

# **CONSOLIDATED DIRECTORS' REPORT**

**for the six month period ended  
30 June 2023**

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

## Identification Details of the Issuer

**Report date:** August 23, 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 at 30.06.2023:** RON 7,986,582,330

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

**Main features of the securities issued by the company:** 798,658,233 nominal shares with a par value of RON 10/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”) established in 1993 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 Asistent de Brokeraj 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., 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 31.09%. Starting April 2023 the Bank has control, through an investment fund, over a newly established company BTP One S.R.L.

Banca Transilvania is a public listed company, headquartered in Cluj-Napoca, with a Romanian shareholders majority – 76.37% as of the end of June 2023. 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 ASF (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, 2023 is presented in the Appendix to this document.

## **I. Significant events during January-June 2023**

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

As a result of the Decisions of the Extraordinary General Meeting of Transilvania Bank Shareholders of April 26, 2023, it was decided to increase the share capital by the amount of RON 910,000,000 by issuing a number of 91,000,000 new shares, with a nominal value of 10 RON/share. The increase of the share capital was achieved by incorporating the reserves constituted from the net profit of the year 2022, in the amount of RON 910,000,000, by issuing a number of 91,000,000 shares with a nominal value of 10 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 7,986,582,330, respectively 798,658,233 shares with a nominal value of 10 RON/share.

The legal procedures for registering the capital increase approved by the decision of the Extraordinary General Shareholders' Meeting of April 26, 2023, at the at National Trade Register Office and ASF were completed on July 21<sup>st</sup>, 2023.

### **Changes in the first half of 2023 regarding Banca Transilvania Financial Group**

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

#### **BT LEASING TRANSILVANIA IFN S.A.**

- On 01.01.2023, 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 ONRC 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 was 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 Board of Directors 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 ONRC 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.

### **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 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 prolongation of 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;
- increasing pressures on the commercial real estate markets against the background of the tightening of financing costs as well as the rising costs of construction materials;

- delays in the absorption of European funds, in particular through the National Recovery and Resilience Plan, could have possible negative effects;
- uncertainties associated with fiscal changes with an impact on the business environment, especially on small companies as well as those in the IT field.

## 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 2023, compared to the same period of last year, is the following:

Indicators (RONmn)	Group				
	Jun'23	Dec'22	Jun'22	Jun'23 vs Dec'22 %	Jun'23 vs Jun'22 %
Cash and current accounts with Central Bank	22,763	14,541	17,519	56.5%	29.9%
Placements to banks	4,228	5,567	6,835	-24.1%	-38.1%
Treasury financial instruments	51,754	47,191	46,679	9.7%	10.9%
Loans and advances to customers, net	66,447	65,201	62,189	1.9%	6.8%
Finance lease receivables	3,014	2,813	2,674	7.2%	12.7%
Tangible and intangible assets	2,302	2,327	2,104	-1.0%	9.4%
Other assets	2,561	2,871	2,137	-10.8%	19.8%
<b>Total assets</b>	<b>153,068</b>	<b>140,511</b>	<b>140,138</b>	<b>8.9%</b>	<b>9.2%</b>
Deposits from customers	127,427	119,732	110,929	6.4%	14.9%
Deposits from banks	453	1,678	1,465	-73.0%	-69.0%
Loans from banks and other financial institutions	6,561	4,841	12,642	35.5%	-48.1%
Subordinated loans	2,737	1,748	1,776	56.6%	54.1%
Other liabilities	3,597	3,040	3,350	18.3%	7.4%
<b>Total liabilities</b>	<b>140,775</b>	<b>131,039</b>	<b>130,162</b>	<b>7.4%</b>	<b>8.2%</b>
Equity	12,293	9,472	9,976	29.8%	23.2%
<b>Total liabilities and equity</b>	<b>153,068</b>	<b>140,511</b>	<b>140,138</b>	<b>8.9%</b>	<b>9.2%</b>

Indicators (RONmn)	Bank				
	Jun'23	Dec'22	Jun'22	Jun'23 vs Dec'22 %	Jun'23 vs Jun'22 %
Cash and current accounts with Central Bank	20,048	12,645	15,928	58.5%	25.9%
Placements to banks	5,309	6,635	7,580	-20.0%	-30.0%
Treasury financial instruments	49,479	45,823	45,507	8.0%	8.7%
Loans and advances to customers, net	65,092	63,450	60,207	2.6%	8.1%
Tangible and intangible assets	2,523	2,566	2,720	-1.7%	-7.2%
Other assets	2,116	2,841	1,900	-25.5%	11.4%
<b>Total assets</b>	<b>144,568</b>	<b>133,960</b>	<b>133,842</b>	<b>7.9%</b>	<b>8.0%</b>

Indicators (RONmn)	Bank				
	Jun'23	Dec'22	Jun'22	Jun'23 vs Dec'22 %	Jun'23 vs Jun'22 %
Deposits from customers	122,446	116,504	107,895	5.1%	13.5%
Deposits from banks	436	1,632	1,280	-73.3%	-66.0%
Loans from banks and other financial institutions	5,446	3,562	11,469	52.9%	-52.5%
Subordinated loans	2,708	1,719	1,721	57.6%	57.3%
Other liabilities	3,080	2,585	2,845	19.2%	8.3%
<b>Total liabilities</b>	<b>134,116</b>	<b>126,002</b>	<b>125,210</b>	<b>6.4%</b>	<b>7.1%</b>
Equity	10,452	7,958	8,631	31.3%	21.1%
<b>Total liabilities and equity</b>	<b>144,568</b>	<b>133,960</b>	<b>133,842</b>	<b>7.9%</b>	<b>8.0%</b>

The Group's assets reached RON 153.1 billion at the end of June 2023, increasing by 8.9% compared to the end of last year and by 9.2% compared to the end of June 2022. At the Bank level, total assets exceeded RON 144.5 billion, rising by 7.9% compared to the end of the previous year, respectively by 8% compared to June 2022.

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 net loans' portfolio amounted to RON 69.5 billion, being 2.1% above the level of end-of-year 2022, and by 7.1% above the end of June 2022. The balance of net loans granted to companies increased by 5.4%, while in the retail segment, the balance of net loans registered a marginal increase compared to the end of the previous year.

At the Bank level, net loans stands at RON 65.1 billion at the end of June 2023, expanding by 2.6% in the last six months, and by 8.1% compared to the same period of the previous year – as for business lines, the balance of net loans of MidCo and SME registered the most significant increases, of 10.2% and 7.5%, respectively, compared to the end of the previous year.

In 2023, BT continues to be an important partner in the governmental support programs *IMM Invest* and *Femeia Antreprenor*, but also in other guarantee schemes for SMEs launched this year.

Between January and June 2023, more than 131,000 new loans were granted to individual customers and companies.

**Provisions' stock:** Banca Transilvania recorded at the end of June 2023 a net income from adjustments for financial assets for other risks and credit commitments in the amount of RON 16 million (including recoveries from off-balance sheet loans). The balance of provisions reached RON 4.2 billion at the end of the first half of the year.

The non-performing NPL ratio according to the EBA (European Banking Authority) stands at 2.36% in June 30, 2023 and the degree of coverage with total provisions of the non-performing loans according to EBA is 192%.

**Cash and current accounts** with Central Banks represent as at June 30, 2023, 15% of the total assets at Group level, respectively 14% at the Bank level, increasing compared to December 31, 2022 at both Group and Bank level.

At the Group level, the cash and current accounts with the Central Banks increased by 56.5% and 29.9% compared to the end of 2022 and respectively compared to June 30, 2022, amounting to RON 22,763 million. At the Bank's level, the growths are of 58.5% compared to December 31, 2022 and of 25.9% compared to June 30, 2022, the final balance amounting to RON 20.048 million. The minimum required reserves, which led to these increases, represent the most significant component in this asset category, with a weight of over 78% and an increase of 83.4% compared to December 2022, at the Bank level.

**Placements to banks** at the end of June 2023, declined compared to both analyzed periods, at Group and also at Bank level: by 24.1% and 20% respectively compared to December 31, 2022, and by 38.1% and respectively by 30% compared to June 30, 2022. 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, the volume of term deposits and loans and advances granted to credit institutions up to three months, but also by the volume of reverse-repo operations.

**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. Among those listed, in the total of treasury financial instruments, the most significant category is represented by financial assets measured at fair value through other comprehensive income representing approximately 30% of the Group's and 31% of the Bank's total assets, at the end of the first half of 2023.

As compared to December 31, 2022, the treasury instruments increased by approximately 9.7% at Group level, and by 8% at Bank level, while compared to June 30, 2022, these increased by 10.9% for the Group and by 8.7% for the Bank, reaching RON 51,754 million at Group level, respectively RON 49,479 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.** At the Group level, customer deposits reached RON 127.427 million on June 30, 2023, increasing by 6.4% compared to the end of the previous year and by 14.9% compared to June 30, 2022. At Bank level, the balance of the customers' deposits is RON 122,446 million on June 30, 2023, expanding by 5.1% compared to the end of the previous year and by 13.5% compared to June 30, 2022.

Of the total customers' deposits, approximately 66% represent savings of the individuals and approximately 34% savings of the legal entities customers, both for the Group and the Bank. The share of current accounts is 51%, while fixed-term deposits represent 47% of the total customers' deposit balances as of June 30, 2023 at the Bank level.

**The loan-to-deposit ratio** at Bank level stands at 56.6% as at the end of the first half of 2023, the volume of gross loans being RON 69.3 billion, while the resources attracted from customers are RON 122.4 billion.

**Loans from banks and other financial institutions** increased significantly during the first six months of 2023, displaying a 52.9% growth versus end of December 2022, at the Bank level, due to MREL eligible international bonds of EUR 600 million issued in April and June 2023.

**Subordinated loans** registered also a materially growth of 57.6%, reaching RON 2,708 million at the end of June 2023, compared to RON 1,719 million the end of December 2022, at the Bank level; the increase in the category consists of a subordinated bond package of EUR 200 million provided by IFC and Asian Infrastructure Investment Bank (AIIB).

**The equity** of Banca Transilvania S.A. as at 30.06.2023 amounts to RON 10,452 million, up by 31.3% compared to the end of the previous year, when it amounted to RON 7,958 million, generated by higher retained earnings and improvement in the reserve from the revaluation of debt instruments valued at fair value through other comprehensive income.

**Solvency:** The Bank's solvency calculated as at June 30, 2023, taking into account the cumulative profit of the first six months of 2023 is 23.88%, 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 2023, compared to the same period last year, are as follows:

Indicators (RONmn)	Group			Bank		
	Jun'23	Jun'22	Jun'23 vs Jun'22 %	Jun'23	Jun'22	Jun'23 vs Jun'22 %
Net interest income	2,529	2,031	24.5%	2,037	1,695	20.2%
Net fees and commission income	607	551	10.1%	529	466	13.5%
Net trading income	329	381	-13.6%	283	358	-21.0%
Net income/(loss) from financial assets measured at fair value through other items of comprehensive income	85	(70)		85	(71)	
Net income/(loss) from financial assets required to be measured at fair value through profit or loss	53	(52)		49	(78)	
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(92)	(151)	-39.0%	(87)	(144)	-39.5%
Other operating income	165	145	14.1%	98	111	-11.3%
<b>Total operating income</b>	<b>3,675</b>	<b>2,834</b>	<b>29.7%</b>	<b>2,994</b>	<b>2,338</b>	<b>28.1%</b>
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(48)	(179)	-73.5%	16	(99)	
Personnel expense	(979)	(819)	19.7%	(821)	(694)	18.4%
Depreciation and amortization	(218)	(188)	15.8%	(197)	(168)	17.7%
Other operating expense	(497)	(446)	11.3%	(418)	(352)	18.6%
<b>Total operating expenses</b>	<b>(1,742)</b>	<b>(1,633)</b>	<b>6.7%</b>	<b>(1,420)</b>	<b>(1,313)</b>	<b>8.1%</b>
<b>Profit before income tax</b>	<b>1,934</b>	<b>1,201</b>	<b>61.0%</b>	<b>1,574</b>	<b>1,025</b>	<b>53.6%</b>
Income tax expense (-)	(352)	(155)	127.3%	(305)	(118)	159.0%
<b>Net profit</b>	<b>1,582</b>	<b>1,046</b>	<b>51.1%</b>	<b>1,269</b>	<b>907</b>	<b>39.9%</b>
Profit of the Group attributable to equity holders of the Bank	1,523	1,008	51.2%	1,269	907	39.9%
Profit of the Group attributable to non-controlling interests	58	39	50.0%			
<b>Net profit</b>	<b>1,582</b>	<b>1,046</b>	<b>51.1%</b>	<b>1,269</b>	<b>907</b>	<b>39.9%</b>

The **net profit** of Banca Transilvania as at June 30, 2023, amounts to RON 1,269 million, being 39.9% higher compared to the same period of 2022, when it amounted to RON 907 million. At Group level, the same positive dynamic has been registered, with a net profit reaching RON 1,582 million, +51.1% over the same period of 2022 when it amounted to RON 1,046 million.

The **net interest income** grew significantly by 24.5% at the Group and 20.2% at Bank level, boosted by higher market rates (3-month and 6-month ROBOR average at approximately 7% in the first half of 2023).

**Net fees and commissions income** show an increase during the first six months of 2023, at both Group and Bank level by above 10% and approximately 13.5% respectively, compared to the same period of 2022, as the number of transactions continued to increase, net revenues from customer transactions registering increases of 15% at the Group level and 18% at the Bank level.

**Net trading income** was 13.6% lower than in the same period last year, at Group level and by 21% at the Bank level, impacted by expenses from derivatives, despite higher income from foreign exchange transactions and revaluation of foreign exchange positions.

The Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund was also lower, impacting positively the Bank's results in the first half of 2023: RON 86,9 million, compared to RON 143.5 million paid during the first half of 2022 (-39.5%).

Overall, the **operating income** reached, at the end of the first half of 2023, RON 3,675 million at Group level and RON 2,994 million at Bank level, rising by 29.7% and 28.1% respectively compared to the same period of last year.

The **operating expenses** increased as compared to those reported during the similar period of 2022, therefore the total operating expenses at Group level were 6.7% higher and at Bank level were 8.1% higher. Except for a net income from impairment adjustments, expected losses for assets, provisions for other risks and credit commitments in amount of RON 16 million at the Bank level, the rest of the expenses related to staff, depreciation and amortization and other operating expenses increased by 18.3%. Banca Transilvania continued to expand its employee base, their number increasing YoY by 1.7% at the Group level and 2.6% at the Bank's level.

**Operational result.** In this context, the Bank's operational efficiency continues to be at a comfortable level of 47.29%, decreasing compared to the level of 50.37% reported during the first six months of 2022 (calculated with an annualized impact of the contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund).

The **result per share** for the first six months of 2023 and 2022, recalculated with the share capital increase realized in July 2023 is as follows:

Indicators	Group Jun'23	Group Jun'22	Jun'23 vs Jun'22%	Bank Jun'23	Bank Jun'22	Jun'23 vs Jun'22%
Net profit for the period (RON thousands)	1,581,667	1,046,479	51.1%	1,268,967	907,003	39.9%
Basic earnings per share	1.9133	1.2638	51.4%	-	-	-
Diluted earnings per share	1.9133	1.2638	51.4%	-	-	-

### **Other information regarding the first half of 2023:**

Banca Transilvania is the market leader in the field of cards, having 5.6 million cards in its portfolio, out of which 620,000 are credit cards. Purchases made with the 5.6 million cards increased by 21% compared to the same period last year.

BT has over 3.5 million unique digitized customers, which represent 88% of the bank's active customers. This is one of the indicators that it 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. The number of phone payments in the first semester of 2023 increased by 43% compared to the first semester of 2022. At the same time, BT Pay money transfers are increasingly appreciated, their volume increased by 71% compared to those made in the same period last year.

As of June 30, 2023, Banca Transilvania owns a network of 1,845 ATMs, out of which 601 are multifunctional, through which self-banking can be done: from cash deposits in RON and foreign currency, to currency exchange and contactless cash withdrawals or code base. The Bank also owns over 500 BT Express terminals that are used for various operations, including bill payment, over 111,000 installed POS and collaborates with over 5,000 merchants, e-commerce merchants.

Compared to the same period of the previous year, in the first semester of 2023 there were two times more interactions in the BT Visual Help application, the digital platform through which customers who call the Call Center team are guided to the digital self-service area where they have access to information about accounts, cards and transactions and can perform some card-specific actions with the help of the phone. Interactions within the platform are approaching 2 million hits in the first semester of 2023.

The number of Internet Banking users exceeded 2.3 million in the first semester of this year, up by 24% compared to the same period of the previous year. The volume of transactions made through Internet Banking and Mobile Banking increased by 6% compared to the first semester of 2022.

The Group's number of active employees as at June 30, 2023 is 11,374 (11,256 at December 31, 2022).

The Bank's number of active employees as at June 30, 2023 is 9,199 (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 498% on 30.06.2023, 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**

Macroeconomic environment in Romania:

The figures published by the National Trade Register Office show the increase of the newly set up companies by 5.25% YoY to 66,071 during January – May 2023.

On the other hand, according to the statistics of the National Trade Register Office the number of the companies that entered the insolvency procedure diminished by 0.11% YoY to 2,805 in the period January – May 2023.

In the second quarter of 2023 the Board of the National Bank of Romania (N.B.R.) decided to maintain the monetary policy rate at 7.00% and the MRRs at 8.00% for RON and 5.00% for FX.

The figures published by the central bank express the increase of the non-government loans by 0.8% MoM to RON 375.4 billions (a record high level) in June.

The YoY pace of the non-government loans decelerated from 7.9% in May to 6.4% in June, the weakest paces since February 2021.

The RON-denominated loans rose by 1.4% MoM and an improving YoY pace to 0.3% to RON 255 billions in June.

On the other hand, the FX-denominated loans contracted by 0.3% MoM to RON 120.4 billions in June, while the YoY pace decelerated to 22.0% (the slowest since October 2022).

Therefore, during January – June 2023 the corporate loans advanced by 6.4% YTD to RON 204.4 billion, an evolution expressing the continuity of the post-pandemic investment flows.

The household loans diminished by 0.3% YTD to RON 171 billion in June, due to the decline of the housing component by 1.4% YTD to RON 104.7 billion (the lowest level since May 2022) (the consumer loans rose by 1.4% YTD to RON 63.6 billion, the highest level since September 2022).

According to the N.B.R. statistics the non-government deposits declined by 0.1% MoM to RON 533.3 billion in June, while the YoY pace decelerated to 10.8%.

The household deposits rose by 3.9% from December 2022 to June 2023, to RON 314.6 billion.

At the same time, the corporate deposits advanced by 3.9% YTD to RON 218.7 billion during January-June 2023.

Therefore, the loans-to-deposits ratio presented a level of 70.4% in June, the highest since March 2023.

## **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 2,302 million at June 30, 2023, compared to RON 2,327 million at December 31, 2022 and RON 2,104 million at June 30, 2022. As compared to the two periods of the previous year, the value of tangible and intangible assets registered a decrease of 1% compared to the end of the previous year and an increase of 9.4% compared to June 30, 2022.

At the Bank level, investments in tangible and intangible assets were RON 2,523 million at June 30, 2023, compared to RON 2,566 million at December 31, 2022 and RON 2,720 million at June 30, 2022. As compared with the two periods of the previous year, the value of the tangible and intangible assets decreased of 1.7% compared to the end of 2022 and a decrease of 7.2% when compared to June 30, 2022.

At the level of both entities, the change in fixed assets was mainly determined by the category of tangible fixed assets and real estate investments and of 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 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, 2023. The data presented related to the conclusion semester I 2023 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**

The Extraordinary General Meeting of Shareholders from April 26, 2023, decided to increase 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 as the setting of a price of RON 0 for the compensation of the share

fractions resulting from the application of the algorithm and the rounding of the results, according to the legal provisions.

The increase in the share capital was carried out through the capitalization of reserves from the net profit of the year 2022, in amount of RON 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 established by the GSM (July 21<sup>st</sup>, 2023).

Each shareholder registered at the registration date, July 21<sup>st</sup> 2023, received, free of charge, for each 100 shares owned, a total number of shares, calculated by the following formula  $100 \times (91,000,000/707,658,233)$ .

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

There were no changes at the level of the Board of Directors.

At the executive management level, following the approval received from the National Bank of Romania regarding Mr. Bogdan Pleşuvescu for the position of Deputy General Manager - CLO, he became a member of the bank's senior management, exercising this capacity from the beginning of April 2023.

At the level of the statutory auditor, as result of the decisions of the Ordinary General Shareholders Meeting of Banca Transilvania of April 26, 2023, it was decided to appoint DELOITTE Audit SRL as the financial auditor for the Bank who will audit the financial situations of the Bank for the 2023-2027 financial exercises, in accordance with the International Financial Reporting Standards, as stated in the N.B.R. order no. 27/2010, as well as the termination of the appointment of the existing auditor. The completion of the registration process before the competent authorities of the financial auditor will take place as the approval from the N.B.R., as the authority supervising the subscription, was received.

## **4. Significant transactions**

There were no significant transactions in the first half of 2023. There were no significant major transaction concluded by BT with the persons it cooperates with or in which such persons were involved during the first half of 2023.



## **5. Conclusions**

In the context of a tense geo-political environment as a result of the intensification of the conflict in Ukraine and the disruption of economic flows, the macroeconomic context is characterized by inflationary pressures and a high level of risk perception. In this context, Banca Transilvania maintains its leading position in the Romanian banking system and continues to support the Romanian business environment.

At the end of the first six months of 2023, Banca Transilvania obtained a profit almost 40% higher compared to the same period last year. The Bank's operational efficiency remains at a comfortable level of 47.29%, down from the level of 50.37% reported for the first six months of 2022 (calculated with an annualized impact of the contribution to the Bank Deposit Guarantee Fund-FGDB and the Resolution Fund).

The BT customer portfolio is constantly expanding, exceeding 4 million customers at the end of the first semester of 2023 (+2.2% compared to December 31, 2022).

As part of the growth plan, by maintaining the accelerated pace of financing the economy and Romania, Banca Transilvania sold bonds of EUR 500 million on April 21, 2023, in an oversubscribed issue in just a few hours.

As a result of the high interest from institutional investors in the bonds issue of Banca Transilvania in April this year, which shows confidence in BT, the bank supplemented it, thus increasing the visibility of the Banca Transilvania Group on the international level. The issue was supplemented with EUR 100 million and the bonds are MREL eligible. The bonds are eligible for the minimum requirement for own funds and eligible liabilities (MREL), contributing - according to European banking standards - to the permanent provision of an optimal level of funds, distinct from customer deposits which are guaranteed by the Bank Deposit Guarantee Fund. These bonds contribute, in line with the European banking standards, to ensuring an optimal level of own funds at all times, distinct from the customers' deposits which are guaranteed by the Bank Deposits Guarantee Fund and these are listed on the Euronext Dublin Stock Exchange.

In order to intensify the financing efforts in areas of interest for the transition to a sustainable economy in Romania, Banca Transilvania obtained from the International Finance Corporate (IFC) a financing of EUR 100 million, as part of a package of subordinated bonds worth EUR 200 million, together with the Asian Infrastructure Investment Bank (AIIB). Thus, directing the funds obtained to

green mortgages will reduce energy consumption and greenhouse gas emissions, while ensuring the improvement of living conditions.

The second quarter of the year was relevant to the ongoing process of providing BT customers with the necessary support in their financial journey. Thus, BT is launching the Premium Banking business segment for individual customers in Bucharest, with savings between EUR 75,000 and 200,000, respectively with monthly income of at least RON 10,000, received in the BT account. BT now has nearly 4,500 Premium and Private Banking customers with over EUR 2 billion in savings and investments.

To help parents provide financial education principles to children, Banca Transilvania is launching the BT Kiddo card and the BT Pay Kiddo application for children aged between 10 and 14 after this service was initially offered to children aged 14-18.

The 100% online APIA loan, without going to the bank, is a first in Romania, for customers who benefit from subsidies this year. The loan provides the money that farmers need for current payments until APIA grants are received.

Another option, unique on the Romanian market, is launched through the partnership between Banca Transilvania and Groupama, by accessing a travel insurance directly from the BT Pay application, insurance that covers an unlimited number of trips abroad or in Romania, for a period of one year and the price of the whole insurance is similar to that of a week's insurance.

Also to meet the needs of customers, BT launches BT Go, an application for managing your own business that takes the relationship between SME customers and the credit institution one step further.

Over the next half year, BT will continue to provide the best solutions to successfully meet customer needs.

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

The legal procedures for registering the capital increase approved by the decision of the Extraordinary General Shareholders' Meeting of April 26, 2023, at the at National Trade Register Office and ASF were completed on July 21st, 2023 (for further details please consult the subchapter *Amendments brought to the Articles of Association* from page 3 of the current Report).

In August 2023, Banca Transilvania supplemented the international MREL bond issue with EUR 190 million with an interest rate of 8.875%, as a result of the high interest from institutional investors. In

the list of investors, mostly international investors, there are investment funds, financial institutions, pension funds, commercial and central banks, as well as insurance companies.

The financial statements subject of this report were not affected by these subsequent events.

The interim, consolidated and individual financial statements consolidated were approved by the Board of Directors on August, 23 2023 and were signed on its behalf.

**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, 2023:
  - 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 2023;

**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  
30.06.2023**

<b>Explanations</b>	<b>No.of holders</b>	<b>No. Shares</b>	<b>Percentage %</b>
<b>ROMANIAN CAPITAL</b>	<b>46,083</b>	<b>540,441,781</b>	<b>76.37</b>
Individuals	45,354	162,515,357	22.97
Companies	729	377,926,424	53.41
<b>of which Financial Investment Companies</b>	5	130,729,686	18.47
<b>FOREIGN CAPITAL</b>	<b>998</b>	<b>167,216,452</b>	<b>23.63</b>
Individuals	772	7,634,536	1.08
Companies	226	159,581,916	22.55
<b>TOTAL</b>	<b>47,081</b>	<b>707,658,233</b>	<b>100</b>