

## **BT's financial results as at March 31, 2024**

### **Banca Transilvania, sustained growth in operational activity during the first three months of 2024**

Banca Transilvania achieved positive results during the first three months of 2024, with increases in customers' deposits, loan portfolio, transaction volumes and the number of clients attracted.

- The number of transactions routed through Banca Transilvania reached almost half a billion in the first three months of 2024, +35% compared to the first quarter of 2023.
- Nearly 74,000 new loans were granted by the bank in the first three months of 2024, +26% compared to the same period of 2023, amounting to RON 5.2 billion.
- The number of BT customers increased by almost 50,000, of which 42,000 are retail clients and about 8,000 are companies. 35% of the new retail clients were enrolled when they opened a current account online, through BT Pay, without any visit to the Bank's units. The bank continued to support the entrepreneurial ecosystem, attracting almost 11,000 start-ups in the first three months of 2024. The total number of active BT customers reached over 4.3 million.

*"The beginning of the year is encouraging and shows that we are on the right track to reach our goals for 2024. Our focus stays on boosting volumes, reaching more clients, and securing new business across all segments, while simultaneously consolidating the companies within the Banca Transilvania Financial Group. We are thus growing the balance sheet and the footprint of the BT Group, through expanding our role in the Romanian banking sector and improving the financial access in the country. From a macroeconomic perspective, the rest of the year looks gradually challenging, due to the international uncertainty and the market volatility. Inflation is more resilient than hoped and the economic growth remains subdued. Nevertheless, we remain optimist and we are investing steadily in the expansion of our business", states Ömer Tetik, CEO, Banca Transilvania.*

### **First quarter financial results**

- BT Group's consolidated net profit amounts to RON 1,132.4 million (+35% compared to Q1 2023), of which the bank's net profit amounts to RON 913.2 million (+35% compared to

Q1 2023). Subsidiaries and equity holdings contributed with approximately RON 219.2 million to BT Group's profitability.

- BT Financial Group's assets reached  $\approx$  RON 176 billion and net loans reached RON 77.1 billion.
- The bank's cost-to-income ratio reached 45.10%, determined by considering the annualised impact of the contribution to the Bank Deposit Guarantee Fund and the Resolution Fund.
- The bank's net interest income is 28% higher than the one recorded in the first quarter of 2023.
- Net fees and commission income increased by 18% compared to the same period of 2023, backed by the growing BT activity.
- Customers' deposits increased to RON 137 billion at bank level, of which RON 88.1 billion are retail deposits and RON 48.8 billion are companies' deposits.
- The gross loan-to-deposit ratio, at bank level, is 56.3%.
- The non-performing loans ratio, according to the EBA indicator, is 2.01% as at March 31, 2024.
- Capital Adequacy Ratio is 20,06% (profit excluded) and 21.47% (profit included).

## Evolution of business lines

- Customers' deposits, at the bank level, increased by RON 14.7 billion, +12% compared to March 2023.
- Gross loan portfolio, at bank level, increased by RON 9.5 billion, +14.1% compared to March 2023.
- Nearly 4,000 people have bought a house with the BT's help, the loans granted reaching almost RON 1 billion.
- The balance of mortgage loans reached RON 19 billion and increased by 13% compared to March 2023, representing 25% of the loan portfolio.
- The balance of loans granted to companies amount to approximately RON 45 billion, 16% higher compared to March 2023.

## Digitalisation and the adoption of artificial intelligence

- 92% of the bank's customers (almost 4 million) are digitalized and use at least one of the bank's apps.

- Customers' savings behaviour was also encouraged by the new feature in the [BT Pay](#) app, [Round Up](#), which was activated by over 12,000 customers every month from January to March 2024.
- BT Pay has 200,000 new users, a record number for a three-month period.
- Out of the 6.1 million BT cards, 3.8 million are unique cards registered in BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets.
- There are almost 80,000 companies enrolled in the BT Go app, launched in July 2023, making almost 500,000 payments in the first three months of 2024.
- The number of phone payments increased by 40% in Q1 2024 compared to Q1 2023.
- BT is an *early adopter* of artificial intelligence in *banking* and announced in February its collaboration with Microsoft to integrate [Microsoft 365 Copilot](#) and [GitHub Copilot](#) into employees' activity, via AI assistants that can accelerate new habits in their day-to-day work and increase efficiency in *software development*.

### Financial education:

- There were over 120,000 interactions with [FIT](#) (Finance for All), the bank's national financial education program, through the BT network and online.
- Nearly 1 million people have made over 1.5 million visits to [Întreb BT](#), the online platform, with over 2,000 questions and answers, most of them being from Romania, Germany, United Kingdom, Italy and Spain. Around 60,000 people accessed the AI Search feature between January and March 2024.

### Banca Transilvania | Communications and Public Relations

#### **For investors and shareholders:**

*Investors wishing to participate in the Conference call on the Financial Results for the first quarter of 2024, organized by Banca Transilvania on May 13, 2024, starting at 4 pm (Romanian time), should send a request by email to the following address: [investor.relations@btrl.ro](mailto:investor.relations@btrl.ro). The report for Q1/2024, prepared in accordance with the provisions of Article 69 of Law no. 24/2017 on issuers of financial instruments and market operations (including information in editable format), is available on the BT's website, [Investor Relations](#) section, as of May 10, at 6 pm. The financial statements as at 31.03.2024 and 31.03.2023 are unaudited and unreviewed, and those as at 31.12.2023 are audited.*

**Contact details:** [comunicare@btrl.ro](mailto:comunicare@btrl.ro), [investor.relations@btrl.ro](mailto:investor.relations@btrl.ro)

**Banca Transilvania S.A.**  
**LEI CODE: 549300RG3H390KEL8896**

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS**

**As at March 31, 2024**

# **Banca Transilvania S.A.**

## **CONTENTS**

Interim Consolidated and Separate Statement of Profit or Loss	1
Interim Consolidated and Separate Statement of Other Comprehensive Income	2
Interim Consolidated and Separate Statement of Financial Position	3-4
Interim Consolidated and Separate Statement of Changes in Equity	5-8
Interim Consolidated and Separate Statement of Cash Flows	9-10
Notes to the Interim Condensed Consolidated and Separate Financial Statements	11-55

# Banca Transilvania S.A.

## Interim Consolidated and Separate Statement of Profit or Loss For the three-month period ended March 31

	Notes	Group		Bank	
		31-03-2024 RON thousand	31-03-2023 RON thousand	31-03-2024 RON thousand	31-03-2023 RON thousand
Interest income calculated using the effective interest method		2,474,027	1,946,814	2,336,933	1,749,400
Other interest like income		116,359	75,062	8,084	8,013
Interest expense calculated using the effective interest method		(1,044,603)	(779,213)	(1,016,830)	(724,329)
Other interest like expense		(2,805)	(715)	(3,455)	(1,637)
<b>Net interest income</b>	5	<b>1,542,978</b>	<b>1,241,948</b>	<b>1,324,732</b>	<b>1,031,447</b>
Fee and commission income		546,042	453,303	473,766	392,759
Fee and commission expense		(208,361)	(165,406)	(177,837)	(141,896)
<b>Net fee and commission income</b>	6	<b>337,681</b>	<b>287,897</b>	<b>295,929</b>	<b>250,863</b>
Net trading income	7	190,861	135,245	156,523	122,515
Net gain / loss (-) from financial assets measured at fair value through other items of comprehensive income	8	61,884	66,844	60,673	66,838
Net gain / loss (-) from financial assets which are required to be measured at fair value through profit and loss	9	44,223	23,502	60,228	17,877
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(71,294)	(91,821)	(64,671)	(89,271)
Other operating income	11	109,658	76,849	76,604	43,339
<b>Operating income</b>		<b>2,215,991</b>	<b>1,740,464</b>	<b>1,910,018</b>	<b>1,443,608</b>
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	12(a)	(7,510)	45,000	42,535	39,567
(Other) Provisions and reversal of provisions	12(b)	4,569	6,784	3,424	887
Personnel expenses	13	(579,873)	(476,270)	(482,113)	(400,635)
Depreciation and amortization		(119,284)	(106,665)	(104,195)	(97,604)
Other operating expenses	14	(338,428)	(241,019)	(297,041)	(203,918)
<b>Operating expenses</b>		<b>(1,040,526)</b>	<b>(772,170)</b>	<b>(837,390)</b>	<b>(661,703)</b>
<b>Bargain gain</b>		<b>132,690</b>	-	-	-
<b>Profit before income tax</b>		<b>1,308,155</b>	<b>968,294</b>	<b>1,072,628</b>	<b>781,905</b>
Income tax expense (-)	15	(175,748)	(130,593)	(159,388)	(106,003)
<b>Net profit for the period</b>		<b>1,132,407</b>	<b>837,701</b>	<b>913,240</b>	<b>675,902</b>
<b>Net Profit of the Group attributable to:</b>					
Equity holders of the Bank		1,051,941	804,535	-	-
Non-controlling interests		80,466	33,166	-	-
<b>Net Profit for the period</b>		<b>1,132,407</b>	<b>837,701</b>	<b>913,240</b>	<b>675,902</b>
<b>Basic earnings per share</b>		<b>1.1486</b>	<b>0.88</b>	-	-
<b>Diluted earnings per share</b>		<b>1.1486</b>	<b>0.88</b>	-	-

# Banca Transilvania S.A.

## Interim Consolidated and Separate Statement of Other Comprehensive Income

For the three-month period ended March 31

Notes	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
	RON thousand	RON thousand	RON thousand	RON thousand
Net Profit for the year	1,132,407	837,701	913,240	675,902
Items which are or may be reclassified to profit or loss	47,604	557,435	34,878	551,889
<i>Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:</i>	46,102	652,462	42,056	657,264
Net loss (-) / gain from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account	(61,884)	(66,844)	(60,673)	(66,838)
Fair value changes of financial assets measured at fair value through other items of comprehensive income	107,986	719,306	-	724,102
Translation of financial information of foreign operations to presentation currency	10,176	11,371	48	(12)
Income tax on items which are or may be reclassified to profit or loss	(8,674)	(106,398)	(7,226)	(105,363)
<b>Total comprehensive income for the period</b>	<b>1,180,011</b>	<b>1,395,136</b>	<b>948,118</b>	<b>1,227,791</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	1,099,545	1,361,970	-	-
Non-controlling interest	80,466	33,166	-	-
<b>Total comprehensive income for the period</b>	<b>1,180,011</b>	<b>1,395,136</b>	<b>948,118</b>	<b>1,227,791</b>

The financial statements were approved by the Board of Directors on May 10, 2024 and were signed on its behalf by:

Ömer TETIK  
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>	Notes	Group		Bank	
		31-03-2024 RON thousand	31-12-2023 RON thousand	31-03-2024 RON thousand	31-12-2023 RON thousand
<b>Assets</b>					
Cash and current accounts with Central Banks	16	25,243,529	24,252,600	23,303,641	22,286,257
Derivatives		128,611	124,817	128,611	124,817
Financial assets held for trading	18	352,564	345,756	37,375	36,303
Non-trading financial assets mandatorily at fair value through profit or loss	18	1,274,986	1,232,598	1,728,917	1,670,155
Financial assets measured at fair value through other items of comprehensive income	21	40,287,254	40,600,026	39,873,692	40,264,202
- of which pledged securities (repo agreements)		632,198	368,480	632,198	368,480
Financial assets at amortized cost - of which:		101,651,285	95,733,542	99,157,595	93,979,518
- Placements with banks and public institutions	17	11,265,574	12,272,959	11,358,055	12,619,341
- Loans and advances to customers	19	73,286,627	72,008,224	72,657,613	71,550,404
- Debt instruments	21	14,598,967	9,472,245	12,811,463	7,980,071
- Other financial assets	22	2,500,117	1,980,114	2,330,464	1,829,702
Finance lease receivables	20	3,769,597	3,562,683	-	-
Investments in subsidiaries		-	-	873,300	873,300
Investment in associates		-	1,326	-	-
Property and equipment and investment property		1,266,407	1,278,903	738,487	755,413
Intangible assets		697,751	693,671	563,218	562,009
Goodwill		154,363	154,363	-	-
Right-of-use assets		503,976	514,060	689,822	697,963
Current tax receivables		-	-	-	-
Deferred tax assets		358,014	354,481	340,448	337,282
Other non-financial assets	23	295,386	320,399	193,417	197,752
<b>Total assets</b>		<b>175,983,723</b>	<b>169,169,225</b>	<b>167,628,523</b>	<b>161,784,971</b>

# Banca Transilvania S.A.

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

<i>In RON thousand</i>	Notes	Group		Bank	
		31-03-2024 RON thousand	31-12-2023 RON thousand	31-03-2024 RON thousand	31-12-2023 RON thousand
<b>Liabilities</b>					
Derivatives		116,478	88,809	116,478	88,809
Deposits from banks	24	534,684	1,034,613	542,320	1,081,766
Deposits from customers	25	141,197,279	138,052,954	136,976,617	134,443,350
Loans from banks and other financial institutions	26	10,178,845	9,548,567	9,013,081	8,583,795
Subordinated liabilities	27	2,461,984	2,423,218	2,454,900	2,403,652
Lease liabilities		524,791	533,351	664,383	669,778
Other financial liabilities	29	4,686,303	2,521,170	4,135,858	1,847,667
Current tax liability		135,435	103,884	142,987	113,280
Provisions for other risks and loan commitments	28	669,588	651,144	562,318	551,539
Other non-financial liabilities	30	359,709	288,057	239,857	171,969
<b>Total liabilities excluding financial liabilities to holders of fund units</b>		<b>160,865,096</b>	<b>155,245,767</b>	<b>154,848,799</b>	<b>149,955,605</b>
Financial liabilities to holders of fund units		27,860	26,950	-	-
<b>Total liabilities</b>		<b>160,892,956</b>	<b>155,272,717</b>	<b>154,848,799</b>	<b>149,955,605</b>
<b>Equity</b>					
Share capital		8,073,083	8,073,083	8,073,083	8,073,083
Treasury shares		(62,115)	(28,269)	(46,828)	(12,982)
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		6,544,751	5,444,429	5,045,737	4,095,127
Revaluation reserves from tangible assets		42,609	43,839	27,495	28,738
Reserves on financial assets measured at fair value through other items of comprehensive income		(1,450,007)	(1,488,214)	(1,463,400)	(1,498,237)
Other reserves		1,147,887	1,147,889	1,115,023	1,115,023
<b>Total equity attributable to equity holders of the Bank</b>		<b>14,327,443</b>	<b>13,223,992</b>	<b>12,779,724</b>	<b>11,829,366</b>
Non-controlling interest		763,324	672,516	-	-
<b>Total equity</b>		<b>15,090,767</b>	<b>13,896,508</b>	<b>12,779,724</b>	<b>11,829,366</b>
<b>Total liabilities and equity</b>		<b>175,983,723</b>	<b>169,169,225</b>	<b>167,628,523</b>	<b>161,784,971</b>

The financial statements were approved by the Board of Directors on May 10, 2024 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, 2024

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	Total
<b>Balance as at 01 January 2024</b>		<b>8,073,083</b>	<b>(28,269)</b>	<b>31,235</b>	<b>43,839</b>	<b>(1,488,214)</b>	<b>1,147,889</b>	<b>5,444,429</b>	<b>13,223,992</b>	<b>672,516</b>	<b>13,896,508</b>
Profit for the period		-	-	-	-	-	-	1,051,941	1,051,941	80,466	1,132,407
Gain from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	38,207	-	-	38,207	-	38,207
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	-	-	-	-	-	-	-
Retained earnings from revaluation reserves		-	-	-	(1,243)	-	-	<b>1,243</b>	-	-	-
Foreign currency translation of foreign operations		-	-	-	-	-	-	9,397	9,397	-	9,397
<b>Total comprehensive income for the period</b>		-	-	-	<b>(1,243)</b>	<b>38,207</b>	-	<b>1,062,581</b>	<b>1,099,545</b>	<b>80,466</b>	<b>1,180,011</b>
<b>Contributions of/distributions to the shareholders</b>											
Distribution to statutory reserves		-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares		-	(33,846)	-	-	-	-	-	<b>(33,846)</b>	-	<b>(33,846)</b>
SOP 2023 Scheme		-	-	-	-	-	-	36,086	<b>36,086</b>	-	<b>36,086</b>
Transfer of retained earnings to liabilities to holders of fund units		-	-	-	-	-	-	909	<b>909</b>	-	<b>909</b>
Other adjustments		-	-	-	13	-	(2)	746	<b>757</b>	10,342	<b>11,099</b>
<b>Total contributions of/distributions to the shareholders</b>		-	<b>(33,846)</b>	-	<b>13</b>	-	<b>(2)</b>	<b>37,741</b>	<b>3,906</b>	<b>10,342</b>	<b>14,248</b>
<b>Balance as at March 31, 2024</b>		<b>8,073,083</b>	<b>(62,115)</b>	<b>31,235</b>	<b>42,609</b>	<b>(1,450,007)</b>	<b>1,147,887</b>	<b>6,544,751</b>	<b>14,327,443</b>	<b>763,324</b>	<b>15,090,767</b>

The explanatory notes to the financial statements from page 11 to page 55 are an integral part of these financial statements.

# Banca Transilvania S.A.

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

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
<b>Balance as at 01 January 2023</b>	<b>7,163,083</b>	<b>(64,750)</b>	<b>31,235</b>	<b>70,355</b>	<b>(3,728,492)</b>	<b>989,581</b>	<b>4,457,854</b>	<b>8,918,866</b>	<b>552,667</b>	<b>9,471,533</b>
Profit for the period	-	-	-	-	-	-	804,534	<b>804,534</b>	33,167	<b>837,701</b>
Gain from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	547,883	-	-	<b>547,883</b>	-	<b>547,883</b>
Revaluation of property and equipment, intangible assets, net of tax	-	-	-	-	-	-	-	-	-	-
Retained earnings from revaluation reserves	-	-	-	(4,963)	-	-	4,963	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	9,552	<b>9,552</b>	-	<b>9,552</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,963)</b>	<b>547,883</b>	<b>-</b>	<b>819,049</b>	<b>1,361,969</b>	<b>33,167</b>	<b>1,395,136</b>
<b>Contributions of/distributions to the shareholders</b>										
Distribution to statutory reserves	-	-	-	-	-	9	(9)	-	-	-
Acquisition of treasury shares	-	(16,814)	-	-	-	-	-	<b>(16,814)</b>	-	<b>(16,814)</b>
SOP 2022 Scheme	-	-	-	-	-	-	27,124	<b>27,124</b>	-	<b>27,124</b>
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	(438)	<b>(438)</b>	-	<b>(438)</b>
Other adjustments	-	-	-	-	-	-	(1,991)	<b>(1,991)</b>	8,276	<b>6,285</b>
<b>Total contributions of/distributions to the shareholders</b>	<b>-</b>	<b>(16,814)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>24,686</b>	<b>7,881</b>	<b>8,276</b>	<b>16,157</b>
<b>Balance as at March 31, 2023</b>	<b>7,163,083</b>	<b>(81,564)</b>	<b>31,235</b>	<b>65,392</b>	<b>(3,180,609)</b>	<b>989,590</b>	<b>5,301,589</b>	<b>10,288,716</b>	<b>594,110</b>	<b>10,882,826</b>

The explanatory notes to the financial statements from page 11 to page 55 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, 2024

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>									
<b>Balance as at 01 January 2024</b>		<b>8,073,083</b>	<b>(12,982)</b>	<b>28,614</b>	<b>28,738</b>	<b>(1,498,237)</b>	<b>1,115,023</b>	<b>4,095,127</b>	<b>11,829,366</b>
Profit for the period		-	-	-	-	-	-	913,240	913,240
Gain from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	34,837	-	-	34,837
Retained earnings from revaluation reserves		-	-	-	(1,243)	-	-	1,243	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	41	41
<b>Statement of comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,243)</b>	<b>34,837</b>	<b>-</b>	<b>914,524</b>	<b>948,118</b>
<b>Contributions of/distributions to the shareholders</b>									
Acquisition of treasury shares		-	(33,846)	-	-	-	-	-	(33,846)
SOP 2023 Scheme		-	-	-	-	-	-	36,086	36,086
<b>Total contributions of/distributions to the shareholders</b>		<b>-</b>	<b>(33,846)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,086</b>	<b>2,240</b>
<b>Balance as at March 31, 2024</b>		<b>8,073,083</b>	<b>(46,828)</b>	<b>28,614</b>	<b>27,495</b>	<b>(1,463,400)</b>	<b>1,115,023</b>	<b>5,045,737</b>	<b>12,779,724</b>

The explanatory notes to the financial statements from page 11 to page 55 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>									
<b>Balance as at 01 January 2023</b>		<b>7,163,083</b>	<b>(49,463)</b>	<b>28,614</b>	<b>35,678</b>	<b>(3,736,653)</b>	<b>958,598</b>	<b>3,558,320</b>	<b>7,958,177</b>
Profit for the period		-	-	-	-	-	-	675,902	<b>675,902</b>
Gain from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	551,900	-	-	<b>551,900</b>
Retained earnings from revaluation reserves		-	-	-	(4,974)	-	-	4,974	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(11)	<b>(11)</b>
<b>Statement of comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,974)</b>	<b>551,900</b>	<b>-</b>	<b>680,865</b>	<b>1,227,791</b>
<b>Contributions of/distributions to the shareholders</b>									
Acquisition of treasury shares		-	(16,814)	-	-	-	-	-	<b>(16,814)</b>
SOP 2022 Scheme		-	-	-	-	-	-	27,123	<b>27,123</b>
<b>Total contributions of/distributions to the shareholders</b>		<b>-</b>	<b>(16,814)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,123</b>	<b>10,309</b>
<b>Balance as at March 31, 2023</b>		<b>7,163,083</b>	<b>(66,277)</b>	<b>28,614</b>	<b>30,704</b>	<b>(3,184,753)</b>	<b>958,598</b>	<b>4,266,308</b>	<b>9,196,277</b>

The explanatory notes to the financial statements from page 11 to page 55 are an integral part of these financial statements.

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

In RON thousand	Notes	Group		Bank	
		31-03-2024	31-03-2023	31-03-2024	31-03-2023
<b>Cash-flow from operating activities</b>					
Profit for the year		1,132,407	837,701	913,240	675,902
<b>Adjustments for:</b>					
Depreciation and amortization		119,284	106,665	104,195	97,604
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		42,580	18,179	(8,988)	28,302
Adjustment of financial assets at fair value through profit or loss		(44,223)	(23,502)	(60,228)	(17,877)
Income tax expense		175,748	130,593	159,388	106,003
Interest income		(2,590,386)	(2,021,876)	(2,345,017)	(1,757,413)
Interest expense		1,047,408	779,928	1,020,285	725,966
Other adjustments		38,640	246,052	(893)	(114,241)
<b>Net profit adjusted with non-monetary elements</b>		<b>(78,542)</b>	<b>73,740</b>	<b>(218,018)</b>	<b>(255,754)</b>
<b>Changes in operating assets and liabilities</b>					
Change in financial assets at amortized cost and placements with banks		(4,691,261)	(484,024)	(2,377,699)	(290,676)
Change in loans and advances to customers		(1,315,847)	253,137	(1,008,744)	17,878
Change in finance lease receivables		(212,302)	(26,823)	-	-
Change in financial assets at fair value through profit or loss		1,835	(211,500)	1,466	(212,688)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		(3,794)	12,734	(3,794)	12,734
Change in equity instruments		(6,158)	3,704	(1,072)	(4,000)
Changes in debt instruments		(650)	(395)	-	-
Change in other financial assets		(523,398)	(574,019)	(506,369)	(310,642)
Change in other assets		(26,100)	(49,197)	(41,442)	(44,055)
Change in deposits from customers		3,089,150	6,796,464	2,478,692	5,550,814
Change in deposits from banks		(499,929)	(840,718)	(538,923)	(788,885)
Change in financial liabilities held-for-trading		27,669	(447)	27,669	(447)
Change in repo operations		331,637	(373,631)	331,637	(373,631)
Change in other financial liabilities		2,162,070	118,992	2,285,131	49,544
Change in other liabilities		71,652	24,652	68,454	33,578
Income tax (paid)/recovered		(152,623)	(17,937)	(140,074)	-
Interest received		1,925,696	1,543,680	1,699,704	1,528,255
Interest paid		(775,126)	(597,482)	(764,824)	(444,378)
<b>Net cash-flow from operating activities</b>		<b>(676,021)</b>	<b>5,650,930</b>	<b>1,291,794</b>	<b>4,467,647</b>

## Interim Consolidated and Separate Statement of Cash Flows (continued)

For the three-month period ended March 31

In RON thousand	Notes	Group		Bank	
		31-03-2024	31-03-2023	31-03-2024	31-03-2023
<b>Cash-flow used in investment activities</b>					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(3,840,866)	(8,174,190)	(3,509,941)	(8,172,036)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		4,316,483	5,207,792	4,057,478	5,207,124
Net acquisitions of property and equipment		(24,007)	(21,389)	(15,445)	(8,180)
Net acquisitions intangible assets		(39,552)	(22,245)	(30,821)	(19,552)
Proceeds from disposal of property and equipment		315	352	823	(142)
Acquisitions of equity investments		211,057	-	-	-
Dividends collected		-	-	-	-
Interest received		324,201	290,861	322,719	290,788
<b>Net cash-flow used in investment activities</b>		<b>947,631</b>	<b>(2,718,819)</b>	<b>824,813</b>	<b>(2,701,998)</b>
<b>Cash-flow from financing activities</b>					
Gross proceeds from loans from banks and other financial institutions		270,997	44,698	-	-
Gross payments from loans from banks and other financial institutions		(115,576)	(145,486)	(31,679)	(32,089)
Gross payments from subordinated loans from banks and other financial institutions		-	-	-	-
Gross payments from loans from banks and institutions financial subordinated loans		(12,424)	-	-	-
Repayment of the principal portion of the lease liabilities		(40,341)	(37,524)	(41,798)	(39,800)
Dividend payments		(312)	(136)	(312)	(136)
Payments for treasury shares		-	(16,814)	(33,846)	(16,814)
Interest paid		(26,105)	(17,174)	(15,094)	(5,725)
<b>Net cash-flow from / (used in) financing activities</b>		<b>76,239</b>	<b>(172,436)</b>	<b>(122,729)</b>	<b>(94,564)</b>
(*) 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	Notes	Group		Bank	
		31-03-2024	31-03-2023	31-03-2024	31-03-2023
<b>Cash and cash equivalents at January 1</b>		<b>36,122,371</b>	<b>18,459,296</b>	<b>32,750,294</b>	<b>15,342,973</b>
The impact of exchange rate variations on cash and cash equivalents		35,815	(25,030)	34,038	(23,965)
Net increase/decrease (-) in cash and cash equivalents		312,034	2,784,705	362,031	1,695,050
<b>Cash and cash equivalents as at March 31</b>	16	<b>36,470,220</b>	<b>21,218,971</b>	<b>33,146,363</b>	<b>17,014,058</b>

## 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, 2024 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., Victoriabank S.A. , BCR Chişinău S.A. and Salt 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 Microfinanţare 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, 454 agencies, 3 work units, 8 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest (2023: 42 branches, 454 agencies, 4 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, 2024 was 12,037 (2023: 11,841 employees).

The Bank’s number of active employees as at March 31, 2024 was 9,600 (2023: 9,547 employees).

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

The ownership structure of the Bank is presented below:

	<b>31-03-2024</b>	<b>31-03-2023</b>
NN Group (*)	9.36%	10.00%
The European Bank for Reconstruction and Development (“EBRD”)	6.87%	6.87%
Romanian individuals	22.43%	22.37%
Romanian companies	45.16%	43.53%
Foreign individuals	1.07%	1.08%
Foreign companies	15.11%	16.15%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

<b>Subsidiary</b>	<b>Field of activity</b>	<b>Percentage of direct and indirect stake 31-03-2024</b>	<b>Percentage of direct and indirect stake 31-12-2023</b>
Victoriabank S.A.	financial and banking activities and investments subject to license	44.63%	44.63%
BCR Chişinău S.A.	financial and banking activities and investments subject to license	44.63%	0%
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 Asisitent in Brokeraj S.R.L.	Insurance broker	100%	100%
BT Asiom Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Safe Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Intermedieri Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Leasing MD S.R.L.	leasing	100%	100%
BT Microfinanţare 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	61.82%	61.82%
BT Pensii S.A.	Activities of pension funds (except those in the public social security system)	100%	100%
Salt Bank S.A.	Financial and banking activities	100%	100%
Idea Leasing IFN S.A.	Financial leasing	100%	100%
BT (Idea) Broker de Asigurare S.R.L.	Insurance broker	100%	100%
Code Crafters by BT S.R.L.	Custom software development activities	100%	100%
BTP One S.R.L.	Renting and subletting of own or rented real estate	100%	100%
BTP Retail S.R.L.	Renting and subletting of own or rented real estate	100%	100%

The Board of Directors of Banca Transilvania S.A. approved on February 8, 2024 the completion of the transaction for the acquisition of 100% of the shares of OTP Bank Romania S.A. as well as other companies within the OTP Romania Group (including OTP Asset Management SAI S.A. and OTP Leasing Romania IFN S.A.). The total transaction price to be paid by Banca Transilvania S.A. is EUR 347,5 million. Until the completion of the transaction, both Banca Transilvania S.A. and OTP Bank Romania S.A. will act as separate entities. Following the signing and in order to integrate the above-mentioned entities within the BT Financial Group, legal procedures have been started and are ongoing to obtain all necessary approvals from the competent authorities. At the date of these interim condensed consolidated and separate financial statements, BT Financial Group does not have control over the entities acquired from OTP Group.

#### **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, 2024.

## **Notes to the Interim Condensed Consolidated and Separate Financial Statements**

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

#### **b) Declaration of conformity (continued)**

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, 2023.

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

#### **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 – “RON”**

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:

<b>Currency</b>	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>Variation %</b>
Euro (EUR)	1: RON 4.9695	1: RON 4.9746	-0.10 %
American dollar (USD)	1: RON 4.6078	1: RON 4.4958	2.49 %

#### **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 unlikeliness 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 applied reflect a macroeconomic environment characterized by the persistence of uncertainties amid ongoing geopolitical tensions, to which the conflict in the Middle East adds up, with direct implications for the population and economic agents, causing a rising trend in the prices of raw materials and agro-food products. This is compounded by existing pressures in the labor market, all of which will complicate economic growth.

Even though energy and gas prices have temporarily stabilized in European markets due to state support through price-capping programs for both residential and industrial consumers, the situation may be negatively influenced by a reconfiguration of current capping schemes. This is particularly concerning given the macroeconomic imbalance Romania is currently facing.

## **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)**

Any additional shocks to energy prices or persistent internal inflation resulting from the most recent fiscal measures adopted could negatively impact the smooth recovery of the projected macroeconomic environment for 2024. 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.

The Group and the Bank have drawn up historical analyzes and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Scenario weights are determined by a statistical analysis but also by an expert opinion, considering the possible results of each scenario. Given the aforementioned macroeconomic context, the Group and the Bank continue to apply their own value judgments using a series of post-model adjustments related to macroeconomic risks specific to certain industries that have been heavily impacted by supply chain disruptions, pedological drought, rising energy costs and crisis mitigation measures classified as sensitive sectors, in order to adopt a conservative position in line with the expectations communicated by banking supervisory authorities.

Although recent efforts to combat inflation are showing signs of success, the risks brought to light by supply chain disruptions, rewiring of trade relationships, along with significantly increased financing costs (interest rates) and tighter financial conditions, represents key aspects to monitor in a macroeconomic environment marked by volatility and uncertainties. Furthermore, the recently adopted fiscal package may have a negative effect on inflation keeping prices high, eroding the purchasing power of households.

The Group and the Bank continually review the assumptions on post-model adjustments related to macroeconomic risks specific to certain industries. The revision aims to evaluate whether corrective measures are necessary, either to eliminate or introduce new sensitive sectors. In the first quarter of 2024, changes were made to the post-model adjustments scheme to align it with the current impact of macroeconomic events and the existing internal models.

The geopolitical tensions will slow down the economic growth and it is difficult to estimate the impact of these events 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 conflicts on the economic environment will be a continuous challenge. 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 conflicts; 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 19.14% of total ECL (16.65% in December 2023) considering:

- expectation related to sensitive industries and high-risk products;
- expectations for default rates increase considering high inflation and increased interest (expert judgement) ;
- 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)**

In the context of negative evolution of inflation and interest rates, as well as the military conflict, financial markets have been moderately 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 downward trend and remain 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.

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) Tax disputes**

The Bank requested the Romanian fiscal authorities to issue an advance tax ruling ("AIFS") on the fiscal treatment of the Volksbank S.A. bargain gain. The Bank proposed the consideration of the bargain gain as non-taxable income by taking into account all the arguments, calculating a lower corporate income tax for fiscal year 2015, in the amount of RON 264,096 thousand.

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 December 31, 2015.

The Bank's estimation in regard to presenting the gain from the acquisition as non-taxable income in the interim consolidated summarized financial statements as of March 31, 2024 and in the consolidated and individual financial statements as of December 31, 2023, was based on solid arguments, as follows:

- 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 January 1, 2016, in the updated version of the 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 Volksbank S.A. was based on economic grounds (it was not undertaken for certain tax benefits);
- The merger should be neutral from a tax point of view i.e. the bargain gain should not be taxable;
- Avoidance of double taxation;

## **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) Tax disputes (continued)**

- The fiscal treatment should be applied uniformly: 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;
- 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 favour of the Bank, confirming the Bank's approach to consider the bargain gain as non-taxable income.

Further, 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, cancelled the first instance decision, judge the case and in retrial rejected the action filed by Banca Transilvania S.A. as unfounded. 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.

On October 12, 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. On June 14, 2023, a new deadline took place in the file before the High Court of Cassation and Justice of Romania, where Banca Transilvania S.A. submitted a new request for a preliminary ruling to the Court of Justice of the European Union, under the conditions of extensive case supporting arguments.

On September 20, 2023, the High Court of Cassation and Justice rejected as inadmissible the request for review of the final decision pronounced on appeal on June 23, 2020 by the High Court of Cassation and Justice and at the same time, rejected the possibility to apply to the European Court of Justice.

Since the decision of the High Court of Cassation and Justice is final, Banca Transilvania S.A. can no longer obtain the obligation of the National Fiscal Administration Agency to issue an advanced tax ruling. However, in the lawyers' opinion, the possibility of debating the essential legal issue, namely the compatibility of national tax legislation with European law, remains an open option, with chances of winning.

Simultaneously, in February 2023, a tax audit of the Bank's activity for the years 2015 and 2016 was completed. In the Fiscal Inspection Report ("RIF"), the audit team noted that the Bank did not apply the provisions of the SFIA and that the Bank should have included the gain from the purchase in advantageous conditions of Volksbank S.A. shares in its taxable base for FY 2015.

Following the RIF, the tax authorities issued a decision to change the taxable base for 2015, which does not have direct effects, because in 2015 the Bank benefited from taking over the tax loss after the merger with Volksbank S.A.. 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. In the case of the appeal, the settlement was suspended by the tax authorities until a final resolution for the revision before the High Court of Cassation and Justice of Romania in the AIFS case is reached, the case description being summarized above.

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. Going further the Bank made an appeal to the High Court of Cassation and Justice against this decision. Also, on June 27, 2023, the Bank's appeal was rejected during the suspension procedure.

## **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) Tax disputes (continued)**

Forwards, during May 2023, ANAF initiated a documentary check of the bank's activity for 2017 and 2018. Following this audit, on June 13, 2023, Banca Transilvania S.A. was notified of the tax decision establishing additional obligations representing profit tax in the amount of RON 90,275 thousand for year 2017, respectively RON 173,821 thousand for year 2018, totaling RON 264,096 thousand. Additionally to these tax liabilities will be due ancillary tax obligations.

The Bank filed an appeal against the tax decision taken by the tax authorities following the documentary check of the years 2017 and 2018 detailed above and filed a request to suspend this decision in Court during June 2023. However, in order to limit a potential negative impact from ancillary tax liabilities in case of an unfavorable legal decision, Banca Transilvania S.A. decided to pay on July 5, 2023 the amount of RON 264 million representing additional tax liabilities established following the documentary check for 2017 and 2018.

At the beginning of July 2023, the request to suspend the decision was judged at the level of the Cluj Court of Appeal, which rejected the request of Banca Transilvania S.A.. At the end of July 2023, the tax authorities established ancillary tax liabilities related to profit tax established additionally following the documentary verification for 2017 and 2018, in the amount of RON 154,972 thousand. The Bank issued a letter of guarantee suspending the obligation to pay this amount until a final settlement of the above-mentioned legal issues is reached. The Bank appealed against the additional tax liabilities claimed by the authorities, through its lawyers who represent it in the above mentioned cases and based on the opinions received from them, the Bank believes that this amount will be revised to a lower level.

On October 3, 2023, the tax authorities rejected the bank's appeal against the decision to change the taxable base established by RIF, and on October 11, 2023, they also rejected the tax appeal raised by Banca Transilvania S.A. regarding the payment of tax amounts established under documentary checks.

Going forward, on March 20, 2024, the Bank submitted to the Cluj Court of Appeal, the request to sue against the decision to adjust the taxable base established by the RIF, and on April 1, 2024, the Bank submitted to the Court of Appeal Cluj, the request to sue against the decision issued by the DGAMC as a result of the documentary verification.

The Bank analysed requests of IFRIC 23 corroborated with lawyers opinion that represent the causes mentioned above on Court and considers that the Bank has winning chances, according to the opinion of the lawyers representing it, considering that the Bank actioned based on European regulations related tax treatment for the non-taxation of the gain from Volksbank S.A. acquisition transaction, fact clarified also by Romanian tax legislation in place beginning with January 1, 2016. Banca Transilvania S.A. will continue to diligently pursue this litigation and, in the case of success, stands to recover the payment made.

Considering, however, the inconsistency with which the Romanian tax authorities treated the gain from the acquisition from a tax point of view, the Bank took a prudent approach to reflect this level of uncertainty in the consolidated and separate financial statements as of December 31, 2023 using the most probable value method and recognized the amount of RON 238 million in debts regarding the current profit tax, respectively, the amount of RON 100,864 thousand related to ancillary fiscal obligations, in expenses for provisions of risk and charges.

The Bank will monitor and analyze the evolution of the tax topic at each reporting date, in accordance with the relevant provisions of the accounting regulations, to determine if additional adjustments are necessary.

## 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 S.A. and Bancpost S.A. merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years and the loss probability for such cases. The last review for abusive clauses provision has been performed as of March 31, 2024 when the Bank adjusted the provision based on the trend of such new litigations and the probability loss estimated at this date.

##### *(iv) Other significant litigation*

The Bank's subsidiary, Victoriabank S.A., 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 485 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.

### 2. Material 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, 2023, with the following exceptions:

#### **a) New and amended IFRS Accounting Standards that are effective for the current year.**

In the current year, the Group and the Bank has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The following new standards, as well as updates to existing standards, came into force for annual periods beginning after January 1, 2023 and may be applied earlier.

**IFRS 17 Insurance Contracts - New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17 - issued by IASB on 18 May 2017.** The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.

## Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 2. Material accounting policies (*continued*)

#### a) New and amended IFRS Accounting Standards that are effective for the current year (*continued*)

These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied. Amendments to IFRS 17 “Insurance Contracts” issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.

**Amendments to IFRS 17 “Insurance contracts”** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

**Amendments to IAS 1 - Disclosure of Accounting Policies** - issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

**Amendments to IAS 8 - Disclosure of Accounting Policies, Changes in Accounting Estimates and Errors** - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

**Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction** - issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

**International Tax Reform — Pillar Two Model Rules** issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

#### b) New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group and the Bank have not applied the following new and revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective.

**Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback** (IASB effective date: 1 January 2024) issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

## Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 2. Material accounting policies (*continued*)

#### b) New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective (*continued*)

**Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current** issued by IASB on 23 January 2020 and **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants** issued by IASB on 31 October 2022 (IASB effective date: 1 January 2024). Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

#### c) New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as the date of authorisation of these financial statements.

**IFRS 18 Presentation and Disclosures in Financial Statements** issued by IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. Standard introduces three sets of new requirements to improve companies’ reporting of financial performance and give investors a better basis for analysing and comparing companies. The main changes in the new standard compared with IAS 1 comprise: (a) The introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) the introduction of requirements to improve aggregation and disaggregation; (c) The introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements.

**Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” - Supplier Finance Arrangements** issued by IASB on 25 May 2023. Amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

**Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Lack of Exchangeability** issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

**IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

**Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group and the Bank do not expect that the adoption of the Standards listed above will have a material impact on the financial statements. According to the Group and the Bank estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement” would not significantly impact the financial statements, if applied as at the balance sheet date.

## **Notes to the Interim Condensed Consolidated and Separate Financial Statements**

### **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.

The clients of Victoriabank S.A., BCR Chişinău S.A. and Salt Bank S.A. are classified according to the Bank'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.

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.

## **Notes to the Interim Condensed Consolidated and Separate Financial Statements**

### **3. Segment reporting (continued)**

**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.

**Retail customers:** The Group and the Bank provides a wide range of banking products and services to individuals, differentiated by several customer segments, from children, students, employees from the public or private sector, seniors, as well as the Premium and Private Banking segments. The Group's and the Bank's offer includes transactional banking products, current account subscriptions, bancassurance products, a diversified offer of debit and credit cards, deposits and savings accounts, consumer loans and mortgages, as well as access to the larger network of ATMs and partner merchants through the "STAR" loyalty program. Also, the Group and the Bank, together with their partners, offer private clients access to a wide range of investments (investment funds, government securities and bonds), pensions, car leasing.

## **Notes to the Interim Condensed Consolidated and Separate Financial Statements**

### **3. Segment reporting (continued)**

The retail products of the Group and the Bank are accessible to customers through a mix of distribution channels, through the Bank's network of agencies, through digital channels and especially through the BT Pay application. The Bank's retail strategy aims at the continuous development of digital flows that involve a simpler interaction, the origination of new products and services, speed and efficiency, as well as the communication and servicing of customers from a distance, through solutions that allow them direct and immediate access to information. The Group and the Bank support financial inclusion and will continue their efforts to ensure all segments of the population have access to banking products and services in general.

**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, as well as elements that fall outside existing categories and result from financial and strategic decisions taken at central level.

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 S.A. and BCR Chişinău S.A., the financial lease activity of BT Leasing MD S.R.L.; 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, 2024 and March 31, 2023, 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, 2024, and comparative data for December 31, 2023:

#### *Business segments as at March 31, 2024*

<b>Group</b> <i>In RON thousand</i>	<b>Large Corporate</b>	<b>Mid Corporate</b>	<b>SME</b>	<b>Micro</b>	<b>Retail</b>	<b>Treasury</b>	<b>Leasing and consumer loans granted by non- banking financial institutions</b>	<b>Other - Group</b>	<b>Intra-group eliminations &amp; adjustments</b>	<b>Total</b>
Gross loans and finance lease receivables	24,307,567	10,523,207	6,134,423	5,758,461	33,324,757	-	6,098,031	6,455	(4,192,230)	<b>81,960,671</b>
<i>Allowances for impairment losses on loans and finance lease receivables</i>	(813,674)	(851,893)	(480,989)	(637,853)	(1,820,576)	-	(404,753)	(390)	105,681	<b>(4,904,447)</b>
Loans and finance receivables-net	23,493,893	9,671,314	5,653,434	5,120,608	31,504,181	-	5,693,278	6,065	(4,086,549)	<b>77,056,224</b>
Portfolio of Debt instruments and Equity instruments, net of provisions	-	-	-	-	-	56,195,241	-	482,226	(35,085)	<b>56,642,382</b>
Treasury and inter-bank operations	-	-	-	-	-	37,210,823	245,699	535,805	(1,483,224)	<b>36,509,103</b>
Intangible assets	44,253	151,300	186,410	324,407	809,866	55,214	176,134	372,921	(1,984)	<b>2,118,521</b>
Right-of-use assets	15,393	47,745	44,869	109,824	260,281	14,249	24,524	3,802	(16,711)	<b>503,976</b>
Other assets	815,464	643,788	284,978	272,523	1,873,546	-	196,387	480,566	(1,413,735)	<b>3,153,517</b>
<b>Total assets</b>	<b>24,369,003</b>	<b>10,514,147</b>	<b>6,169,691</b>	<b>5,827,362</b>	<b>34,447,874</b>	<b>93,475,527</b>	<b>6,336,022</b>	<b>1,881,385</b>	<b>(7,037,288)</b>	<b>175,983,723</b>
Deposits and current accounts	10,376,273	11,593,045	8,961,862	19,816,376	90,754,851	1,705,623	-	3,031	(1,479,098)	141,731,963
Loans from banks and other financial institutions	280,407	319,184	82,521	64,080	11,471	716,426	4,993,455	7,912,228	(4,200,927)	10,178,845
Subordinated liabilities	-	-	-	-	-	2,480,425	-	-	(18,441)	2,461,984
Finance lease financial liabilities	104,025	82,209	44,560	36,008	244,875	1,326	24,483	3,941	(16,636)	524,791
Other liabilities	1,198,546	900,063	378,941	359,398	2,573,343	1,556	207,148	451,306	(74,928)	5,995,373
<b>Total liabilities</b>	<b>11,959,251</b>	<b>12,894,501</b>	<b>9,467,884</b>	<b>20,275,862</b>	<b>93,584,540</b>	<b>4,905,356</b>	<b>5,225,086</b>	<b>8,370,506</b>	<b>(5,790,030)</b>	<b>160,892,956</b>
Equity and related items	-	-	-	-	-	-	-	15,090,767	-	15,090,767
<b>Total liabilities and equity</b>	<b>11,959,251</b>	<b>12,894,501</b>	<b>9,467,884</b>	<b>20,275,862</b>	<b>93,584,540</b>	<b>4,905,356</b>	<b>5,225,086</b>	<b>23,461,273</b>	<b>(5,790,030)</b>	<b>175,983,723</b>

The explanatory notes to the financial statements from page 11 to page 55 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, 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	Intra-group eliminations & adjustments	Total
Gross loans and finance lease receivables	24,495,579	11,543,727	5,451,496	4,797,231	32,511,846	-	5,776,244	5,569	(4,161,160)	<b>80,420,532</b>
Provisions for principal Loans and finance lease receivables net of provisions	(862,525)	(936,200)	(433,410)	(668,442)	(1,683,224)	-	(371,706)	(337)	106,219	<b>(4,849,625)</b>
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	23,633,054	10,607,527	5,018,086	4,128,789	30,828,622	-	5,404,538	5,232	(4,054,941)	<b>75,570,907</b>
Treasury and inter-bank operations	-	-	-	-	-	51,336,974	-	472,915	(34,447)	<b>51,775,442</b>
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	37,490,235	251,854	607,464	(1,823,994)	<b>36,525,559</b>
Right-of-use assets	103,951	186,358	181,611	245,055	788,770	47,964	176,569	399,958	(1,973)	<b>2,128,263</b>
Other assets	37,066	57,433	44,387	82,799	259,331	13,162	24,309	12,484	(16,911)	<b>514,060</b>
<b>Total assets</b>	<b>789,646</b>	<b>548,044</b>	<b>240,844</b>	<b>221,838</b>	<b>1,542,044</b>	<b>-</b>	<b>193,043</b>	<b>478,275</b>	<b>(1,358,740)</b>	<b>2,654,994</b>
Deposits from customers and current accounts	<b>24,563,717</b>	<b>11,399,362</b>	<b>5,484,928</b>	<b>4,678,481</b>	<b>33,418,767</b>	<b>88,888,335</b>	<b>6,050,313</b>	<b>1,976,328</b>	<b>(7,291,006)</b>	<b>169,169,225</b>
Loans from banks and other financial institutions	9,114,874	13,424,801	7,526,010	19,811,825	88,569,988	2,465,711	-	3,962	(1,829,604)	139,087,567
Subordinated liabilities	256,482	326,772	87,055	62,507	23,629	363,251	4,774,002	7,815,009	(4,160,140)	9,548,567
Lease liabilities	-	-	-	-	-	2,441,255	-	-	(18,037)	2,423,218
Other liabilities	119,145	84,621	43,420	34,827	238,786	800	24,404	4,272	(16,924)	533,351
<b>Total liabilities</b>	<b>731,496</b>	<b>520,038</b>	<b>216,918</b>	<b>181,761</b>	<b>1,354,357</b>	<b>1,043</b>	<b>205,047</b>	<b>545,969</b>	<b>(76,615)</b>	<b>3,680,014</b>
Equity and related items	<b>10,221,997</b>	<b>14,356,232</b>	<b>7,873,403</b>	<b>20,090,920</b>	<b>90,186,760</b>	<b>5,272,060</b>	<b>5,003,453</b>	<b>8,369,212</b>	<b>(6,101,320)</b>	<b>155,272,717</b>
<b>Total liabilities and equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,896,508</b>	<b>-</b>	<b>13,896,508</b>
	<b>10,221,997</b>	<b>14,356,232</b>	<b>7,873,403</b>	<b>20,090,920</b>	<b>90,186,760</b>	<b>5,272,060</b>	<b>5,003,453</b>	<b>22,265,720</b>	<b>(6,101,320)</b>	<b>169,169,225</b>

## 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, 2024, and comparative data for March 31, 2023:

#### *Business segments as at March 31, 2024*

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	Removals & adjustments	Total
Net interest income	127,426	106,066	89,098	154,867	420,448	262,054	135,744	244,284	2,991	<b>1,542,978</b>
Net commission income	17,585	32,370	27,310	106,113	128,831	(2,398)	7,687	19,723	460	<b>337,681</b>
Net trading income	4,811	18,709	18,164	31,397	57,851	47,302	3,236	9,717	(326)	<b>190,861</b>
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	30,944	-	30,940	-	<b>61,884</b>
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	43,534	-	689	-	<b>44,223</b>
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(4,380)	(8,455)	(4,476)	(9,516)	(44,167)	(300)	-	-	-	<b>(71,294)</b>
Other operating income	619	1,634	1,630	4,725	68,621	819	13,060	34,646	(16,096)	<b>109,658</b>
<b>Total income</b>	<b>146,061</b>	<b>150,324</b>	<b>131,726</b>	<b>287,586</b>	<b>631,584</b>	<b>381,955</b>	<b>159,727</b>	<b>339,999</b>	<b>(12,971)</b>	<b>2,215,991</b>
Personnel expenses	(24,758)	(63,969)	(55,091)	(107,038)	(266,623)	(12,268)	(32,480)	(17,650)	4	<b>(579,873)</b>
Other operating expenses	(14,954)	(32,292)	(31,791)	(63,874)	(168,014)	(12,807)	(19,310)	(3,656)	8,270	<b>(338,428)</b>
Depreciation and amortization	(3,478)	(11,514)	(12,158)	(25,088)	(61,708)	(3,609)	(5,175)	(3,008)	6,454	<b>(119,284)</b>
<b>Total Expenses</b>	<b>(43,190)</b>	<b>(107,775)</b>	<b>(99,040)</b>	<b>(196,000)</b>	<b>(496,345)</b>	<b>(28,684)</b>	<b>(56,965)</b>	<b>(24,314)</b>	<b>14,728</b>	<b>(1,037,585)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>102,871</b>	<b>42,549</b>	<b>32,686</b>	<b>91,586</b>	<b>135,239</b>	<b>353,271</b>	<b>102,762</b>	<b>315,685</b>	<b>1,757</b>	<b>1,178,406</b>
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	79,760	3,223	(40,601)	95,488	(109,530)	(2,052)	(28,812)	398	(815)	<b>(2,941)</b>
<b>Profit before income tax</b>	<b>182,631</b>	<b>45,772</b>	<b>(7,915)</b>	<b>187,074</b>	<b>25,709</b>	<b>351,219</b>	<b>73,950</b>	<b>316,083</b>	<b>942</b>	<b>1,175,465</b>

## Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 3. Segment reporting (continued)

#### 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 gain/Net loss (-) 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
<b>Total income</b>	<b>60,835</b>	<b>122,178</b>	<b>95,301</b>	<b>202,716</b>	<b>419,804</b>	<b>333,261</b>	<b>130,709</b>	<b>387,291</b>	<b>(11,631)</b>	<b>1,740,464</b>
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)
<b>Total Expenses</b>	<b>(45,560)</b>	<b>(98,624)</b>	<b>(68,960)</b>	<b>(115,388)</b>	<b>(357,220)</b>	<b>(20,940)</b>	<b>(51,292)</b>	<b>(79,705)</b>	<b>13,735</b>	<b>(823,954)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>15,275</b>	<b>23,554</b>	<b>26,341</b>	<b>87,328</b>	<b>62,584</b>	<b>312,321</b>	<b>79,417</b>	<b>307,586</b>	<b>2,104</b>	<b>916,510</b>
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	15,846	73,819	(25,370)	(7,973)	(27,326)	831	7,069	(972)	15,860	51,784
<b>Profit before income tax</b>	<b>31,121</b>	<b>97,373</b>	<b>971</b>	<b>79,355</b>	<b>35,258</b>	<b>313,152</b>	<b>86,486</b>	<b>306,614</b>	<b>17,964</b>	<b>968,294</b>

## **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**

To establish the hierarchy of the fair value of debt instruments, Banca Transilvania S.A. uses classification criteria in one of the three levels mentioned by the International Financial Reporting Standard 13.

For the purpose of clasification, the methodology takes into account the aggregation of results from two sources of observations:

- direct observations of transactions, indicative or executable prices of the respective instrument;
- observations of transactions, indicative and executable prices of comparable instruments, with the aim of deriving a price for the respective instrument, when it is considered that direct observations support additions.

## **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 list of evaluation techniques used may contain, but is not limited to, the following:

- prices/quotations extracted by Calypso from evaluation platforms such as Bloomberg, Refinitiv or quotes received upon request from third parties;
- models based on prices of instruments with similar characteristics;
- models based on interest/price curves considered representative;
- calculation of updated cash flows;
- generally accepted economic methodologies.

Their hierarchy will take into account the specifications of IFRS 13, the choice of the alternative technique to be substantiated and approved by the competent committees.

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.

In the case of bonds, if an instrument has a minimum score that reflects in a transparent and strongly justified manner the price, fair value and liquidity of that instrument, it will be classified as level 1.

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 and some through fair value through profit or loss and in the category of liabilities: derivatives classified as financial liabilities held for trading.

Regarding the bonds, the classification is made based on the followings criteria:

- If the price of the instrument is obtained on the basis of interpolations of level 1 prices/yields related to similar instruments of the respective issuer (group).
- If the price of the instrument is obtained by adding the spread from the issue over the price/yield of the level 1 instrument, belonging to another issuer, which was the reference on the issue date.

The Group and the Bank use widely recognized valuation models for determining the fair value of derivatives that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for simple over the counter derivatives.

At level 3 in the fair value hierarchy, the Group and the Bank included in the category of assets: equity instruments, fixed assets and investment property, bonds classified as assets valued at fair value through other elements of the comprehensive result and some bonds held at fair value through the profit or loss account.

In the case of bonds, level 3 includes all cases that are not found in the previous levels, the non-existence of a price, a price provided by a single entity or derived, by interpolation or spread, from one of the level 2 prices.

Significant unobservable inputs affecting the valuation of debt securities are represented by credit spreads - the premium above the benchmark reference instrument required to compensate for lower credit quality; higher spreads lead to a lower fair value.

# 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)

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 <i>In RON thousand</i>	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
<b>March 31, 2024</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>222,259</b>	<b>119,767</b>	<b>10,538</b>	<b>352,564</b>
- Equity instruments	222,259	-	-	222,259
- Debt instruments	-	119,767	10,538	130,305
<b>Derivatives</b>	-	<b>128,611</b>	-	<b>128,611</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>39,651,660</b>	<b>352,293</b>	<b>283,301</b>	<b>40,287,254</b>
- Equity instruments	87,392	-	70,522	157,914
- Debt instruments	39,564,268	325,784	212,779	40,102,831
- Loans and advances	-	26,509	-	26,509
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>843,548</b>	<b>94,764</b>	<b>336,674</b>	<b>1,274,986</b>
- Equity instruments	318,076	-	-	318,076
- Debt instruments	525,472	94,764	336,674	956,910
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>40,717,467</b>	<b>695,435</b>	<b>630,513</b>	<b>42,043,415</b>
<b>Non-financial assets at fair value</b>	-	-	<b>1,266,407</b>	<b>1,266,407</b>
- Property and equipment and investment property	-	-	1,266,407	1,266,407
<b>Total assets measured at fair value in the statement of financial position</b>	<b>40,717,467</b>	<b>695,435</b>	<b>1,896,920</b>	<b>43,309,822</b>
<b>Financial liabilities held-for-trading</b>	-	<b>116,478</b>	-	<b>116,478</b>
<b>December 31, 2023</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>222,001</b>	<b>113,206</b>	<b>10,549</b>	<b>345,756</b>
- Equity instruments	216,101	-	-	216,101
- Debt instruments	5,900	113,206	10,549	129,655
<b>Derivatives</b>	-	<b>124,817</b>	-	<b>124,817</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>39,928,649</b>	<b>276,255</b>	<b>395,122</b>	<b>40,600,026</b>
- Equity instruments	84,401	-	69,759	154,160
- Debt instruments	39,844,248	249,772	325,363	40,419,383
- Loans and advances	-	26,483	-	26,483
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>803,334</b>	<b>91,276</b>	<b>337,988</b>	<b>1,232,598</b>
- Equity instruments	292,920	-	-	292,920
- Debt instruments	510,414	91,276	337,988	939,678
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>40,953,984</b>	<b>605,554</b>	<b>743,659</b>	<b>42,303,197</b>
<b>Non-financial assets at fair value</b>	-	-	<b>1,278,903</b>	<b>1,278,903</b>
- Property and equipment and investment property	-	-	1,278,903	1,278,903
<b>Total assets measured at fair value in the statement of financial position</b>	<b>40,953,984</b>	<b>605,554</b>	<b>2,022,562</b>	<b>43,582,100</b>
<b>Financial liabilities held-for-trading</b>	-	<b>88,809</b>	-	<b>88,809</b>

# 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>				
<b>March 31, 2024</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>				
- Equity instruments	37,375	-	-	37,375
<b>Derivatives</b>	-	128,611	-	128,611
<b>Financial assets measured at fair value through other items of comprehensive income</b>	39,352,054	275,699	245,939	39,873,692
- Equity instruments	-	-	19,627	19,627
- Debt instruments	39,352,054	249,190	226,312	39,827,556
- Loans and advances	-	26,509	-	26,509
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	940,191	452,052	336,674	1,728,917
- Equity instruments	317,534	-	-	317,534
- Debt instruments	622,657	452,052	336,674	1,411,383
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>40,329,620</b>	<b>856,362</b>	<b>582,613</b>	<b>41,768,594</b>
<b>Non-financial assets at fair value</b>	-	-	738,487	738,487
- Property and equipment and investment property	-	-	738,487	738,487
<b>Total assets measured at fair value in the statement of financial position</b>	<b>40,329,620</b>	<b>856,362</b>	<b>1,321,100</b>	<b>42,507,082</b>
<b>Financial liabilities held-for-trading</b>	-	116,478	-	116,478
<b>December 31, 2023</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>				
- Equity instruments	36,303	-	-	36,303
<b>Derivatives</b>	-	124,817	-	124,817
<b>Financial assets measured at fair value through other items of comprehensive income</b>	39,633,547	272,548	358,107	40,264,202
- Equity instruments	-	-	19,400	19,400
- Debt instruments	39,633,547	246,065	338,707	40,218,319
- Loans and advances	-	26,483	-	26,483
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	896,313	435,855	337,987	1,670,155
- Equity instruments	292,472	-	-	292,472
- Debt instruments	603,841	435,855	337,987	1,377,683
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>40,566,163</b>	<b>833,220</b>	<b>696,094</b>	<b>42,095,477</b>
<b>Non-financial assets at fair value</b>	-	-	755,413	755,413
- Property and equipment and investment property	-	-	755,413	755,413
<b>Total assets measured at fair value in the statement of financial position</b>	<b>40,566,163</b>	<b>833,220</b>	<b>1,451,507</b>	<b>42,850,890</b>
<b>Financial liabilities held-for-trading</b>	-	88,809	-	88,809

**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 1 in the fair value hierarchy, the Group and the Bank included in the category of assets that are not held at fair value: financial assets at amortized cost - debt instruments, represented by bonds issued by central administrations and credit institutions.

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, 2024:

<i>In RON thousand</i>	Notes	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				Fair value hierarchy					Fair value hierarchy		
				Level 1	Level 2	Level 3		Fair value	Level 1	Level 2	Level 3
<b>Assets</b>											
Placements with banks and public institutions	17	11,265,574	11,265,574	-	11,265,574	-	11,358,055	11,358,055	-	11,358,055	-
Loans and advances to customers	19	73,286,627	73,063,206	-	-	73,063,206	72,657,613	72,486,414	-	-	72,486,414
Finance lease receivables	20	3,769,597	3,811,328	-	-	3,811,328	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	14,598,967	14,755,799	11,293,408	1,729,461	1,732,930	12,811,463	12,947,226	11,198,556	-	1,748,670
Other financial assets	22	2,500,117	2,500,117	-	-	2,500,117	2,330,464	2,330,464	-	-	2,330,464
<b>Total assets</b>		<b>105,420,882</b>	<b>105,396,024</b>	<b>11,293,408</b>	<b>12,995,035</b>	<b>81,107,581</b>	<b>99,157,595</b>	<b>99,122,159</b>	<b>11,198,556</b>	<b>11,358,055</b>	<b>76,565,548</b>
<b>Liabilities</b>											
Deposits from banks	24	534,684	534,684	-	534,684	-	542,320	542,320	-	542,320	-
Deposits from customers	25	141,197,279	141,253,076	-	141,253,076	-	136,976,617	137,026,833	-	137,026,833	-
Loans from banks and other financial institutions	26	10,178,845	10,181,211	6,768,078	-	3,413,133	9,013,081	9,015,447	6,765,420	-	2,250,027
Subordinated liabilities	27	2,461,984	2,461,984	-	-	2,461,984	2,454,900	2,454,900	-	-	2,454,900
Lease liabilities		524,791	524,791	-	-	524,791	664,383	664,383	-	-	664,383
Other financial liabilities	29	4,686,303	4,686,303	-	-	4,686,303	4,135,858	4,135,858	-	-	4,135,858
<b>Total liabilities</b>		<b>159,583,886</b>	<b>159,642,049</b>	<b>6,768,078</b>	<b>141,787,760</b>	<b>11,086,211</b>	<b>153,787,159</b>	<b>153,839,741</b>	<b>6,765,420</b>	<b>137,569,153</b>	<b>9,505,168</b>

# Banca Transilvania S.A.

## 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, 2023:

RON thousand	Notes	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				Fair value hierarchy Level 1	Fair value hierarchy Level 2	Fair value hierarchy Level 3			Fair value hierarchy Level 1	Fair value hierarchy Level 2	Fair value hierarchy Level 3
<b>Assets</b>											
Placements with banks and public institutions	17	12,272,959	12,272,959	-	12,272,959	-	12,619,341	12,619,341	-	12,619,341	-
Loans and advances to customers	19	72,008,224	71,927,489	-	-	71,927,489	71,550,404	71,381,814	-	-	71,381,814
Finance lease receivables	20	3,562,683	3,586,003	-	-	3,586,003	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	9,472,245	9,610,193	6,276,512	1,431,293	1,902,388	7,980,071	8,100,636	6,182,963	-	1,917,673
Other financial assets	22	1,980,114	1,980,114	-	-	1,980,114	1,829,702	1,829,702	-	-	1,829,702
<b>Total assets</b>		<b>99,296,225</b>	<b>99,376,758</b>	<b>6,276,512</b>	<b>13,704,252</b>	<b>79,395,994</b>	<b>93,979,518</b>	<b>93,931,493</b>	<b>6,182,963</b>	<b>12,619,341</b>	<b>75,129,189</b>
<b>Liabilities</b>											
Deposits from banks	24	1,034,613	1,034,613	-	1,034,613	-	1,081,766	1,081,766	-	1,081,766	-
Deposits from customers	25	138,052,954	138,081,222	-	138,081,222	-	134,443,350	134,470,810	-	134,470,810	-
Loans from banks and other financial institutions	26	9,548,567	9,553,796	6,643,087	-	2,910,709	8,583,795	8,589,024	6,640,249	-	1,948,775
Subordinated liabilities	27	2,423,218	2,423,218	-	-	2,423,218	2,403,652	2,403,652	-	-	2,403,652
Lease liabilities		533,351	533,351	-	-	533,351	669,778	669,778	-	-	669,778
Other financial liabilities	29	2,521,170	2,521,170	-	-	2,521,170	1,847,667	1,847,667	-	-	1,847,667
<b>Total liabilities</b>		<b>154,113,873</b>	<b>154,147,370</b>	<b>6,643,087</b>	<b>139,115,835</b>	<b>8,388,448</b>	<b>149,030,008</b>	<b>149,062,697</b>	<b>6,640,249</b>	<b>135,552,576</b>	<b>6,869,872</b>

**Notes to the Interim Condensed Consolidated and Separate Financial Statements**

**5. Net interest income**

	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
<i>In RON thousand</i>				
<b>Interest income calculated using the effective interest method</b>	<b>2,474,027</b>	<b>1,946,814</b>	<b>2,336,933</b>	<b>1,749,400</b>
- Cash and current accounts with Central Banks at amortised cost	110,145	57,089	100,531	28,502
- Placements with banks and public institutions at amortised cost	224,163	44,084	231,869	60,588
- Loans and advances to customers at amortised cost	1,592,279	1,349,451	1,484,136	1,233,064
- Debt instruments at fair value through other items of comprehensive income	384,447	417,304	381,562	415,480
- Debt instruments at amortised cost	162,993	78,886	138,835	11,766
<b>Other similar interest income</b>	<b>116,359</b>	<b>75,062</b>	<b>8,084</b>	<b>8,013</b>
- Finance lease receivables	108,211	67,050	-	-
- Non-recourse factoring receivables	8,148	8,013	8,084	8,013
<b>Total interest income</b>	<b>2,590,386</b>	<b>2,021,876</b>	<b>2,345,017</b>	<b>1,757,413</b>
<b>Interest expense related to financial liabilities measured at amortized cost</b>	<b>1,044,603</b>	<b>779,213</b>	<b>1,016,830</b>	<b>724,329</b>
- Cash and current accounts with Central Banks	-	3	-	-
- Deposits from banks	1,243	13,062	1,567	12,142
- Deposits from customers	819,091	692,737	805,915	653,580
- Loans from banks and other financial institutions	224,269	73,411	209,348	58,607
<b>Other similar expense</b>	<b>2,805</b>	<b>715</b>	<b>3,455</b>	<b>1,637</b>
- Lease liabilities	2,805	715	3,455	1,637
<b>Total interest expense</b>	<b>1,047,408</b>	<b>779,928</b>	<b>1,020,285</b>	<b>725,966</b>
<b>Net interest income</b>	<b>1,542,978</b>	<b>1,241,948</b>	<b>1,324,732</b>	<b>1,031,447</b>

Interest income as at March 31, 2024 includes the net interest income on impaired financial assets amounting RON 79,915 thousand (2023: RON 54,694 thousand) for the Group and RON 57,502 thousand (2023: RON 47,885 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.

**Notes to the Interim Condensed Consolidated and Separate Financial Statements**

**6. Net fee and commission income**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
<b>Fee and commission income</b>				
Commissions from treasury and inter-bank operations	79,846	65,752	79,854	65,752
Client transactions (i)	433,509	361,309	376,228	313,343
Lending activity (ii)	3,454	3,510	2,748	2,784
Finance lease management	2,836	2,926	-	-
Asset management (iii)	9,746	7,740	-	-
Other fee and commission income	1,874	1,364	392	362
<b>Total fee and commission income from contracts with customers</b>	<b>531,265</b>	<b>442,601</b>	<b>459,222</b>	<b>382,241</b>
Fee income from financial guarantee contracts (iv)	14,777	10,702	14,544	10,518
<b>Total fee and commission income</b>	<b>546,042</b>	<b>453,303</b>	<b>473,766</b>	<b>392,759</b>
<b>Fee and commission expense</b>				
Commissions from treasury and inter-bank	154,169	120,257	129,384	98,962
Client transactions	53,781	39,297	43,851	33,175
Lending activity (i)	(261)	5,366	3,845	9,250
Other fees and commissions	672	486	757	509
<b>Fee and commission expenses</b>	<b>208,361</b>	<b>165,406</b>	<b>177,837</b>	<b>141,896</b>
<b>Net fee and commission income</b>	<b>337,681</b>	<b>287,897</b>	<b>295,929</b>	<b>250,863</b>

(i) Fees related to transactions with clients mainly include cards fees, payments/collections fees, custody fees and other fees related to transactions with clients

(ii) Lending-related fees include amendment fees, factoring fees, debt recovery fees

(iii) This category includes the management commissions of open and alternative investment funds

(iv) Although the fee income from financial guarantee contracts and loan commitments is recognised in accordance with the principle of IFRS 15 the financial guarantee contracts is in the scope IFRS 9 and the fee income from it is not revenue from contracts with customers. The Group and the Bank presents the fee income from financial guarantees as part of total fee and commission income.

# Banca Transilvania S.A.

## Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 7. Net trading income

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
Net income from foreign exchange transactions	170,422	149,352	145,058	134,912
Net income/ (Expense) from derivatives	13,371	(26,493)	13,397	(26,524)
Net income/ (Expense) from financial assets held-for-trading	10,451	(1,041)	1,124	4,168
(Expense)/ net income from foreign exchange position revaluation	(3,383)	13,427	(3,056)	9,959
<b>Net trading income</b>	<b>190,861</b>	<b>135,245</b>	<b>156,523</b>	<b>122,515</b>

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
Income from the sale of financial assets measured at fair value through other items of comprehensive income	62,317	67,390	61,106	67,384
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(433)	(546)	(433)	(546)
<b>Net income from financial assets measured at fair value through comprehensive income</b>	<b>61,884</b>	<b>66,844</b>	<b>60,673</b>	<b>66,838</b>

### 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>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
Income from financial assets which are required to be measured at fair value through profit or loss	66,109	49,186	88,365	51,366
Losses from financial assets which are required to be measured at fair value through profit or loss	(21,886)	(25,684)	(28,137)	(33,489)
<b>Net income/(expense) from financial assets which are required to be measured at fair value through profit or loss</b>	<b>44,223</b>	<b>23,502</b>	<b>60,228</b>	<b>17,877</b>

### 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>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
Contribution to the Bank Deposit Guarantee Fund	45,743	44,016	44,875	43,271
Bank Resolution Fund	25,551	47,805	19,796	46,000
<b>Total</b>	<b>71,294</b>	<b>91,821</b>	<b>64,671</b>	<b>89,271</b>

**Notes to the Interim Condensed Consolidated and Separate Financial Statements**

**11. Other operating income**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
Dividend income	-	-	-	-
Income from insurance intermediation	50,335	32,173	33,773	19,026
Income regarding movable and immovable assets resulting from debt enforcement	2,662	201	1,612	410
Income from indemnities, fines and penalties	1,899	2,486	1,016	1,447
Income from VISA, MASTERCARD, WU services	29,399	11,426	29,393	11,084
Other operating income (i)	25,363	30,563	10,810	11,372
<b>Total</b>	<b>109,658</b>	<b>76,849</b>	<b>76,604</b>	<b>43,339</b>

(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>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
Net impairment allowance on assets (i)	66,780	28,148	8,704	27,360
Net loss on loans written off	22	580	-	1
Net loss on finance lease receivables written off	129	79	-	-
Provisions for other risks and loan commitments	(19,602)	1,690	(14,268)	1,828
Recoveries from loans written off	(39,639)	(69,963)	(36,971)	(68,756)
Recoveries from finance lease receivables written off	(180)	(5,534)	-	-
<b>Net income (-)/Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments</b>	<b>7,510</b>	<b>(45,000)</b>	<b>(42,535)</b>	<b>(39,567)</b>

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
Loans and advances to customers	47,417	39,219	13,828	26,002
Treasury and inter-bank operations	1,260	(1,179)	(1,799)	1,917
Finance lease receivables	19,147	(12,575)	-	-
Investment securities	3,958	566	2,710	36
Other financial assets	(5,002)	2,117	(6,035)	(595)
<b>Net impairment allowance on assets</b>	<b>66,780</b>	<b>28,148</b>	<b>8,704</b>	<b>27,360</b>

## Banca Transilvania S.A.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

#### (b) (Other) Provisions and reversal of provisions

<i>In RON thousand</i>	Group		Bank	
	2024	2023	2024	2023
Other non-financial assets	(709)	(1,464)	-	(182)
Litigation and other risks	(3,860)	(5,320)	(3,424)	(705)
<b>(Other) Provisions and reversal of provisions</b>	<b>(4,569)</b>	<b>(6,784)</b>	<b>(3,424)</b>	<b>(887)</b>

### 13. Personnel expenses

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Gross salaries	449,783	380,391	372,625	318,979
Social protection contribution	18,388	15,304	11,194	9,755
Share-based payments to employees	36,086	27,124	36,086	27,124
3rd Pension Pillar	3,965	4,674	3,602	4,328
Other staff expenses	33,139	23,830	28,747	21,255
Net expenses with provisions for overdue vacations and other provisions	38,512	24,947	29,859	19,194
<b>Total</b>	<b>579,873</b>	<b>476,270</b>	<b>482,113</b>	<b>400,635</b>

### 14. Other operating expenses

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Rent and operating lease expense	2,480	2,089	1,917	1,512
Repairs and maintenance expenses	86,325	68,502	75,290	60,168
Advertising, marketing, entertainment and sponsorship expenses	31,110	36,535	26,374	32,909
Mail, telecommunication and SMS traffic expenses	18,596	16,525	15,737	13,995
Materials and stationery expenses	25,276	22,395	22,160	20,452
Other professional fees, including legal expenses	10,000	6,455	8,501	3,557
Electricity and heating	10,979	11,344	9,409	9,442
Business travel, transportation and temporary relocation expenses	17,045	14,085	16,035	13,450
Insurance costs	8,536	8,633	7,639	7,778
Taxes (*)	72,107	8,647	70,285	7,945
Security and protection	8,552	7,085	8,030	6,489
Expenses related to archiving services	6,227	4,773	5,963	4,521
Expenses related to database queries from the Trade Register and the Credit Bureau	2,155	2,486	1,614	1,828
Expenses with foreclosed assets	2,267	1,547	2,016	1,414
Audit, advisory and other services provided by the independent auditor	3,320	2,196	2,484	985
Other operating expenses	33,453	27,722	23,587	17,473
<b>Total other operating expenses</b>	<b>338,428</b>	<b>241,019</b>	<b>297,041</b>	<b>203,918</b>

(\*) Starting from 2024, the "Taxes and contributions" line also includes the turnover tax calculated for the reported period, representing 2% of the turnover, amounting RON 65,152 thousand for the Group and RON 64,582 thousand for the Bank.

# Banca Transilvania S.A.

## Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 15. Income tax expense

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
<b>Gross Profit</b>	<b>1,308,155</b>	<b>968,294</b>	<b>1,072,628</b>	<b>781,905</b>
<b>Statutory tax rate (2024: 16%; 2023: 16%)</b>	<b>(209,305)</b>	<b>(154,927)</b>	<b>(171,620)</b>	<b>(125,105)</b>
<b>Fiscal effect of income tax on the following elements:</b>	<b>33,557</b>	<b>24,334</b>	<b>12,232</b>	<b>19,102</b>
- Non-taxable income	46,937	33,309	29,872	32,363
- Non-deductible expense	(37,718)	(48,135)	(41,145)	(42,464)
- Tax deductions	24,348	31,629	23,506	31,011
- Income related items	(17)	(24,276)	(1)	(1,808)
- Expense related items	7	31,807	-	-
<b>Income tax expense</b>	<b>(175,748)</b>	<b>(130,593)</b>	<b>(159,388)</b>	<b>(106,003)</b>

(\*) Income tax rate for Victoriabank S.A., BCR Chişinău S.A. and BT Leasing MD S.R.L. is 12%.

### 16. Cash and current accounts with Central Banks

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Minimum reserve requirement	21,328,847	19,984,835	19,662,038	18,289,681
Cash on hand and other values	3,914,682	4,267,765	3,641,603	3,996,576
<b>Total</b>	<b>25,243,529</b>	<b>24,252,600</b>	<b>23,303,641</b>	<b>22,286,257</b>

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Cash and current accounts with Central Banks(*)	25,072,184	24,244,467	23,297,742	22,280,893
Placements with banks - maturity below 3 months	10,142,794	11,304,732	9,414,739	10,460,417
Reverse-repo transactions	-	-	-	-
Loans and advances to credit institutions with maturity below 3 months	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	85,885	-	59,795	-
Financial assets at amortized cost – debt instruments	1,169,357	573,172	374,087	8,984
<b>Cash and cash equivalents in the cash flow statement</b>	<b>36,470,220</b>	<b>36,122,371</b>	<b>33,146,363</b>	<b>32,750,294</b>

(\*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 8,695 thousand (2023: RON 8,133 thousand ) and at the level of the Bank in the amount of RON 5,899 thousand (2023: RON 5,364 thousand)

## Banca Transilvania S.A.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 17. Placements with banks and public institutions

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Current accounts with other banks	919,483	1,100,282	456,734	678,579
Term deposit with Central bank	2,883,590	-	2,883,590	-
Sight, collateral and term deposits with other banks	6,953,363	10,663,188	7,508,593	11,431,273
Reverse repo transactions	-	-	-	-
Loans and advances to credit institutions	509,138	509,489	509,138	509,489
<b>Total</b>	<b>11,265,574</b>	<b>12,272,959</b>	<b>11,358,055</b>	<b>12,619,341</b>

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

As at March 31, 2024, 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 8,968,519 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 8,957,617 thousand and loans and advances to credit institutions in amount of RON 0 thousand at Bank level (December 31, 2023: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 9,562,115 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 9,367,492 thousand and loans and advances to credit institutions in amount of RON 0 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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Equity instruments	222,259	216,101	37,375	36,303
Debt instruments	130,305	129,655	-	-
<b>Total</b>	<b>352,564</b>	<b>345,756</b>	<b>37,375</b>	<b>36,303</b>

#### 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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Equity instruments(*)	318,076	292,920	317,534	292,472
Debt instruments	956,910	939,678	1,411,383	1,377,683
<b>Total</b>	<b>1,274,986</b>	<b>1,232,598</b>	<b>1,728,917</b>	<b>1,670,155</b>

(\*) The Group and the Bank have included in this category the VISA and Mastercard shares, both the ordinary ones from category A / B, as well as the preferential ones from category C.

## Banca Transilvania S.A.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 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, 2024 and December 31, 2023 is the following:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
Corporate and government institutions	30,652,599	31,891,157	34,172,751	35,424,045
Small and medium enterprises	11,897,142	10,254,549	10,708,405	9,063,280
Consumer loans and card loans granted to retail customers	13,847,969	13,392,850	13,138,342	12,674,358
Mortgage loans	19,407,475	19,053,459	18,992,544	18,701,951
Loans granted by non-banking financial institutions	2,156,245	2,060,596	-	-
Other	68,354	63,147	61,900	57,578
<b>Total loans and advances to customers before impairment allowance</b>	<b>78,029,784</b>	<b>76,715,758</b>	<b>77,073,942</b>	<b>75,921,212</b>
Allowances for impairment losses on loans	(4,743,157)	(4,707,534)	(4,416,329)	(4,370,808)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>73,286,627</b>	<b>72,008,224</b>	<b>72,657,613</b>	<b>71,550,404</b>

The Group's and Bank's commercial lending is concentrated on Romanian and Moldavian companies and individuals. The risk distribution of the credit portfolio per sectors, as at 31 March 2024 and 31 December 2023, is the following:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Retail	34,364,631	33,535,169	32,192,786	31,433,875
Trading	8,720,959	8,253,371	7,799,602	7,553,098
Manufacturing	5,503,427	5,247,804	5,161,873	4,916,366
Agriculture	3,384,209	3,304,137	3,228,083	3,188,576
Services	3,672,056	3,545,309	3,378,971	3,260,427
Real Estate	2,880,798	2,905,592	2,937,348	2,960,077
Constructions	2,405,247	2,354,987	2,199,796	2,123,074
Transportation	2,600,654	2,585,858	2,179,407	2,117,656
Self-employed	1,068,900	1,103,274	919,135	887,732
Others	1,325,164	1,262,629	1,164,167	1,097,760
Financial Institutions	835,602	768,736	4,716,578	4,608,630
Telecommunications	277,587	321,982	250,877	293,838
Energy Industry	1,299,874	1,941,327	1,274,584	1,919,409
Mining Industry	85,418	82,452	79,354	76,976
Chemical Industry	166,769	150,639	161,933	145,467
Government Institutions	9,417,370	9,330,576	9,409,716	9,317,465
Fishing	21,119	21,916	19,732	20,786
<b>Total loans and advances to customers before impairment allowance</b>	<b>78,029,784</b>	<b>76,715,758</b>	<b>77,073,942</b>	<b>75,921,212</b>
Allowances for impairment losses on loans	(4,743,157)	(4,707,534)	(4,416,329)	(4,370,808)
<b>Total loans and advances to customers, net of impairment allowance</b>	<b>73,286,627</b>	<b>72,008,224</b>	<b>72,657,613</b>	<b>71,550,404</b>

## **Notes to the Interim Condensed Consolidated and Separate Financial Statements**

### **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>	<b>2024</b>	<b>2023</b>
Finance lease receivables with maturity below 1 year, gross	1,509,601	1,426,123
Finance lease receivables with maturity between 1-2 years, gross	1,199,543	1,112,761
Finance lease receivables with maturity between 2-3 years, gross	899,323	845,466
Finance lease receivables with maturity between 3-4 years, gross	570,870	535,641
Finance lease receivables with maturity between 4-5 years, gross	260,130	259,946
Finance lease receivables with maturity above 5 years, gross	17,354	18,911
<b>Total finance lease receivables, gross</b>	<b>4,456,821</b>	<b>4,198,848</b>
Future interest related to finance lease receivables	(525,934)	(494,074)
Total finance lease receivables, net of future interest	3,930,887	3,704,774
Impairment allowances for finance lease receivables	(161,290)	(142,091)
<b>Total finance lease receivables</b>	<b>3,769,597</b>	<b>3,562,683</b>

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

### **21. Investment securities**

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
<b>Debt instruments, of which</b>	<b>40,102,831</b>	<b>40,419,383</b>	<b>39,827,556</b>	<b>40,218,319</b>
- Central Banks	26,090	-	-	-
- Central administrations	37,845,777	37,959,831	37,583,060	37,745,421
- Credit institutions	1,938,307	2,068,827	1,938,307	2,068,827
- Other financial companies	209,714	310,847	223,246	324,193
- Non-financial institutions	82,943	79,878	82,943	79,878
<b>Equity instruments, of which:</b>	<b>157,914</b>	<b>154,160</b>	<b>19,627</b>	<b>19,400</b>
- Other financial companies	125,039	121,512	15,192	15,192
- Non-financial institutions	32,875	32,648	4,435	4,208
<b>Loans and advances to customers</b>	<b>26,509</b>	<b>26,483</b>	<b>26,509</b>	<b>26,483</b>
- Central administrations	26,509	26,483	26,509	26,483
<b>Total</b>	<b>40,287,254</b>	<b>40,600,026</b>	<b>39,873,692</b>	<b>40,264,202</b>

## Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 21. Investment securities (continued)

#### b) Financial assets at amortized cost - debt instruments

In the period ended on March 31, 2024, the Group classified as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 14,598,967 thousand, and the Bank bonds in amount of RON 12,811,463 thousand (December 31, 2023: RON 9,472,245 thousand for the Group and RON 7,980,071 thousand for the Bank).

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
<b>Debt instruments, of which</b>				
- Central Banks	795,272	564,188	-	-
- Central administrations	11,739,648	6,819,530	10,732,209	5,876,660
- Credit institutions	763,622	788,581	778,829	803,465
- Other financial companies	1,255,540	1,255,462	1,255,540	1,255,463
- Non-financial institutions	44,885	44,484	44,885	44,483
<b>Total</b>	<b>14,598,967</b>	<b>9,472,245</b>	<b>12,811,463</b>	<b>7,980,071</b>

### 22. Other financial assets

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
Amounts under settlement	1,722,727	1,104,646	1,674,414	1,047,869
Non-recourse factoring	322,370	438,740	322,370	438,740
Sundry debtors and advances for non-current assets	425,447	408,708	273,607	286,003
Cheques and other instruments to be encashed	61,931	71,593	61,931	71,593
Other financial assets	20,856	14,577	14,129	7,519
Impairment allowance for other financial assets	(53,214)	(58,150)	(15,987)	(22,022)
<b>Total</b>	<b>2,500,117</b>	<b>1,980,114</b>	<b>2,330,464</b>	<b>1,829,702</b>

As at March 31, 2024, out of RON 2,500,117 thousand (December 31, 2023: RON 1,980,114 thousand), the Group's other impaired financial assets amounted to RON 43,341 thousand (December 31, 2023: RON 41,866 thousand).

As at March 31, 2024 out of RON 2,330,464 thousand (December 31, 2023: RON 1,829,702 thousand), the Bank's other impaired financial assets amounted to RON 3,892 thousand (December 31, 2023: RON 3,897 thousand).

### 23. Other non-financial assets

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
Inventories and similar assets	82,384	87,945	53,857	55,680
Prepaid expenses	131,392	134,465	116,169	121,215
VAT and other taxes to be received	17,361	34,486	1,713	1,523
Other non-financial assets	79,330	79,342	29,774	27,430
Impairment allowance for other non-financial assets	(15,081)	(15,839)	(8,096)	(8,096)
<b>Total</b>	<b>295,386</b>	<b>320,399</b>	<b>193,417</b>	<b>197,752</b>

### 24. Deposits from banks

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
Sight demand	253,397	497,386	261,033	509,707
Term deposits	281,287	537,227	281,287	572,059
<b>Total</b>	<b>534,684</b>	<b>1,034,613</b>	<b>542,320</b>	<b>1,081,766</b>

# Banca Transilvania S.A.

## Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 25. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Current accounts	68,046,082	69,999,127	65,298,992	67,447,241
Sight demand	985,193	953,695	793,006	739,327
Term deposits	71,075,492	66,019,978	69,834,057	65,215,377
Collateral deposits	1,090,512	1,080,154	1,050,562	1,041,405
<b>Total</b>	<b>141,197,279</b>	<b>138,052,954</b>	<b>136,976,617</b>	<b>134,443,350</b>

Deposits from customers can be also analyzed as follows:

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Retail	90,756,826	88,572,664	88,145,996	86,293,705
Companies	50,440,453	49,480,290	48,830,621	48,149,645
<b>Total</b>	<b>141,197,279</b>	<b>138,052,954</b>	<b>136,976,617</b>	<b>134,443,350</b>

### 26. Loans from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Loans from government entities	44,659	33,048	-	-
Loans from commercial banks	1,123,307	943,981	376,406	376,530
- Romanian banks	746,901	567,451	-	-
- Foreign banks	376,406	376,530	376,406	376,530
Loans from development banks	1,217,373	1,240,927	1,172,951	1,200,214
Repurchase agreements (repo transactions)	695,058	363,251	695,058	363,251
Other funds from financial institutions	142,543	139,026	3,246	3,551
Issued bonds	6,955,905	6,828,334	6,765,420	6,640,249
<b>Total</b>	<b>10,178,845</b>	<b>9,548,567</b>	<b>9,013,081</b>	<b>8,583,795</b>

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at March 31, 2024 and December 31, 2023.

The table below summarizes the underlying securities of repo agreements

<i>In RON thousand</i>	Group			
	31-03-2024		31-12-2023	
	Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities
Financial assets measured at fair value through other items of comprehensive income	632,198	629,794	368,480	363,251
Financial assets at amortized cost	65,226	65,264	-	-
<b>Total</b>	<b>697,424</b>	<b>695,058</b>	<b>368,480</b>	<b>363,251</b>

<i>In RON thousand</i>	Bank			
	31-03-2024		31-12-2023	
	Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities
Financial assets measured at fair value through other items of comprehensive income	632,198	629,794	368,480	363,251
Financial assets at amortized cost	65,226	65,264	-	-
<b>Total</b>	<b>697,424</b>	<b>695,058</b>	<b>368,480</b>	<b>363,251</b>

The explanatory notes to the financial statements from page 11 to page 55 are an integral part of these financial statements. 45

## Banca Transilvania S.A.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 27. Subordinated liabilities

As at March 31, 2024 and December 31, 2023, 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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Loans from development banks and financial institutions	-	12,562	-	-
Non-convertible bonds	2,461,984	2,410,656	2,454,900	2,403,652
<b>Total</b>	<b>2,461,984</b>	<b>2,423,218</b>	<b>2,454,900</b>	<b>2,403,652</b>

### 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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Provisions for loan commitments, financial guarantees and other commitments given	344,371	364,335	310,688	326,004
Provisions for employee benefits as compensated absences	56,200	37,375	46,224	28,866
Provisions for other employee benefits	116,739	92,956	60,870	48,370
Provisions for litigation, other risks and charges (*)	152,278	156,478	144,536	148,299
<b>Total</b>	<b>669,588</b>	<b>651,144</b>	<b>562,318</b>	<b>551,539</b>

(\*) 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.. In this category are also included the provisions related to potential ancillary fiscal obligations related to the SFIA litigation.

### 29. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Amounts under settlement	4,260,236	1,982,830	3,873,455	1,512,867
Sundry creditors	346,039	456,939	201,884	270,710
Dividends payable	30,646	30,950	30,646	30,950
Other financial liabilities	49,382	50,451	29,873	33,140
<b>Total</b>	<b>4,686,303</b>	<b>2,521,170</b>	<b>4,135,858</b>	<b>1,847,667</b>

### 30. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Other taxes payable	136,594	85,056	115,979	62,840
Other non-financial liabilities	223,115	203,001	123,878	109,129
<b>Total</b>	<b>359,709</b>	<b>288,057</b>	<b>239,857</b>	<b>171,969</b>

## **Notes to the Interim Condensed Consolidated and Separate Financial Statements**

### **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 1,051,941 thousand (2023: RON 804,535 thousand) and on the weighted average number of ordinary shares outstanding during the year of 915,872,475 (2023 recalculated: 914,242,888 shares).

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

	<b>Group</b>	
	<b>31-03-2024</b>	<b>31-03-2023</b>
Ordinary shares issued as at 1 January	798,658,233	707,658,233
The impact of shares issued as of 1 January	118,221,613	91,000,000
The impact of the shares repurchased during the year	(1,007,371)	(2,636,958)
The impact of the shares obtained from bonds conversion	-	-
The retroactive adjustment of the weighted average number of outstanding shares as at March 31, 2023	-	118,221,613
<b>Weighted average number of shares</b>	<b>915,872,475</b>	<b>914,242,888</b>
The number of shares that may be issued upon the conversion of bonds into shares	-	-
<b>Weighted average number of diluted shares</b>	<b>915,872,475</b>	<b>914,242,888</b>

### **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, 2024;
- 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 - March 31, 2024;
- the anticyclical capital buffer specific to the institution of 1% of the value of the risk-weighted valid starting from October 2023.

## **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, 2024 and December 31, 2023, 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 14,276,030 thousand as of March 31, 2024 (December 31, 2023: RON 14,954,116 thousand), regulatory capital amounts to RON 9,760,937 thousand (December 31, 2023: RON 9,366,727 thousand) and the Group and the Bank have complied with all externally imposed capital requirements for period ended March 31, 2024 and December 31, 2023.

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.

The level and the requirements of own funds as at March 31, 2024 and December 31, 2023 are as follows:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
Tier 1 own funds	12,033,975	12,692,053	10,717,704	11,363,215
Tier 2 own funds	2,242,055	2,262,063	2,241,402	2,260,454
<b>Total own funds</b>	<b>14,276,030</b>	<b>14,954,116</b>	<b>12,959,106</b>	<b>13,623,669</b>

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

<i>In %</i>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
Core tier one ratio	16.64	18.29	16.59	18.32
Tier 1 ratio	16.64	18.39	16.59	18.32
CAR	19.74	21.55	20.06	21.97

*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, 2023. For the three-month period ended March 31, 2024, the current profit was not considered in the calculation of own funds. Regulatory capital as at March 31, 2024 and December 31, 2023 was calculated according to the IFRS standards endorsed by the European Union.*

The explanatory notes to the financial statements from page 11 to page 55 are an integral part of these financial statements. 48

## **Notes to the Interim Condensed Consolidated and Separate Financial Statements**

### **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>	<b>Group</b>		<b>Bank</b>	
	<b>31-03-2024</b>	<b>31-12-2023</b>	<b>31-03-2024</b>	<b>31-12-2023</b>
Corporate and public institutions	30,652,599	31,891,165	34,172,751	35,424,045
Small and medium enterprises	11,897,143	10,254,551	10,708,405	9,063,280
Consumer loans and card loans granted to retail customers	13,847,968	13,392,845	13,138,342	12,674,358
Mortgage loans	19,407,474	19,053,458	18,992,544	18,701,951
Loans and finance lease receivables granted by non-banking financial institutions	6,087,133	5,765,371	-	-
Other	68,354	63,142	61,900	57,578
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>81,960,671</b>	<b>80,420,532</b>	<b>77,073,942</b>	<b>75,921,212</b>
Allowances for impairment losses on loans and financial lease receivables	(4,904,447)	(4,849,625)	(4,416,329)	(4,370,808)
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>77,056,224</b>	<b>75,570,907</b>	<b>72,657,613</b>	<b>71,550,404</b>

At March 31, 2024, the total irrevocable on-balance and off-balance sheet exposure was of RON 86,489,761 thousand (December 31, 2023: RON 85,485,284 thousand) for the Group and RON 80,453,951 thousand (December 31, 2023: RON 79,930,464 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, 2024, 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 2024
<i>In RON thousand</i>					
Corporate and government institutions	25,590,016	4,426,303	557,690	78,590	30,652,599
Small and medium enterprises	8,815,528	2,532,908	527,608	21,099	11,897,143
Consumer loans and card loans granted to retail customers	9,958,454	2,869,412	944,447	75,655	13,847,968
Mortgage loans	16,873,329	2,303,430	197,621	33,094	19,407,474
Loans and finance lease receivables granted to non-banking financial institutions	4,820,636	794,330	394,976	77,191	6,087,133
Other	15	50,701	17,557	81	68,354
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>66,057,978</b>	<b>12,977,084</b>	<b>2,639,899</b>	<b>285,710</b>	<b>81,960,671</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(1,165,412)</b>	<b>(1,974,419)</b>	<b>(1,713,919)</b>	<b>(50,697)</b>	<b>(4,904,447)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>64,892,566</b>	<b>11,002,665</b>	<b>925,980</b>	<b>235,013</b>	<b>77,056,224</b>

**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 December 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 public institutions	27,214,754	3,963,579	629,127	83,705	<b>31,891,165</b>
Small and medium enterprises	7,347,895	2,365,008	520,639	21,009	<b>10,254,551</b>
Consumer loans and card loans granted to retail customers	9,662,434	2,762,363	890,221	77,827	<b>13,392,845</b>
Mortgage loans	16,834,009	1,988,896	196,245	34,308	<b>19,053,458</b>
Loans and finance lease receivables granted to non-banking financial institutions	4,682,085	684,547	370,843	27,896	<b>5,765,371</b>
Other	16	46,376	16,674	76	<b>63,142</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>65,741,193</b>	<b>11,810,769</b>	<b>2,623,749</b>	<b>244,821</b>	<b>80,420,532</b>
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,364,287)	(1,758,552)	(1,673,914)	(52,872)	<b>(4,849,625)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>64,376,906</b>	<b>10,052,217</b>	<b>949,835</b>	<b>191,949</b>	<b>75,570,907</b>

**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, 2024, 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 2024
<i>In RON thousand</i>					
Corporate and government institutions	29,227,950	4,335,033	532,086	77,682	34,172,751
Small and medium enterprises	7,834,202	2,367,043	489,110	18,050	10,708,405
Consumer loans and card loans granted to retail customers	9,353,078	2,854,244	856,885	74,135	13,138,342
Mortgage loans	16,476,514	2,294,552	188,679	32,799	18,992,544
Other	17	44,305	17,498	80	61,900
<b>Total loans and advances to customers before impairment allowance</b>	<b>62,891,761</b>	<b>11,895,177</b>	<b>2,084,258</b>	<b>202,746</b>	<b>77,073,942</b>
Allowances for impairment losses on loans	(1,098,343)	(1,876,475)	(1,405,185)	(36,326)	(4,416,329)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>61,793,418</b>	<b>10,018,702</b>	<b>679,073</b>	<b>166,420</b>	<b>72,657,613</b>

The exposures to credit risk for loans and advances to customers at Bank level, as at December 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 public institutions	30,843,984	3,896,939	600,660	82,462	35,424,045
Small and medium enterprises	6,427,637	2,222,138	397,984	15,521	9,063,280
Consumer loans and card loans granted to retail customers	9,048,237	2,743,213	806,763	76,145	12,674,358
Mortgage loans	16,498,339	1,982,593	186,710	34,309	18,701,951
Other	17	40,868	16,617	76	57,578
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>62,818,214</b>	<b>10,885,751</b>	<b>2,008,734</b>	<b>208,513</b>	<b>75,921,212</b>
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,301,239)	(1,677,555)	(1,356,393)	(35,621)	(4,370,808)
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>61,516,975</b>	<b>9,208,196</b>	<b>652,341</b>	<b>172,892</b>	<b>71,550,404</b>

## Notes to the Interim Condensed Consolidated and Separate Financial Statements

### 33. Credit risk management (*continued*)

#### Synthetic securitisation activity related to the loan portfolio

Banca Transilvania (the Bank) concluded on December 22, 2023 a non-STS synthetic securitisation transaction with the European Investment Fund (EIF) and the European Investment Bank (EIB), effective from March 31, 2024. The synthetic securitization transaction is structured on a portfolio of loans granted to legal entities, initial securitisation in amount of RON 2,027,513 thousand.

During the transaction, the Bank retains at least 5% of the exposure of each loan included in the securitization portfolio.

The credit risk of the mezzanine and senior tranches is transferred to the EIF, while the credit risk of the junior tranche is assumed by the Bank.

EIF - as Guarantor, issued an irrevocable and unconditional Financial Guarantee in favour of Banca Transilvania (the Beneficiary) to guarantee, in relation to each reference obligation, the payment of the loss, should such loss be allocated to the mezzanine and senior tranche, totaling RON 1,995,072 thousand which represents 98.4% of securitised portfolio. The scheduled maturity date of the guarantee is December 31, 2039.

The EIF guarantee is counter-guaranteed by the EIB through a back-to-back hedge arrangement.

The Bank's objective is to support the real economy by transferring the benefits of more efficient use of the Bank's capital to customers. To this end, Banca Transilvania has concluded with the EIB a Mezzanine Retrocession Agreement and Commitment Agreement for increased support for SMEs and Midcaps and a Senior Restitution Agreement and Commitment Agreement for increased support for SMEs and Midcaps.

### 34. Current tax liability

Below is listed the structure of the current tax liability for the Group and the Bank:

	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Current tax liability	161,845	130,294	169,397	139,690
Profit tax related to fiscal uncertainties - asset	26,410	26,410	26,410	26,410
<b>Total</b>	<b>135,435</b>	<b>103,884</b>	<b>142,987</b>	<b>113,280</b>

### 35. Business combinations

On January 15<sup>th</sup>, 2024, Victoriabank S.A. Chişinău acquired 100% of the share package in BCR Chişinău S.A.. The Victoriabank S.A. subsidiary is controlled by Banca Transilvania S.A., therefore, starting from this date, Banca Transilvania S.A. also holds control in BCR Chişinău S.A..

In the period of 3 months until March 31, 2024, BCR Chişinău S.A. contributed with a loss of RON 7.22 million to the Group's results.

#### *The consideration transferred*

The fair value of the transferred consideration is RON 57,145 thousand and was paid in full on the acquisition date.

No capital instruments were issued as part of the acquisition of BCR Chişinău S.A..

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****35. Business Combinations (continued)***Assets acquired and liabilities assumed*

The table below summarizes the amounts recognized at the acquisition date in respect of the assets acquired and liabilities assumed:

<b>RON thousand</b>	<b>Accounting Value</b>	<b>Adjustments</b>	<b>Fair Value</b>
Cash, cash equivalents and bank deposits	274,281	2,691	276,972
Loans and advances granted to customers	297,895	(940)	296,955
Tangible and intangible fixed assets, investment property and assets related to the right of use	5,760	1,839	7,599
Other assets	179,840	4,774	184,614
Deposits from customers	(513,467)	(1,685)	(515,152)
Loans from banks	(22,034)	-	(22,034)
Other debts	(40,002)	883	(39,119)
<b>Total net assets acquired</b>	<b>182,273</b>	<b>7,562</b>	<b>189,835</b>

*Fair value measurement*

The following valuation techniques were used to determine the fair value of the acquired assets and assumed obligations:

- **Portfolio of loans and receivables from finance leases - performing:** value adjustments have been made to reflect differences in interest rates (contract versus market) as well as lifetime expected credit losses from a participant's perspective over the market. The valuation methodology sought to quantify the possible differences between the interest rates in force and those existing on the market at the valuation date;
- **The portfolio of loans and receivables from financial leasing contracts - non-performing:** the fair value analysis of non-performing loans focused on the ECL estimation, whereby the amount of expected credit losses was estimated taking into account the potential recoveries from guarantees;
- **Assets related to the right of use:** the fair value was estimated by applying specific valuation methods taking into account the type of asset and the available information and the Management Decision related to the future benefits that the respective assets will bring;
- **Loans from banks and financial institutions:** adjustments were made to reflect the difference between contractual and market interest rates;
- **Lease liabilities:** in accordance with the requirements of IFRS 16, the fair value of the lease liabilities was determined as the present value of the remaining lease payments.

*Bargain gain*

The Group's results for the period ended March 31, 2024 include the *acquisition gain* from the acquisition of BCR Chişinău S.A. in the amount of RON 132,690 thousand.

The *acquisition gain* was determined as the difference between the consideration paid (RON 57,145 thousand) and the part of the fair value of the assets and liabilities of BCR Chişinău S.A. on the date of taking control (in the amount of RON 189,835 thousand).

## **Banca Transilvania S.A.**

# **Notes to the Interim Condensed Consolidated and Separate Financial Statements**

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

No significant subsequent events were identified after reporting the interim consolidated and separate statement of financial position.

The interim consolidated and separate financial statements were approved by the Board of Directors on May 10, 2024 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 2024**

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

## Identification Details of the Issuer

**Report date:** May 10<sup>th</sup>, 2024

**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 7,986,582,330

**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:** 798,658,233 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., Salt Bank S.A., BCR Chișinău S.A., BT Capital Partners S.A., BT Leasing Transilvania IFN S.A., Idea Leasing IFN S.A., BT Investments S.R.L., BT (Idea) Broker de Asigurare S.R.L., BT Direct IFN S.A., BT Building S.R.L., BT Asset Management SAI S.A., BT Solution Asistent în Brokeraj S.R.L., BT Asiom Agent de Asigurare S.R.L., BT Safe Agent de Asigurare S.R.L., BT Intermedieri Agent de Asigurare S.R.L., BT Leasing Moldova(MD) S.R.L., BT Microfinanțare IFN S.A., VB Investment Holding B.V., Improvement Credit Collection S.R.L., BT Pensii S.A., BTP One S.R.L., BTP Retail S.R.L 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., BCR Chișinău S.A and Salt 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 two 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 – 76.95% as of the end of March 2024. 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, 2024 is presented in the Appendix to this document.

## **I. Significant Events During the Period January-March 2024**

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

There have been no changes.

### **Main Transactions Regarding Affiliates**

In the first quarter of 2024, 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 2024 regarding Banca Transilvania Financial Group**

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

#### **BT ASSET MANAGEMENT SAI S.A.**

- On 02.02.2024, the General Meeting of Shareholders ("GMS") decided to grant a new mandate of administrator with a duration of 4 years, starting with 08.04.2024 and until 07.04.2028, to Mrs. Runcan Luminița Delia and the appointment of Mr. Nistor Ioan Alin as administrator in place of Mr. Bernát Aurel, for a 4 years mandate, starting with 08.04.2024 and until 07.04.2028.

#### **BT MICROFINANTARE IFN S.A.**

- On 16.02.2024, the extension of the mandate for two of the company's managers was registered at the Trade Registry Office, as follows:
  - Alexandru Valentina – Deputy General Director, extension of the mandate by 4 years, until 09.03.2028;

- Ene Marian – Deputy General Director, extension of the mandate by 4 years, until 09.03.2028.

#### **IDEA BROKER DE ASIGURARE S.R.L.**

- On 31.01.2024, the change of the company name to BT Broker de Asigurare SRL was registered at the Trade Registry Office according to the Sole Associate Decision no. 3/22.11.2023 and the Decision of the Financial Supervisory Authority no. 57/22.01.2024.

#### **IDEA LEASING IFN S.A.**

- On 29.03.2024, the change of the company name to Avant Leasing IFN S.A. was registered at the Trade Registry Office according to GMS Decision no. 1/20.03.2024.

#### **SALT BANK S.A.**

- On 11.03.2024 the mandate of Mr. Constantin Daniel Popescu, Deputy General Director for Technology (CTO), ended;
- On 19.03.2024, started the 4 years administrator mandate of Mrs. Gabriela Cristina Nistor and Mr. Ivo Alexandrov Gueroguiev took over the role of President of the Board of Directors, replacing Mrs. Mioara Popescu, whose mandate expired in 31.12.2023.

#### **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 of geopolitical conflicts, 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, as well as uncertainties regarding the future conduct of tax and revenue policy;

- the increase in financing costs, generated by more restrictive monetary policies and the increase in public debt;
- the increase in 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;
- Increasing exposure to cyber risks in the context of accelerating the digitalization of processes and the interconnectivity of financial infrastructures.

## II. Detailed Information

### 1. Financial Statements

#### 1.1.a. Financial Results Summary

Indicators	Group		Bank	
	Mar' 24	Mar' 23	Mar' 24	Mar' 23
ROE (Net profit/average equity)	39.71%	37.22%	32.77%	34.29%
ROA (net profit/annual average of total assets)	2.83%	2.34%	2.22%	1.97%
Cost/income	45.72%	45.54%	45.10%	46.48%
Total net income, RON thousand	2,215,991	1,740,464	1,910,018	1,443,608
Provisions for credit risk, RON thousand	(2,941)	51,784	45,959	40,454
Gross profit, RON thousand	1,308,155	968,294	1,072,628	781,905
Net profit, RON thousand	1,132,407	837,701	913,240	675,902
Basic earnings per share, RON	1.1486	0.8800		
Diluted earnings per share, RON	1.1486	0.8800		
<i>Other information:</i>				
Number of agencies, branches and offices			510	513
No of active employees	12.037	11.326	9.600	9.175

\*calculated with an annualized impact of the contribution to the Guarantee Fund of Bank Deposits (FGDB) and the Resolution Fund

Key profitability and financial performance indicators ROE, ROA and Cost/Income were impacted by the registration of the turnover tax.

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

The statement of the financial position of the Group and the Bank at the end of March 2024, compared to the end of last year and the end of March 2023, is as follows:

Indicators (RONmn)	Group				
	Mar'24	Dec'23	Mar'23	Mar'24 vs Dec'23 %	Mar'24 vs Mar'23 %
Cash and current accounts with Central Bank	25,244	24,253	17,859	4.1%	41.4%
Placements to banks	11,266	12,273	4,351	-8.2%	158.9%
Treasury financial instruments	56,642	51,775	52,246	9.4%	8.4%
Loans and advances to customers, net	73,287	72,008	64,973	1.8%	12.8%
Finance lease receivables	3,770	3,563	2,872	5.8%	31.2%
Tangible and intangible assets	2,622	2,642	2,297	-0.8%	14.2%
Other assets	3,154	2,655	3,332	18.8%	-5.4%
<b>Total assets</b>	<b>175,984</b>	<b>169,169</b>	<b>147,931</b>	<b>4.0%</b>	<b>19.0%</b>
Deposits from customers	141,197	138,053	126,779	2.3%	11.4%
Deposits from banks	535	1,035	833	-48.3%	-35.8%
Loans from banks and other financial institutions	10,179	9,549	4,375	6.6%	132.7%
Subordinated loans	2,462	2,423	1,775	1.6%	38.7%
Other liabilities	6,520	4,213	3,285	54.7%	98.5%
<b>Total liabilities</b>	<b>160,893</b>	<b>155,273</b>	<b>137,048</b>	<b>3.6%</b>	<b>17.4%</b>
Equity	15,091	13,897	10,883	8.6%	38.7%
<b>Total liabilities and equity</b>	<b>175,984</b>	<b>169,169</b>	<b>147,931</b>	<b>4.0%</b>	<b>19.0%</b>

Indicators (RONmn)	Bank				
	Mar'24	Dec'23	Mar'23	Mar'24 vs Dec'23 %	Mar'24 vs Mar'23 %
Cash and current accounts with Central Bank	23,304	22,286	15,458	4.6%	50.8%
Placements to banks	11,358	12,619	5,592	-10.0%	103.1%
Treasury financial instruments	54,580	50,076	49,923	9.0%	9.3%
Loans and advances to customers, net	72,658	71,550	63,457	1.5%	14.5%
Tangible and intangible assets	2,865	2,889	2,526	-0.8%	13.4%
Other assets	2,864	2,365	3,042	21.1%	-5.8%
<b>Total assets</b>	<b>167,629</b>	<b>161,785</b>	<b>139,997</b>	<b>3.6%</b>	<b>19.7%</b>
Deposits from customers	136,977	134,443	122,306	1.9%	12.0%
Deposits from banks	542	1,082	838	-49.9%	-35.3%
Loans from banks and other financial institutions	9,013	8,584	3,162	5.0%	185.0%
Subordinated loans	2,455	2,404	1,746	2.1%	40.6%
Other liabilities	5,862	3,443	2,748	70.3%	113.3%
<b>Total liabilities</b>	<b>154,849</b>	<b>149,956</b>	<b>130,801</b>	<b>3.3%</b>	<b>18.4%</b>
Equity	12,780	11,829	9,196	8.0%	39.0%
<b>Total liabilities and equity</b>	<b>167,629</b>	<b>161,785</b>	<b>139,997</b>	<b>3.6%</b>	<b>19.7%</b>

The Group's assets reached almost RON 176 billion at the end of the first three months of 2024, increasing by 4% compared to the end of 2023 and by 19% compared to the end of March 2023. At the Bank level, assets increased by 3.6% compared to the end of the previous year and by 19.7% compared to March 2023, reaching RON 167,6 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 2024 was above the level at the end of 2023 (+2%), and up by 13.6% compared to the end of March 2023. At the Bank's level, net loans at the end of March 2024 represent RON 72.7 billion, up by 1.5% compared to the end of the previous year, and 14.5% above the balance of net loans as of March 31, 2023.

Between January and March 2024, over 74,600 new loans were granted, out of which over 68,600 to retail customers.

**Provisions' stock:** Banca Transilvania recorded at the end of March 2024 a net income from adjustments for financial assets for other risks and credit commitments in the amount of RON 46 million (including recoveries from off-balance sheet loans). The balance of provisions reached the level of RON 4.4 billion at the end of March.

The non-performing loan ratio (NPL ratio) according to the EBA is 2.01% as of March 31, 2024 and the coverage with total provisions of the non-performing loans according to the EBA is 198.23%.

**Cash and current accounts** with Central Bank together with the placements to banks decreased by 0.7% compared to the end of December 2023 but increased by 64.7% compared to March 31, 2023, at the Bank level and as at March 31, 2024, these represent 21% of the total assets. At Group level, the balances of these elements are maintained at the level of the end of December 2023 and are increasing by 64.4% as compared to March 31, 2023, having a weight of 21% in the Group's total assets.

At the Group level, the cash and current accounts with the Central Bank increased by 4.1% compared to the end of 2023, and by 41.4% compared to the level registered on March 31, 2023, amounting at the end of March 2024 to RON 25,244 million. At the Bank's level, the increase is of 4.6% by comparison with December 2022 and by 50.8% versus March 2023, the final balance as at March 31, 2024 amounting to RON 23,304 million. The most significant element of this asset

category is the minimum compulsory reserve held with the National Bank of Romania with a weight over 84%.

**Placements to banks**, at the end of March 2024, show a negative evolution at both Group and Bank level, decreasing by 8.2%, and 10.0% respectively compared to December 31, 2023. Compared to March 31, 2023, this category shows an increase of 158.9% for the Group, while for the Bank the increase is 103.1%. 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 the term deposit at the Central Bank.

**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 73% in the total category of treasury financial instruments, at Bank level and a weight of 71% at Group level. At the same time, they represent almost 24% of total Bank's assets.

The treasury instruments increased by 9.4% compared to December 31, 2023, for the Group and by 9.0% for the Bank, respectively by 8.4% for the Group and 9.3% for the Bank compared to March 31, 2023, reaching RON 56,642 million at Group level, respectively RON 54,580 million at Bank level. The increase in these instruments is directly correlated with the increase of the managed portfolio of government bonds.

**Resources from clients:** At Group level, the balance of the customers' deposits reached RON 141,197 million on March 31, 2024, increasing by 2.3% compared to the end of the previous year and by 11.4% compared to March 31, 2023. At Bank level, the balance of customers' deposits reached RON 136,977 on March 31, 2024, increasing by 1.9% compared to the end of the previous year and by 12% compared to March 31, 2023.

For both the Group and the Bank, 64% of the total customers' deposits represent savings of the individuals and 36% savings of the legal entities' customers.

**The loan-to-deposit ratio** is 56.3% as at the end of March 2024 at Bank level, the gross loans level being of RON 77.1 billion while the customers deposits reached approximately RON 137 billion.

**The equity** of Banca Transilvania S.A. as at 31.03.2024 amounts to RON 12,780 million, increasing by 8% compared to the end of 2023 and by 39% 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).

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

The Group and the Bank comply with Regulations in terms of Own Funds and Solvency, the level of the capital risk adequacy indicator far exceeding the minimum limits imposed by the legislation. On March 31, 2024 and December 31, 2023, respectively, the Group and the Bank met all regulatory requirements regarding own funds.

Indicators	Group			Bank		
	Mar-24	Dec-23	Mar'24 vs Dec'23 %	Mar-24	Dec-23	Δ Mar'24 vs Dec'23 %
Tier 1 basic own funds ratio	16.64%	18.29%	-9.0%	16.59%	18.32%	-1.7%
Tier 1 own funds ratio	16.64%	18.29%	-9.0%	16.59%	18.32%	-1.7%
Solvency indicator	19.74%	21.55%	-8.4%	20.06%	21.97%	-1.9%

Indicators (RONmn)	Group			Bank		
	Mar-24	Dec-23	Mar'24 vs Dec'23 %	Mar-24	Dec-23	Δ Mar'24 vs Dec'23 %
Tier 1 basic own funds	12,034	12,692	-5.2%	10,718	11,363	-5.7%
Tier 2 own funds	2,242	2,262	-0.9%	2,241	2,260	-0.8%
Total own funds	<b>14,276</b>	<b>14,954</b>	-4.5%	<b>12,959</b>	<b>13,624</b>	-4.9%

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, 2023. For the three-month period ended March 31, 2024, the current profit was not considered in the calculation of own funds. Regulatory capital as at March 31, 2024 and December 31, 2023 was calculated according to the IFRS standards endorsed by the European Union.

**Solvency:** The Bank's solvency calculated as at March 31, 2024 is 21.47% (20.06% without the profit of the first three months of 2024 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.c. Profit and Loss Account

The main elements of the Profit and Loss Account at Group and Bank level for the first three months of 2024, 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	1,543	1,242	24.2%	1,325	1,031	28.4%
Net fees and commissions income	338	288	17.3%	296	251	18.0%
Net trading income	191	135	41.1%	157	123	27.8%
Net gain / loss (-) from financial assets measured at fair value through other items of comprehensive income	62	67	-7.4%	61	67	-9.2%
Net gain / loss (-) from financial assets which are required to be measured at fair value through profit and loss	44	24	88.2%	60	18	236.9%
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(71)	(92)	-22.4%	(65)	(89)	-27.6%
Other operating income	110	77	42.7%	77	43	76.8%
<b>Total operating income</b>	<b>2,216</b>	<b>1,740</b>	<b>27.3%</b>	<b>1,910</b>	<b>1,444</b>	<b>32.3%</b>
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(3)	52		46	40	13.6%
Personnel expenses	(580)	(476)	21.8%	(482)	(401)	20.3%
Depreciation and amortization	(119)	(107)	11.8%	(104)	(98)	6.8%
Other operating expenses	(338)	(241)	40.4%	(297)	(204)	45.7%
<b>Total operating expenses</b>	<b>(1,041)</b>	<b>(772)</b>	<b>34.8%</b>	<b>(837)</b>	<b>(662)</b>	<b>26.6%</b>
<b>Profit before income tax</b>	<b>1,175</b>	<b>968</b>	<b>21.4%</b>	<b>1,073</b>	<b>782</b>	<b>37.2%</b>
Income tax expense	(176)	(131)	34.6%	(159)	(106)	50.4%
<b>Net profit</b>	<b>1,000</b>	<b>838</b>	<b>19.3%</b>	<b>913</b>	<b>676</b>	<b>35.1%</b>
Profit of the Group attributable to equity holders of the Bank	1,052	805	30.8%	913	676	35.1%
Profit of the Group attributable to non-controlling interests	80	33	142.6%	0	0	
<b>Net profit</b>	<b>1,132</b>	<b>838</b>	<b>35.2%</b>	<b>913</b>	<b>676</b>	<b>35.1%</b>

The **net profit** recorded in the first three months of 2024 at Group level (RON 1,132 million), exceeds by more than 35% the net profit from the similar period last year (RON 838 million).

The increase of over 35% is also preserved at the Bank level, RON 913 million being the net profit obtained in the first quarter of the current year by Banca Transilvania versus RON 676 million, for the first three months of the previous year.

The **net interest income** shows an increase of 24.2% at Group level and by 28.4% at Bank level, reaching RON 1,543 million, respectively RON 1,325 million for the first three months of the current year.

In the context of the continuous increase in the number of transactions and the number of active clients, as well as the diversification of the types of operations available to clients, the category of **net fees and commissions income** shows a positive dynamic, registering increases both at the Group level and at the Bank level by 17.3% and 18% respectively compared to the same period of 2023.

**Net trading income** in the first quarter of 2024 was higher than that obtained in the same period of 2023 by 41.1% at the Group level, and by 27.8% at the Bank level, due to the increase in net income from foreign exchange transactions but also the recording of net income from derivative instruments and net income from financial assets held for trading, while for the similar period last year, expenses were recorded for the last two categories.

Thus, at the end of the first quarter of 2024, **operating income** reached, RON 2,216 million at Group level and RON 1,910 million at Bank level, with 27.3% and 32.3% respectively higher compared to the same period of last year.

Both the Bank and the Group recorded **operational expenses** increasing by 26.6% and 34.8%, respectively, compared to the same period last year. The most consistent increase (+45.7% at the Bank level) was registered for the "other operational expenses" category, which includes the turnover tax expense. The category of staff allowances also recorded increases: +20.3% for the Bank, respectively 21.8% for the Group, these being determined by the increase in the value of the meal vouchers granted to employees, by the adjustment of fixed salaries against the background of increased inflation as well as the expansion of the employee base, their number increasing year-on-year by 6.3% at the Group level and by 4.6% at the Bank level.

**Operational result:** The Bank's operational efficiency remains at a comfortable level, of 45.1%, decreasing compared to the level of 46.5% reported during the first three months of 2023 (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 2024 and three months 2023, is the following:

Indicators	Bank Mar-24	Bank Mar-23	Mar-24 vs Mar-23 %	Group Mar-24	Group Mar-23	Mar-24 vs Mar-23 %
Net profit for the period (RON thousands)	913,240	675,902	35.1%	1,132,407	837,701	35.2%
Basic earnings per share	-	-	-	1.1486	0.8800	30.5%
Diluted earnings per share	-	-	-	1.1486	0.8800	30.5%

## **Other information regarding the first three months of 2024:**

Banca Transilvania is a market leader in the cards market, with 6.1 million cards in portfolio, out of which 650,000 are credit cards. The transactions made with the 6.1 million cards increased by 24%, as compared to the same period last year.

In the first quarter of the year, over 130,000 individuals became BT customers, some of them using the new online enrollment process through BT Pay launched at the end of January.

BT has over 3.2 million unique digitized customers, which represent 92% 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.

In terms of the volume of non-card transactions made by individuals through digital channels, they registered a 30% increase compared to the first quarter of last year.

The bank reached over 3.8 million unique cards in BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets, and the number of phone payments increased by 40% in the first quarter of 2024 compared to the first quarter of 2023, reaching 51 million. At the same time, BT Pay money transfers are increasingly appreciated, their volume increasing by 65% compared to those made in the same period of 2023.

As of March 31, 2024, BT had installed 1,870 ATMs, out of which 626 are multifunctional. Also, the Bank has 498 BT Express terminals that are used for various operations other than cash release, more than 130,000 POS installed and collaborates with approximately 6,000 e-commerce merchants.

Compared to the same period last year, there were 40% more interactions in Q1 2024 in the BT Visual Help application, the digital platform through which customers who call the Call Center team are guided to the digital self-service area where they have access to information about accounts, cards and transactions and can perform some card-specific actions, with the help of the phone. The month-on-month increase has been steady, reaching nearly 400,000 interactions in March.

The Group's number of active employees as at March 31, 2024 is 12,037 (11,841 at December 31, 2023).

The Bank's number of active employees as at March 31, 2024 is 9,600 (9,547 at December 31, 2023).

### **1.1.d. 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 773% on 31.03.2024, being well above the minimum required level of 100%. The immediate liquidity of the bank on March 31, 2024 (51.9%) has improved compared to December 31, 2023 (50.8%).

## **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:

Data from the National Trade Registry Office (ONRC) indicate a decrease in the number of registered companies by 2.02% year-on-year to 25,109 between January and February 2024.

At the same time, according to ONRC statistics the number of companies entering insolvency increased by 13.48% y/y to 1,120 units in January and February 2024. Also, firm write-offs increased by 54.16% y/y to 17,400 firms in the first two months of this year.

The National Bank of Romania (NBR) kept the monetary policy interest rate at 7.00%, a level set in January 2023. The central bank prefers to be cautious with further monetary policy easing, even though inflation has continued to decrease. The NBR also decided to keep the interest rate on the lending facility at 8% per annum and the interest rate on the deposit facility at 6% per annum.

The reserve requirement rates for credit institutions' liabilities in lei and foreign currency also remain at the same levels of 8% for lei and 5% for foreign currency.

As for non-government credit, it reached RON 383.9 billion in February, down slightly from January. Compared to February 2023, the balance recorded an increase of 4.71%. However, this increase is much reduced, comparatively, the increase in the balance of non-governmental credit in February 2023 compared to 2022 was 9.58%. The average annual growth for the last 12 months being 5.96%.

In non-governmental credit, loans granted to companies reached 191.1 billion lei but recorded a decrease in growth rate compared to previous months, with an increase of 6.40% y/y (in February) with an average annual growth rate of 10.58%.

Loans to households increased in the first two months of the year, at a rate of 2.60% y/y in February. Housing credit resumed growth in February, after a marginal decline in January compared to December, amid higher lending at the end of the year. The consumer credit component recorded sustained growth in the first two months of the year, rising 6.38% y/y in February. The annual growth rate for the last 12 months was 2.64%.

In terms of non-government deposits, February 2024 brings a new high of RON 582.6 billion, after an average annual growth of 10.88%, with the advance coming from corporate deposits. November 2023 had the highest year-on-year growth of 12.14%.

The last two months of the year also brought the highest year-on-year increases in the corporate deposit component with increases of 13.00% in February and 13.54% in January. In absolute value, company deposits reached RON 217.1 billion in February.

Household deposits increased by 11.96% y/y in February with an average annual growth rate of 11.31%. The population's term deposits recorded the highest growth with an average annual rate of 35.99%.

The loan-to-deposit ratio was 67.84% in December 2023 down from 71.42% in December 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 2,622 million at March 31, 2024, compared to RON 2,642 million at December 31, 2023 and RON 2,297 million at March 31, 2023. As compared with the two periods analyzed, tangible and intangible assets registered a slight decrease of 0.8% compared to the end of the previous year and an increase of 14.2% compared to March 31, 2023.

At the Bank level, investments in tangible and intangible assets were RON 2,865 million on March 31, 2024, compared to RON 2,889 million at December 31, 2023 and RON 2,526 million at March 31, 2023. As compared with the two periods of the previous year, the value of the tangible and intangible assets registered a slight decrease of 0.8% compared to the end of 2023, but an increase of 13.4% compared to March 31, 2023.

At both Group and Bank level, the change in fixed assets was mainly determined by the category of intangible assets, tangible assets 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, 2024. The data presented regarding the first quarter of 2024 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 25.04.2024, the following decisions were adopted:

- Increase of the share capital with the amount of RON 1,182,216,130 by issuing 118,221,613 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 2023, in amount of 1,182,216,130 lei, by issuing a number of 118,221,613 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 19th, 2024)

Sources for capital increase	Sums (RON)
Capitalization of reserves from the net profit of the year 2023	1,182,216,130

Considering the above, each shareholder registered on the registration date, July 19th 2024, will receive free of charge, for each 100 shares owned, a total number of shares calculated as follows:  $100 \times (118,221,613 / 798,658,233)$ . 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 6,500,000 shares (0.81% 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 38 for a period of maximum 18 months as of the publishing date of the EGMS 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 4 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.
- Informing shareholders about the acquisition of stakes in the share capital of OTP Bank Romania S.A., OTP Asset Management Romania S.A.I. S.A. and OTP Leasing Romania S.A., and the subsidiaries of these entities.
- Approval of the date of July 19th, 2024 as the registration date and of the ex-date – July 18th, 2024, 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 22nd, 2024 as the payment date for distribution of shares following the share capital increase.
- Approval of the distribution of cash dividends from the profit for the year 2023, as follows: the amount of 1,000,000,000 lei from the net profit reserves for the year 2023, the total amount being granted as cash dividends. Approval of a gross dividend/share of RON 1.2521000331.
- Approval of the date of June 12th, 2024 as the registration date and of the ex date – June 11th, 2024, for the identification of the shareholders who will benefit from the results of the Ordinary GMS and to whom the effects of the Ordinary GMS Decisions are applicable.
- Approval of June 26th, 2024 as the payment date for the dividend.

### **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 2024.

At the Leaders' Committee level, we specify that, following the approval received from the National Bank of Romania regarding Mr. Andrzej Klaudiusz Dominiak for the position of Deputy General Director - CTO (Chief Technology Officer), he became a member of the bank's senior management, exercising this capacity starting with March of 2024.

There were no changes in the Statutory auditor during the first quarter of 2024.

## **4. Significant Transactions**

There were no significant transactions in the first quarter of 2024. 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 2024.

## 5. Conclusions

In the first quarter of 2024, Banca Transilvania continued to show sustained organic growth, especially due to the growing volume of transactions. The transactions made with the 6.1 million cards in the portfolio increased by 24% compared to the same period last year. Regarding the volume of non-card transactions made by individual customers through digital channels, they registered a 30% increase compared to the first quarter of last year.

Between January and March 2024, more than 74,600 new loans were granted, of which more than 68,600 new loans were granted to retail customers.

The portfolio of managed clients is close to 4.3 million. In order to cope with the changes related to digitization, the emergence of other generations, the core banking computer system was upgraded. Investments in technology and applications are accelerating. For example, BT Pay has reached 3 million users, and BT Go is gaining ground.

The total assets of the Group reached at the end of the first three months of 2024, almost RON 176 billion, registering an increase of 4% compared to the end of 2023 and 19% compared to the end of March 2023. At the Bank level, the assets have registered an increase of 3.6% compared to the end of the previous year, respectively 19.7% compared to March 2023, reaching the value of RON 167.6 billion.

The loan-deposit ratio at the Bank level is 56.3% at the end of March 2024, the volume of gross loans being RON 77.1 billion, while the resources attracted from the clientele are approximately RON 137 billion.

The consolidated net profit of the Banca Transilvania Financial Group recorded in the considered period is RON 1,132 million (+35.2% compared to March 2023), of which the bank's is RON 913 million (+35.1% compared to March 2023).

This year marked 30 years since Banca Transilvania grew in Romania and continues to support the Romanian economy.

**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, 2024;

**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  
31.03.2024**

<b>EXPLANATIONS</b>	<b>No. of holders</b>	<b>No. Shares</b>	<b>Percentage%</b>
<b>ROMANIAN CAPITAL</b>	<b>54,675</b>	<b>614,582,273</b>	<b>76.95</b>
Individuals	53,924	179,103,522	22.43
Companies	751	435,478,751	54.53
<b>of which Financial Investment Companies</b>	5	146,383,509	18.2
<b>FOREIGN CAPITAL</b>	<b>1,093</b>	<b>184,075,960</b>	<b>23.05</b>
Individuals	865	8,517,170	1.07
Companies	228	175,558,790	21.98
<b>TOTAL</b>	<b>55,768</b>	<b>798,658,233</b>	<b>100</b>

## **STATEMENT**

As per provisions the article 30 of the Accounting Law no. 82/1991, republished, we hereby state that we take full responsibility for preparing the annual financial statements as at March 31, 2024 and confirm that:

- a) The accounting policies used to prepare the interim condensed consolidated and separate financial statements are in accordance with the International Financial Reporting Standards as endorsed by the European Union (“IFRS”), applicable as at the reporting date March 31, 2024;
- b) The interim condensed consolidated and separate financial statements prepared as at March 31, 2024 present a true image of the assets, liabilities, statement of financial position, statement of profit or loss of Banca Transilvania;
- c) Banca Transilvania carries its business on an ongoing basis;
- d) The Interim Report has been prepared in accordance with the ASF Regulation no. 5/2018 and reflects the fair and complete information at the reporting date.

**DEPUTY CEO,**

**GEORGE CĂLINESCU**

May 10, 2024

Refer to the original signed  
Romanian version

Refer to the original signed  
Romanian version

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**TRANSLATOR’S EXPLANATORY NOTE:** The above is provided as a free translation from Romanian which is the official and binding version