun'21	Jun'22 vs Jun'21 %	Jun'22	Jun'21	Jun'22 vs Jun'21 %
Net interest income	2,031	1,529	32.9%	1,695	1,357	24.0%
Net fees and commission income	551	447	23.3%	466	382	21.9%
Net trading income	381	262	45.6%	358	204	75.9%
Net income/(loss) from financial assets measured at fair value through other items of comprehensive income	(70)	129	-154.5%	(71)	127	-155.7%
Net income/(loss) from financial assets required to be measured at fair value through profit or loss	(52)	55	-195.8%	(78)	93	-183.5%
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(151)	(88)	70.9%	(144)	(82)	75.0%
Other operating income	145	77	88.4%	111	88	25.1%
<b>Total operating income</b>	<b>2,834</b>	<b>2,410</b>	<b>17.6%</b>	<b>2,338</b>	<b>2,170</b>	<b>7.7%</b>
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(179)	(113)	58.5%	(99)	(121)	-17.7%
Personnel expense	(819)	(651)	25.8%	(694)	(581)	19.5%
Depreciation and amortization	(188)	(178)	5.9%	(168)	(174)	-3.5%
Other operating expense	(446)	(304)	46.9%	(352)	(259)	36.1%
<b>Total operating expenses</b>	<b>(1,633)</b>	<b>(1,246)</b>	<b>31.1%</b>	<b>(1,313)</b>	<b>(1,134)</b>	<b>15.8%</b>
<b>Profit before income tax</b>	<b>1,201</b>	<b>1,164</b>	<b>3.2%</b>	<b>1,025</b>	<b>1,036</b>	<b>-1.1%</b>
Income tax expense (-)	(155)	(149)	4.0%	(118)	(135)	-12.8%
<b>Net profit</b>	<b>1,046</b>	<b>1,015</b>	<b>3.1%</b>	<b>907</b>	<b>901</b>	<b>0.7%</b>
Profit of the Group attributable to equity holders of the Bank	1,008	1,001	0.6%	907	901	0.7%
Profit of the Group attributable to non-controlling interests	39	14	172.7%			
<b>Net profit</b>	<b>1,046</b>	<b>1,015</b>	<b>3.1%</b>	<b>907</b>	<b>901</b>	<b>0.7%</b>

The **gross profit** registered by the Group during the first six months of 2022 amounts to RON 1,201 million, increasing by 3.2% compared to the same period of 2021, while the Bank reported a gross profit of RON 1,025 million, with a slight decrease of 1.1% compared to the same period of 2021.

This decrease comes mainly from the recording of a lower growth rate of operating income than the growth rate of operating expenses, as a result of inflationary pressures that affected the revaluation of debt instruments valued at fair value through other comprehensive income.

Thus, the **net profit** obtained by Banca Transilvania as at June 30, 2022, amounting to RON 907 million, is 0.7% higher compared to the same period of 2021, when it amounted to RON 901 million. At Group level, the same positive dynamic has been registered, the net profit, as at June 30 2022, amounted to RON 1,046 million, as compared to the same period of 2021 when it amounted to RON 1,015 million.

The **net interest income** registered a substantial increase of approximately 33% at the Group and 25% at Bank level, an evolution based on both higher market rates (3-month and 6-month ROBOR average exceeded 4% in the first semester of 2022 compared to the first semester of 2021 when it was below 2%), as well as on an increased volume of credit granting.

**Net fees and commissions income** during the first six months of 2022 show a significant increase both at Group level and at Bank level by above 23% and approximately 22% respectively, compared to the same period of 2021, as a result of the increase in the number of transactions by 29%.

**Net trading income** was 45.6% higher than in the same period last year, at Group level and 75.9% at the Bank level. The increase in net income from derivatives, as well as the growth in the number of foreign exchange transactions and the increase in the exchange rate have significantly influenced this positive development.

Overall, the **operating income** reached, at the end of the first half of 2022, RON 2,834 million at Group level and RON 2,338 million at Bank level, by 17.6% and 7.7% respectively higher compared to the same period of last year.

The **operating expenses** increased as compared to those reported during the similar period of 2021, therefore the total operating expenses at Group level were 31.1% higher compared to the first six months of 2021 and at Bank level were 15.8% higher. The increase in operating expenses was determined both by the increase in personnel expenses (25.8%), taking into account the increase in the employee base, the tensions in the labor market and the inflationary environment, and by the increase in other operating expenses (46.9%).

**Operational result.** In this context, the operational efficiency shows a comfortable level, of 50.37%, sliding compared to the level of 45.82% reported during the first six months of 2021.

The **result per share** for the first six months of 2022 and 2021, recalculated with the share capital increase realized in July 2022 is as follows:

Indicators	Group Jun'22	Group Jun'21	Jun'22 vs Jun'21%	Bank Jun'22	Bank Jun'21	Jun'22 vs Jun'21%
Net profit for the period (RON thousands)	1,046,479	1,015,492	3.1%	907,003	901,035	0.7%
Basic earnings per share	0.1427	0.0496	187,6%	-	-	-
Diluted earnings per share	0.1427	0.0496	187,6%	-	-	-

## **Other information regarding the first half of 2022:**

One of the main areas in which Banca Transilvania has invested and continues to invest is in facilitating customers' access to BT services and their personal information, aiming to offer the best possible experience to customers through the automation and digitization of processes.

These investments have made Banca Transilvania a market leader in the field of cards, with 5 million cards in its portfolio, of which over 586,000 are credit cards. The transactions made with the 5 million cards increased by 36% compared to the same period last year (S1 2021).

BT has over 3 million digital unique customers, which represents 80% of active customers. This is one of the indicators that BT constantly monitors, reflecting the degree of digitization of the bank. These customers - individuals and companies - use at least one of the bank's digital solutions - applications, Internet Banking or Mobile Banking.

The bank reached over 2.5 million unique cards in the BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets, and the number of phone payments doubled in the first semester of 2022 compared to the first semester of 2021, reaching 53 million.

As of June 30, 2022, the bank has a network of 1,806 ATMs, of which 577 are multifunctional, through which self-banking can be done - from cash deposits in lei and foreign currency, to currency exchange and contactless cash withdrawals or based of code. Also, the Bank has approximately 513 BT Express terminals that are used for various operations, including bill payment, 90,474 POS installed and collaborates with approximately 47,771 merchant e-commerce users.

3 times more interactions in S1 2022 a.c. compared to the same period last year in the BT Visual Help application. The month-over-month increase was steady, reaching nearly 900,000 in the first half.

The number of Internet Banking users exceeded 1.88 million in the 1st semester of this year, 4% higher compared to the same period last year. The volume of transactions through Internet Banking and Mobile Banking increased by 45% compared to the first semester of 2021.

The Group's number of active employees as at June 30, 2022 is 11,186 (10,800 at December 31, 2021).

The Bank's number of active employees as at June 30, 2022 is 8,964 (8,651 at December 31, 2021).

### **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 coverage ratio (LCR), calculated according to the requirements introduced by Basel III, registered the value of 306.39% on 30.06.2022, being well above the minimum required level of 100%.

## **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:

- According to the figures released by the National Trade Register Office the number of the newly set up companies contracted by 6.5% YoY to 62.8K during January – May 2022, due to the high level of uncertainty, in the context of the accumulation of inflationary pressures and of the deterioration of the risk perception following the outbreak of the crisis in Ukraine.

- On the other hand, the number of the companies that entered insolvency climbed by 11.4% YoY to 2,808 during January – May 2022.

- In 1H 2022 the National Bank of Romania (NBR) hiked the monetary policy rate from 1.75% to 3.75%, in order to counter the high level of the inflationary pressures and to anchor the mid-run inflationary expectations in convergence towards the target interval. However, the central bank maintained the levels of the MRRs at 8% and 5%, respectively. Last, but not least, NBR resumed the T-Bonds purchase program on the secondary market (volumes of RON 367.3mn in March and RON 36.6mn in May), in order to counter the risks regarding the fragmentation of the monetary policy transmission mechanism.

- According to the statistics of the National Bank of Romania (NBR) the non-government loans rose by 2.2% MoM and by 17.5% YoY to RON 352.8bn in June, an evolution supported by the continuity of the post-pandemic economic recovery and the affordable level of the real financing costs.

- There can be noticed the increase of the FX-denominated loans, by 4.7% MoM and by 13.7% YoY to RON 98.6bn in June.

- At the same time, the RON-denominated loans climbed by 1.3% MoM and by 19% YoY to RON 254.2bn in June.

- In the alternative approach, the corporate loans rose by 13.8% ytd to RON 181.9bn, while the household loans inched up by 4% ytd to RON 170.9bn during January – June 2022.
- The NBR figures also show the increase of the non-government deposits, by 0.01% MoM and by 9.8% YoY to RON 481.1bn in June.
- During January – June 2022 the corporate deposits climbed by 1.2% ytd to RON 197.7bn, while the household deposits contracted by 0.2% ytd to RON 283.4bn.
- At the end of June 2022 the loans-to-deposits ratio stood at 73.3%, the highest level since February 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 2,104 million at June 30, 2022, compared to RON 1,989 million at December 31, 2021 and RON 1,725 million at June 30, 2021. As compared to the two periods of the previous year, the value of tangible and intangible assets registered an increase of 5.8% compared to the end of the previous year and by 22.0% compared to June 30, 2021.

At the Bank level, investments in tangible and intangible assets were RON 2,720 million at June 30, 2022, compared to RON 2,429 million at December 31, 2021 and RON 2,096 million at June 30, 2021. As compared with the two periods of the previous year, the value of the tangible and intangible assets increased of 12.0% compared to the end of 2021 and a significant increase of 29.8% when compared to June 30, 2021.

At the Group level, the change in fixed assets was mainly determined by the category of tangible fixed assets and real estate investments, and at the Bank level by the category of investments in participations.

## **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 consolidated and individual interim financial statements of the Group and the Bank were drawn up in accordance with IAS 34 "Interim financial reporting" adopted by the European Union, in force on the interim reporting date of the Group and the Bank, June 30, 2022. The data presented related to the conclusion semester I 2022, consider the organization and management of accounting in accordance with Law no. 82/1991 republished with subsequent amendments and additions; EU Regulation no. 575/2013 with subsequent amendments and additions, BNR Regulation no. 5/2013 with subsequent amendments and additions; BNR order no. 27/2010 for the approval of accounting regulations in accordance with the International Financial Reporting Standards adopted by the European Union applicable to credit institutions - republished with subsequent amendments and additions, as well as other BNR 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**

At the Ordinary and Extraordinary General Meetings of the Shareholders of Banca Transilvania S.A. from 28.04.2022, the following decisions were adopted:

- Increase of the share capital with the amount of RON 765,112,650 by issuing 765,112,650 new shares at a nominal value of RON 1/share as well establishing a price of RON 0 (zero) to compensate for the fractions of shares resulting from applying the algorithm and rounding the results, according to the legal provisions in force and also granting a mandate to the Board of Directors in order to establish a price higher than the approved one (if applicable).

The increase in the share capital will be carried out through the capitalization of reserves from the net profit of the year 2021, in amount of 765,112,650, by issuing a number of 765,112,650 shares, with a nominal value of RON 1/share in the benefit of the shareholders registered with the Shareholding Register held by the Central Depository at the registration date that will be established by the GSM (July 13th, 2022);

Sources for capital increase	Sums (RON)
Capitalization of reserves from the net profit of the year 2021	765,112,650

Considering the above, each shareholder registered on the registration date, July 13th 2022, will receive free of charge, for each 100 shares owned, a total number of shares calculated as follows:  $100 \times (765,112,650 / \text{RON } 6,311,469,680)$ . The purpose of the capital increase is to sustain the current activity of the company.

- Approval of the consolidation of the nominal value of a share at Banca Transilvania SA, from 1 RON/share to 10 RON/share, by increasing the nominal value of the shares simultaneously with the reduction of the total number of shares (10 shares with a nominal value of 1 RON/share = 1 share with a nominal value of 10 RON/share), while also establishing a price of 2.5273 RON/share (having at the date of registration the nominal value of 1 RON) for the compensation of the fractions of shares resulting according to the formula detailed in the informative document, in accordance with the legal provisions in force, and granting a mandate to the Board and individually of its members for the implementation of this decision, including for the approval of the specific documentation.

Approval of the date August 17th, 2022 as the registration date (the date of payment being the next working day according to the applicable legal provisions) and of the ex-date August 16th, 2022, for consolidation of the nominal value of the shares at Banca Transilvania.

- Approval of dividend distribution from the profit of 2021, in total amount of 800,000,000 RON, being granted as cash dividends. Approval of a gross dividend per share of RON 0.1267533618 and approval of the date of June 16 as the payment date.

### **3.3 Changes in the management structure of the Bank (board, executive level etc.)**

On April 28, 2022, as a result of the Decisions of the Ordinary General Shareholders' Meeting of Banca Transilvania, it was decided to elect the new Board of Directors for the 2022-2026 mandate, which will have the following composition: Horia Ciorcilă, Thomas Grasse, Ivo Gueorguiev, Vasile Puscaș, Mirela- Ileana Bordea, Florin Predescu-Vasvari, Lucyna Stanczak-Wuczynska.

At the executive management level, the term of office of Mrs. Mihaela Nadașan was terminated as a result of her death. In the same way, the Bank's Board of Directors appointed Mrs. Ioana-Mihaela Ilaș as Deputy General Director of Retail Banking (in the process of BNR approval).

There were no changes in the Statutory auditor.



#### **4. Significant transactions**

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 first half of 2022.

#### **5. Conclusions**

According to the latest report of the Romanian National Bank on financial stability from June 2022, the financial markets were marked by important uncertainties generated by the conflict between Russia and Ukraine, the evolution of energy product markets, but also by the tightening of financial conditions caused, mainly, by the accelerated growth of the inflation rate in both emerging and developed economies, especially against the backdrop of significant increases in natural gas and electricity prices and bottlenecks in supply chains.

In the context of international events, systemic risk assessments have tightened for certain categories, while the outlook for the coming period is mixed.

Considering these aspects, the NBR took measures by sequentially increasing the key rate up to 4.75%, resuming quantitative easing and providing liquidity through the Lombard facility.

At the end of the first six months of 2022, despite the difficult macroeconomic context induced by the war in Ukraine, Banca Transilvania reported a robust capitalization and a financial performance beyond expectations, consistently financing the population and companies and increasing the volume of processed operations, thus managing to generate in further economies of scale for customers. The BT customer portfolio is constantly expanding, exceeding 3.7 million customers at the end of the first semester of 2022 (+3% compared to December 31, 2021), and the number of new loans granted was over 139,000 (22% more than in same period of 2021), their value being approximately 14.2 billion lei (+58% compared to the value of grants in the first six months of 2021).

By setting up its own technology company Code Crafters, which began operations in April 2022, with a team of people with solid experience in both technology and outsourcing firms, as well as banking, BT has taken a big step towards achieving its strategic objectives in the field of digitization, namely the continuation of the development of intelligent operating systems, innovation and simplification of processes, as well as the continuation of the development of fully digitized customer interaction flows.

In 2022, the Bank was the most important partner in the governmental support programs IMM Invest and AGRO IMM Invest, but also in other guarantee schemes for SMEs launched in the current year such as RURAL INVEST, IMM PROD and GARANT CONSTRUCT, with a value total

financed by over 2.8 billion lei in the first semester through these programs which are characterized by state guarantees and subsidized interest.

The number one priority of Banca Transilvania was and still remains the support of businesses, with focus including on small businesses and active participation in programs to support the Romanian economy (IMM Invest, Noua Casă, Program of grants awarded by the European Union).

### **Events subsequent to the date of the consolidated statement of financial position**

At the Ordinary and Extraordinary General Meetings of the Shareholders of Banca Transilvania S.A. from 28.04.2022, was approved the increase of the share capital by the amount of 765,112,650 lei (July 13, 2022 being the registration date), as well as the consolidation of the nominal value from 1 lei/share to 10 lei/share (August 17, 2022 being the registration date), more information being presented in section 3.2. from this report.

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

1. Summarized consolidated and separate financial statements prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by the European Union as at June 30, 2022:
  - Consolidated and separate statement of profit and loss and other comprehensive income;
  - Consolidated and separate statement of financial position;
  - Consolidated and separate statement of changes in equity;
  - Consolidated and separate statement of cash flow;
  - Notes to the summarized consolidated and separate financial statements;
2. The statement of the Deputy CEO of Banca Transilvania assuming the responsibility for the summarized financial statements for the first half of 2022;

**NOTE:** The financial statements for the period ended June 30 are not audited nor revised.

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

**CHIEF EXECUTIVE OFFICER  
ÖMER TETİK**

**SHAREHOLDERS STRUCTURE AT  
30.06.2022**

<b>Explanations</b>	<b>No.of holders</b>	<b>No. Shares</b>	<b>Percentage %</b>
<b>ROMANIAN CAPITAL</b>	<b>43,018</b>	<b>4,652,821,270</b>	<b>73.72</b>
Individuals	42,261	1,406,727,635	22.29
Companies	757	3,246,093,635	51.43
<b>of which Financial Investment Companies</b>	5	1,167,125,800	19.49
<b>FOREIGN CAPITAL</b>	<b>1047</b>	<b>1,658,648,410</b>	<b>26.27</b>
Individuals	788	67,185,381	1.06
Companies	259	1,591,463,029	25.22
<b>TOTAL</b>	<b>44,065</b>	<b>6,311,469,680</b>	<b>100</b>