

Banca Transilvania: Preliminary Financial Results as at 31 December 2023

Financing the companies and retail clients, increasing the operational activity, and attracting new customers were the growth drivers for BT in 2023

2023 was a challenging year. After the long pandemic period and with Romania in the immediate vicinity of a conflict zone, the costs for the population and companies increased. In spite of these challenges, Banca Transilvania assumed its role as a leader and groundbreaker, ensuring the increase of the quality of its services, customer care and the necessary support for the growth of the national economy.

- BT financed corporate clients with RON 23 billion and retail clients with RON 10 billion.
- Over 270,000 new loans were granted last year.
- The bank was the largest partner in government programmes launched during 2023, with over RON 3.35 billion in funding.
- The number of active customers reached 4.2 million. The bank attracted 623,000 new customers in 2023, of whom 93,000 are corporate customers and 530,000 are retail customers.
- The corporate tax paid by BT to the state in 2023 amounted to almost 2% of all corporate taxes received by the state from companies in Romania. The total taxes paid by Banca Transilvania in 2023 exceed RON 1.2 billion.
- Within a period of five years, from the end of 2018 until the end of 2023, BT has doubled its assets, loans and deposits and increased its active customer base by almost 50%.

"We have accelerated Banca Transilvania Group's growth in 2023, counting as usual on high volumes. Corporate and retail financing, increased operational activity and attracting new customers were the bank's growth drivers last year, generating economies of scale and increased efficiency and enabling us to offer to our clients increasingly better conditions in all respects. We are here to further support the economy's development, contribute to people's prosperity and increase financial inclusion. The bank's profitability will help us deliver our plans, pursue BT Group's growth in all the segments in which we are active and expand into new ones." declares Horia Ciorcilă, Chairman of the BT Board of Directors.

BT Financial Group's assets reached RON 169.2 billion at the end of last year. Loans increased to RON 75.6 billion and customer deposits amounted to RON 138.1 billion. BT Financial Group's

consolidated net profit totaled RON 2,984.5 million, 20% higher compared to 2022, of which the bank's profit amounted to RON 2,491 million, 14% higher than the 2022 level. The bank's operating profit increased to RON 3,501.7 million, 29.8% higher compared to 2022. BT's operating efficiency, as reflected by the cost/income ratio, improved to 45.6% due to effective cost management and process streamlining through digitization.

Business lines, evolution in 2023

- The number of cards reached 6 million and the number of cards' transactions performed in 2023 increased by 22% compared to 2022.
- BT has over 3.7 million unique digitized customers, representing 89% of total active customers.
- The number of payments made via phone increased by 48% in 2023 compared to 2022.
- More than 16,000 people have bought houses with BT's help, the loans granted amounting to approximately RON 4.7 billion. The balance of mortgage loans amounts to RON 18.7 billion and increased by 10% compared to December 2022, representing 25% of the loan portfolio.
- 110,000 consumer loans amounting to RON 4.4 billion were granted in 2023.
- The bank granted more than 21,000 new loans, which totaled RON 5.6 billion, to more than 441,000 SME & Micro clients. The number of new loans granted by the bank increased by almost 6% in 2023 compared to 2022, with the largest increase in the Large Corporate and SME segment.
- The gross loans' balance, at the bank level, increased by almost 13%, of which a significant growth of more than 15% is represented by corporate loans. More than half of the increase was composed of working capital loans. The volume of loans granted to retail clients increased by almost 9%.

Other financial information for Banca Transilvania

The non-performing exposure ratio is 1.98% as of 31 December 2023 and the total provisioning coverage of non-performing exposures stands at 203%. As of December 2023, ROE exceeded the banking system average of 20.4%, reaching 24.4% on an individual basis. BT's capital adequacy ratio, profit included, stands at 23.58%, and, excluding the profit for 2022, is 21.61%. From 2023, the bank is rated by two international rating agencies, Moody's and Fitch. In a context of increasingly stringent capital requirements both in Romania and the European Union, these accreditations support BT's efforts to maintain the best possible cost of capital.

Banca Transilvania Financial Group continues its consolidation

- BT Leasing & Țiriac Leasing merged in 2023. The merger had a positive impact on the business: BT Leasing reached 25,000 customers and a portfolio of EUR 500 million.
- BT Mic has reached RON 1 billion in balance and has over 18,000 clients, making it the largest microfinance company in the country.
- BT Asset Management reached RON 4.5 billion Assets Under Management and BT Maxim was the best performing equity fund in Romania in 2023.
- BT Capital Partners was Co-Lead Manager for Hidroelectrica's EUR 1.9 billion IPO and Lead Manager of the consortium that brokered Cluj County Council's first capital market financing amounting to EUR 75.6 million.
- BT Pensii is in the top 3 voluntary pension providers by number of new customers attracted. In 2023 there were nearly 15,000 participants.
- With 200,000 active cards, BT Direct became the largest card issuer in this sector in 2023.
- Code Crafters continued to expand its ability to deliver solutions used in the banking industry, by growing both its team and diversifying its technologies.

2024:

- **Agreement to acquire OTP Bank Romania and its subsidiaries from Romania**

Banca Transilvania signed an agreement with OTP Group in February 2024 to acquire OTP Bank Romania and its subsidiaries in Romania. The transaction completion is expected in a few months, after receiving the regulatory approvals, and the total transaction price to be paid by BT is EUR 347.5 million. OTP Bank Romania has a 2.64% market share, more than 440,000 customers, 1,800 employees and almost 100 branches.

- **Victoriabank acquired BCR Chișinău**

Victoriabank, the bank in the Republic of Moldova, part of the BT Group, completed the acquisition of BCR Chisinau in January 2024.

- **Idea::Broker de Asigurare became BT Broker de Asigurare**

Idea::Broker de Asigurare, the company acquired by BT Leasing from Idea::Leasing in 2023, became BT Broker de Asigurare in February 2024. The Group has ambitious plans for this segment, starting with this year.

Banca Transilvania | Communication & Public Relations

Investors wishing to participate at the conference call on the preliminary financial results for 2023, organized by BT on 28 February 2024, at 16:00 (Romanian time), should send a request by email to the following address: investor.relations@btrl.ro. The preliminary 2023 financial results (including in editable format) are available on the BT/Investor Relations website on 26 February 2024, from 18.00 (6 PM – Romanian time). The 31.12.2023 preliminary financial statements are not audited or reviewed and the 31.12.2022 financial statements are audited.

Investors' contact: investor.relations@btrl.ro; Press contact: comunicare@btrl.ro

**SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

	Bank			Group		
	31-dec-23	31-dec-22	Δ dec 23	31-dec-23	31-dec-22	Δ dec 23
	RON	RON	vs dec 22	RON	RON	vs dec 22
ASSETS	thousand	thousand		thousand	thousand	
Cash and current accounts with Central Banks	22,286,257	12,645,157	76.24%	24,252,600	14,540,717	66.79%
Placements with banks and public institutions	12,619,341	6,634,858	90.20%	12,272,959	5,567,332	120.45%
Financial assets held for trading of which:	161,120	249,136	-35.33%	470,573	539,813	-12.83%
<i>Derivatives</i>	124,817	218,443	-42.86%	124,817	218,443	-42.86%
<i>Equity instruments</i>	36,303	30,693	18.28%	216,101	212,829	1.54%
<i>Debt instruments</i>	-	-	-	129,655	108,541	19.45%
Loans and advances to customers - net (*)	71,550,404	63,449,954	12.77%	75,570,907	68,013,517	11.11%
Financial assets measured mandatorily at fair value through profit or loss	1,670,155	1,474,595	13.26%	1,232,598	1,106,041	11.44%
Financial assets measured at fair value through other comprehensive income	40,264,202	43,124,154	-6.63%	40,600,026	43,485,732	-6.64%
Financial assets at amortized cost - debt instruments	7,980,071	975,159	718.34%	9,472,245	2,059,712	359.88%
Investments in subsidiaries	873,300	708,412	23.28%	-	-	-
Investments in associates	-	-	-	1,326	3,737	-64.52%
Property and equipment and investment property	755,413	731,037	3.33%	1,278,903	1,174,446	8.89%
Intangible assets	562,009	429,960	30.71%	693,671	506,238	37.02%
Right-of-use assets	697,963	696,798	0.17%	514,060	487,957	5.35%
Goodwill	-	-	-	154,363	154,363	-
Current tax receivables	-	26,627	-100.00%	-	14,947	-100.00%
Deferred tax assets	337,282	747,800	-54.90%	354,481	791,605	-55.22%
Other financial assets	1,856,004	1,935,629	-4.11%	2,047,803	1,887,028	8.52%
Other non-financial assets	171,450	130,953	30.92%	252,710	177,610	42.28%
Total assets	161,784,971	133,960,229	20.77%	169,169,225	140,510,795	20.40%

(*) At a group level it also includes the impact of leasing activities

	Bank			Group		
	31-dec-23	31-dec-22	Δ dec 23	31-dec-23	31-dec-22	Δ dec 23
	RON	RON	vs dec 22	RON	RON	vs dec 22
	thousand	thousand		thousand	thousand	
LIABILITIES						
Held for trading financial liabilities	88,809	41,695	113.00%	88,809	41,695	113.00%
Deposits from banks	1,081,766	1,631,542	-33.70%	1,034,613	1,678,082	-38.35%
Deposits from customers	134,443,350	116,503,842	15.40%	138,052,954	119,731,729	15.30%
Loans from banks and other financial institutions	8,583,795	3,562,483	140.95%	9,548,567	4,840,928	97.25%
Subordinated liabilities	2,403,652	1,718,909	39.84%	2,423,218	1,748,260	38.61%
Provisions for other risks and for loan commitments	551,539	431,296	27.88%	650,876	500,546	30.03%
Current tax liability	113,280	-	100.00%	103,882	-	100.00%
Lease liabilities	669,778	663,680	0.92%	533,351	492,956	8.19%
Other financial liabilities (*)	1,847,667	1,315,969	40.40%	2,564,404	1,789,692	43.29%
Other non-financial liabilities	171,969	132,636	29.65%	271,772	215,374	26.19%
Total liabilities	149,955,605	126,002,052	19.01%	155,272,446	131,039,262	18.49%
EQUITY						
Share capital	8,073,083	7,163,083	12.70%	8,073,083	7,163,083	12.70%
Treasury shares	(12,982)	(49,463)	-73.75%	(28,269)	(64,750)	-56.34%
Share premiums	28,614	28,614	-	31,235	31,235	0.00%
Retained earnings	4,095,127	3,558,320	15.09%	5,444,686	4,457,854	22.14%
Other reserves	(354,476)	(2,742,377)	-87.07%	(296,473)	(2,668,556)	-88.89%
Total equity	11,829,366	7,958,177	48.64%	13,224,262	8,918,866	48.27%
Non-controlling interests	-	-	-	672,517	552,667	21.69%
Total liabilities and equity	161,784,971	133,960,229	20.77%	169,169,225	140,510,795	20.40%

(*) At a group level it also includes the financial liabilities towards fund unit holders

Note: The preliminary annual financial statements as at 31.12.2023 are not audited or reviewed and those as at 31.12.2022 are audited.

DEPUTY CEO

GEORGE CĂLINESCU

FINANCIAL DATA PROCESSING

DIRECTOR
RĂZVAN BOB

SEPARATE AND CONSOLIDATED PROFIT AND LOSS ACCOUNT AS AT DECEMBER 31, 2023

	31-dec-23 RON thousand	Bank 31-dec-22 RON thousand	Δ dec 23 vs dec 22	31-dec-23 RON thousand	Group 31-dec-22 RON thousand	Δ dec 23 vs dec 22
Interest income calculated using the effective interest method	7,676,359	5,136,663	49.44%	8,432,799	5,769,630	46.16%
Other similar income	40,878	30,203	35.34%	365,101	262,146	39.27%
Interest expense calculated using the effective interest method	(3,389,598)	(1,502,270)	125.63%	(3,579,328)	(1,602,950)	123.30%
Other similar expense	(8,451)	(6,356)	32.96%	(4,992)	(2,167)	130.36%
Net interest income	4,319,188	3,658,240	18.07%	5,213,580	4,426,659	17.78%
Fee and commission income	1,773,058	1,526,826	16.13%	2,058,966	1,781,324	15.59%
Fee and commission expense	(667,069)	(528,369)	26.25%	(774,686)	(613,492)	26.27%
Net fee and commission income	1,105,989	998,457	10.77%	1,284,280	1,167,832	9.97%
Net trading income	539,743	597,139	-9.61%	657,016	686,070	-4.23%
Net gain/loss (-) from financial assets measured through other comprehensive income	166,329	(126,119)	>100.00%	167,647	(121,638)	>100.00%
Net gain/loss (-) from financial assets mandatorily measured through profit and loss	178,247	(13,842)	>100.00%	143,466	(17,252)	>100.00%
Contribution to the Banking Deposits Guarantee Fund and Resolution Fund	(86,886)	(143,513)	-39.46%	(93,647)	(153,684)	-39.07%
Other operating income	214,536	389,627	-44.94%	370,340	291,969	26.84%
Operating income	6,437,146	5,359,989	20.10%	7,742,682	6,279,956	23.29%
Personnel expenses	(1,613,996)	(1,385,160)	16.52%	(1,967,518)	(1,655,533)	18.84%
Depreciation and amortization	(404,248)	(350,902)	15.20%	(450,548)	(392,996)	14.64%
Other operating expenses	(917,228)	(925,226)	-0.86%	(1,105,565)	(935,219)	18.21%
Operating expenses	(2,935,472)	(2,661,288)	10.30%	(3,523,631)	(2,983,748)	18.09%
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(273,152)	(320,081)	-14.66%	(420,716)	(553,162)	-23.94%
(Other) Provisions and reversal of provisions	(100,026)	42,060	<100.00%	(92,103)	58,007	<100.00%
Profit before income tax	3,128,496	2,420,680	29.24%	3,706,232	2,801,053	32.32%
Income tax expense	(637,924)	(242,681)	162.87%	(721,731)	(312,636)	130.85%
Net profit	2,490,572	2,177,999	14.35%	2,984,501	2,488,417	19.94%

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DEPUTY CEO

GEORGE CĂLINESCU

FINANCIAL DATA PROCESSING

DIRECTOR

RĂZVAN BOB

Note to the financial information as at December 31, 2023

The information presented for the period ended December 31, 2023 as well as for the prior periods, was prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and applicable at that date. The financial information relates to the Bank and the Group and it does not constitute a complete set of financial statements.

The preliminary annual financial statements as at December 31, 2023 are not audited or reviewed and those as at December 31, 2022 are audited.

Banca Transilvania