

CONSOLIDATED DIRECTORS' REPORT

**for the three-month period ended
31 March 2023**

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

Identification Details of the Issuer

Report date: May 5th, 2023

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 7,076,582,330

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: 707,658,233 nominal shares with a par value of RON 10/share.

Banca Transilvania's Financial Group Presentation

Banca Transilvania 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., BT Investments S.R.L., 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., Victoriabank S.A. and through Idea Bank S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., Idea 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., brokerage and investments through BT Capital Partners S.A. and pension funds management through BT Pensii S.A. Moreover, the Bank controls three investment funds that are also included in the consolidation and is associated in Sinteza S.A. with a holding percentage of 31.09%.

Banca Transilvania is a public listed company founded in 1993, headquartered in Cluj-Napoca, with majority romanian shareholders – 75.26% as of the end of March 2023. Currently, BT occupies the first place in the top of the banking system in Romania, by total assets.

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 March 31, 2023 is presented in the Appendix 1 to this document.

I. Significant Events During the Period January-March 2023

Amendments brought to the Articles of Association

There have been no changes.

Main Transactions Regarding Affiliates

In the first quarter of 2023, there were no transactions with the Bank's affiliated parties which could influence substantially the financial position of the Group.

Changes in the first quarter of 2023 regarding Banca Transilvania Financial Group

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

BT LEASING TRANSILVANIA IFN S.A.

- On 01.02.2023, the merger of BTL with Țiriac Leasing took place, a merger approved by Extraordinary General Meeting (“EGM”) of Banca Transilvania on 23.01.2023 and registered with Trade Register Office (“ORC”) on 26.01.2023;
- Starting from 01.01.2023, Mr. Mihai Nicolescu was appointed as Leader and Deputy General Director of Risk and Internal Control, for a mandate valid until 06.03.2026;
- Starting with the same date of 01.01.2023, Mr. Mihai Moraru resigned from the position of Leader and Deputy General Director;

- On 03.02.2023, the company's Articles of Association were updated in accordance with the changes made to Law 31/1990 by Law 265/2022;
- On 06.02.2023, the mandate of general Director Ionuț Morar was extended for another 4 years, until 06.03.2027;
- On March 20,2023, the mandate of all Administrative Council was extended until April 8, 2027.

ȚIRIAC LEASING IFN S.A.

- On 01.01.2023, Țiriac Leasing was absorbed by BT LEASING TRANSILVANIA IFN, being dissolved from ORC on 26.01.2023.

BT DIRECT IFN S.A.

- On 31.01.2023, the mandate of the managers of the company was extended as follows:
 - Nicoleta Bott, having the position of Deputy General Director – extension of the mandate by 4 years, until 20.02.2027;
 - Gabriel Gogu, having the position of Deputy General Director – extension of the mandate by 3 years, until 20.02.2026.

BT MICROFINANȚARE IFN S.A.

- On 17.01.2023, the mandate of two of the company's managers was extended, as follows:
 - Șindile Cristina Dalia, having the position of General Director – extension of the mandate by 4 years, until 09.03.2027;
 - Cojocaru Dan Ioan, having the position of Deputy General Director – extension of the mandate by 4 years until 09.03.2027.

BT LEASING MD S.R.L.

- On 28.02.2023, Mr. Șerban Liviu Onut was appointed as a member of the Company Council;
- At the same time, Mr. Bogdan Pleșuvescu was appointed President of the Company Council.

BT ASSET MANAGEMENT SAI S.A.

- On 31.03.2023, the Financial Supervisory Authority issued the decision authorizing Mr. Dascăl Sergiu Dan as Director of the company for a new term (01.06.2023 – 31.05.2027).

CODE CRAFTERS BY BT S.R.L.

- On 09.02.2023, Mr. Teodor Torgie was appointed as a member of the Board of Directors of the company, following the revocation of the mandate of Mrs. Gabriela-Cristina Nistor.

BT BUILDING S.R.L.

- On 31.03.2023, Mr. Levon Khanikyan was appointed as the administrator of the company.

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 action on any change in the conditions under which it operates.

The main risks and uncertainties identified for the next period are a result of the consequences of the global economic slowdown and the volatility of international markets, and the geopolitical context generated by the Russian-Ukrainian conflict, which is still ongoing:

- risks of lower economic growth than estimates, Romania's economy being closely linked to global markets, especially the countries of the European Union and still high inflation, aggravated by the conflict and tensions existing at the level of the region and the associated sanctions;
- deterioration of internal macroeconomic balances, including as a result of international geopolitical developments and market volatility;
- the increase in financing costs, generated by more restrictive monetary policies and the increase in public debt;
- acceleration of consumer prices, coupled with the depreciation of the national currency against the Euro, compared to current levels;
- delays in the absorption of European funds, in particular through the National Recovery and Resilience Plan, could have 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 March 2023, compared to the end of last year and the end of March 2022, is as follows:

Indicators (RONmn)	Group				
	Mar'23	Dec'22	Mar'22	Mar'23 vs Dec'22 %	Mar'23 vs Mar'22 %
Cash and current accounts with Central Bank	17,859	14,541	14,327	22.8%	24.6%
Placements to banks	4,351	5,567	5,548	-21.8%	-21.6%
Treasury financial instruments	52,246	47,191	46,003	10.7%	13.6%
Loans and advances to customers, net	64,973	65,201	57,035	-0.3%	13.9%
Finance lease receivables	2,872	2,813	1,531	2.1%	87.7%
Tangible and intangible assets	2,297	2,327	1,977	-1.3%	16.2%
Other assets	3,332	2,871	1,879	16.1%	77.4%
Total assets	147,931	140,511	128,301	5.3%	15.3%
Deposits from customers	126,779	119,732	107,421	5.9%	18.0%
Deposits from banks	833	1,678	1,081	-50.4%	-22.9%
Loans from banks and other financial institutions	4,375	4,841	4,200	-9.6%	4.2%
Subordinated loans	1,775	1,748	1,782	1.6%	-0.4%
Other liabilities	3,285	3,040	3,979	8.1%	-17.4%
Total liabilities	137,048	131,039	118,464	4.6%	15.7%
Equity	10,883	9,472	9,837	14.9%	10.6%
Total liabilities and equity	147,931	140,511	128,301	5.3%	15.3%

Indicators (RONmn)	Bank				
	Mar'23	Dec'22	Mar'23	Mar'23 vs Dec'22 %	Mar'23 vs Mar'22 %
Cash and current accounts with Central Bank	15,458	12,645	12,688	22.2%	21.8%
Placements to banks	5,592	6,635	4,928	-15.7%	13.5%
Treasury financial instruments	49,923	45,823	44,905	8.9%	11.2%
Loans and advances to customers, net	63,457	63,450	54,611	0.0%	16.2%
Tangible and intangible assets	2,526	2,566	2,404	-1.6%	5.1%
Other assets	3,042	2,841	1,619	7.1%	87.8%
Total assets	139,997	133,960	121,155	4.5%	15.6%
Deposits from customers	122,306	116,504	102,644	5.0%	19.2%
Deposits from banks	838	1,632	950	-48.7%	-11.8%
Loans from banks and other financial institutions	3,162	3,562	3,736	-11.2%	-15.3%
Subordinated loans	1,746	1,719	1,727	1.6%	1.1%
Other liabilities	2,748	2,585	3,569	6.3%	-23.0%
Total liabilities	130,801	126,002	112,625	3.8%	16.1%
Equity	9,196	7,958	8,530	15.6%	7.8%
Total liabilities and equity	139,997	133,960	121,155	4.5%	15.6%

The Group's assets reached RON 147.9 billion at the end of the first three months of 2023, increasing by 5.3% compared to the end of 2022 and by 15.3% compared to the end of March 2022. At the Bank level, assets increased by 4.5% compared to the end of the previous year, and by 15.6% compared to March 2022, reaching close to RON 140 billion.

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

Loans' portfolio: considering also the receivables from leasing contracts, the credit portfolio at the Group's level at the end of March 2023 was slightly below the level at the end of 2022 (-0.3%), but up by 13.9% compared to the end of March 2022. At the Bank's level, net loans at the end of March 2023 represent RON 63.5 billion, approximately the same as at the end of the previous year, but 16.2% above the balance of net loans as of March 31, 2022.

Between January and March 2023, about 59,000 new loans were granted, out of which over 55,000 to retail customers.

Provisions' stock: Banca Transilvania recorded at the end of March 2023 a net income from adjustments for financial assets for other risks and credit commitments in the amount of RON 40 million (including recoveries from off-balance sheet loans). The balance of provisions reached the level of RON 4.1 billion at the end of March.

The non-performing loan ratio (NPL ratio) according to the EBA is 2.40% as of March 31, 2023 and the coverage with total provisions of the non-performing loans according to the EBA is 196%.

Cash and current accounts with Central Bank together with the placements to banks increased by 9.2% compared to the end of December 2022 and by 19.5% compared to March 31, 2022 at the Bank level and as at March 31, 2022, these represent approximately 15% of the total assets. At Group level, the balances of these elements increased by 10.5% compared to the end of December 2022 and by 11.7% compared to March 31, 2022, having a weight of 15% in the Group's total assets.

At the Group level, the cash and current accounts with the Central Bank increased by approximately 22.8% compared to the end of 2022, and by approximately 24.6% compared to the level registered on March 31, 2022, amounting at the end of March 2023 to RON 17,859 million. At the Bank's level, the increase is of approximately 22.2% by comparison with December 2022 and by 21.8% versus March 2022, the final balance as at March 31, 2023 amounting to RON 15,458 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 73%.

Placements to banks, at the end of March 2023, show a negative evolution at both Group and Bank level, decreasing by 21.8%, and 15.7% respectively compared to December 31, 2022. Compared to March 31, 2022, the decrease is 21.6% for the Group, while for the Bank the increase is 13.5%. Variations in this category are mostly determined by the volume of sight, collateral and term deposits 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 amortized 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 94% in the total category of treasury financial instruments, at Bank level and a weight of over 90% at Group level, representing at the same time, over 32% of total assets.

The treasury instruments increased by around 10.7% compared to December 31, 2022 for the Group and by 8.9% for the Bank, respectively by 13.6% for the Group and 11.2% for the Bank compared to March 31, 2022, reaching RON 52,246 million at Group level, respectively RON 49,923 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: Representing 87% of the total liability balance sheet elements, at the Bank's level on 31.03.2023 and 31.12.2022, an increasing share compared to 31.03.2022, when it represented 84%, customer deposits reached 122,306 million lei, exceeding the level at the end of 2022 with 5%, and the one at the end of March 2022 with 19.2%. At Group level, the balance of the customers' deposits reached RON 126,779 million on March 31, 2023, increasing by 5.9% compared to the end of the previous year and by 18% compared to March 31, 2022.

For both the Group and the Bank, 65% of the total customers' deposits represent savings of the individuals and 35% savings of the legal entities' customers. The share of current accounts at the Bank level is approximately 51%, while fixed-term deposits represent around 47% of the total customers' deposit balances as of March 31, 2023.

The loan-to-deposit ratio is 55.2% as at the end of March 2023 at Bank level, the gross loans level being of RON 67.5 billion while the customers deposits reached RON 122.3 billion.

The equity of Banca Transilvania S.A. as at 31.03.2023 amounts to RON 9,196 million, increasing by 15.6% compared to the end of 2022 and by 7.8% compared to the same period last year. The impact on equity is mainly given by the variations in the retained earnings (incorporation of the profit of the period) and the reserves from financial instruments, where the variations are generated by bonds, which represent the most significant part of the trading portfolio, most of them being kept at fair value through other comprehensive income, thus allowing that market-to-market impact to be observable in other comprehensive income and not in Consolidated and Separate Statement of Profit or Loss.

Solvency: The Bank's solvency calculated as at March 31, 2023 is 19.86% (18.64% without the profit of the first three months of 2023 included), 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 three months of 2023, compared to the same period last year, are as follows:

Indicators (RONmn)	Group			Bank		
	Mar'23	Mar'22	Mar'23 vs Mar'22 %	Mar'23	Mar'22	Mar'23 vs Mar'22 %
Net interest income	1,242	969	28.1%	1,031	810	27.3%
Net fees and commissions income	288	259	11.1%	251	219	14.6%
Net trading income	135	167	-19.0%	123	155	-20.9%
Net gain / loss (-) from financial assets measured at fair value through other items of comprehensive income	67	(14)		67	(15)	
Net gain / loss (-) from financial assets which are required to be measured at fair value through profit and loss	24	(6)		18	(17)	
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(92)	(147)	-37.7%	(89)	(144)	-37.8%
Other operating income	77	69	12.0%	43	43	0.1%
Total operating income	1,740	1,296	34.3%	1,444	1,052	37.2%
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	52	(134)		40	(101)	
Personnel expenses	(476)	(398)	19.8%	(401)	(339)	18.2%
Depreciation and amortization	(107)	(93)	14.9%	(98)	(82)	18.8%

Other operating expenses	(241)	(199)	21.4%	(204)	(166)	22.8%
Total operating expenses	(772)	(823)	-6.2%	(662)	(688)	-3.9%
Profit before income tax	968	473	104.6%	782	363	115.2%
Income tax expense	(131)	(73)	78.9%	(106)	(56)	89.9%
Net profit	838	400	109.3%	676	308	119.8%
Profit of the Group attributable to equity holders of the Bank	805	383	109.8%	676	308	119.8%
Profit of the Group attributable to non-controlling interests	33	17	96.6%	-	-	-
Net profit	838	400	109.3%	676	308	119.8%

The **gross profit** registered by the Group during January-March 2023 amounts to RON 968 million, increasing by 104.6% over the same period of 2022, while the Bank reported a gross profit of RON 782 million, more than double compared to the profit registered during the same period of 2022.

In the first three months of 2023, Banca Transilvania achieved a **net profit** of RON 676 million, 119.8% higher than the same period of 2022 (RON 308 million); the Group's net profit on March 31, 2023, is RON 838 million, up 109.3% compared to the same period of 2022, when it was RON 400 million.

The **net interest income** shows an increase of 28.1% at Group level and by 27.3% at Bank level, being influenced by the increase in interest rates (increase in the ROBOR index, but also in interest on deposits).

Net fees and commissions income increased in Q1 2023, by 11.1% at the Group level and by 14.6% at the Bank level, versus Q1 2022, being mainly generated by the increase in the number of card transactions, as well as increasing the degree of digitalization of customers.

Net trading income in the first quarter of 2023 was lower than in the same period of last year by 19% at the Group level, and by 20.9% at the Bank level, due to the recording of some net expenses from derivatives, despite an increase in net income from foreign exchange transactions.

Overall **operating income** reached, at the end of the first quarter of 2023, RON 1,740 million at Group level and at RON 1,444 million at Bank level, with 34.3% and 37.2% respectively higher compared to the same period of last year.

The **operating expenses** decreased by 6.2% at the Group level and by 3.9% at the Bank level compared with the similar period of 2022; the Bank recorded a net income from impairment adjustments, expected losses for assets, provisions for other risks and credit commitments in

amount of RON 40 million, against a net expense of RON 101 million in the same period of 2022, while the rest of the expenses related to staff, depreciation and amortization and other operating expenses increased by 19.6%.BT continued to expand its employee base, their number increasing YoY by 3.9% at the Group level and 4.8% at the Bank's level.

Operational result: In this context, the Bank's operational efficiency remains at a comfortable level, of 46.5%, decreasing compared to the level of 50.6% reported during the first three months of 2022 (calculated with an annualized impact of the contribution to the Guarantee Fund of Bank Deposits (FGDB) and the Resolution Fund).

The **result per share** at three months of 2023 and three months 2022, is the following:

Indicators	Bank Mar-23	Bank Mar-22	Mar-23 vs Mar-22 %	Group Mar-23	Group Mar-22	Mar-23 vs Mar-22 %
Net profit for the period (RON thousands)	675,902	307,453	119.8%	837,701	400,334	109.3%
Basic earnings per share	-	-	-	1.0107	0.4804	110.4%
Diluted earnings per share	-	-	-	1.0107	0.4804	110.4%

An additional set of financial indicators computed as at March 31, 2023 are presented in Appendix 2.

Other information regarding the first three months of 2023:

Banca Transilvania is a market leader in the cards market, with 5.5 million cards in portfolio, out of which 610,000 are credit cards. The transactions made with the 5.5 million cards increased by 22% in the first quarter of 2023, as compared to the same period last year.

BT has over 3.4 million unique digitized customers, which represent 88% of the bank's 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 3 million unique cards in BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets, and the number of phone payments increased by 66% in the first quarter of 2023 compared to the first quarter of 2022, reaching 37 million. At the same time, BT Pay money transfers are increasingly appreciated, their volume increasing by 68% compared to those made in the same period of 2022.

As of March 31, 2023, BT had installed 1,820 ATMs, out of which 595 are multifunctional, 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 over 500 BT Express terminals that are used for various operations, including bill payments, more than 105,000 POS installed and collaborates with approximately 5,000 e-commerce merchants.

72% more interactions in Q1 2023 compared to the same period last year in the BT Visual Help application. The month-on-month increase was steady, reaching nearly 300,000 in March.

The number of Internet Banking users exceeded 2.2 million in the first quarter of this year, up by 14% compared to the same period of the previous year. The volume of transactions through Internet Banking and Mobile Banking increased by 2% compared to the first quarter of 2022.

The Group's number of active employees as at March 31, 2023 is 11,326 (11,256 at December 31, 2022).

The Bank's number of active employees as at March 31, 2023 is 9,175 (9,109 at December 31, 2022).

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 345% on 31.03.2023, 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 statistics released by the National Trade Register Office the number of the newly set up companies climbed by 7.90% YoY to 25.626 units during January – February 2023. At the same time, the figures published by National Trade Register Office show the increase of the

number of companies that entered insolvency procedure by 2.60% YoY to 987 units in the first two months of 2023.

The National Bank of Romania (NBR) hiked the reference interest rate by 25bps to 7.00% at the first monetary policy meeting of 2023, in order to anchor the mid-run inflationary expectations in convergence towards the target interval. Afterwards, the central bank signaled the consolidation of the monetary policy, given the prospects for the inflationary pressures to diminish and for the YoY pace of the economic activity to slow-down.

NBR kept the levels of the MRRs at 8.00% for RON and 5.00% for FX during 1Q2023.

According to the statistics of the central bank the non-government loans rose for the second month in a row in February, by an accelerating MoM pace to 0.5%, to the record high level of RON 365.9bn.

The YoY pace of the non-government loans decelerated from 11.5% in January to 10.6% in February, the weakest dynamics since May 2021. On the one hand, the RON-denominated loans contracted by 0.3% MoM to RON 250bn, while the YoY pace decelerated to 4.3% in February, the lowest since February 2014.

On the other hand, the FX-denominated loans rose by 2.4% MoM to RON 115.9bn in February, with the YoY pace accelerating to 27.4% (the best dynamics since April 2009), an evolution supported by the low level of the EUR financing costs (compared to that of the RON) and the stability of the EUR/RON.

During January-February 2023 the corporate loans advanced by 1.9% ytd to RON 195.8bn, an evolution supported by the continuity of the post-pandemic investment flows, as reflected by the increase of the FDIs and of the EU funds absorption rate.

On the other hand, the household loans contracted by 0.8% ytd to RON 170.1bn in January-February – the consumer loans down by 0.8% ytd to RON 62.2bn (the lowest since April 2022), while the housing component declined by 0.8% ytd to RON 105.3bn (the minimum since June 2022).

The figures published by the central bank also show the increase of the non-government deposits by 1.7% MoM and 8.5% YoY to RON 522.1bn in February.

During January-February the household deposits rose by 1.3% ytd to RON 306.7bn. The corporate deposits advanced by 2.3% ytd to RON 215.4bn during January-February. Consequently, the loans-to-deposits ratio stood at 70.1% in February 2023, the minimum since February 2022.

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 2,297 million at March 31, 2023, compared to RON 2,327 million at December 31, 2022 and RON 1,977 million at March 31, 2022. As compared with the two periods analyzed, tangible and intangible assets registered a decrease of 1.3% compared to the end of the previous year and an increase of 16.2% compared to March 31, 2022.

At the Bank level, investments in tangible and intangible assets were RON 2,526 million on March 31, 2023, compared to RON 2,566 million at December 31, 2021 and RON 2,404 million at March 31, 2022. As compared with the two periods of the previous year, the value of the tangible and intangible assets registered a slight decrease of 1.6% compared to the end of 2022, but an increase of 5.1% compared to March 31, 2022.

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, March 31, 2023. The data presented regarding the first quarter of 2023 are based on the organization 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 with subsequent amendments, 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

At the Ordinary and Extraordinary General Meetings of the Shareholders of Banca Transilvania S.A. from 26.04.2023, the following decisions were adopted:

- Increase of the share capital with the amount of RON 910,000,000 by issuing 91,000,000 new shares at a nominal value of RON 10/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 2022, in amount of 910,000,000, by issuing a number of 91,000,000 shares, with a nominal value of RON 10/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 (proposed date July 21th, 2023);

Sources for capital increase	Sums (RON)
Capitalization of reserves from the net profit of the year 2022	910,000,000

Considering the above, each shareholder registered on the registration date, July 21st 2023, will receive free of charge, for each 100 shares owned, a total number of shares calculated as follows: $100 \times (91,000,000 / \text{RON } 707,658,233)$. The purpose of the capital increase is to sustain the current activity of the company.

- Approval of the share buyback by the Bank, in accordance with the applicable legal provisions, under the following terms and conditions: up to 5,000,000 shares (0.71% of the

total shares included in the share capital) with a nominal value of RON 10/share at a minimum price equal to the market price on BSE at the moment of the buyback and a maximum price of RON 30 for a period of maximum 18 months as of the publishing date of the EGM resolution in the Official Gazette of Romania, Part IV, part of a stock option plan with the purpose of implementing a remuneration program and a personnel incentive program for a period of at least 3 years as well as the payment of fixed remuneration, and the granting of a mandate for the Board of Directors for the enforcement of this resolution.

- Approval of the date of July 21st, 2023 as the registration date and of the ex-date – July 20th, 2023, for the identification of the shareholders who will benefit from the results of the Extraordinary GMS and to whom the effects of the Extraordinary GMS Decisions are applicable, including but not limited to the identification of the shareholders who will benefit from the shares allocated following the capital increase
- Approval of the date of July 24th, 2023, as the payment date for distribution of shares following the share capital increase.

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

There were no changes in the Board of Directors during the first quarter of 2023.

There were no changes in the Leaders' Committee during the first quarter of 2023.

There were no changes in the Statutory auditor during the first quarter of 2023.

4. Significant Transactions

There were no significant transactions in the first quarter of 2023. 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 quarter of 2023.

5. Conclusions

The global macroeconomic climate has improved recently, despite persistent geo-political tensions and turmoil in the US and Swiss banking sector. The world economy grew for the second consecutive month in March at an accelerated pace (the best pace since June 2022), according to the Composite PMI indicator calculated by JPMorgan and Markit Economics.

Economic confidence improved in Romania in March (the European Commission's indicator being at its highest level since November), despite the persistence of the high level of inflationary pressures.

In this context, Banca Transilvania continues to be a strong and very well-capitalized bank with a diversified portfolio, a low non-performing loan ratio and above European average provision coverage, being ready to finance the country, the economy and the people.

At the end of April, Banca Transilvania sold bonds of EUR 500 million - Amounts drawn down will be treated as MREL's own funds and eligible debts. European MREL standards require banks to ensure an optimal level of MREL-eligible funds at all times, separate from customer deposits, which are guaranteed by the Bank Deposit Guarantee Fund.

The issue is part of BT's growth plan by maintaining the accelerated pace of financing the economy and Romania. The amounts attracted in the issue are assimilated to capital and these amounts have a strong multiplier effect in terms of the financing potential of the economy. Each euro attracted under the issue allows the bank to lend at least five times more, which is important at a time when Romania needs substantial public and private investment to close the gap with Western Europe.

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 March 31, 2023;

Note: The financial statements for the periods ended March 31 are not audited nor revised.

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

**CHIEF EXECUTIVE OFFICER
ÖMER TETİK**

**SHAREHOLDERS STRUCTURE AT
31.03.2023**

EXPLANATIONS	No. of holders	No. Shares	Percentage%
ROMANIAN CAPITAL	44,102	532,599,525	75.26
Individuals	43,382	158,276,967	22.37
Companies	720	374,322,558	52.90
of which Financial Investment Companies	5	130,729,686	18.47
FOREIGN CAPITAL	1,001	175,058,708	24.74
Individuals	761	7,621,256	1.08
Companies	240	167,437,452	23.66
TOTAL	45,103	707,658,233	100

ECONOMIC AND FINANCIAL RATIOS AS AT 31.03.2023

<u>Ratio</u>	<u>Method of computation</u>	<u>31.03.2023</u>
1. Current Liquidity Ratio	Current assets/Current liabilities	105.10%
2. Indebtedness Ratio	Borrowed capital/Shareholder's equity *100	35.45%
	Borrowed capital/Capital employed*100	26.17%
3. Accounts receivable turnover rate	Average client balance/Turnover*365	Not applicable
4. Fixed assets turnover rate	Turnover/Fixed assets	0.96

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