

CONSOLIDATED DIRECTORS' REPORT

**for the nine month period ended
30 September 2023**

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

Identification Details of the Issuer

Report date: November 10, 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 30.09.2023: 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 services 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 the newly established companies BTP One S.R.L. and BTP Retail S.R.L.

Banca Transilvania is a public listed company, headquartered in Cluj-Napoca, with Romanian shareholders majority – 75.89% as of the end of September 2023. Currently, in Romania, BT is the first bank according to 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 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 September 30, 2023 is presented in the Appendix to this document.

I. Significant events during January-September 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 RON 10/share.

The legal procedures for registering the capital increase at the National Trade Register Office, ASF and the Central Depository were finalized in the second part of 2023, and the capital increase became effective on 24th of July 2023.

At the same time, as a result of the Decisions of the Ordinary General Meeting of Transilvania Bank Shareholders of April 26, 2023, it was decided to appoint Deloitte Audit SRL as the bank's financial auditor for the audit of the bank's financial statements for the financial years 2023-2027, drawn up in accordance with the International Standards of Financial Reporting, according to the Order of the National Bank of Romania ("NBR") no. 27/2010 with subsequent amendments, as well as the termination of the mandate of the existing auditor. The completion of the process of approval and registration before the competent authorities of the financial auditor was completed at the beginning of August 2023.

The Ordinary General Meeting of Shareholders dated 29.09.2023 approved the distribution of cash dividends from the profit of 2022 as well as from the reserves related to other years, as follows: the amount of RON 897,540,893 from the net profit reserves related to the year 2022, as well as the amount of RON 4,914,768.77 from the net profit reserves related to previous years, thus the total amount of RON 902,455,661.77 being granted as cash dividends. Also, a program of corporate bond issues was approved, denominated in EUR and/or RON and/or in another currency, as the case may be, under market conditions regarding the interest rate, with a maximum maturity of 10 years, with the frequency the annual or semi-annual coupon, for a maximum amount of 1,500,000,000 euros, carried out over a maximum period of 5 years.

Main Transactions Regarding Affiliates

There were no significant transactions regarding affiliates in the third quarter of 2023.

Changes in the third quarter 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 03.08.2023, the mandate contract in the position of Manager and Deputy General Director Legal and Collection of Mrs. Simona Sopon was terminated by mutual agreement of the parties, as a result of retirement, effective as of 03.08.2023;
- On the same date, the duties of the Deputy Legal and Collection General Director were taken over by the General Director, Mr. Ionut Morar, on an interim basis.

BT DIRECT IFN S.A.

- On 09.08.2023, the appointment of Mrs. Puhalschi Iuliana, Romanian citizen, born on 13.02.1986, was approved as Manager and person responsible for the management and administration of the activity of providing payment services, as well as Deputy General Director of BT Direct IFN SA, for a mandate that will take effect from the date of approval by the National Bank of Romania until 01.08.2027, or until revocation from the position of Company Manager by the Board of Directors.

IDEA LEASING IFN SA

- On 25.07.2023, the company's shareholders decided to appoint Deloitte Audit SRL, as the financial auditor of the company with a mandate from 01.01.2023 to 31.12.2026, for the

audit of the financial statements related to the financial years 2023-2026, as well as the termination of the existing auditor's mandate.

IDEA BROKER DE ASIGURARE SRL

- The sole shareholder of Idea Broker, Idea Leasing IFN SA approved on 08.06.2023 the transfer of all 600 shares, representing 100% of the share capital of Idea Broker de Asigurare S.R.L., with a nominal value of RON 250/share, to a legal entity outside the company, BT Leasing Transilvania IFN S.A. The assignment will take place after its approval by ASF.

BT ASSET MANAGEMENT SAI S.A.

- Following the appointment of Mr. Bernat Aurel to the position of Executive Director of Financial Institutions and Investor Relations within Banca Transilvania, the Board of Directors approved on 19.07.2023: (i) the termination of the mandate of General Director of Mr. Bernat Aurel by agreement of the parties, starting from 01.08.2023, (ii) the appointment of Mr. Dascăcal Sergiu-Dan as General Director, starting from 01.08.2023 and until 31.05.2027, and (iii) the appointment of Mr. Irimiea Victor Tudor as Deputy General Director, for a term of 4 (four) years starting from the date of the approval decision issued by the Financial Supervision Authority;
- Considering the appointment of Deloitte Audit S.R.L. as auditor of the parent company Banca Transilvania, the Ordinary General Meeting of Shareholders decided on 18.09.2023 to revoke the financial auditor of the company, KPMG Audit S.R.L., and appoint Deloitte Audit S.R.L. as financial auditor of the company and of the administered funds for auditing the financial statements related to the financial years 2023-2026;
- On 25.09.2023, the Financial Supervisory Authority issued the decision authorizing Ms. Ilaș Ioana-Mihaela as a member of the Board of Directors for a term of 4 (four) years.

BT CAPITAL PARTNERS S.A.

- Considering the appointment of Deloitte Audit S.R.L. as auditor of the parent company Banca Transilvania, the Ordinary General Meeting of Shareholders decided on 08.09.2023 to revoke the financial auditor of the company, KPMG Audit S.R.L., and appoint Deloitte Audit S.R.L. as the financial auditor of the company for auditing the financial statements related to the financial years 2023-2026.

BT PENSII S.A.F.P.F. SA

- On 07.09.2023, the Ordinary General Meeting of Shareholders approved the increase of the company's capital through a cash contribution of RON 5,000,000 through the issuance

of 5,000,000 new shares with a nominal value of RON 1/share from the existing shareholders, proportional to the number of shares they own;

- Considering the appointment of Deloitte Audit S.R.L. as auditor of the parent company Banca Transilvania, the Ordinary General Meeting of Shareholders decided on 27.09.2023 to revoke the financial auditor of the company, KPMG Audit S.R.L., and appoint Deloitte Audit S.R.L. as financial auditor of the company and of the managed fund for auditing the financial statements related to the financial years 2023-2026.

BC Victoriabank S.A.

- On 25.07.2023 the Board of Directors approved the transaction with BT Leasing MD (affiliated person) in the amount of EUR 3 million.

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, Romania having one of the highest budgetary deficit in Europe, one of the reasons being the 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 higher 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 on the ability to reduce internal imbalances and support strategic investments in the transition process towards a green economy;
- uncertainties associated with fiscal changes with an impact on the business environment, especially on small companies as well as those in the IT field;
- amplification of cyber risks - in the context of the acceleration of digitalization processes and the use of modern technologies, both in the public and in the private environment.

II. Detailed information

1. Financial Statements

1.1.a. Financial Results Summary

Indicators	Group		Bank	
	Sep'23	Sep'22	Sep'23	Sep'22
ROE (Net profit/average equity)	28.87%	22.62%	25.79%	23.32%
ROA (net profit/annual average of total assets)	2.05%	1.64%	1.74%	1.50%
Cost/income	44.82%	48.62%	45.79%	51.49%
Total net income, <i>RON thousand</i>	5,628,556	4,427,807	4,641,266	3,846,773
Provisions for credit risk, <i>RON thousand</i>	(215,277)	(317,588)	(139,934)	(197,837)
Gross profit, <i>RON thousand</i>	2,880,021	1,938,778	2,366,344	1,649,589
Net profit, <i>RON thousand</i>	2,291,488	1,677,860	1,859,452	1,440,949
Basic earnings per share, <i>RON</i>	2.7757	2.0175		
Diluted earnings per share, <i>RON</i>	2.7757	2.0175		
<i>Other information:</i>				
Number of agencies, branches and offices			513	519
No of active employees	11,604	11,113	9,366	9,024

Key profitability and financial performance indicators ROE, ROA and Cost/Income improved in the first nine months compared with the first nine months of the previous year both at Bank and Group level, due to increasing revenues and an adequate control of costs.

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

The statement of the financial position of the Group and the Bank at the end of September 2023, compared to the end of last year and the end of September 2022, is as follows:

Indicators (RONmn)	Group				
	Sep'23	Dec'22	Sep'22	Sep'23 vs Dec'22 %	Sep'23 vs Sep'22 %
Cash and current accounts with Central Bank	19,781	14,541	16,508	36.0%	19.8%
Placements to banks	8,036	5,567	5,343	44.3%	50.4%
Treasury financial instruments	51,902	47,191	47,448	10.0%	9.4%
Loans and advances to customers, net	69,341	65,201	65,058	6.3%	6.6%
Finance lease receivables	3,266	2,813	2,739	16.1%	19.3%
Tangible and intangible assets	2,505	2,327	2,141	7.7%	17.0%
Other assets	2,791	2,871	2,045	-2.8%	36.5%
Total assets	157,622	140,511	141,282	12.2%	11.6%
Deposits from customers	129,928	119,732	113,439	8.5%	14.5%
Deposits from banks	315	1,678	1,824	-81.2%	-82.7%
Loans from banks and other financial institutions	7,207	4,841	10,451	48.9%	-31.0%
Subordinated loans	2,810	1,748	1,784	60.8%	57.5%
Other liabilities	4,962	3,040	3,135	63.2%	58.3%
Total liabilities	145,222	131,039	130,632	10.8%	11.2%
Equity	12,400	9,472	10,649	30.9%	16.4%
Total liabilities and equity	157,622	140,511	141,282	12.2%	11.6%

Indicators (RONmn)	Bank				
	Sep'23	Dec'22	Sep'22	Sep'23 vs Dec'22 %	Sep'23 vs Sep'22 %
Cash and current accounts with Central Bank	17,859	12,645	14,547	41.2%	22.8%
Placements to banks	8,912	6,635	6,303	34.3%	41.4%
Treasury financial instruments	50,154	45,823	46,278	9.5%	8.4%
Loans and advances to customers, net	68,437	63,450	63,215	7.9%	8.3%
Tangible and intangible assets	2,508	2,566	2,415	-2.2%	3.9%
Other assets	2,508	2,841	2,008	-11.7%	24.9%
Total assets	150,377	133,960	134,767	12.3%	11.6%
Deposits from customers	126,589	116,504	110,253	8.7%	14.8%
Deposits from banks	357	1,632	1,718	-78.1%	-79.2%
Loans from banks and other financial institutions	6,264	3,562	9,188	75.8%	-31.8%
Subordinated loans	2,782	1,719	1,754	61.8%	58.6%
Other liabilities	4,138	2,585	2,698	60.1%	53.4%
Total liabilities	140,131	126,002	125,611	11.2%	11.6%
Equity	10,247	7,958	9,155	28.8%	11.9%
Total liabilities and equity	150,377	133,960	134,767	12.3%	11.6%

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

At the end of the first nine months of the year, the Group's assets reached RON 157.6 billion, increasing by 12.2% compared to the end of last year and by 11.6% compared to the end of September 2022, mainly due to the increase in total assets of the Bank, which reached RON 150.4 billion.

Loans' Portfolio: At Group level, considering also the receivables from leasing contracts, the net loans' portfolio amounted to RON 72.6 billion, being 6.75% above the level of end-of-year 2022, and by 7.10% above the end of September 2022.

At the Bank level, net loans stands at RON 68.4 billion at the end of September 2023, expanding by 7.9% in the last nine months, and by 8.3% compared to the same period of the previous year. As for business lines, the balance of net loans to entities registered the most significant increases, of 11.57% compared to the end of the previous year.

BT continues to be an important partner in the governmental support programs, granting over RON 2.5 billion loans in the first nine months of the year.

Between January and September 2023, more than 209,000 new loans were granted to individual customers and companies.

Provisions' stock: Banca Transilvania recorded at the end of September 2023 a net expense from adjustments for financial assets for other risks and credit commitments in the amount of RON 140 million (including recoveries from off-balance sheet loans). The balance of provisions reached RON 4.3 billion at the end of September 2023.

The non-performing NPL ratio according to the EBA (European Banking Authority) stands at 2.22% at September 30, 2023 and the degree of coverage with total provisions of the non-performing loans according to EBA is 197,75%.

Cash and current accounts with Central Banks represent as at September 30, 2023, 13% of the total assets at Group level, respectively 12% 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 36,0% and 19.8% compared to the end of 2022 and respectively compared to September 30, 2022, amounting to RON 19,781 million. At the Bank's level, the growths are of 41.2% compared to December 31, 2022 and of 22.8 % compared to September 30, 2022, the final balance amounting to RON 17.859 million. The minimum required reserves, represent the most significant component in this asset category, with a weight of over 79% and an increase of 64.9% compared to December 2022, at the Bank level.

Placements to banks at the end of September 2023 grew compared to both analyzed periods, at Group and also at Bank level: by 44.3% and 34.3% respectively compared to December 31, 2022, and by 50.4%, respectively by 41.4% compared to September 30, 2022. This increase is caused by the balance of the Bank's deposits and current accounts at other banks, which grew from RON 4,582 million (December 2022) to RON 7,864 million (September 2023).

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 33% of both the Group's and the Bank's total assets, at the end of the first nine months of 2023.

As compared to December 31, 2022, the treasury instruments increased by approximately 10% at Group level and by 9.5% at Bank level, while compared to September 30, 2022, these increased by 9.4% for the Group and by 8.4% for the Bank, reaching RON 51,902 million at Group level, respectively RON 50,154 million at Bank level. The increase in these instruments is directly correlated with the increase of the managed portfolio of bonds at the Bank level.

Resources from clients. At the Group level, customer deposits reached RON 129,928 million on September 30, 2023, increasing by 8.5% compared to the end of the previous year and by 14.5% compared to September 30, 2022. At Bank level, the balance of the customers' deposits reached RON 126,589 million on September 30, 2023, growing by 8.7% compared to the end of the previous year and by 14.8% compared to September 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. As of September 30 2023, the share of current accounts and fixed-term deposits are approximately equal.

The loan-to-deposit ratio at Bank level stands at 57.5% as at the end September 2023, the volume of gross loans being RON 72.7 billion, while the resources attracted from customers are RON 126.6 billion.

Loans from banks and other financial institutions represents 4.5% of total debt at the Bank level, increasing significantly during the first nine months of 2023, displaying a 75.8% growth versus end of December 2022, due to an additional issue of MREL eligible international bonds of EUR 190 million in August, on top of the EUR 600 million issued in April and June 2023. Over 90% of Loans

from banks and other financial institutions represent financing from international financial institutions, and have a maturity of more than 1 year.

Subordinated loans registered also a material growth of 61.8%, reaching RON 2,782 million at the end of September 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). Thus, Subordinated loans reach 2% of total debts of the Bank.

Thus, Banca Transilvania issued MREL eligible bonds of nearly EUR 1 billion in the first nine months of 2023, as part of the initiative to finance the economy through bond issues.

The equity of Banca Transilvania S.A. as at 30.09.2023 amounts to RON 10,247 million, up by 28.8% compared to the end of the previous year, when it amounted to RON 7,958 million, as a result of the incorporation of RON 910 million representing the reserves constituted from the net profit of the year 2022 and the improvement of reserves for securities by over RON 1,300 million.

The internal process of evaluating the adequacy of the capital to the risks is a component of the administration and management process and decision-making culture of Banca Transilvania, which aims to enable management to ensure the identification, measurement, aggregation and adequate monitoring of the institution's risks credit, holding an internal capital adequate to the risk profile and the use and development of solid risk management systems.

The Group and the Bank comply with Regulations in terms of Own Funds and Solvency, the level of the capital risk adequacy indicator far exceeding the minimum limits imposed by the legislation. On September 30, 2023 and December 31, 2022, respectively, the Group and the Bank met all regulatory requirements regarding own funds.

Indicators	Group			Bank		
	Sep'23	Dec'22	Sep'23 vs Dec'22 %	Sep'23	Dec'22	Δ Sep'23 vs Dec'22 %
Tier 1 basic own funds ratio	17.14%	18.40%	-6.8%	17.71%	18.92%	-1.2%
Tier 1 own funds ratio	17.14%	18.40%	-6.8%	17.71%	18.92%	-1.2%
Solvency indicator	20.88%	20.81%	0.3%	21.91%	21.61%	0.3%

Indicators (RONmn)	Group			Bank		
	Sep'23	Dec'22	Sep'23 vs Dec'22 %	Sep'23	Dec'22	Δ Sep'23 vs Dec'22 %
Tier 1 basic own funds	11,045	11,123	-0.7%	10,143	10,235	-0.9%
Tier 2 own funds	2,409	1,461	64.8%	2,406	1,454	65.5%
Total own funds	13,453	12,585	6.9%	12,549	11,689	7.4%

Solvency: The Bank's solvency calculated as at September 30, 2023 is 22.94% (21.91% without the profit of the third quarter, the net profit of the first half of the year was included in Own Funds), 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.c. Profit and loss account

The main elements of the Profit or Loss Account at Group and Bank level for the first nine months of 2023, compared to the same period last year, are as follows:

Indicators (RONmn)	Group			Bank		
	Sep'23	Sep'22	Sep'23 vs Sep'22 %	Sep'23	Sep'22	Sep'23 vs Sep'22 %
Net interest income	3,794	3,146	20.6%	3,100	2,616	18.5%
Net fees and commission income	942	852	10.5%	815	727	12.1%
Net trading income	525	553	-5.1%	451	502	-10.1%
Net income/(loss) from financial assets measured at fair value through other items of comprehensive income	127	(98)		126	(102)	
Net income/(loss) from financial assets required to be measured at fair value through profit or loss	79	(80)		85	(93)	
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(93)	(152)	-39.1%	(87)	(144)	-39.5%
Other operating income	256	207	23.4%	151	340	-55.6%
Total operating income	5,629	4,428	27.1%	4,641	3,847	20.7%
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(215)	(318)	-32.2%	(140)	(198)	-29.3%
Personnel expense	(1,450)	(1,211)	19.8%	(1,208)	(1,022)	18.2%
Depreciation and amortization	(331)	(287)	15.5%	(299)	(257)	15.9%
Other operating expense	(751)	(674)	11.6%	(628)	(720)	-12.7%
Total operating expenses	(2,749)	(2,489)	10.4%	(2,275)	(2,197)	3.5%
Profit before income tax	2,880	1,939	48.5%	2,366	1,650	43.5%
Income tax expense (-)	(589)	(261)	125.6%	(507)	(209)	143.0%
Net profit	2,291	1,678	36.6%	1,859	1,441	29.0%
Profit of the Group attributable to equity holders of the Bank	2,212	1,609	37.5%	1,859	1,441	29.0%
Profit of the Group attributable to non-controlling interests	79	69	15.6%			
Net profit	2,291	1,678	36.6%	1,859	1,441	29.0%

Banca Transilvania recorded a profit of RON 1,859 million in the first nine months of 2023, which is 29% higher compared to the same period of 2022, when it amounted to RON 1,441 million. Similar growth has been achieved at Group level, with a net profit reaching RON 2,291 million, +36.6% over the same period of 2022 when it amounted to RON 1,678 million.

As of 30.09.2023, **Net interest income** grew significantly by 20.6% at the Group and 18.5% at Bank level determined both by the increase in lending activity to the population and companies, and by market rates which are still higher than last year (average 3-month and 6-month ROBOR being around 7% in the first nine months of 2023).

Continuous increase in the number of transactions, the number of clients and diversification of the operations available to customers caused **Net fees and commissions income** to show an increase during the first nine months of 2023, at both Group and Bank level by 10.5% and approximately 12.1% respectively, compared to the same period of 2022.

Net trading income was 5.1% lower than in the same period last year at Group level and by 10.1% at the Bank level, impacted by the decrease in income from interest rate and exchange rate derivatives, partially offset by higher income from foreign exchange transactions.

Operating revenues grew significantly in the first nine months of 2023 and amounted to RON 5,629 million at Group level and to RON 4,641 million at Bank level, being also higher by 27.1% and 20.7% respectively, as compared to the same period last year.

Both the Bank and the Group recorded **Operating expenses** increasing by 3.5% and 10.4%, respectively, compared to the same period last year. The most consistent increase was recorded in the case of salary expenses, which went up 18.2% for the Bank, determined by the salary raises, benefits granted to employees to support them against the background of increased inflation, as well as the expansion of the employee base - employee number increased by 4.4% at the Group level and by 3.8% at the Bank level compared to last year. Personnel expenses represent 57% of the total operational expenses recorded in the first nine months of the current year. Other operating expenses of the Bank decreased by 12.7% compared to those recorded in the same period of last year.

Operational result. Given the above, the Bank's operational efficiency continued to improve, reaching 45.79%, while in the first nine months of 2022 it was 51.49% (calculated with an annualized impact of the contribution to the Bank Deposit Guarantee Fund (FGDB) and the Resolution Fund).

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

Indicators	Group Sep'23	Group Sep'22	Sep'23 vs Sep'22%	Bank Sep'23	Bank Sep'22	Sep'23 vs Sep'22%
Net profit for the period (RONmn)	2,291	1,678	36.6%	1,859	1,441	29.0%
Basic earnings per share	2.7757	2.0175	37.6%	-	-	-
Diluted earnings per share	2.7757	2.0175	37.6%	-	-	-

Other information regarding the first nine months of 2023:

Banca Transilvania is the market leader in the field of cards, having 5.8 million cards in its portfolio, out of which 630,000 are credit cards. Purchases made with the 5.8 million cards increased by 23% compared to the same period last year.

BT has over 3.6 million unique digitized customers, which represent 89% 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 payments by phone increased by 46% in Q3 2023 compared to Q3 2022. At the same time, BT Pay money transfers are increasingly appreciated, their volume increased by 79% compared to those made in the same period last year.

As of September 30, 2023, Banca Transilvania owns a network of 1,850 ATMs, out of which 606 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 494 BT Express terminals that are used for various operations, including bill payment, over 118,000 installed POS and collaborates with over 5,000 merchants, e-commerce users.

Compared to the same period of the previous year, in Q3 2023 interactions in the BT Visual Help application grew by 48%. BT Visual help is 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 approached 850,000 hits in Q3 2023.

The number of Internet Banking users exceeded 2.4 million in Q3 of this year, up by 22% 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 Q3 2022.

The Group's number of active employees as at September 30, 2023 is 11,604 (11,256 at December 31, 2022).

The Bank's number of active employees as at September 30, 2023 is 9,366 (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, stands at 612% on 30.09.2023, being well above the minimum required level of 100%. The immediate liquidity of the bank on September 30, 2023 (49.76%) has improved compared to December 31, 2022 (44.5%), and the NSFR (Net Stable Funding Ratio) calculated for September 30, 2023 is 229%, while at the end of the year previously it was 220%.

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

According to the figures released by the National Trade Register Office the number of the newly set up companies decreased by 5.87% YoY to 99.92 thousands during January – August 2023.

On the other hand, the number of the companies that entered the insolvency procedure contracted by 7.17% YoY to 3,975 in the first eight months of 2023.

At the monetary policy meetings in 3Q 2023 the Board of the NBR maintained the reference rate at 7.00% and the MRRs at 8.00% for RON and 5.00% for FX.

The figures published by the central bank show the increase of the non-government loans by an accelerating MoM pace to 0.6%, to RON 381.2 billion in September (a record high level).

In YoY terms the non-government loans maintained on a downward trend recently, to 4.5% in September, the weakest dynamics since October 2020 (the period of the COVID-19 pandemic).

The RON – denominated loans rose by 0.5% MoM and an accelerating YoY pace to 0.7%, to RON 259.4 billion in September.

At the same time, the FX-denominated loans increased by 1.0% MoM and by 13.6% YoY to RON 121.7 billion in September.

Between December 2022 and September 2023, the corporate loans rose by 8.4% to RON 208.3 billion, an evolution confirming the consolidation of the post-pandemic investment cycle.

The household loans inched up by 0.8% YTD to RON 172.9 billion in September, an evolution determined by the increase by of the consumer component by 3.6% YTD to RON 64.9 billion (the highest level since September 2010) (the housing loans contracted by 1.1% YTD to RON 105 billion).

According to the NBR statistics the non-government deposits climbed by 2.7% MoM and an accelerating YoY pace to 11.4% to RON 547.9 billion in September.

From December 2022 to September 2023 the household deposits rose by 6.5% to RON 322.3bn, while the corporate deposits advanced by 7.2% to RON 225.7 billion.

Therefore, the loans-to-deposits ratio declined to 69.6% in September, the lowest level 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

Investments in tangible and intangible assets of the Group were RON 2,505 million at September 30, 2023, compared to RON 2,327 million at December 31, 2022 and RON 2,141 million at September 30, 2022. As compared to the two periods of the previous year, the value of tangible and intangible assets grew 7.7% compared to the end of the previous year and 17% compared to September 30, 2022.

At the Bank level, investments in tangible and intangible assets were RON 2,508 million at September 30, 2023, compared to RON 2,566 million at December 31, 2022 and RON 2,415 million at September 30, 2022. As compared with the two periods of the previous year, the value of the tangible and

intangible assets decreased by 2.2% compared to the end of 2022 and a increased by 3.9% compared to September 30, 2022.

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, September 30, 2023. The data presented related to the conclusion of the third quarter of 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; NBR Regulation no. 5/2013 with subsequent amendments and additions; NBR 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 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

During the General Meeting of Shareholders ("GMS") of September 29, 2023, the following were approved:

- a dividend distribution from the profit of 2022 as well as the reserves of the previous years as follows: the amount of RON 897,540,893 from the net profit reserves related to the year 2022, as well as the amount of RON 4,914,768.77 from the net profit reserves related to the previous years, thus the total amount of RON 902,455,661.77 being granted as cash dividends and a gross dividend/share of RON 1.13 (taking into account the number of shares entitled to dividend as of the registration date);
- the date of October 23rd, 2023 as the registration date and of the ex-date October 20th, 2023, for the identification of the shareholders who will benefit from the results of the Ordinary GMS and to whom the effects of the Ordinary GMS Decisions are applicable.
- November 6, 2023 was set as the date of payment for the distribution of dividends;
- a program of corporate bond issues, denominated in euro and/or RON and/or in another currency, as the case may be, under market conditions in terms of interest rate, with a maturity of not more than 10 years, with the frequency of the annual or semi-annual coupon, for a maximum amount of EUR 1,500,000,000 or equivalent, on the basis of a flexible structure, through several separate issues, carried out over a maximum period of 5 years.

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 or at the level of executive management.

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 NBR order no. 27/2010, as well as the termination of the appointment of the existing auditor.

4. Significant transactions

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

5. Conclusions

In the first nine months of 2023, Banca Transilvania sustained an organic growth, especially due to the increasing volume of transactions. Over 209,000 loans were granted, while the portfolio of clients exceeds 4.1 million. The consolidated net profit of the Banca Transilvania Financial Group recorded in the period is RON 2,291 million (+36.6% compared to September 2022), of which the Bank's is RON 1,859 million (+29% compared to September 2022). The Bank's operational efficiency continued to improve, reaching 45.79%, while the reported level for the first nine months of 2022 was 51.49% (calculated with an annualized impact of the contribution to the Deposit Guarantee Fund Banking - FGDB and the Resolution Fund).

In the first nine months of 2023, Banca Transilvania shares, adjusted for the dividend in shares granted in July, yielded a return of 25.2%, while the BET index registered an increase of 22.9%.

Both TLV shares and the BET index have entered a pronounced uptrend since the latter part of June. This favorable context for the local capital market was boosted by the Hidroelectrica IPO and continued in the weeks following the listing. The capitalization of Banca Transilvania reached EUR 3.5 billion at the end of September 2023.

BT keeps SMEs at the center of its strategy, having unique competences in the market and branches in all areas of Romania. In October 2023, Banca Transilvania) and the European Investment Fund (EIF) signed a guarantee agreement by which BT will grant loans to SMEs with portfolio guarantees worth RON 1.5 billion. Companies will be able to access loans of up to EUR 7.5 million through Banca Transilvania, both for working capital and for investments, with guarantees of a maximum of 70% of the value of the credit facilities. The agreement concerns two programs intended for the private sector, Competitiveness (The SME Competitiveness Guarantee) and Sustainability (The SME Sustainability Guarantee), financed by the Recovery and Resilience Facility of the National Recovery and Resilience Plan (PNRR) and benefiting from the support of InvestEU.

BT has a very good position in the Micro, SME and Mid-Corporate markets, but also in specialized sectors such as Medical and Agro, that will continue to benefit from public investments and European funding. There is a big gap in comparison to Western Europe in terms of the medical sector that drives the need for investment and BT has the necessary capabilities to help customers.

Regarding the retail banking sector, there are several areas where network effects have been reached - BT Pay is the most used banking and payments app Romania, while the STAR program is the largest merchant and credit card ecosystem.

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

On November 6, 2023, Banca Transilvania S.A. paid dividends in accordance with the Decision of the Ordinary Meeting of Shareholders from September 29, 2023. Payments representing the dividends due to the shareholders shall be made in accordance with the applicable legal provisions.

The gross value of the dividend per share was RON 1.13, and the dividend tax will be withheld, in line with the legal provisions in force at the payment date. The above-mentioned Decision of the Ordinary Meeting of Shareholders also stipulates the registration date of October 23rd, 2023 and the ex-date of October 20th, 2023.

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 September 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 period ended on September 30, 2023.

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

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

**CHIEF EXECUTIVE OFFICER
ÖMER TETİK**

**SHAREHOLDERS STRUCTURE AT
30.09.2023**

Explanations	No.of holders	No. Shares	Percentage %
ROMANIAN CAPITAL	47,599	606,067,292	75.89
Individuals	46,888	177,973,357	22.28
Companies	711	428,093,935	53.60
of which Financial Investment Companies	5	147,842,608	18.51
FOREIGN CAPITAL	1,028	192,590,941	24.11
Individuals	795	8,677,253	1.09
Companies	233	183,913,688	23.03
TOTAL	48,627	798,658,233	100