

BT Financial Results as at 31 March 2023

Organic growth during the first quarter of the year

Banca Transilvania recorded, during the first three months of the year, robust and solid results of its business performance: customer savings increased by 5%, new loans by 5.3%, the number of card transactions by 22%, while the number of customers increased by almost 50,000. BT Financial Group's assets reached RON 147.9 billion whereas net loans reached RON 67.8 billion.

BT Group's consolidated net profit amounts to RON 837.7 million, of which RON 675.9 million pertains to the bank. Subsidiaries and equity holdings contributed with approximately RON 161.8 million to the BT Group's profitability.

"We started the year strongly, by implementing our plan of growing the bank's business and support the Romanian economy, despite the volatile and uncertain climate in both international and local financial markets. We are well capitalized - both through the incorporation of the previous year's profits and through the proceeds attracted from the international markets through the recent bonds' issuance - and we are ready to support the economy and the customers. Moreover, the consistent growth in deposits, new loans and of our customer base shows once again our strong position on the market. We are investing in people, technology, security and in our territorial network, and we plan to increase our market share", declares Ömer Tetik, Chief Executive Officer, Banca Transilvania.

First quarter results:

- The bank's Cost-to-Income ratio reached 46.48%, calculated with an annualised impact of the contribution to the Bank Deposit Guarantee Fund and the Resolution Fund.
- The bank's net interest income increased by 27% compared to Q1 of 2022 and net fee and commission income increased by 15% backed by the growth of the BT's business.
- Customer deposits increased to RON 126.8 billion at BT Group level, of which RON 82.6 billion represent Retail customers deposits and RON 44.2 billion are Corporate customer deposits.
- Loans-to-deposits ratio, at the BT Group level, stands at 57,1%.

Financing Romanians during the first three months of the year

Nearly 60,000 loans were granted by Banca Transilvania in the first 3 months of the year, amounting to RON 6,696 million, +5.33% compared to the first quarter of 2022.

Other financial details

The non-performing loans ratio, according to the EBA indicator, is 2.40% as at 31 March 2023.

The total provisioning coverage of non-performing loans according to EBA standards is 196%.

Capital Adequacy Ratio stands at 19.86% with the profit pertaining to the quarter included.

Banca Transilvania | Communication & PR

For investors and shareholders:

- *Investors willing to participate to the conference call related to the financial results for the first quarter of 2023, organized by Banca Transilvania on 8 May 2023, at 16:00 (Romanian time) - should send a request by email, to the following e-mail address: investor.relations@btrl.ro*
- *The report for the first quarter of 2023, prepared in accordance with the provisions of Article 69 of Law no. 24 of 2017 on issuers of financial instruments and market operations (including information in editable format) is available on BT's website, Investor Relations section, from 5 May, starting at 6 pm. The financial statements as at 31.03.2023 and 31.03.2022 are not audited nor reviewed, and those as at 31.12.2022 are audited.*

Banca Transilvania S.A.
LEI CODE: 549300RG3H390KEL8896

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

As at March 31, 2023

Banca Transilvania S.A.

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Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Profit or Loss

For the three-month period ended March 31

| | Notes | Group | | Bank | |
|---|-------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 31-03-2023 RON thousand | 31-03-2022 RON thousand | 31-03-2023 RON thousand | 31-03-2022 RON thousand |
| Interest income calculated using the effective interest method | | 1,946,814 | 1,102,721 | 1,749,400 | 960,244 |
| Other interest like income | | 75,062 | 36,194 | 8,013 | 3,131 |
| Interest expense calculated using the effective interest method | | (779,213) | (169,014) | (724,329) | (151,281) |
| Other interest like expense | | (715) | (534) | (1,637) | (1,749) |
| Net interest income | 5 | 1,241,948 | 969,367 | 1,031,447 | 810,345 |
| Fee and commission income | | 453,303 | 390,585 | 392,759 | 332,061 |
| Fee and commission expense | | (165,406) | (131,555) | (141,896) | (113,207) |
| Net fee and commission income | 6 | 287,897 | 259,030 | 250,863 | 218,854 |
| Net trading income | 7 | 135,245 | 166,963 | 122,515 | 154,837 |
| Net gain / loss (-) from financial assets measured at fair value through other items of comprehensive income | 8 | 66,844 | (14,372) | 66,838 | (14,805) |
| Net gain / loss (-) from financial assets which are required to be measured at fair value through profit and loss | 9 | 23,502 | (6,115) | 17,877 | (17,203) |
| Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund | 10 | (91,821) | (147,282) | (89,271) | (143,513) |
| Other operating income | 11 | 76,849 | 68,595 | 43,339 | 43,310 |
| Operating income | | 1,740,464 | 1,296,186 | 1,443,608 | 1,051,825 |
| Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss | 12(a) | 45,000 | (142,176) | 39,567 | (103,244) |
| (Other) Provisions and reversal of provisions | 12(b) | 6,784 | 8,449 | 887 | 1,939 |
| Personnel expenses | 13 | (476,270) | (397,704) | (400,635) | (339,023) |
| Depreciation and amortization | | (106,665) | (92,843) | (97,604) | (82,147) |
| Other operating expenses | 14 | (241,019) | (198,582) | (203,918) | (166,006) |
| Operating expenses | | (772,170) | (822,856) | (661,703) | (688,481) |
| Profit before income tax | | 968,294 | 473,330 | 781,905 | 363,344 |
| Income tax expense (-) | 15 | (130,593) | (72,996) | (106,003) | (55,826) |
| Net profit for the period | | 837,701 | 400,334 | 675,902 | 307,518 |
| Net Profit of the Group attributable to: | | | | | |
| Equity holders of the Bank | | 804,535 | 383,466 | - | - |
| Non-controlling interests | | 33,166 | 16,868 | - | - |
| Net Profit for the period | | 837,701 | 400,334 | 675,902 | 307,518 |

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Other Comprehensive Income

For the three-month period ended March 31

| Notes | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| | RON thousand | RON thousand | RON thousand | RON thousand |
| Net Profit for the year | 837,701 | 400,334 | 675,902 | 307,518 |
| Items which are or may be reclassified to profit or loss | 557,435 | (1,109,766) | 551,889 | (1,088,609) |
| <i>Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:</i> | 652,462 | (1,302,095) | 657,264 | (1,297,911) |
| Net gain (-) / loss from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account | (66,844) | 14,372 | (66,838) | 14,805 |
| Fair value changes of financial assets measured at fair value through other items of comprehensive income | 719,306 | (1,316,467) | 724,102 | (1,312,716) |
| Translation of financial information of foreign operations to presentation currency | 11,371 | (21,011) | (12) | 12 |
| Income tax on items which are or may be reclassified to profit or loss | (106,398) | 213,340 | (105,363) | 209,290 |
| Total comprehensive income for the period | 1,395,136 | (709,432) | 1,227,791 | (781,091) |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Bank | 1,361,970 | (726,300) | - | - |
| Non-controlling interest | 33,166 | 16,868 | - | - |
| Total comprehensive income for the period | 1,395,136 | (709,432) | 1,227,791 | (781,091) |
| Basic earnings per share | 1.0107 | 0.4804 | - | - |
| Diluted earnings per share | 1.0107 | 0.4804 | - | - |

The financial statements were approved by the Board of Directors on May 5, 2023 and were signed on its behalf by:

Ömer TETİK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Financial Position

| <i>In RON thousand</i> | Note | Group | | Bank | |
|---|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 31-03-2023 RON thousand | 31-12-2022 RON thousand | 31-03-2023 RON thousand | 31-12-2022 RON thousand |
| Assets | | | | | |
| Cash and current accounts with Central Banks | 16 | 17,858,522 | 14,540,717 | 15,457,534 | 12,645,157 |
| Derivatives | | 205,709 | 218,443 | 205,709 | 218,443 |
| Financial assets held for trading | 18 | 318,061 | 321,370 | 34,693 | 30,693 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 18 | 1,341,043 | 1,106,041 | 1,705,160 | 1,474,595 |
| Financial assets measured at fair value through other items of comprehensive income | 21 | 47,170,264 | 43,485,732 | 46,810,080 | 43,124,154 |
| - of which pledged securities (repo agreements) | | 1,466,558 | 1,833,170 | 1,466,558 | 1,833,170 |
| Financial assets at amortized cost - of which: | | 74,983,209 | 74,714,992 | 72,468,082 | 72,995,600 |
| - Placements with banks and public institutions | 17 | 4,351,225 | 5,567,332 | 5,592,297 | 6,634,858 |
| - Loans and advances to customers | 19 | 64,973,174 | 65,200,920 | 63,457,109 | 63,449,954 |
| - Debt instruments | 21 | 3,211,341 | 2,059,712 | 1,167,102 | 975,159 |
| - Other financial assets | 22 | 2,447,469 | 1,887,028 | 2,251,574 | 1,935,629 |
| Finance lease receivables | 20 | 2,872,273 | 2,812,597 | - | - |
| Investments in subsidiaries | | - | - | 708,412 | 708,412 |
| Investment in associates | | 3,403 | 3,737 | - | - |
| Property and equipment and investment property | | 1,178,277 | 1,174,446 | 726,622 | 731,037 |
| Intangible assets | | 497,409 | 506,238 | 421,473 | 429,960 |
| Goodwill | | 154,363 | 154,363 | - | - |
| Right-of-use assets | | 463,341 | 487,957 | 669,183 | 696,798 |
| Current tax receivables | | - | 14,947 | - | 26,627 |
| Deferred tax assets | | 697,613 | 791,605 | 650,663 | 747,800 |
| Other non-financial assets | 23 | 187,258 | 177,610 | 139,293 | 130,953 |
| Total assets | | 147,930,745 | 140,510,795 | 139,996,904 | 133,960,229 |

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Financial Position *(continued)*

| <i>In RON thousand</i> | Notes | Group | | Bank | |
|---|-------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 31-03-2023 RON thousand | 31-12-2022 RON thousand | 31-03-2023 RON thousand | 31-12-2022 RON thousand |
| Liabilities | | | | | |
| Derivatives | | 41,248 | 41,695 | 41,248 | 41,695 |
| Deposits from banks | 24 | 832,808 | 1,678,082 | 837,718 | 1,631,542 |
| Deposits from customers | 25 | 126,779,290 | 119,731,729 | 122,306,073 | 116,503,842 |
| Loans from banks and other financial institutions | 26 | 4,374,990 | 4,840,928 | 3,162,433 | 3,562,483 |
| Subordinated liabilities | 27 | 1,775,444 | 1,748,260 | 1,746,226 | 1,718,909 |
| Lease liabilities | | 467,362 | 492,956 | 636,588 | 663,680 |
| Other financial liabilities | 29 | 1,884,056 | 1,764,364 | 1,365,928 | 1,315,969 |
| Current tax liability | | 106,185 | - | 87,602 | - |
| Provisions for other risks and loan commitments | 28 | 521,886 | 500,546 | 450,585 | 431,296 |
| Other non-financial liabilities | 30 | 240,026 | 215,374 | 166,226 | 132,636 |
| Total liabilities excluding financial liabilities to holders of fund units | | 137,023,295 | 131,013,934 | 130,800,627 | 126,002,052 |
| Financial liabilities to holders of fund units | | 24,624 | 25,328 | - | - |
| Total liabilities | | 137,047,919 | 131,039,262 | 130,800,627 | 126,002,052 |
| Equity | | | | | |
| Share capital | | 7,163,083 | 7,163,083 | 7,163,083 | 7,163,083 |
| Treasury shares | | (81,564) | (64,750) | (66,277) | (49,463) |
| Share premiums | | 31,235 | 31,235 | 28,614 | 28,614 |
| Retained earnings | | 5,301,589 | 4,457,854 | 4,266,308 | 3,558,320 |
| Revaluation reserves from tangible assets | | 65,392 | 70,355 | 30,704 | 35,678 |
| Reserves on financial assets measured at fair value through other items of comprehensive income | | (3,180,609) | (3,728,492) | (3,184,753) | (3,736,653) |
| Other reserves | | 989,590 | 989,581 | 958,598 | 958,598 |
| Total equity attributable to equity holders of the Bank | | 10,288,716 | 8,918,866 | 9,196,277 | 7,958,177 |
| Non-controlling interest | | 594,110 | 552,667 | - | - |
| Total equity | | 10,882,826 | 9,471,533 | 9,196,277 | 7,958,177 |
| Total liabilities and equity | | 147,930,745 | 140,510,795 | 139,996,904 | 133,960,229 |

The financial statements were approved by the Board of Directors on May 5, 2023 and were signed on its behalf by:

Ömer TETİK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer

Banca Transilvania S.A.

Interim Consolidated Statement of Changes in Equity

For the three-month period ended March 31, 2023

| Group | Attributable to the equity holders of the Bank | | | | | | | | | |
|--|--|-----------------|-----------------|----------------|----------------------|---|------------------|-------------------|--|--------------------------|
| | <i>In RON thousand</i> | Share capital | Treasury shares | Share premiums | Revaluation reserves | Reserves from financial assets measured at fair value through other items of comprehensive income | Other reserves | Retained earnings | Total attributable to the equity holders of the Bank | Non-controlling interest |
| Balance as at 01 January 2023 | 7,163,083 | (64,750) | 31,235 | 70,355 | (3,728,492) | 989,581 | 4,457,854 | 8,918,866 | 552,667 | 9,471,533 |
| Profit for the period | - | - | - | - | - | - | 804,534 | 804,534 | 33,167 | 837,701 |
| Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax | - | - | - | - | 547,883 | - | - | 547,883 | - | 547,883 |
| Revaluation of property and equipment, intangible assets, net of tax | - | - | - | - | - | - | - | - | - | - |
| Retained earnings from revaluation reserves | - | - | - | (4,963) | - | - | 4,963 | - | - | - |
| Distribution to statutory reserves | - | - | - | - | - | 9 | (9) | - | - | - |
| Foreign currency translation of foreign operations | - | - | - | - | - | - | 9,552 | 9,552 | - | 9,552 |
| Total comprehensive income for the period | - | - | - | (4,963) | 547,883 | 9 | 819,040 | 1,361,969 | 33,167 | 1,395,136 |
| Contributions of/distributions to the shareholders | | | | | | | | | | |
| Increase in share capital through the conversion of retained earnings | - | (16,814) | - | - | - | - | - | (16,814) | - | (16,814) |
| Acquisition of treasury shares | - | - | - | - | - | - | 27,124 | 27,124 | - | 27,124 |
| SOP 2023 Scheme | - | - | - | - | - | - | (438) | (438) | - | (438) |
| Transfer of retained earnings to liabilities to holders of fund units | - | - | - | - | - | - | (1,991) | (1,991) | 8,276 | 6,285 |
| Other adjustments | - | - | - | - | - | - | - | - | - | - |
| Total contributions of/distributions to the shareholders | - | (16,814) | - | - | - | - | 24,695 | 7,881 | 8,276 | 16,157 |
| Balance as at March 31, 2023 | 7,163,083 | (81,564) | 31,235 | 65,392 | (3,180,609) | 989,59 | 5,301,58 | 10,288,716 | 594,110 | 10,882,826 |

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements.

Banca Transilvania S.A.

Interim Consolidated Statement of Changes in Equity *(continued)*

For the year ended March 31, 2022

| Group | Attributable to the equity holders of the Bank | | | | | | | | | | |
|--|--|------------------|-----------------|----------------|----------------------|---|----------------|-------------------|---|--------------------------|--------------------|
| | <i>In RON thousand</i> | Share capital | Treasury shares | Share premiums | Revaluation reserves | Reserves from financial assets measured through other items of comprehensive income | Other reserves | Retained earnings | Total attributable to the equity holders of the Group | Non-controlling interest | Total |
| Balance as at 01 January 2022 | | 6,397,971 | (15,287) | 31,235 | 73,292 | (996,697) | 864,893 | 3,736,875 | 10,092,282 | 471,852 | 10,564,134 |
| Profit for the period | | - | - | - | - | - | - | 383,466 | 383,466 | 16,868 | 400,334 |
| Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax | | - | - | - | - | (1,092,087) | - | - | (1,092,087) | - | (1,092,087) |
| Revaluation of property and equipment, intangible assets, net of tax | | - | - | - | (487) | - | - | 487 | - | - | - |
| Retained earnings from revaluation reserves | | - | - | - | (4,156) | - | - | 4,156 | - | - | - |
| Distribution to statutory reserves | | - | - | - | - | - | 1,099 | (1,099) | - | - | - |
| Foreign currency translation of foreign operations | | - | - | - | - | - | - | (17,679) | (17,679) | - | (17,679) |
| Other items of comprehensive income, net of tax | | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | | - | - | - | (4,643) | (1,092,087) | 1,099 | 369,331 | (726,300) | 16,868 | (709,432) |
| Contributions of/distributions to the shareholders | | | | | | | | | | | |
| Increase in share capital through the conversion of retained earnings | | - | - | - | - | - | - | - | - | - | - |
| Acquisition of treasury shares | | - | (73,380) | - | - | - | - | - | (73,380) | - | (73,380) |
| SOP 2022 Scheme | | - | - | - | - | - | - | 31,672 | 31,672 | - | 31,672 |
| Transfer of retained earnings to liabilities to holders of fund units | | - | - | - | - | - | - | 4,733 | 4,733 | - | 4,733 |
| Other adjustments | | - | - | - | - | - | - | 24,775 | 24,775 | (5,567) | 19,208 |
| Total contributions of/distributions to the shareholders | | - | (73,380) | - | - | - | - | 61,180 | (12,200) | (5,567) | (17,767) |
| Balance as at March 31, 2022 | | 6,397,971 | (88,667) | 31,235 | 68,649 | (2,088,784) | 865,992 | 4,167,386 | 9,353,782 | 483,153 | 9,836,935 |

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements.

Banca Transilvania S.A.

Interim Separate Statement of Changes in Equity *(continued)*

For the three-month period ended March 31, 2023

| Bank | Notes | Attributable to the equity holders of the Bank | | | | | | | Total |
|--|-------|--|-----------------|----------------|----------------------|---|----------------|-------------------|------------------|
| | | Share capital | Treasury shares | Share premiums | Revaluation reserves | Reserves from financial assets measured at fair value through other items of comprehensive income | Other reserves | Retained earnings | |
| <i>In RON thousand</i> | | | | | | | | | |
| Balance as at 01 January 2023 | | 7,163,083 | (49,463) | 28,614 | 35,678 | (3,736,653) | 958,598 | 3,558,320 | 7,958,177 |
| Profit for the period | | - | - | - | - | - | - | 675,902 | 675,902 |
| Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax | | - | - | - | - | 551,900 | - | - | 551,900 |
| Retained earnings from revaluation reserves | | - | - | - | (4,974) | - | - | 4,974 | - |
| Other items of comprehensive income, net of tax | | - | - | - | - | - | - | (11) | (11) |
| Statement of comprehensive income for the period | | - | - | - | (4,974) | 551,900 | - | 680,865 | 1,227,791 |
| Contributions of/distributions to the shareholders | | | | | | | | | |
| Acquisition of treasury shares | | - | (16,814) | - | - | - | - | - | (16,814) |
| SOP 2023 Scheme | | - | - | - | - | - | - | 27,123 | 27,123 |
| Total contributions of/distributions to the shareholders | | - | (16,814) | - | - | - | - | 27,123 | 10,309 |
| Balance as at March 31, 2023 | | 7,163,083 | (66,277) | 28,614 | 30,704 | (3,184,753) | 958,598 | 4,266,308 | 9,196,277 |

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements.

Banca Transilvania S.A.

Interim Separate Statement of Changes in Equity *(continued)*

For the year ended March 31, 2022

| Bank | No tes | Attributable to the equity holders of the Bank | | | | | | | Total |
|--|-----------|--|--------------------|-------------------|-------------------------|---|----------------|-------------------|--------------------|
| | | Share capital | Treasury shares | Share premiums | Revaluation reserves | Reserves from financial assets measured through other items of comprehensive income | Other reserves | Retained earnings | |
| <i>In RON thousand</i> | | | | | | | | | |
| Balance as at 01 January 2022 | | 6,397,971 | - | 28,614 | 42,234 | (1,004,667) | 837,564 | 3,051,409 | 9,353,125 |
| Profit for the period | | - | - | - | - | - | - | 307,518 | 307,518 |
| Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax | | - | - | - | - | (1,088,619) | - | - | (1,088,619) |
| Retained earnings from revaluation reserves | | - | - | - | (4,156) | - | - | 4,156 | - |
| Other items of comprehensive income, net of tax | | - | - | - | - | - | - | 10 | 10 |
| Statement of comprehensive income for the period | | - | - | - | (4,156) | (1,088,619) | - | 311,684 | (781,091) |
| Contributions of/distributions to the shareholders | | | | | | | | | |
| Acquisition of treasury shares | | - | (73,380) | - | - | - | - | - | (73,380) |
| SOP 2022 Scheme | | - | - | - | - | - | - | 31,672 | 31,672 |
| Total contributions of/distributions to the shareholders | | - | (73,380) | - | - | - | - | 31,672 | (41,708) |
| Balance as at March 31, 2022 | | 6,397,971 | (73,380) | 28,614 | 38,078 | (2,093,286) | 837,564 | 3,394,765 | 8,530,326 |

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements.

Interim Consolidated and Separate Statement of Cash Flows
For the three-month period ended March 31

| <i>In RON thousand</i> | Note | Group | | Bank | |
|---|------|------------------|--------------------|------------------|--------------------|
| | | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Cash-flow from operating activities | | | | | |
| Profit for the year | | 837,701 | 400,334 | 675,902 | 307,518 |
| Adjustments for: | | | | | |
| Depreciation and amortization | | 106,665 | 92,843 | 97,604 | 82,147 |
| Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments | | 18,179 | 206,095 | 28,302 | 172,475 |
| Adjustment of financial assets at fair value through profit or loss | | (23,502) | 6,115 | (17,877) | 17,203 |
| Income tax expense | | 130,593 | 72,996 | 106,003 | 55,826 |
| Interest income | | (2,021,876) | (1,138,915) | (1,757,413) | (963,375) |
| Interest expense | | 779,928 | 169,548 | 725,966 | 153,030 |
| Other adjustments | | 246,052 | 94,722 | (114,241) | 23,833 |
| Net profit adjusted with non-monetary elements | | 73,740 | (96,262) | (255,754) | (151,343) |
| Changes in operating assets and liabilities(*) | | | | | |
| Change in financial assets at amortized cost and placements with banks | | (484,024) | 182,817 | (290,676) | (56,066) |
| Change in loans and advances to customers | | 253,137 | (2,599,455) | 17,878 | (2,529,798) |
| Change in finance lease receivables | | (26,823) | (42,561) | - | - |
| Change in financial assets at fair value through profit or loss | | (211,500) | (32,566) | (212,688) | (28,452) |
| Change in financial assets held for trading and measured at fair value through profit or loss - derivatives | | 12,734 | (46,526) | 12,734 | (46,129) |
| Change in equity instruments | | 3,704 | 2,347 | (4,000) | 982 |
| Changes in debt instruments | | (395) | 8,042 | - | - |
| Change in other financial assets | | (574,019) | (183,638) | (310,642) | (169,569) |
| Change in other assets | | (49,197) | (35,283) | (44,055) | (34,354) |
| Change in deposits from customers | | 6,796,464 | (594,567) | 5,550,814 | (49,812) |
| Change in deposits from banks | | (840,718) | 56,074 | (788,885) | (2,806) |
| Change in financial liabilities held-for-trading | | (447) | (5,247) | (447) | (5,180) |
| Change in repo operations | | (373,631) | (6,178,099) | (373,631) | (6,178,099) |
| Change in other financial liabilities | | 118,992 | 807,756 | 49,544 | 700,914 |
| Change in other liabilities | | 24,652 | (5,445) | 33,578 | (541) |
| Income tax (paid)/recovered | | (17,937) | (63,174) | - | (63,174) |
| Interest received | | 1,543,680 | 855,333 | 1,528,255 | 699,946 |
| Interest paid | | (597,482) | (152,821) | (444,378) | (139,642) |
| Net cash-flow from operating activities | | 5,650,930 | (8,123,275) | 4,467,647 | (8,053,123) |

Interim Consolidated and Separate Statement of Cash Flows (continued)

For the three-month period ended March 31

| In RON thousand | Notes | Group | | Bank | |
|---|-------|--------------------|--------------------|--------------------|--------------------|
| | | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Cash-flow used in investment activities | | | | | |
| Acquisition of financial assets measured at fair value through other items of comprehensive income | | (8,174,190) | (7,881,409) | (8,172,036) | (7,832,993) |
| Sale/redemption of financial assets measured at fair value through other items of comprehensive income | | 5,207,792 | 4,671,380 | 5,207,124 | 4,620,191 |
| Net acquisitions of property and equipment | | (21,389) | (62,435) | (8,180) | (9,968) |
| Net acquisitions intangible assets | | (22,245) | (25,742) | (19,552) | (17,116) |
| Proceeds from disposal of property and equipment and intangible assets | | 352 | 618 | (142) | 458 |
| Acquisitions of equity investments | | - | - | - | -10 |
| Dividends collected | | - | - | - | 33,808 |
| Interest received | | 290,861 | 222,057 | 290,788 | 220,317 |
| Net cash-flow used in investment activities | | (2,718,819) | (3,075,531) | (2,701,998) | (2,985,313) |
| Cash-flow from financing activities | | | | | |
| Gross proceeds from loans from banks and other financial institutions | | 44,698 | 2,551,159 | - | 2,500,000 |
| Gross payments from loans from banks and other financial institutions | | (145,486) | (89,422) | (32,089) | (44,595) |
| Gross payments from subordinated loans from banks and other financial institutions | | - | - | - | - |
| Repayment of the principal portion of the lease liabilities | | (37,524) | (44,913) | (39,800) | (38,497) |
| Dividend payments | | (136) | (4,131) | (136) | (4,131) |
| Payments for treasury shares | | (16,814) | (73,380) | (16,814) | (73,380) |
| Interest paid | | (17,174) | (3,994) | (5,725) | (716) |
| Net cash-flow from / (used in) financing activities | | (172,436) | 2,335,319 | (94,564) | 2,338,681 |
| (*) Changes in operating assets and liabilities only include the effect of net treasury flows, the non-monetary effect of the merger being eliminated | | | | | |

| In RON thousand | Note | Group | | Bank | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Cash and cash equivalents at January 1 | | 18,459,296 | 27,356,745 | 15,342,973 | 24,880,094 |
| The impact of exchange rate variations on cash and cash equivalents | | (25,030) | 5,993 | (23,965) | 5,993 |
| Net increase/decrease (-) in cash and cash equivalents | | 2,784,705 | (8,869,480) | 1,695,050 | (8,705,748) |
| Cash and cash equivalents as at Mach 31 | 16 | 21,218,971 | 18,493,258 | 17,014,058 | 16,180,339 |

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation

a) Reporting entity

Banca Transilvania S.A.

Banca Transilvania S.A. (the “Parent company”, “BT”) is a joint-stock company incorporated in Romania. The Bank started its activity as a banking institution in 1993 and is licensed by the National Bank of Romania (“BNR”, the “Central Bank”) to conduct banking activities. The Bank started its activity in 1994 and its main operations involve banking services for legal entities and individuals. Banca Transilvania Group (the “Group”) includes the Parent company and its subsidiaries, based in Romania and in the Republic of Moldova. The consolidated and separate financial statements as at March 31, 2023 comprise the Parent company and its subsidiaries (hereinafter referred to as the “Group”).

The Group’s fields of activity are: banking through Banca Transilvania S.A. and Victoriabank S.A. and 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 BT Pensii S.A.. Additionally, the Bank also has control over two investment funds it consolidates and it is associated in SINTEZA S.A. with a holding percentage of 31.09%.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 42 branches, 455 agencies, 5 work units, 8 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest (2022: 42 branches, 454 agencies, 6 work units, 8 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest).

The Group’s number of active employees as at March 31, 2023 was 11,326 (2022: 11,256 employees).

The Bank’s number of active employees as at March 31, 2023 was 9,175 (2022: 9,109 employees).

The registered address of the Bank is 30-36 Calea Dorobanților, Cluj-Napoca, Romania.

The ownership structure of the Bank is presented below:

| | 31-03-2023 | 31-03-2022 |
|---|-------------------|-------------------|
| NN Group (*) | 10.00% | 10.16% |
| The European Bank for Reconstruction and Development (“EBRD”) | 6.87% | 6.87% |
| Romanian individuals | 22.37% | 21.29% |
| Romanian companies | 43.53% | 42.00% |
| Foreign individuals | 1.08% | 1.05% |
| Foreign companies | 16.15% | 18.63% |
| Total | 100% | 100% |

(*) NN Group N.V. and the pension funds managed by NN Pensii SAFPAP S.A. and NN Asigurări de Viață S.A.

The Bank’s shares are listed on the Bucharest Stock Exchange and are traded under the ticker TLV.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

a) Reporting entity (continued)

The Group's subsidiaries are represented by the following entities:

| Subsidiary | Field of activity | Percentage of direct and indirect stake 31-03-2023 | Percentage of direct and indirect stake 31-12-2022 |
|---|---|---|---|
| Victoriabank S.A. | financial and banking activities and investments subject to license | 44.63% | 44.63% |
| BT Capital Partners S.A. | Investments | 99.59% | 99.59% |
| BT Leasing Transilvania IFN S.A. | leasing | 100% | 100% |
| BT Investments S.R.L. | Investments | 100% | 100% |
| BT Direct IFN S.A. | consumer loans | 100% | 100% |
| BT Building S.R.L. | Investments | 100% | 100% |
| BT Asset Management SAI. S.A. | Asset management | 100% | 100% |
| BT Solution Agent de Asigurare S.R.L. | Insurance broker | 99.95% | 99.95% |
| BT Asiom Agent de Asigurare S.R.L. | Insurance broker | 99.95% | 99.95% |
| BT Safe Agent de Asigurare S.R.L. | Insurance broker | 99.99% | 99.99% |
| BT Intermedieri Agent de Asigurare S.R.L. | Insurance broker | 99.99% | 99.99% |
| BT Leasing MD SRL | leasing | 100% | 100% |
| BT Microfinanțare IFN S.A. | Consumer loans | 100% | 100% |
| Improvement Credit Collection S.R.L. | Activities of collection agents and credit reporting bureaus | 100% | 100% |
| VB Investment Holding B.V. | Activities of holdings | 61.81% | 61.81% |
| BT Pensii S.A. | Activities of pension funds (except those in the public social security system) | 100% | 100% |
| Idea Bank S.A. | Financial and banking activities | 100% | 100% |
| Idea Leasing IFN S.A. | Financial leasing | 100% | 100% |
| Idea Broker de Asigurare S.R.L. | Activities of insurance agents and brokers | 100% | 100% |
| Code Crafters by BT S.R.L. | Custom software development activities | 100% | 100% |
| Țiriac Leasing IFN S.A. | Financial leasing | - | 100% |

b) Declaration of conformity

The interim consolidated and separate statement 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.

They do not include all the information required for a complete set of financial statements in accordance with the International Financial Reporting Standard ("IFRS") endorsed by the European Union. However, certain notes are included in order to explain the events and transactions that are significant in order to understand the changes in the Group's and the Bank's financial position and performance as of the last annual separate and consolidated financial statements as at and for the year ended December 31, 2022.

Financial information for the periods ended at March 31, are not audited nor revised.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (*continued*)

c) Basis of measurement

The interim consolidated and separate statement were prepared on historical cost basis, except for the financial instruments recognized at fair value through profit or loss, the financial instruments at fair value through other items of comprehensive income and property and equipment and investment property.

d) Functional and presentation currency

The items included in the financial statement of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the entities within the Group is the Romanian leu "RON", "EUR" and the Moldovan leu "MDL". The separate and consolidated financial statements are presented in Romanian lei "RON", rounded to the nearest thousand.

The exchange rates for the major foreign currencies were:

| Currency | 31-03-2023 | 31-12-2022 | Fluctuation % |
|-----------------------|---------------|---------------|---------------|
| Euro (EUR) | 1: RON 4.9491 | 1:RON 4.9474 | 0.03 % |
| American dollar (USD) | 1: RON 4.5463 | 1: RON 4.6346 | -1.91 % |

e) Use of estimates and judgements

The preparation of the interim consolidated and separate statement in accordance with the IAS 34 "Interim Financial Reporting", as endorsed by the European Union implies that the management uses estimations and judgements that affect the application of accounting policies, as well as the reported value of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical data and various other factors that are believed to be relevant under the given circumstances, the result of which forms the basis of the judgements used in assessing the carrying value of the assets and liabilities for which no other evaluation sources are available. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis.

The review of the accounting estimates are recognized in the period in which the estimate is reviewed, if the review affects only that period, or in the period of the review and future periods if the review affects both current and future periods.

The Group and the Bank make estimates and assumptions that affect the amounts of assets and liabilities reported within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the given circumstances.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

e) Use of estimates and judgements (continued)

i) Impairment losses on loans and advances to customers

The Group and the Bank are frequently reviewing (mostly monthly) the loan and finance lease receivables portfolio in order to assess the impairment. In determining whether an impairment loss should be recorded, the Group and the Bank make judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows related to a portfolio of loans and finance lease, before such decrease can be identified with respect to an individual loan/lease investment in that portfolio. For example, the observable data might be the unfavorable changes in the payment behavior of certain debtors within a group or in the economic, national or local circumstances, which correlate with default incidents affecting the debtors' group.

When scheduling future cash flows, the management uses estimates based on the past experience related to losses from loans with similar risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any gaps between estimated losses and actual losses, but also to assess the effects of the local financial market uncertainties on the valuation of assets and the debtors' operating environment. The loan loss estimation considers the visible effects of the current and future expected market conditions on the individual/collective assessment of expected credit losses on loans and advances to customers. Hence, the Group and the Bank have estimated the expected credit losses for loans and advances to customers and receivables from finance lease based on the internal methodology and assessed that no further expected credit losses is required except as already provided for in the consolidated and separate financial statements.

Individually significant assets are assessed and monitored individually, regardless of the stage allocation, determined using the automated criteria. Thus, a specialized team of experts uses professional judgement to assess the unlikelihood to pay and determine the scenarios used to compute the ECL.

The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the expected credit losses resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime expected credit losses (stage 2 and 3).

In determining the impairment for expected credit losses, management incorporates forward-looking information, exercises judgement and uses estimates and assumptions.

The estimation of expected credit losses involves forecasting future economic conditions over 3 years. The macroeconomic scenarios are reflecting the expectation about an macroeconomic environment dealing with uncertainties due to supply chain disruptions, labour shortages, rising energy costs causing inflation and interest rates growing, being exacerbated by the war in Ukraine, concluding in new challenges that affect the economic and business activity.

The incorporation of forward-looking elements reflects the expectations of the Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario. Scenario weights are determined by a statistical analysis but also by an expert opinion, considering the possible results of each scenario. More details about assumptions made, scenarios used, weights applied to each scenario is described in Note 4b Credit risk.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

e) Use of estimates and judgements (continued)

(i) Impairment losses on loans and advances to customers (continued)

Considering mentioned macroeconomic context, the management continued to apply its own value judgments using a series of post-model adjustments, adopting a conservative position in line with the expectations provided by the banking supervisory authorities.

The post-model adjustments applied in 2020-2021 to estimate the effect of the pandemic event were revised in the year 2022, being eliminated those considerations that targeted the industries directly affected by the mobility restrictions imposed to manage the pandemic, as well as those set for the loans/ borrowers that benefited of the postponement of payment under OUG 37/2020.

The Group and the Bank decided to keep the other adjustments since the effects of the energy crisis and the turbulences that the economic environment is going through, on the background of inflation and the ongoing conflict in Eastern Europe cannot be reasonably estimated, and the government aid in the economy is still active or will be supplemented. A continued review of post-model adjustments throughout the period has been in process and was related to specific macroeconomic risks on certain industries that were hard hit by supply chain disruptions, increase of energy costs and crisis containment measures, classified as sensitive sectors.

Russia's invasion in Ukraine continues today and it is difficult to estimate the impact of this event on the future business of the Group's customers. The process of identifying the potential effect on the Romanian economy is ongoing and estimating the effect of the military conflict on the economic environment will be a continuous challenge in 2023. The Bank remains vigilant in monitoring geopolitical and economic relations.

Also, we analyzed those product portfolios with high associated credit risk and the typologies that could be affected to some extent by the military conflict between Russia and Ukraine; but given that the Group and the Bank do not have significant direct exposure in the belligerent countries, no significant action was taken on that specific post-model adjustments.

Another main consideration of the introduction and maintaining the post-model adjustments is the fact that the prediction of internal rating assessment models can be affected by aid measures provided by governments, the latter preventing the occurrence of non-payment events at the level of debtors who, otherwise, would have faced difficulties in servicing debts to various creditors.

The amount of post model adjustments applied is representing 16.9% of total ECL (17.5% in dec.2022) considering

- expectation related to sensitive industries and high-risk products;
- expectations for default rates increase considering high inflation and increased interest (expert judgement) ;
- expectations for default rates increase, linked with GDP evolution from 2009 economic crisis
- expert individual analysis of significant exposures, performed to reflect and better understand the situations and difficulties faced by borrowers that could affect their ability to meet their obligations – watch list exposures have been transferred from stage 1 to stage 2 and ECL volume has been adjusted to ensure sufficient impairment coverage.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

e) Use of estimates and judgements (continued)

(i) Impairment losses on loans and advances to customers (continued)

Due to the COVID-19 pandemic, the negative evolution of inflation and interest rates, as well as the military conflict, financial markets have been very volatile, generating short-term challenges in cash-flow management and also significant variations in mark-up to market.

The Group and the Bank stands on a comfortable position of liquidity, therefore the market disruptions didn't seriously affected them. In terms of interest rate risk, the pressure was felt on net interest margin due to interest rates levels.

The financial instruments measured at fair value of the Group and the Bank consist of bonds, equities, collective investment units and derivatives, whose valuation was affected by market volatilities, reserves registering a slightly upward trend but still remaining in the negative zone. The most significant part of the trading book is represented by bonds, of which the majority are 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, Note 4 provides more details on the fair value measurement of financial instruments.

At the same time, the Group and the Bank hold, outside the trading portfolio (the banking portfolio), financial instruments (securities) held mainly for liquidity purposes and as a source of collateral for Lombard and stand-by facilities, as well as to ensure a secure source of income.

(ii) Anticipated individual fiscal solutions ("AIFS")

The Bank requested the Romanian fiscal authorities to issue an official opinion on the fiscal treatment of the VBRO bargain gain ("AIFS"). The Bank proposed the consideration of the bargain gain as non-taxable income by taking into account all the arguments, calculating a lower tax debt with the amount of RON thousand 264,096.

The Romanian fiscal authorities issued a negative opinion, considering that the bargain gain is taxable (as recorded based on IFRS). The sole argument to sustain this position being that the bargain gain is not included in the list of non-taxable income elements specifically stipulated in the Fiscal Code applicable as of 31 December 2015.

The Bank considered the bargain gain as non-taxable income for the calculation of the comprehensive income from March 31, 2023 and December 31, 2022, based on solid arguments such as:

- Non-correlation of the fiscal legislation with the accounting legislation: The Fiscal Code does not contain specific provisions regarding the merger of two or several taxpayers that apply IFRS as the basis for accounting and the fiscal legislation is not correlated with the accounting legislation;
- Starting 1 Jan 2016, in the Rewritten Fiscal Code, the provisions for domestic mergers were updated and harmonized also in line with Directive 2009/133/EC and in this respect, clearly the intention of the lawmaker was that the specific taxation rules (taking in account the tax neutrality of the merger) should prevail over the general taxation rules;
- The merger with VBRO was based on sound economic grounds (it was not undertaken for certain fiscal benefits). The merger should be neutral from a tax point of view i.e. the bargain gain should not be taxable;
- The fiscal treatment should be balanced: considering the opposite case, whereby the purchase price is higher than the value of acquired identifiable assets and liabilities, a positive goodwill would have been recorded, which, as per Romanian fiscal legislation is not to be amortized for fiscal purposes and hence does not have any fiscal impact;

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (*continued*) **e) Use of estimates and judgements (*continued*)** **(ii) Anticipated individual fiscal solutions (“AIFS”) (*continued*)**

- Avoidance of double taxation;
- European jurisprudence – which stipulates that the EU legislation should prevail when the fiscal legislation of a member state is unclear or lacks specific provisions.

The Bank initiated court proceedings in this respect in 2017. The case was submitted to the Court of Appeal of Cluj in April 2017. In November 2017, the Court of Appeal of Cluj admitted the case at trial and issued a judgment in favor of the Bank, confirming the Bank’s approach to consider the bargain gain as non-taxable income.

On June 23, 2020, the High Court of Cassation and Justice ruled in the case file pending, admitting ANAF's appeal against the sentence of the Cluj Court of Appeal, annulled the first instance decision, retried the case and in retrial rejected the action filed by Banca Transilvania as not founded.

Based on the information made available by the High Court of Cassation and Justice once the reasoning of the judgment of June 23, 2020 was published, the Bank filed a request for review of this decision, for which a first appearance took place on March 31, 2021. Based on legal proceedings initiated by the Bank, the High Court of Cassation and Justice scheduled the next appearance for September 15, 2021.

On 12 October 2021, the High Court of Cassation and Justice of Romania suspended the judgement of the review request and the Court of Justice of European Union was notified. The Court of Justice of European Union issued a decision in this case on April 27, 2023. The Bank is analyzing this decision and is in the process of establishing its next legal course.

In February 2023, a fiscal inspection of the Bank's activity for the years 2015 and 2016 was completed. In the Fiscal Inspection Report (“RIF”), the control team noted that the Bank did not apply the provisions of the AIFS and that the Bank should have included the gain from the purchase in advantageous conditions of Volksbank Romania shares in its tax base for 2015. Following the RIF, the tax authorities issued a decision to change the tax base for 2015, which does not have direct effects, because in 2015 the Bank benefited from taking over the fiscal loss after the merger with Volksbank.

The Bank filed an appeal against the decisions taken by the tax authorities following the above RIF and filed a request to suspend this decision in court during February 2023. The appeal is being resolved at the level of the tax authorities, a first discussion on this topic being fixed for mid-May. Regarding the request to suspend the decision, it was judged at the Cluj Court of Appeal at the end of February 2023, and it was rejected. The Bank made an appeal to the High Court of Cassation and Justice against this decision.

The additional potential impact in addition to the 264,096 thousand lei representing tax owed on the profit from the acquisition of Volksbank is represented by penalties for a possible late payment of these amounts. At the time of issuing this report, these potential penalties were calculated at a level of 128 million lei.

The Bank has not recognized a provision in this case, but will monitor the evolution of the topic at each reporting date, in accordance with the relevant provisions of the accounting regulations.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

e) Use of estimates and judgements (continued)

(iii) Risk provisions for abusive clauses and litigation

The provision for abusive clauses is an estimated amount for potential litigations facing the Bank derived from the retail credit contracts inherited from Volksbank and Bancpost merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years (a show-up ratio) and the loss probability for such cases (calculated as a historical positive versus negative outcome of litigations). The last review for abusive clauses provision has been performed as of March 31, 2023 when the Bank adjusted the provision based on the trend of such new litigations (show-up ratio) and the probability loss estimated at this date.

(iv) Other significant litigation

The Bank's subsidiary, Victoria Bank SA, was notified on July 6, 2020 that it is being investigated in a case instrumented by the Prosecutor's Office of the Republic of Moldova, and on August 6, 2020, a precautionary seizure was placed on some of the subsidiary's assets. In order to cover the claims in the file - amounting to approximately RON 442 million in equivalent.

Given the nature of the case and the legal limitations related to the investigation, the Bank and its subsidiary possesses limited information about this case, by also considering the lawyers' analysis of the content of the indictment related to these investigations. Given the stage of the investigation, that relates to a period before the Bank was a shareholder of the subsidiary, the Bank and the Group did not recognize a provision for this case, but will monitor the evolution of the topic at each reporting date, in accordance with the relevant provisions of the accounting regulations.

For other significant litigation and regulatory enforcement matters, the Group believes the possibility of an outflow of funds is more than remote but less than probable but the amount is not reliably estimable, and accordingly such matters are not included in the contingent liability estimates.

The Bank and the Group will monitor the evolution of the topics at each reporting date, in accordance with the relevant provisions of the accounting regulations.

f) Other significant aspects

On March 22, 2023, the Board of Directors of the B.C. Victoriabank SA, the subsidiary of the Banca Transilvania Group, approved the completion of the transaction for the acquisition of the package of shares held by Banca Comercială Română SA (Romania) in the share capital of Banca Comercială Română Chişinău SA (Republic of Moldova), the signing of the contract taking place on March 29, 2023.

As part of the transaction, BC Victoriabank S.A. will acquire the full shares in the share capital of Banca Comercială Română Chişinău SA. The transaction is to be completed after fulfilling the legal procedures and contractual conditions, following the completion of the transaction Banca Comercială Română Chişinău SA will become a subsidiary of the Banca Transilvania Group. Until the date of approval and publication of the financial statements, BC Victoriabank SA had not received all the necessary approvals to gain the control according to IFRS 3, and the present financial statements were not affected by this transaction.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

2. Significant accounting policies

The significant accounting methods and policies applied by the Bank and the Group entities in these interim consolidated and separate statement are the ones also applied in the Consolidated and separate financial statements as at and for the fiscal year ended December 31, 2022.

3. Segment reporting

The Group segment reporting is based on components of entity that the management monitors in making decisions. The business segments are presented in a manner which is consistent with the internal reporting documentation submitted to the Leaders' Committee.

The Leaders' Committee, with the assistance of the Board of Directors, is responsible for the allocation of resources and the assessment of the business segments' performance, being considered as an operational decision-making factor.

The reporting format is based on the internal management reporting format. All items of assets and liabilities, incomes and expenses are allocated to the business segments either directly or based on reasonable criteria established by the management.

For a proper reporting of the Group's results per operating segments, a preliminary analysis of clients was conducted for the Victoriabank subsidiary, in order to determine their classification according to the Group's standards. The segment "Leasing and loans to non-banking financial institutions" includes the leasing and consumer finance companies, as described in Note 1. The remaining non-banking subsidiaries are included in the segment "Other-Group". The "Removals & Adjustments" segment comprises intra-group operations.

The business segments are organized and managed separately, depending on the nature of products and services provided, each segment being specialized on certain products and operating on different markets.

A business segment is a component of the Group and of the Bank:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- The operating results of which are reviewed regularly by the entity's decision maker in order to make decisions about resources to be allocated to the segment and to assess its performance;
- For which distinct financial information is available.

The segment reporting of the Group is described below:

Large Corporate Clients („LaCo”): The Group and the Bank include in this category mainly companies/group of companies with an annual turnover exceeding RON 100 million, as well as legal entities created to serve a particular function (SPV), public entities and financial institutions included in this category based on specific classification criteria. The companies in this category usually have specific and sophisticated needs. Through its centralized and customized approach, the Bank seeks to ensure high operational efficiency, a prompt assessment of the specific needs of this type of clients in order to offer the appropriate customized solutions, but also an in-depth perspective of the risk profile in order to maintain a high quality loan portfolio.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The Large Corporate clients have access to an all-inclusive package of banking products and services, the incomes generated by this segment resulting from lending operations, current business operations (transaction banking, Treasury, trade finance and retail products) and other related services (leasing, asset management, consultancy on mergers and acquisitions, capital market advisory services). Through the services provided, the Bank aims at extending its cooperation to the business partners of the LaCo segment - clients/suppliers/employees - by focusing on the increase of non-risk income.

Medium Corporate Customers („MidCo”): The Group and the Bank include in this category mainly the companies with an annual turnover between 9 and 100 million RON. By setting such value thresholds in the classification of MidCo clients, the Bank is able to address the most frequent requests coming from this category of clients: tailored financing solutions, access to a wide range of banking services, pricing based on financial performance, dedicated and flexible relationship management, operational agility. Depending on the activity type, the customized approach related to customers is supported by two existent specializations, notably Agribusiness and Healthcare.

The MidCo segment includes also entities operating in the public sector, financial institutions or legal entities serving particular functions, included in this category based on specific classification criteria. The Bank offers a full range of financial services to its Mid Corporate clients, including lending facilities, current operations, treasury services, but also additional services such as bonus packages for employees, structured finance, co-financing of EU funded projects; the Bank also facilitates the access to the services provided by the Group subsidiaries, such as bancassurance, consultancy on mergers and acquisitions, asset management, financial and operating lease, with the purpose to increase its profitability and non-risk income.

SME clients - companies with an annual turnover between 2 and 9 million RON. These are companies that have undergone the incipient growth stages and whose business activity requires further attention. Consequently, the needs of such companies become more specific, with priority for financing.

Micro Business clients – company customers with an annual turnover up to 2 million RON. This category comprises the largest number of companies and the most diverse types of entities, such as limited liability companies, freelancers, sole proprietorships, etc.

The business lifespan (many such clients are fresh companies), the entrepreneur’s expertise and the market on which the company operates generate certain needs that the Group and the Bank attempt to serve through product and service packages dedicated to this category of customers, which have become a hallmark in the banking sector over the years.

Lending products are accessed more frequently as the Micro or SME business takes shape: loans for working capital or investments, letters of guarantee, EU project co-financing, credit cards, leasing, invoice discounting or factoring.

Another important category of products refers to general operations, incoming and outgoing payments, cheques, promissory notes, FX operations, salary payment agreements or bancassurance services. Increased attention is given to the digitalization of our products and services, our clients showing more and more interest in internet & mobile banking, e-commerce, last generation POSs and the integration of financial data in the proprietary accounting systems.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Retail customers: The Group and the Bank provide individuals with a wide range of banking products and services, including loans (consumer loans, car purchase loans, personal need loans and mortgage loans), savings and deposit accounts, payment services and securities trading.

Treasury: The Group and the Bank comprise in this category the treasury services.

Leasing and consumer finance granted by non-banking financial institutions: The Group includes in this category financial products and services such as lease facilities, consumer loans and microfinance provided by the non-banking financial institutions of the Group.

Other: The Group and the Bank incorporate in this category the services offered by other financial entities within the Group: asset management, brokerage, factoring and real estate.

In terms of geographical distribution, the Group and the Bank cover mainly the Romanian territory, except for the Italy branch operations linked to the Bank while at the Group level there is the banking activity of Victoriabank and the financial lease activity of BT Leasing Moldova; however, the impact of these entities on the balance sheet and income statement is not material at Group level. There is no further information regarding the geographical distribution used by the management of the Group and the Bank; therefore it is not presented here.

As at March 31, 2023 and March 31, 2022, the Group or the Bank did not record income exceeding 10% of total income in relation to a single customer.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of financial position for the periods ended at March 31, 2023, and comparative data for December 31, 2022:

Business segments as at March 31, 2022

| Group <i>In RON thousand</i> | Large Corporate | Mid Corporate | SME | Micro | Retail | Treasury | Leasing and consumer loans granted by non- banking financial institutions | Other - Group | Intra-group eliminations & adjustments | Total |
|--|----------------------------|--------------------------|------------------|-------------------|-------------------|-------------------|--|--------------------------|---|--------------------|
| Gross loans and finance lease receivables | 12,553,227 | 10,198,820 | 4,833,566 | 4,595,590 | 29,843,885 | - | 4,728,633 | 8,453,641 | (2,800,479) | 72,406,883 |
| <i>Allowances for impairment losses on loans and finance lease receivables</i> | (757,645) | (951,299) | (390,122) | (580,104) | (1,554,224) | - | (390,416) | (12,833) | 75,207 | (4,561,436) |
| Loans and finance receivables-net | 11,795,582 | 9,247,521 | 4,443,444 | 4,015,486 | 28,289,661 | - | 4,338,217 | 8,440,808 | (2,725,272) | 67,845,447 |
| Portfolio of Debt instruments and Equity instruments, net of provisions | - | - | - | - | - | 52,112,457 | 11,421 | 453,315 | (330,775) | 52,246,418 |
| Treasury and inter-bank operations | - | - | - | - | - | 23,851,940 | 83,239 | 561,130 | (2,286,562) | 22,209,747 |
| Intangible assets | 76,271 | 174,411 | 134,148 | 210,131 | 672,231 | 45,078 | 175,687 | 356,976 | (11,481) | 1,833,452 |
| Right-of-use assets | 28,385 | 57,065 | 35,341 | 75,169 | 227,416 | 14,598 | 19,878 | 19,257 | (13,768) | 463,341 |
| Other assets | 664,321 | 509,232 | 216,804 | 222,264 | 1,497,250 | - | 195,597 | 116,911 | (90,039) | 3,332,340 |
| Total assets | 12,564,559 | 9,988,229 | 4,829,737 | 4,523,050 | 30,686,558 | 76,024,073 | 4,824,039 | 9,948,397 | (5,457,897) | 147,930,745 |
| Deposits and current accounts | 9,617,082 | 10,968,485 | 7,269,245 | 16,526,770 | 82,431,720 | 2,959,882 | - | 135,068 | (2,296,154) | 127,612,098 |
| Loans from banks and other financial institutions | 138,275 | 472,737 | 66,538 | 50,762 | 42,242 | 1,443,545 | 3,765,376 | 1,231,341 | (2,835,826) | 4,374,990 |
| Subordinated liabilities | - | - | - | - | - | 1,793,801 | - | - | (18,357) | 1,775,444 |
| Finance lease financial liabilities | 94,345 | 74,373 | 34,656 | 31,750 | 220,215 | 686 | 19,921 | 5,194 | (13,778) | 467,362 |
| Other liabilities | 556,556 | 414,619 | 154,090 | 148,604 | 984,151 | 1,031 | 191,701 | 445,244 | (77,971) | 2,818,025 |
| Total liabilities | 10,406,258 | 11,930,214 | 7,524,529 | 16,757,886 | 83,678,328 | 6,198,945 | 3,976,998 | 1,816,847 | (5,242,086) | 137,047,919 |
| Equity and related items | - | - | - | - | - | - | - | 10,882,826 | - | 10,882,826 |
| Total liabilities and equity | 10,406,258 | 11,930,214 | 7,524,529 | 16,757,886 | 83,678,328 | 6,198,945 | 3,976,998 | 12,699,673 | (5,242,086) | 147,930,745 |

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments as at December 31, 2022

Group In RON thousand

| | Large Corporate | Mid Corporate | SME | Micro | Retail | Treasury | Leasing and consumer loans granted by non- banking financial institutions | Other - Group | Intra-group eliminations & adjustments | Total |
|---|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|--|-------------------|---|--------------------|
| Gross loans and finance lease receivables | 12,560,167 | 9,966,452 | 4,643,518 | 4,634,808 | 30,119,009 | - | 4,612,312 | 8,442,599 | (2,449,354) | 72,529,511 |
| Provisions for principal | (751,732) | (991,971) | (356,153) | (559,485) | (1,503,005) | - | (403,567) | (16,224) | 66,143 | (4,515,994) |
| Loans and finance lease receivables net of provisions | 11,808,435 | 8,974,481 | 4,287,365 | 4,075,323 | 28,616,004 | - | 4,208,745 | 8,426,375 | (2,383,211) | 68,013,517 |
| Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions | - | - | - | - | - | 47,039,771 | 15,909 | 465,793 | (330,175) | 47,191,298 |
| Treasury and inter-bank operations | - | - | - | - | - | 21,681,878 | 93,324 | 399,105 | (2,066,258) | 20,108,049 |
| Property and equipment and investment property, Intangible assets and goodwill | 86,459 | 176,082 | 109,076 | 257,541 | 797,050 | 50,753 | 30,636 | 342,643 | (11,456) | 1,838,784 |
| Right-of-use assets | 29,949 | 54,903 | 30,372 | 86,362 | 251,345 | 15,360 | 17,431 | 13,438 | (11,203) | 487,957 |
| Other assets | 623,728 | 473,012 | 202,070 | 210,549 | 1,423,491 | - | 255,394 | 97,507 | (414,561) | 2,871,190 |
| Total assets | 12,548,571 | 9,678,478 | 4,628,883 | 4,629,775 | 31,087,890 | 68,787,762 | 4,621,439 | 9,744,861 | (5,216,864) | 140,510,795 |
| Deposits from customers and current accounts | 7,727,114 | 10,028,370 | 6,159,056 | 15,942,884 | 79,880,405 | 3,741,780 | - | 2,202 | (2,072,000) | 121,409,811 |
| Loans from banks and other financial institutions | 148,810 | 464,372 | 62,783 | 54,555 | 56,351 | 1,818,574 | 3,487,240 | 1,231,522 | (2,483,279) | 4,840,928 |
| Subordinated liabilities | - | - | - | - | - | 1,766,159 | - | - | (17,899) | 1,748,260 |
| Lease liabilities | 99,999 | 76,728 | 34,046 | 33,909 | 235,707 | 702 | 17,420 | 5,572 | (11,127) | 492,956 |
| Other liabilities | 509,017 | 386,845 | 133,626 | 132,536 | 884,225 | 713 | 353,383 | 412,347 | (265,385) | 2,547,307 |
| Total liabilities | 8,484,940 | 10,956,315 | 6,389,511 | 16,163,884 | 81,056,688 | 7,327,928 | 3,858,043 | 1,651,643 | (4,849,690) | 131,039,262 |
| Equity and related items | - | - | - | - | - | - | - | 9,471,533 | - | 9,471,533 |
| Total liabilities and equity | 8,484,940 | 10,956,315 | 6,389,511 | 16,163,884 | 81,056,688 | 7,327,928 | 3,858,043 | 11,123,176 | (4,849,690) | 140,510,795 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the periods ended at March 31, 2023, and comparative data for March 31, 2022:

Business segments as at March 31, 2023

| Group In RON thousand | Large Corporate | Mid Corporate | SME | Micro | Retail | Treasury | Leasing and consumer loans granted by non- banking financial institutions | Other - Group | Removals & adjustments | Total |
|---|--------------------|------------------|-----------------|------------------|------------------|-----------------|---|------------------|---------------------------|------------------|
| Net interest income | 46,533 | 81,867 | 57,891 | 89,085 | 288,120 | 255,597 | 96,168 | 323,870 | 2,817 | 1,241,948 |
| Net commission income | 12,880 | 29,565 | 24,497 | 95,944 | 106,683 | (431) | 6,633 | 10,619 | 1,507 | 287,897 |
| Net trading income | 3,859 | 16,299 | 15,379 | 28,731 | 51,595 | 20,412 | 3,913 | (5,010) | 67 | 135,245 |
| Net gain from financial assets measured through comprehensive income | - | - | - | - | - | 34,093 | - | 32,751 | - | 66,844 |
| Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss | - | - | - | - | - | 23,382 | - | 120 | - | 23,502 |
| Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund | (5,909) | (8,131) | (4,261) | (12,214) | (61,306) | - | - | - | - | (91,821) |
| Other operating income | 3,472 | 2,578 | 1,795 | 1,170 | 34,712 | 208 | 23,995 | 24,941 | (16,022) | 76,849 |
| Total income | 60,835 | 122,178 | 95,301 | 202,716 | 419,804 | 333,261 | 130,709 | 387,291 | (11,631) | 1,740,464 |
| Personnel expenses | (27,861) | (62,787) | (42,103) | (70,969) | (207,303) | (8,719) | (28,018) | (28,510) | - | (476,270) |
| Other operating expenses | (11,123) | (22,212) | (17,955) | (27,152) | (96,535) | (8,896) | (19,400) | (45,475) | 7,729 | (241,019) |
| Depreciation and amortization | (6,576) | (13,625) | (8,902) | (17,267) | (53,382) | (3,325) | (3,874) | (5,720) | 6,006 | (106,665) |
| Total Expenses | (45,560) | (98,624) | (68,960) | (115,388) | (357,220) | (20,940) | (51,292) | (79,705) | 13,735 | (823,954) |
| Operating profit before net provision expenses for assets, other risks and commitments | 15,275 | 23,554 | 26,341 | 87,328 | 62,584 | 312,321 | 79,417 | 307,586 | 2,104 | 916,510 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments as at March 31, 2022

| Group In RON thousand | Large Corporate | Mid Corporate | SME | Micro | Retail | Treasury | Leasing and consumer loans granted by non- banking financial institutions | Other - Group | Removals & adjustments | Total |
|---|--------------------|------------------|-----------------|-----------------|------------------|-----------------|---|------------------|---------------------------|------------------|
| Net interest income | 39,374 | 81,907 | 48,013 | 71,965 | 282,061 | 139,422 | 71,225 | 231,956 | 3,444 | 969,367 |
| Net commission income | 10,821 | 22,567 | 21,564 | 84,677 | 98,803 | (301) | 5,555 | 14,750 | 594 | 259,030 |
| Net trading income | 2,539 | 12,523 | 14,157 | 27,408 | 63,644 | 56,768 | 204 | (10,216) | (64) | 166,963 |
| Net gain from financial assets measured through comprehensive income | - | - | - | - | - | (7,466) | - | (6,906) | - | (14,372) |
| Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss | - | - | - | - | - | (5,135) | - | (980) | - | (6,115) |
| Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund | (8,309) | (12,461) | (7,475) | (21,211) | (97,826) | - | - | - | - | (147,282) |
| Other operating income | 6,023 | 5,107 | 2,380 | 277 | 28,757 | - | 11,579 | 28,785 | (14,313) | 68,595 |
| Total income | 50,448 | 109,643 | 78,639 | 163,116 | 375,439 | 183,288 | 88,563 | 257,389 | (10,339) | 1,296,186 |
| Personnel expenses | (21,435) | (57,368) | (31,000) | (59,046) | (161,339) | (11,809) | (20,878) | (34,829) | - | (397,704) |
| Other operating expenses | (8,440) | (18,440) | (10,279) | (22,010) | (81,903) | (7,260) | (16,678) | (40,120) | 6,548 | (198,582) |
| Depreciation and amortization | (5,368) | (12,182) | (6,815) | (15,826) | (47,037) | (3,301) | (2,513) | (4,856) | 5,055 | (92,843) |
| Total Expenses | (35,243) | (87,990) | (48,094) | (96,882) | (290,279) | (22,370) | (40,069) | (79,805) | 11,603 | (689,129) |
| Operating profit before net provision expenses for assets, other risks and commitments | 15,205 | 21,653 | 30,545 | 66,234 | 85,160 | 160,918 | 48,494 | 177,584 | 1,264 | 607,057 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

4. Fair value of financial assets and liabilities

The Group and the Bank measure the fair value of financial instruments by using the following fair value hierarchy:

Level 1 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 1 in the fair value hierarchy is determined based on quoted prices in active markets for identical assets or liabilities. Quoted prices that are being applied must be readily and regularly available from an exchange or active index/market location and prices must represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 2 in the fair value hierarchy is determined by using evaluation methods which contain observable market data when market prices are not available. Level 2 evaluations generally use observable market parameters, such as interest rates and yield curves observable at commonly quoted intervals, present volatilities, and credit spreads.

Level 3 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 3 in the fair value hierarchy is determined by using input data that are not based on observable market information (unobservable data inputs shall reflect the assumptions made by the market participants to establish the price of an asset or a liability, including risk assumptions).

The objective of valuation techniques is to derive the fair value that reflects a price for the financial instrument at the reporting date, price that would be obtained by the market participants acting at arm's length.

The availability of observable market data and models reduces the need for the Management to operate judgements and estimations and also reduces the uncertainty associated with the determination of the fair value. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The management uses its judgment to select the valuation method and makes assumptions that are mainly based on market conditions existing at the date of the consolidated/separate statement of the financial position.

i) Fair value hierarchy analysis of financial instruments carried at fair value

At level 1 in the fair value hierarchy, the Group and the Bank included in the category of assets: equity instruments and debt instruments held at fair value through profit or loss, bonds classified as assets measured at fair value through other items of comprehensive income, except for the bonds issued by Municipalities.

At level 2 in the fair value hierarchy, the Group and the Bank included in the category of assets: derivatives held at fair value through profit or loss, bonds classified as assets measured at fair value through other items of comprehensive income, issued by Municipalities; and in the category of liabilities: derivatives classified as financial liabilities held for trading.

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

4. Fair value of financial assets and liabilities (continued)

i) Fair value hierarchy analysis of financial instruments carried at fair value (continued)

The Group and The Bank have included at the level 3 in the fair value hierarchy the following categories of assets: equity instruments measured at fair value through other items of comprehensive income, loans and advances measured at fair value through other items of comprehensive income and debt instruments which are required to be measured at fair value through profit or loss.

The table below presents the financial instruments measured at fair value in the statement of financial position, at the end of the reporting period, by fair value levels:

| Group In RON thousand | Level 1 - Quoted market prices in active markets | Level 2 - Valuation techniques – observable inputs | Level 3 - Valuation techniques – unobservable inputs | Total |
|---|---|--|--|-------------------|
| March 31, 2023 | | | | |
| Financial assets held for trading and measured at fair value through profit or loss, of which: | 209,125 | 98,083 | 10,853 | 318,061 |
| - Equity instruments | 209,125 | - | - | 209,125 |
| - Debt instruments | - | 98,083 | 10,853 | 108,936 |
| Derivatives | - | 205,709 | - | 205,709 |
| Financial assets measured at fair value through other items of comprehensive income | 46,357,615 | 144,462 | 668,187 | 47,170,264 |
| - Equity instruments | - | - | 147,425 | 147,425 |
| - Debt instruments | 46,357,615 | 117,556 | 520,762 | 46,995,933 |
| - Loans and advances | - | 26,906 | - | 26,906 |
| Financial assets which are required to be measured at fair value through profit or loss, of which: | 845,159 | 99,849 | 396,035 | 1,341,043 |
| - Equity instruments | 255,747 | - | - | 255,747 |
| - Debt instruments | 589,412 | 99,849 | 396,035 | 1,085,296 |
| Total financial assets measured at fair value in the statement of financial position | 47,411,899 | 548,103 | 1,075,075 | 49,035,077 |
| Non-financial assets at fair value | - | - | 1,178,277 | 1,178,277 |
| - Property and equipment and investment property | - | - | 1,178,277 | 1,178,277 |
| Total assets measured at fair value in the statement of financial position | 47,411,899 | 548,103 | 2,253,352 | 50,213,354 |
| Financial liabilities held-for-trading | - | 41,248 | - | 41,248 |
| December 31, 2022 | | | | |
| Financial assets held for trading and measured at fair value through profit or loss, of which: | 212,829 | 97,692 | 10,849 | 321,370 |
| - Equity instruments | 212,829 | - | - | 212,829 |
| - Debt instruments | - | 97,692 | 10,849 | 108,541 |
| Derivatives | - | 218,443 | - | 218,443 |
| Financial assets measured at fair value through other items of comprehensive income | 42,685,840 | 140,126 | 659,766 | 43,485,732 |
| - Equity instruments | - | - | 151,693 | 151,693 |
| - Debt instruments | 42,685,840 | 113,270 | 508,073 | 43,307,183 |
| - Loans and advances | - | 26,856 | - | 26,856 |
| Financial assets which are required to be measured at fair value through profit or loss, of which: | 830,870 | 198,617 | 76,554 | 1,106,041 |
| - Equity instruments | 242,037 | - | - | 242,037 |
| - Debt instruments | 588,833 | 198,617 | 76,554 | 864,004 |
| Total financial assets measured at fair value in the statement of financial position | 43,729,539 | 654,878 | 747,169 | 45,131,586 |
| Non-financial assets at fair value | - | - | 1,174,446 | 1,174,446 |
| - Property and equipment and investment property | - | - | 1,174,446 | 1,174,446 |
| Total assets measured at fair value in the statement of financial position | 43,729,539 | 654,878 | 1,921,615 | 46,306,032 |
| Financial liabilities held-for-trading | - | 41,695 | - | 41,695 |

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

4. Fair value of financial assets and liabilities (continued)

i) Fair value hierarchy analysis of financial instruments carried at fair value (continued)

| Bank | Level 1 - Quoted market prices in active markets | Level 2 - Valuation techniques – observable inputs | Level 3 - Valuation techniques – unobservable inputs | Total |
|---|--|--|--|-------------------|
| <i>In RON thousand</i> | | | | |
| March 31, 2023 | | | | |
| Financial assets held for trading and measured at fair value through profit or loss, of which: | 34,693 | - | - | 34,693 |
| - Equity instruments | 34,693 | - | - | 34,693 |
| Derivatives | - | 205,709 | - | 205,709 |
| Financial assets measured at fair value through other items of comprehensive income | 46,113,779 | 144,462 | 551,839 | 46,810,080 |
| - Equity instruments | - | - | 17,665 | 17,665 |
| - Debt instruments | 46,113,779 | 117,556 | 534,174 | 46,765,509 |
| - Loans and advances | - | 26,906 | - | 26,906 |
| Financial assets which are required to be measured at fair value through profit or loss, of which: | 1,209,276 | 99,849 | 396,035 | 1,705,160 |
| - Equity instruments | 255,450 | - | - | 255,450 |
| - Debt instruments | 953,826 | 99,849 | 396,035 | 1,449,710 |
| Total financial assets measured at fair value in the statement of financial position | 47,357,748 | 450,020 | 947,874 | 48,755,642 |
| Non-financial assets at fair value | - | - | 726,622 | 726,622 |
| - Property and equipment and investment property | - | - | 726,622 | 726,622 |
| Total assets measured at fair value in the statement of financial position | 47,357,748 | 450,020 | 1,674,496 | 49,482,264 |
| Financial liabilities held-for-trading | - | 41,248 | - | 41,248 |
| December 31, 2022 | | | | |
| Financial assets held for trading and measured at fair value through profit or loss, of which: | 30,693 | - | - | 30,693 |
| - Equity instruments | 30,693 | - | - | 30,693 |
| Derivatives | - | 218,443 | - | 218,443 |
| Financial assets measured at fair value through other items of comprehensive income | 42,445,030 | 140,126 | 538,998 | 43,124,154 |
| - Equity instruments | - | - | 17,663 | 17,663 |
| - Debt instruments | 42,445,030 | 113,270 | 521,335 | 43,079,635 |
| - Loans and advances | - | 26,856 | - | 26,856 |
| Financial assets which are required to be measured at fair value through profit or loss, of which: | 1,199,424 | 198,617 | 76,554 | 1,474,595 |
| - Equity instruments | 241,712 | - | - | 241,712 |
| - Debt instruments | 957,712 | 198,617 | 76,554 | 1,232,883 |
| Total financial assets measured at fair value in the statement of financial position | 43,675,147 | 557,186 | 615,552 | 44,847,885 |
| Non-financial assets at fair value | - | - | 731,037 | 731,037 |
| - Property and equipment and investment property | - | - | 731,037 | 731,037 |
| Total assets measured at fair value in the statement of financial position | 43,675,147 | 557,186 | 1,346,589 | 45,578,922 |
| Financial liabilities held-for-trading | - | 41,695 | - | 41,695 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

4. Fair value of financial assets and liabilities (continued)

ii) Financial instruments not carried at fair value

At level 2 in the fair value hierarchy, the Bank and the Group included in the category of assets that are not held at fair value: placements with banks, financial assets measured at amortized cost - debt instruments and in the category of liabilities: deposits from banks and from customers.

At level 3 in the fair value hierarchy, the Bank and the Group included in the category of assets: loans and advances and finance lease receivables and other financial assets; and in the category of liabilities: loans from banks and other financial institutions, subordinated loans and other financial liabilities.

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at March 31, 2023:

| In RON thousand | Notes | Carrying amount | Fair value | Group | | | Carrying amount | Fair value | Bank | | |
|---|-------|--------------------|--------------------|----------------------|----------------------|----------------------|--------------------|--------------------|----------------------|----------------------|----------------------|
| | | | | Fair value hierarchy | Fair value hierarchy | Fair value hierarchy | | | Fair value hierarchy | Fair value hierarchy | Fair value hierarchy |
| | | | | Level 1 | Level 2 | Level 3 | | Fair value | Level 1 | Level 2 | Level 3 |
| Assets | | | | | | | | | | | |
| Placements with banks and public institutions | 17 | 4,351,225 | 4,351,225 | - | 4,351,225 | - | 5,592,297 | 5,592,297 | - | 5,592,297 | - |
| Loans and advances to customers | 19 | 64,973,174 | 64,873,216 | - | - | 64,873,216 | 63,457,109 | 63,388,785 | - | - | 63,388,785 |
| Finance lease receivables | 0 | 2,872,273 | 2,849,356 | - | - | 2,849,356 | - | - | - | - | - |
| Financial assets at amortized cost - debt instruments | 21 | 3,211,341 | 3,218,338 | 750,299 | 2,026,519 | 441,520 | 1,167,102 | 1,151,102 | - | 1,151,102 | - |
| Other financial assets | 22 | 2,447,469 | 2,447,469 | - | - | 2,447,469 | 2,251,574 | 2,251,574 | - | - | 2,251,574 |
| Total assets | | 77,855,482 | 77,739,604 | 750,299 | 6,377,744 | 70,611,561 | 72,468,082 | 72,383,758 | - | 6,743,399 | 65,640,359 |
| Liabilities | | | | | | | | | | | |
| Deposits from banks | 24 | 832,808 | 832,808 | - | 832,808 | - | 837,718 | 837,718 | - | 837,718 | - |
| Deposits from customers | 25 | 126,779,290 | 126,717,955 | - | 126,717,955 | - | 122,306,073 | 122,234,836 | - | 122,234,836 | - |
| Loans from banks and other financial institutions | 26 | 4,374,990 | 4,398,001 | - | - | 4,398,001 | 3,162,433 | 3,185,444 | - | - | 3,185,444 |
| Subordinated liabilities | 27 | 1,775,444 | 1,775,444 | - | - | 1,775,444 | 1,746,226 | 1,746,226 | - | - | 1,746,226 |
| Lease liabilities | | 467,362 | 467,362 | - | - | 467,362 | 636,588 | 636,588 | - | - | 636,588 |
| Other financial liabilities | 29 | 1,884,056 | 1,884,056 | - | - | 1,884,056 | 1,365,928 | 1,365,928 | - | - | 1,365,928 |
| Total liabilities | | 136,113,950 | 136,075,626 | - | 127,550,763 | 8,524,863 | 130,054,966 | 130,006,740 | - | 123,072,554 | 6,934,186 |

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

4. Fair value of financial assets and liabilities (continued)

ii) Financial instruments not carried at fair value (continued)

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at December 31, 2022:

| RON thousand | Note | Carrying amount | Group Fair value hierarchy | | | Carrying amount | Fair value | Bank Fair value hierarchy | | | |
|---|------|--------------------|-------------------------------|----------------|--------------------|-------------------|--------------------|------------------------------|-----------|--------------------|-------------------|
| | | | Fair value | Level 1 | Level 2 | | | Level 3 | Level 1 | Level 2 | Level 3 |
| Assets | | | | | | | | | | | |
| Placements with banks and public institutions | 17 | 5,567,332 | 5,567,332 | - | 5,567,332 | 6,634,858 | 6,634,858 | - | 6,634,858 | - | |
| Loans and advances to customers | 19 | 65,200,920 | 65,617,870 | - | - | 65,617,870 | 63,449,954 | 64,180,286 | - | 64,180,286 | |
| Finance lease receivables | 20 | 2,812,597 | 2,793,665 | - | - | 2,793,665 | - | - | - | - | |
| Financial assets at amortized cost - debt instruments | 21 | 2,059,712 | 2,042,369 | 587,268 | 1,046,756 | 408,345 | 975,159 | 954,551 | - | 954,551 | |
| Other financial assets | 22 | 1,887,028 | 1,887,028 | - | - | 1,887,028 | 1,935,629 | 1,935,629 | - | 1,935,629 | |
| Total assets | | 77,527,589 | 77,908,264 | 587,268 | 6,614,088 | 70,706,908 | 72,995,600 | 73,705,324 | - | 7,589,409 | 66,115,915 |
| Liabilities | | | | | | | | | | | |
| Deposits from banks | 24 | 1,678,082 | 1,678,082 | - | 1,678,082 | - | 1,631,542 | 1,631,542 | - | 1,631,542 | - |
| Deposits from customers | 25 | 119,731,729 | 119,559,333 | - | 119,559,333 | - | 116,503,842 | 116,339,982 | - | 116,339,982 | - |
| Loans from banks and other financial institutions | 26 | 4,840,928 | 4,855,524 | - | - | 4,855,524 | 3,562,483 | 3,577,079 | - | - | 3,577,079 |
| Subordinated liabilities | 27 | 1,748,260 | 1,748,260 | - | - | 1,748,260 | 1,718,909 | 1,718,909 | - | - | 1,718,909 |
| Lease liabilities | | 492,956 | 492,956 | - | - | 492,956 | 663,680 | 663,680 | - | - | 663,680 |
| Other financial liabilities | 29 | 1,764,364 | 1,764,364 | - | - | 1,764,364 | 1,315,969 | 1,315,969 | - | - | 1,315,969 |
| Total liabilities | | 130,256,319 | 130,098,519 | - | 121,237,415 | 8,861,104 | 125,396,425 | 125,247,161 | - | 117,971,524 | 7,275,637 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

5. Net interest income

| <i>In RON thousand</i> | Group | | Bank | |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Interest income calculated using the effective interest method | 1,946,814 | 1,102,721 | 1,749,400 | 960,244 |
| - Cash and current accounts with Central Banks at AC | 57,089 | 9,990 | 28,502 | 2,716 |
| - Placements with banks and public institutions at AC | 52,016 | 21,968 | 68,520 | 22,514 |
| - Loans and advances to customers at AC | 1,341,520 | 800,119 | 1,225,132 | 682,672 |
| - Debt instruments at FVOCI | 417,304 | 252,554 | 415,480 | 250,108 |
| - Debt instruments at AC | 78,886 | 18,090 | 11,766 | 2,234 |
| Other similar interest income | 75,062 | 36,194 | 8,013 | 3,131 |
| - Finance lease receivables | 67,050 | 33,062 | - | - |
| - Non-recourse factoring receivables | 8,013 | 3,131 | 8,013 | 3,131 |
| Total interest income | <u>2,021,876</u> | <u>1,138,915</u> | <u>1,757,413</u> | <u>963,375</u> |
| Interest expense related to financial liabilities measured at amortized cost | 779,213 | 169,014 | 724,329 | 151,281 |
| - Cash and current accounts with Central Banks | 20 | 21,189 | 17 | 21,037 |
| - Deposits from banks | 13,045 | 6,357 | 12,125 | 5,573 |
| - Deposits from customers | 692,737 | 98,862 | 653,580 | 85,845 |
| - Loans from banks and other financial institutions | 73,411 | 42,606 | 58,607 | 38,826 |
| Other similar expense | 715 | 534 | 1,637 | 1,749 |
| - Lease liabilities | 715 | 534 | 1,637 | 1,749 |
| Total interest expense | <u>779,928</u> | <u>169,548</u> | <u>725,966</u> | <u>153,030</u> |
| Net interest income | <u>1,241,948</u> | <u>969,367</u> | <u>1,031,447</u> | <u>810,345</u> |

Interest income as at March 31, 2023 includes the net interest income on impaired financial assets amounting RON 54,694 thousand (2022: RON 31,611 thousand) for the Group and RON 47,885 thousand (2022: RON 24,449 thousand) for the Bank.

The interest income and expense related to the financial assets and liabilities, other than those held at fair value through profit or loss, are determined using the effective interest rate method.

6. Net fee and commission income

| <i>In RON thousand</i> | Group | | Bank | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Fee and commission income | | | | |
| Commissions from treasury and inter-bank operations | 65,752 | 50,888 | 65,752 | 50,337 |
| Client transactions | 369,233 | 323,931 | 313,343 | 270,660 |
| Lending activity (i) | 14,028 | 11,669 | 13,302 | 10,927 |
| Finance lease management | 2,926 | 2,729 | - | - |
| Other fee and commission income | 1,364 | 1,368 | 362 | 137 |
| Total fee and commission income | <u>453,303</u> | <u>390,585</u> | <u>392,759</u> | <u>332,061</u> |
| Fee and commission expense | | | | |
| Commissions from treasury and inter-bank | 120,257 | 91,614 | 98,962 | 75,175 |
| Client transactions | 39,297 | 34,609 | 33,175 | 27,631 |
| Lending activity (i) | 5,366 | 4,573 | 9,250 | 9,679 |
| Other fees and commissions | 486 | 759 | 509 | 722 |
| Fee and commission expenses | <u>165,406</u> | <u>131,555</u> | <u>141,896</u> | <u>113,207</u> |
| Net fee and commission income | <u>287,897</u> | <u>259,030</u> | <u>250,863</u> | <u>218,854</u> |

(i) Lending-related fees include guarantee assessment and amendment fees.

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

7. Net trading income

| <i>In RON thousand</i> | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Net income from foreign exchange transactions | 149,352 | 134,611 | 134,912 | 114,662 |
| (Expense)/ net income from derivatives | (26,493) | 47,877 | (26,524) | 47,400 |
| (Expense)/ net income from financial assets held-for-trading | (1,041) | (11,411) | 4,168 | (883) |
| Net income/(expense) from foreign exchange position revaluation | 13,427 | (4,114) | 9,959 | (6,342) |
| Net trading income | 135,245 | 166,963 | 122,515 | 154,837 |

8. Net gain / loss (-) from financial assets measured at fair value through comprehensive income

| <i>In RON thousand</i> | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Income from the sale of financial assets measured at fair value through other items of comprehensive income | 67,390 | 14,407 | 67,384 | 13,852 |
| Losses from the sale of financial assets measured at fair value through other items of comprehensive income | (546) | (28,779) | (546) | (28,657) |
| Net income from financial assets measured at fair value through comprehensive income | 66,844 | (14,372) | 66,838 | (14,805) |

9. Net gain / loss(-) from financial assets which are required to be measured at fair value through profit or loss

| <i>In RON thousand</i> | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Income from financial assets which are required to be measured at fair value through profit or loss | 49,186 | 58,054 | 51,366 | 58,424 |
| Losses from financial assets which are required to be measured at fair value through profit or loss | (25,684) | (64,169) | (33,489) | (75,627) |
| Net income/(expense) from financial assets which are required to be measured at fair value through profit or loss | 23,502 | (6,115) | 17,877 | (17,203) |

10. Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund

The impact of the breakdown of the annual contribution to the two funds, as reflected in the separate and consolidated statement of financial position, is the following:

| <i>In RON thousand</i> | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Contribution to the Bank Deposit Guarantee Fund | 44,016 | 87,682 | 43,271 | 86,543 |
| Bank Resolution Fund | 47,805 | 59,600 | 46,000 | 56,970 |
| Total | 91,821 | 147,282 | 89,271 | 143,513 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

11. Other operating income

| <i>In RON thousand</i> | Group | | Bank | |
|---|---------------|---------------|---------------|---------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Dividend income | - | - | - | 50 |
| Income from insurance intermediation | 32,173 | 29,421 | 19,026 | 20,510 |
| Income regarding movable and immovable assets resulting from debt enforcement | 201 | - | 410 | 1,239 |
| Income from indemnities, fines and penalties | 2,486 | 2,871 | 1,447 | 1,950 |
| Income from VISA, MASTERCARD, WU services | 11,426 | 8,197 | 11,084 | 7,994 |
| Other operating income (i) | 30,563 | 28,106 | 11,372 | 11,567 |
| Total | 76,849 | 68,595 | 43,339 | 43,310 |

(i) The category “Other operating income” includes the following types of income: debt recoveries related to closed accounts, cash at hand differences, income from recovered legal expenses, other recoveries from operating expenses.

12. Net income (-) / expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments

(a) Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss

| <i>In RON thousand</i> | Group | | Bank | |
|--|-----------------|----------------|-----------------|----------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Net impairment allowance on assets (i) | 28,148 | 239,037 | 27,360 | 197,257 |
| Net loss on loans written off | 580 | 1,191 | 1 | - |
| Net loss on finance lease receivables written off | 79 | 2,272 | - | - |
| Provisions for other risks and loan commitments | 1,690 | (20,474) | 1,828 | (22,843) |
| Recoveries from loans written off | (69,963) | (72,368) | (68,756) | (71,170) |
| Recoveries from finance lease receivables written off | (5,534) | (7,482) | - | - |
| Net income (-)/Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments | (45,000) | 142,176 | (39,567) | 103,244 |

(i) Net impairment allowance on assets include the following:

| <i>In RON thousand</i> | Group | | Bank | |
|---|---------------|----------------|---------------|----------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Loans and advances to customers | 39,219 | 228,451 | 26,002 | 193,041 |
| Treasury and inter-bank operations | (1,179) | (708) | 1,917 | (1,758) |
| Finance lease receivables | (12,575) | 5,311 | - | - |
| Investment securities | 566 | 8,741 | 36 | 9,992 |
| Other financial assets | 2,117 | (2,758) | (595) | (4,018) |
| Net impairment allowance on assets | 28,148 | 239,037 | 27,360 | 197,257 |

(b) (Other) Provisions and reversal of provisions

| <i>In RON thousand</i> | Group | | Bank | |
|--|----------------|----------------|--------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Other non-financial assets | (1,464) | (7,798) | (182) | (1,206) |
| Litigation and other risks | (5,320) | (651) | (705) | (733) |
| (Other) Provisions and reversal of provisions | (6,784) | (8,449) | (887) | (1,939) |

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

13. Personnel expenses

| <i>In RON thousand</i> | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Gross salaries | 380,391 | 309,001 | 318,979 | 260,688 |
| Social protection contribution | 15,304 | 12,017 | 9,755 | 7,857 |
| Share-based payments to employees | 27,124 | 31,672 | 27,124 | 31,672 |
| 3rd Pension Pillar | 4,674 | 4,040 | 4,328 | 3,773 |
| Other staff expenses | 23,830 | 17,952 | 21,255 | 16,042 |
| Net expenses with provisions for overdue vacations and other provisions | 24,947 | 23,022 | 19,194 | 18,991 |
| Total | 476,270 | 397,704 | 400,635 | 339,023 |

14. Other operating expenses

| <i>In RON thousand</i> | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Rent and operating lease expense | 2,089 | 2,218 | 1,512 | 1,553 |
| Repairs and maintenance expenses | 68,502 | 52,798 | 60,168 | 47,354 |
| Advertising, marketing, entertainment and sponsorship expenses | 36,535 | 26,814 | 32,909 | 24,455 |
| Mail, telecommunication and SMS traffic expenses | 16,525 | 14,813 | 13,995 | 12,314 |
| Materials and stationery expenses | 22,395 | 18,696 | 20,452 | 17,066 |
| Other professional fees, including legal expenses | 6,455 | 3,275 | 3,557 | 2,277 |
| Expenses regarding movable and immovable assets resulting from debt enforcement | | 920 | - | - |
| Electricity and heating | 11,344 | 12,450 | 9,442 | 11,064 |
| Business travel, transportation and temporary relocation expenses | 14,085 | 11,896 | 13,450 | 11,214 |
| Insurance costs | 8,633 | 7,735 | 7,778 | 5,082 |
| Taxes | 8,647 | 9,058 | 7,945 | 8,671 |
| Write-off and loss on disposal of property and equipment and intangible assets | - | 1,229 | - | 171 |
| Security and protection | 7,085 | 4,132 | 6,489 | 3,723 |
| Expenses related to archiving services | 4,773 | 5,404 | 4,521 | 5,197 |
| Expenses related to database queries from the Trade Register and the Credit Bureau | 2,486 | 1,720 | 1,828 | 1,290 |
| Expenses with foreclosed assets | 1,547 | 1,482 | 1,414 | 1,285 |
| Audit, advisory and other services provided by the independent auditor | 2,196 | 1,737 | 985 | 823 |
| Other operating expenses | 27,722 | 22,205 | 17,473 | 12,467 |
| Total other operating expenses | 241,019 | 198,582 | 203,918 | 166,006 |

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

15. Income tax expense

| <i>In RON thousand</i> | Group | | Bank | |
|---|------------------|-----------------|------------------|-----------------|
| | 31-03-2023 | 31-03-2022 | 31-03-2023 | 31-03-2022 |
| Gross Profit | 968,294 | 473,330 | 781,905 | 363,344 |
| Statutory tax rate (2023: 16%; 2022: 16%) | (154,927) | (75,733) | (125,105) | (58,135) |
| Fiscal effect of income tax on the following elements: | 24,334 | 2,737 | 19,102 | 2,309 |
| - Non-taxable income | 33,309 | 37,643 | 32,363 | 34,243 |
| - Non-deductible expense | (48,135) | (56,131) | (42,464) | (52,571) |
| - Tax deductions | 31,629 | 22,597 | 31,011 | 21,993 |
| - Income related items | (24,276) | (1,381) | (1,808) | (1,356) |
| - Expense related items | 31,807 | 9 | - | - |
| Income tax expense | (130,593) | (72,996) | (106,003) | (55,826) |

16. Cash and current accounts with Central Banks

| <i>In RON thousand</i> | Group | | Bank | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Minimum reserve requirement | 13,426,165 | 10,137,298 | 11,309,320 | 8,572,013 |
| Cash on hand and other values | 4,432,357 | 4,403,419 | 4,148,214 | 4,073,144 |
| Total | 17,858,522 | 14,540,717 | 15,457,534 | 12,645,157 |

Reconciliation of cash and cash equivalents with the separate and consolidated statement of financial position.

| <i>In RON thousand</i> | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Cash and current accounts with Central Banks(*) | 17,848,772 | 14,861,467 | 15,456,330 | 12,644,490 |
| Placements with banks - maturity below 3 months | 2,165,304 | 3,327,241 | 1,557,728 | 2,659,429 |
| Reverse-repo transactions | - | - | - | - |
| Loans and advances to credit institutions with maturity below 3 months | - | 39,054 | - | 39,054 |
| Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months | - | - | - | - |
| Financial assets at amortized cost – debt instruments | 1,204,896 | 231,534 | - | - |
| Cash and cash equivalents in the cash flow statement | 21,218,971 | 18,459,296 | 17,014,058 | 15,342,973 |

(*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 9,750 thousand (2022: RON 10,546 thousand) and at the level of the Bank in the amount of RON 1,204 thousand (2022: RON 667 thousand)

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17. Placements with banks and public institutions

| <i>In RON thousand</i> | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Current accounts with other banks | 855,352 | 1,034,034 | 451,878 | 519,775 |
| Sight, collateral and term deposits with other banks | 2,000,642 | 3,001,471 | 3,645,188 | 4,583,256 |
| Reverse repo transactions | 989,927 | 989,564 | 989,927 | 989,564 |
| Loans and advances to credit institutions | 505,304 | 542,263 | 505,304 | 542,263 |
| Total | 4,351,225 | 5,567,332 | 5,592,297 | 6,634,858 |

Except for sale and reverse-repo agreements, the amounts due from other banks are not guaranteed.

As at March 31, 2023, the placements with banks included reverse-repo securities, term deposits and loans and advances to credit institutions with maturity up to 3 months, which are also included in the separate and consolidated statement of cash flows, as follows: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 579,723 thousand and loans and advances to credit institutions of RON 0 thousand at Group level, and reverse-repo of RON 0 thousand, deposits in amount of RON 544,023 and loans and advances to credit institutions in amount of RON 0 thousand at Bank level (December 31, 2022: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 2,340,720 thousand and loans and advances to credit institutions of RON 39,054 thousand at Group level, and reverse-repo of RON 0 thousand, deposits in amount of RON 1,799,386 thousand and loans and advances to credit institutions in amount of RON 39,054 thousand at Bank level).

18. Financial assets at fair value through profit or loss

a) Held-for-trading financial assets measured at fair value through profit or loss

The structure of financial assets held-for-trading and measured at fair value through profit or loss is presented in the table below:

| <i>In RON thousand</i> | Group | | Bank | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Equity instruments | 209,125 | 212,829 | 34,693 | 30,693 |
| Debt instruments | 108,936 | 108,541 | - | - |
| Total | 318,061 | 321,370 | 34,693 | 30,693 |

b) Financial assets which are required to be measured at fair value through profit or loss

The structure of financial assets which are required to be measured at fair value through profit or loss is presented in the table below:

| <i>In RON thousand</i> | Group | | Bank | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Equity instruments | 255,747 | 242,037 | 255,450 | 241,712 |
| Debt instruments | 1,085,296 | 864,004 | 1,449,710 | 1,232,883 |
| Total | 1,341,043 | 1,106,041 | 1,705,160 | 1,474,595 |

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19. Loans and advances to customers

The Group's and Bank's commercial lending is concentrated on Romanian companies and individuals.

The structure of the credit portfolio of the Group and the Bank as at March 31, 2023 and December 31, 2022 is the following:

| <i>In RON thousand</i> | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Corporate and government institutions | 28,411,042 | 28,526,290 | 30,607,774 | 30,397,258 |
| Small and medium enterprises | 9,445,920 | 9,294,327 | 8,213,282 | 8,156,625 |
| Consumer loans and card loans granted to retail customers | 12,532,246 | 12,649,654 | 11,769,884 | 11,836,977 |
| Mortgage loans | 17,227,737 | 17,384,457 | 16,880,921 | 17,018,290 |
| Loans granted by non-banking financial institutions | 1,733,729 | 1,654,683 | - | - |
| Other | 72,025 | 74,138 | 63,260 | 64,945 |
| Total loans and advances to customers before impairment allowance (*) | 69,422,699 | 69,583,549 | 67,535,121 | 67,474,095 |
| Allowances for impairment losses on loans | (4,449,525) | (4,382,629) | (4,078,012) | (4,024,141) |
| Total loans and advances to customers net of impairment allowance (*) | 64,973,174 | 65,200,920 | 63,457,109 | 63,449,954 |

(*) Total loans and advances to customers before impairment allowance are diminished by the fair value adjustments for the portfolio of loans taken over through acquisitions, determined on the basis of the purchase price allocation report.

20. Finance lease receivables

The Group acts as a lessor under finance lease agreements, concluded mainly for financing motor vehicles and equipment. The lease agreements are denominated in EUR, RON and MDL and typically run for a period between 2 and maximum 10 years, with the transfer of ownership over the leased assets upon the termination of the lease agreement.

The lease receivables are secured by the underlying assets and by other collateral. The breakdown of finance lease receivables according to their maturity is presented below:

| <i>In RON thousand</i> | 31-03-2023 | 31-12-2022 |
|--|-------------------|-------------------|
| Finance lease receivables with maturity below 1 year, gross | 1,165,201 | 1,164,053 |
| Finance lease receivables with maturity of more than 1 year, gross | 2,133,881 | 2,051,959 |
| Total finance lease receivables, gross | 3,299,082 | 3,216,012 |
| Future interest related to finance lease receivables | 314,898 | (270,050) |
| Total finance lease receivables, net of future interest | 2,984,184 | 2,945,962 |
| Impairment allowances for finance lease receivables | (111,911) | (133,365) |
| Total finance lease receivables | 2,872,273 | 2,812,597 |

The lease contracts are originated and managed through BT Leasing Transilvania IFN S.A., BT Leasing Moldova S.R.L and Idea Leasing IFN S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

21. Investment securities

a) Financial assets measured at fair value through other items of comprehensive income

| <i>In RON thousand</i> | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Debt instruments, of which | 46,995,933 | 43,307,183 | 46,765,509 | 43,079,635 |
| - Central administrations | 44,339,508 | 40,668,232 | 44,095,672 | 40,427,422 |
| - Credit institutions | 2,203,455 | 2,183,444 | 2,203,455 | 2,183,444 |
| - Other financial companies | 382,871 | 385,997 | 396,283 | 399,259 |
| - Non-financial institutions | 70,099 | 69,510 | 70,099 | 69,510 |
| Equity instruments, of which: | 147,425 | 151,693 | 17,665 | 17,663 |
| - Other financial companies | 143,032 | 147,302 | 13,740 | 13,740 |
| - Non-financial institutions | 4,393 | 4,391 | 3,925 | 3,923 |
| Loans and advances to customers | 26,906 | 26,856 | 26,906 | 26,856 |
| - Central administrations | 26,906 | 26,856 | 26,906 | 26,856 |
| Total | 47,170,264 | 43,485,732 | 46,810,080 | 43,124,154 |

b) Financial assets at amortized cost - debt instruments

In the period ended on March 31, 2023, the Group classified as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 3,211,341 thousand, and the Bank bonds in amount of RON 1,167,102 thousand (December 31, 2022: RON 2,059,712 thousand for the Group and RON 975,159 thousand for the Bank).

| <i>In RON thousand</i> | Group | | Bank | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Debt instruments, of which | | | | |
| - Central Banks | 1,204,896 | 229,294 | - | - |
| - Central administrations | 1,534,063 | 1,387,383 | 679,607 | 517,327 |
| - Credit institutions | 417,345 | 336,481 | 432,458 | 351,278 |
| - Other financial companies | 10,219 | 62,194 | 10,219 | 62,194 |
| - Non-financial institutions | 44,818 | 44,360 | 44,818 | 44,360 |
| Total | 3,211,341 | 2,059,712 | 1,167,102 | 975,159 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

22. Other financial assets

| <i>In RON thousand</i> | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Amounts under settlement | 1,609,273 | 1,006,326 | 1,592,633 | 966,833 |
| Non-recourse factoring | 342,257 | 398,757 | 342,257 | 398,757 |
| Sundry debtors and advances for non-current assets | 491,055 | 462,226 | 287,129 | 529,056 |
| Cheques and other instruments to be encashed | 46,316 | 50,851 | 46,316 | 50,851 |
| Other financial assets | 10,652 | 10,604 | 825 | 8,340 |
| Impairment allowance for other financial assets | (52,084) | (41,736) | (17,586) | (18,208) |
| Total | 2,447,469 | 1,887,028 | 2,251,574 | 1,935,629 |

As at March 31, 2023, out of RON 2,447,469 thousand (December 31, 2022: RON 1,887,028 thousand), the Group's other impaired financial assets amounted to RON 34,615 thousand (December 31, 2022: RON 23,899 thousand).

As at March 31, 2023 out of RON 2,251,574 thousand (December 31, 2022: RON 1,935,629 thousand), the Bank's other impaired financial assets amounted to RON 5,057 thousand (December 31, 2022: RON 5,084 thousand).

23. Other non-financial assets

| <i>In RON thousand</i> | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Inventories and similar assets | 80,788 | 76,806 | 44,765 | 44,873 |
| Prepaid expenses | 92,971 | 100,748 | 83,757 | 92,042 |
| VAT and other taxes to be received | 11,825 | 16,297 | 1,545 | 1,905 |
| Other non-financial assets | 23,677 | 7,290 | 17,131 | 220 |
| Impairment allowance for other non-financial assets | (22,003) | (23,531) | (7,905) | (8,087) |
| Total | 187,258 | 177,610 | 139,293 | 130,953 |

24. Deposits from banks

| <i>In RON thousand</i> | Group | | Bank | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Sight demand | 325,221 | 330,045 | 330,131 | 357,910 |
| Term deposits | 507,587 | 1,348,037 | 507,587 | 1,273,632 |
| Total | 832,808 | 1,678,082 | 837,718 | 1,631,542 |

25. Deposits from customers

| <i>In RON thousand</i> | Group | | Bank | |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Current accounts | 65,875,660 | 66,933,900 | 62,852,159 | 65,004,360 |
| Sight demand | 898,870 | 994,890 | 691,367 | 753,703 |
| Term deposits | 58,698,318 | 50,620,317 | 57,610,226 | 49,583,917 |
| Collateral deposits | 1,306,442 | 1,182,622 | 1,152,321 | 1,161,862 |
| Total | 126,779,290 | 119,731,729 | 122,306,073 | 116,503,842 |

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

25. Deposits from customers (continued)

Deposits from customers can be also analyzed as follows:

| <i>In RON thousand</i> | Group | | Bank | |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Retail | 82,565,860 | 79,880,462 | 80,348,386 | 77,873,189 |
| Companies | 44,213,430 | 39,851,267 | 41,957,687 | 38,630,653 |
| Total | 126,779,290 | 119,731,729 | 122,306,073 | 116,503,842 |

26. Loans from banks and other financial institutions

| <i>In RON thousand</i> | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Loans from government entities | 28,854 | 25,714 | - | - |
| Loans from commercial banks | 1,239,948 | 1,304,939 | 372,083 | 371,006 |
| - Romanian banks | 867,865 | 933,933 | - | - |
| - Foreign banks | 372,083 | 371,006 | 372,083 | 371,006 |
| Loans from development banks | 1,402,474 | 1,420,904 | 1,341,924 | 1,366,877 |
| Loans from central banks | - | - | - | - |
| Repurchase agreements (repo transactions) | 1,443,545 | 1,818,574 | 1,443,545 | 1,818,574 |
| Other funds from financial institutions | 74,161 | 86,904 | 4,881 | 6,026 |
| Issued bonds | 186,008 | 183,893 | - | - |
| Total | 4,374,990 | 4,840,928 | 3,162,433 | 3,562,483 |

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at March 31, 2023 and December 31, 2022.

The table below summarizes the underlying securities of repo agreements:

| <i>In RON thousand</i> | Group | | | | Bank | | | |
|------------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|
| | 31-03-2023 | | 31-12-2022 | | 31-03-2023 | | 31-12-2022 | |
| | Carrying amount | | Carrying amount | | Carrying amount | | Carrying amount | |
| | Transferred assets | Related liabilities | Transferred assets | Related liabilities | Transferred assets | Related liabilities | Transferred assets | Related liabilities |
| | 1,466,558 | 1,443,545 | 1,833,170 | 1,818,574 | 1,466,558 | 1,443,545 | 1,833,170 | 1,818,574 |
| Total | 1,466,558 | 1,443,545 | 1,833,170 | 1,818,574 | 1,466,558 | 1,443,545 | 1,833,170 | 1,818,574 |

27. Subordinated liabilities

As at March 31, 2023 and December 31, 2022, the covenants stipulated in the loan agreements signed with the creditors were met by the Bank and the Group.

| <i>In RON thousand</i> | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Loans from development banks and financial institutions | 338,924 | 335,048 | 316,863 | 312,802 |
| Non-convertible bonds | 1,436,520 | 1,413,212 | 1,429,363 | 1,406,107 |
| Total | 1,775,444 | 1,748,260 | 1,746,226 | 1,718,909 |

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

28. Provisions for other risks and loan commitments

The following items are included under Provisions for other risks and loan commitments:

| <i>In RON thousand</i> | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Provisions for loan commitments, financial guarantees and other commitments given | 354,910 | 354,012 | 327,235 | 326,341 |
| Provisions for employee benefits as compensated absences | 45,430 | 29,209 | 33,094 | 22,129 |
| Provisions for other employee benefits | 68,296 | 58,670 | 43,250 | 35,020 |
| Provisions for litigation, other risks and charges (*) | 53,250 | 58,655 | 47,006 | 47,806 |
| Total | 521,886 | 500,546 | 450,585 | 431,296 |

(*) Provisions for other risks and charges primarily include provisions for litigation and other risks taken after the merger with Volksbank Romania S.A. and Bancpost S.A.

29. Other financial liabilities

| <i>In RON thousand</i> | Group | | Bank | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Amounts under settlement | 1,452,662 | 1,449,276 | 1,126,060 | 1,138,402 |
| Sundry creditors | 364,605 | 230,853 | 189,751 | 104,547 |
| Dividends payable | 26,502 | 26,639 | 26,502 | 26,639 |
| Other financial liabilities | 40,287 | 57,596 | 23,615 | 46,381 |
| Total | 1,884,056 | 1,764,364 | 1,365,928 | 1,315,969 |

30. Other non-financial liabilities

| <i>In RON thousand</i> | Group | | Bank | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Other taxes payable | 44,724 | 61,902 | 34,265 | 39,833 |
| Other non-financial liabilities | 195,302 | 153,472 | 131,961 | 92,803 |
| Total | 240,026 | 215,374 | 166,226 | 132,636 |

31. Earnings per share

The calculation of basic earnings per share was based on the net consolidated profit attributable to ordinary shareholders of the parent company of RON 804,534 thousand (2022: RON 383,466 thousand) and on the weighted average number of ordinary shares outstanding during the year of 796,021,275 (2022 recalculated: 798,182,044 shares).

The diluted earnings per share is equal to the basic earnings per share.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

31. Earnings per share (continued)

| | Group | |
|--|--------------------|--------------------|
| | 31-03-2023 | 31-03-2022 |
| Ordinary shares issued as at 1 January | 707,658,233 | 631,146,962 |
| The impact of shares issued as of 1 January | 91,000,000 | 76,511,265 |
| The impact of the shares repurchased during the year | (2,636,958) | (476,183) |
| The impact of the shares obtained from bonds conversion | - | - |
| The retroactive adjustment of the weighted average number of outstanding shares as at March 31, 2022 | - | 91,000,000 |
| Weighted average number of shares | 796,021,275 | 798,182,044 |
| The number of shares that may be issued upon the conversion of bonds into shares | - | - |
| Weighted average number of diluted shares | 796,021,275 | 798,182,044 |

32. Capital management

The Bank's Board of Directors approves the conceptual design of the internal process for the assessment of the capital adequacy to risks, at least the scope, methodology and general objectives, and establishes the strategy regarding the planning of the capital, own funds and the capital adequacy to risks in Banca Transilvania S.A..

The Board of Directors makes decisions regarding the directions to be followed within the capital adequacy process, establishes the main projects in the field to be implemented, as well as the main objectives to be met for the best control of the correlation of the risks to which the Bank is exposed and the necessary shareholders' equity required to cover them and the development of sound risk management systems. The National Bank of Romania monitors capital requirements both at the Group and at the Bank level.

Capital adequacy is determined according to the Regulation (EU) No 575/2013 of the European Parliament and of the Council and requires a minimum mandatory own funds level of:

- 4.5 % for core tier 1 own funds;
- 6.0 % for tier 1 own funds;
- 8.0 % for total own funds.

Likewise, pursuant to the regulated approaches for the determination of the minimum capital requirements and the EU Regulation 575/2013 corroborated with the provisions of the NBR Regulation 5/2013 and considering the capital buffers required by the NBR, the Group and the Bank maintain:

- a capital conservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2023-March 31, 2023;
- an O-SII buffer of 2% of the total risk weighted exposures;
- a systemic risk buffer of 0% of the total value of the risk-weighted exposures for the period July 1, 2022-June 30, 2023
- the anticyclical capital buffer specific to the institution of 0.5% of the value of the risk-weighted valid starting from October 17, 2022.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

32. Capital management (continued)

Own funds adequacy

The Group and the Bank use the following calculation methods in order to determine own fund requirements:

- Credit risk: standardized method;
- Market risk: capital requirements with respect to the foreign exchange risk and the trading portfolio are calculated based on the standard method;
- Operational risk: own fund requirements for the coverage of operational risk are calculated according to the base method.

The Group and the Bank comply with the above regulations, the level of the capital adequacy ratio exceeding the minimum mandatory requirements imposed by the law.

As at March 31, 2023 and December 31, 2022, the Group and the Bank complied with all the capital adequacy requirements.

Under the current capital requirements set by the European Banking Authority, banks have to maintain a ratio of regulatory capital to risk weighted assets (“statutory capital ratio”) above a prescribed minimum level.

The amount of capital that the Group managed was RON 11,176,653 thousand as of March 31, 2023 (December 31, 2022: RON 12,584,713 thousand), regulatory capital amounts to RON 8,213,514 thousand (December 31, 2022: RON 7,860,501 thousand) and the Group and the Bank have complied with all externally imposed capital requirements for period ended March 31, 2023 and December 31, 2022.

According to the applicable legal requirements on regulatory capital, the Group’s and the Bank’s own funds include:

- Tier I, which includes subscribed and paid in capital, share premiums, eligible reserves, retained earnings and deductions laid down in the applicable legal provisions;
- Tier II own funds, which include subordinated loans and deductions laid down in the applicable legal provisions.

The Group manages its capital base in a flexible manner, by monitoring regulatory capital requirements, by anticipating the adequate adjustments required for the achievement of its objectives as well as by optimizing the structure of assets and shareholders’ equity.

The planning and monitoring activity takes into consideration the total own funds, on the one hand and the requirements of own funds, on the other hand.

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

32. Capital management (continued)

The level and the requirements of own funds as at March 31, 2023 and December 31, 2022 are as follows:

| <i>In RON thousand</i> | Group | | Bank | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Tier 1 own funds | 9,701,576 | 11,123,258 | 8,914,179 | 10,234,719 |
| Tier 2 own funds | 1,475,077 | 1,461,455 | 1,469,023 | 1,453,940 |
| Total own funds | 11,176,653 | 12,584,713 | 10,383,202 | 11,688,659 |

The capital adequacy ratio (CAR) is calculated as a ratio between own funds and total risk-weighted assets:

| <i>In %</i> | Group | | Bank | |
|---------------------|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Core tier one ratio | 15.36 | 18.37 | 16.00 | 18.92 |
| Tier 1 ratio | 15.36 | 18.37 | 16.00 | 18.92 |
| CAR | 17.69 | 20.78 | 18.64 | 21.61 |

Note: The calculation of the Group's and the Bank's own funds considers the statutory profit of the Group, respectively of the Bank for the financial period ended on December 31, 2022. For the three-month period ended March 31, 2023, the current profit was not considered in the calculation of own funds. Regulatory capital as at March 31, 2023 and December 31, 2022 was calculated according to the IFRS standards endorsed by the European Union.

33. Credit risk management

Concentrations of credit risk that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by individual counterparty and by type of customer in relation to the Group's and the Bank's loans and advances, loan commitments, finance lease and guarantees issued.

The table below presents the concentration by class of the on-balance sheet exposures related to the Group's and the Bank's loan and leasing portfolio:

| <i>RON thousand</i> | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31-03-2023 | 31-12-2022 | 31-03-2023 | 31-12-2022 |
| Corporate and public institutions | 28,411,042 | 28,526,290 | 30,607,774 | 30,397,258 |
| Small and medium enterprises | 9,445,920 | 9,294,327 | 8,213,282 | 8,156,625 |
| Consumer loans and card loans granted to retail customers | 12,532,246 | 12,649,654 | 11,769,884 | 11,836,977 |
| Mortgage loans | 17,227,737 | 17,384,457 | 16,880,921 | 17,018,290 |
| Loans and finance lease receivables granted by non-banking financial institutions | 4,717,913 | 4,600,644 | - | - |
| Other | 72,025 | 74,139 | 63,260 | 64,945 |
| Total loans and advances to customers and financial lease receivables before impairment allowance | 72,406,883 | 72,529,511 | 67,535,121 | 67,474,095 |
| Allowances for impairment losses on loans and financial lease receivables | (4,561,436) | (4,515,994) | (4,078,012) | (4,024,141) |
| Total loans and advances to customers and financial lease receivables net of impairment allowance | 67,845,447 | 68,013,517 | 63,457,109 | 63,449,954 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (*continued*)

At March 31, 2023, the total irrevocable on-balance and off-balance sheet exposure was of RON 76,704,938 thousand (December 31, 2022: RON 76,641,699 thousand) for the Group and RON 70,830,818 thousand (December 31, 2022: RON 70,676,453 thousand) for the Bank.

The amounts presented above reflect the maximum accounting loss that would be recognized at the reporting date if the customers failed completely to perform their contractual obligations and if any collateral or security proved to be of no value.

The Group and the Bank hold guarantees for loans and advances to customers in the form of pledge over cash deposits, mortgage over property, guarantees and other pledges over equipment and/or receivables. The estimates of fair value are based on the collateral value assessed at the date of lending, except when a loan is individually assessed subsequently. Collateral is generally not held over loans and advances to banks.

The Group and the Bank use risk grades for loans both individually and collectively assessed. According to the Group's and the Bank's policies, a loan can be assigned a corresponding risk grade based on a 6-level classification: very low risk, low risk, moderate risk, sensitive risk, high risk and the highest risk for non-performing loans (default).

The classification of loans into groups is mainly based on the client scoring systems of the Group and the Bank.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at March 31, 2023, are presented below:

| At amortized cost | Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1) | Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2) | Assets impaired at the reporting date (Stage 3) | Assets impaired on initial recognition (POCI) | Total 2023 |
|--|--|--|---|---|--------------------|
| <i>In RON thousand</i> | | | | | |
| Corporate and government institutions | 23,521,631 | 4,019,961 | 732,679 | 136,771 | 28,411,042 |
| Small and medium enterprises | 6,641,841 | 2,405,116 | 368,769 | 30,194 | 9,445,920 |
| Consumer loans and card loans granted to retail customers | 8,713,509 | 2,986,340 | 740,834 | 91,563 | 12,532,246 |
| Mortgage loans | 15,651,888 | 1,344,461 | 188,962 | 42,426 | 17,227,737 |
| Loans and finance lease receivables granted to non-banking financial institutions | 3,635,922 | 674,993 | 377,400 | 29,598 | 4,717,913 |
| Other | 8 | 57,000 | 13,967 | 1,050 | 72,025 |
| Total loans and advances to customers and financial lease receivables before impairment allowance | 58,164,799 | 11,487,871 | 2,422,611 | 331,602 | 72,406,883 |
| Allowances for impairment losses on loans and financial lease receivables | (1,141,422) | (1,733,467) | (1,600,983) | (85,564) | (4,561,436) |
| Total loans and advances to customers and financial lease receivables net of impairment allowance | 57,023,377 | 9,754,404 | 821,628 | 246,038 | 67,845,447 |

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33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at December 31, 2022, are presented below:

| At amortized cost | Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1) | Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2) | Assets impaired at the reporting date (Stage 3) | Assets impaired on initial recognition (POCI) | Total 2022 |
|--|--|--|---|---|--------------------|
| <i>In RON thousand</i> | | | | | |
| Corporate and public institutions | 23,847,856 | 3,757,281 | 777,495 | 143,658 | 28,526,290 |
| Small and medium enterprises | 6,402,597 | 2,507,699 | 352,313 | 31,718 | 9,294,327 |
| Consumer loans and card loans granted to retail customers | 8,863,654 | 3,005,369 | 685,385 | 95,246 | 12,649,654 |
| Mortgage loans | 15,997,110 | 1,165,452 | 178,275 | 43,620 | 17,384,457 |
| Loans and finance lease receivables granted to non-banking financial institutions | 3,504,776 | 669,249 | 393,398 | 33,221 | 4,600,644 |
| Other | 59 | 59,862 | 13,139 | 1,079 | 74,139 |
| Total loans and advances to customers and financial lease receivables before impairment allowance | 58,616,052 | 11,164,912 | 2,400,005 | 348,542 | 72,529,511 |
| Allowances for impairment losses on loans and financial lease receivables | (1,161,644) | (1,699,201) | (1,564,848) | (90,301) | (4,515,994) |
| Total loans and advances to customers and financial lease receivables net of impairment allowance | 57,454,408 | 9,465,711 | 835,157 | 258,241 | 68,013,517 |

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as at March 31, 2023, are presented below:

| At amortized cost | Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1) | Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2) | Assets impaired at the reporting date (Stage 3) | Assets impaired on initial recognition (POCI) | Total 2023 |
|--|--|--|---|---|--------------------|
| <i>In RON thousand</i> | | | | | |
| Corporate and government institutions | 25,879,795 | 3,929,129 | 705,583 | 93,267 | 30,607,774 |
| Small and medium enterprises | 5,618,129 | 2,232,499 | 341,422 | 21,232 | 8,213,282 |
| Consumer loans and card loans granted to retail customers | 8,055,532 | 2,955,870 | 674,060 | 84,422 | 11,769,884 |
| Mortgage loans | 15,318,459 | 1,338,301 | 181,808 | 42,353 | 16,880,921 |
| Other | 8 | 49,068 | 13,908 | 276 | 63,260 |
| Total loans and advances to customers before impairment allowance | 54,871,923 | 10,504,867 | 1,916,781 | 241,550 | 67,535,121 |
| Allowances for impairment losses on loans | (1,071,203) | (1,670,341) | (1,287,570) | (48,898) | (4,078,012) |
| Total loans and advances to customers net of impairment allowance | 53,800,720 | 8,834,526 | 629,211 | 192,652 | 63,457,109 |

The exposures to credit risk for loans and advances to customers at Bank level, as at December 31, 2022, are presented below:

| At amortized cost | Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1) | Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2) | Assets impaired at the reporting date (Stage 3) | Assets impaired on initial recognition (POCI) | Total 2022 |
|--|--|--|---|---|--------------------|
| <i>In RON thousand</i> | | | | | |
| Corporate and public institutions | 25,849,924 | 3,696,136 | 751,853 | 99,345 | 30,397,258 |
| Small and medium enterprises | 5,384,495 | 2,416,945 | 333,164 | 22,021 | 8,156,625 |
| Consumer loans and card loans granted to retail customers | 8,136,588 | 2,986,380 | 627,095 | 86,914 | 11,836,977 |
| Mortgage loans | 15,642,497 | 1,159,993 | 172,259 | 43,541 | 17,018,290 |
| Other | 60 | 51,524 | 13,080 | 281 | 64,945 |
| Total loans and advances to customers before impairment allowance | 55,013,564 | 10,310,978 | 1,897,451 | 252,102 | 67,474,095 |
| Allowances for impairment losses on loans | (1,081,557) | (1,636,145) | (1,253,317) | (53,122) | (4,024,141) |
| Total loans and advances to customers net of impairment allowance | 53,932,007 | 8,674,833 | 644,134 | 198,980 | 63,449,954 |

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

Banca Transilvania sold EUR 500 million bonds on Friday, 21 April 2023, with investors placing orders amounting to over EUR 850 million. More than 80% of the total issue was subscribed by international investors from nearly 20 countries. Eighty investors - investment funds, financial institutions, pension funds, commercial and central banks and insurance companies - subscribed to the offer, with the EBRD being the anchor investor with a subscription amounting to EUR 90 million.

The bond issue marks the debut of Banca Transilvania on the international market and is the first, in terms of size, issued in Europe, after the turmoil that marked the international banking sector in March 2023. The issue consists of a 4-year senior non-preferred bonds at a yield of 9% per year and is listed on Euronext Dublin.

The present financial statements were not affected by this subsequent event.

The interim consolidated and separate financial statements were approved by the Board of Directors on May 5, 2023 and were signed on behalf of the Board.

Ömer TETIK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer

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.