

CONSOLIDATED DIRECTORS' REPORT

**for the three month period ended
31 March 2021**

**In compliance with ASF Regulation no.
5/2018**

Identification Details of the Issuer

Report date: April 29, 2021

Name of the company: BANCA TRANSILVANIA S.A.

Registered office: no.8 G.Baritiu str., Cluj-Napoca, jud. Cluj, postal code 400027

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 5,737,699,709

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: 5,737,699,709 nominal shares with a par value of RON 1/share.

Banca Transilvania's Financial Group Presentation

Transilvania Bank Group („the Group” or „BT Group”) was established in 2003 with Banca Transilvania („the Bank” or „BT”) as the main subsidiary. Besides Banca Transilvania, BT Group has the following subsidiaries: Victoriabank S.A., BT Capital Partners S.A., BT Leasing Transilvania IFN S.A., BT Investments S.R.L., BT Direct IFN S.A., BT Building S.R.L., BT Asset Management SAI S.A., BT Solution Agent de Asigurare S.R.L., BT Asiom Agent de Asigurare S.R.L., BT Safe Agent de Asigurare S.R.L., BT Intermedieri Agent de Asigurare S.R.L., BT Leasing Moldova(MD) S.R.L., BT Microfinanțare IFN S.A., Improvement Credit Collection S.R.L., Timesafe S.R.L, Sinteza S.A. and BT Pensii S.A..

The main Group's fields of activity are: banking through Banca Transilvania S.A. („the Bank”) and through Victoriabank S.A., leasing and consumer finance mainly through BT Leasing Transilvania 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., investment and brokerage through BT Capital Partners S.A. and administration of voluntary pension funds (except the public ones) through the new subsidiary BT Pensii S.A.. Moreover, the Bank controls five investment funds that are also included in the consolidation.

Banca Transilvania is a public listed company founded in 1993, headquartered in Cluj-Napoca, with majority romanian shareholders – 70.6% as of the end of March 2021. Currently, BT occupies the first place in the top of the banking system in Romania.

The Bank's shareholding structure is constantly changing due to the fact that Banca Transilvania's shares are traded on the securities market, in compliance with the provisions of Law 52/1994 and the Norms of 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, 2021 is presented in the Appendix1 to this document.

I. Significant Events During the Period January-March 2021

Amendments to the Articles of Incorporation

Following the decision of the General Meeting of Shareholders as at 28.10.2020, it was decided to increase the share capital with the amount of RON 60 by issuing 60 new shares, at a nominal value of RON 1/share. This increase was based on the decision of the Extraordinary General Meeting of Shareholders from 27.04.2012 and 30.10.2012 through which was approved the issuance of subordinated bonds and the terms and conditions of their conversion into shares, as well as the notifications sent until 22.05.2020 by the bondholders issued by BT, by which they expressed their intention to convert the bonds held in shares, under the conditions of the Public Offer Prospectus approved by CNVM (National Securities Commission) Decision no. 304/04.04.2013 and by Decision no. 345/18.04.2013, and considering the mandate granted by the shareholders to the Board of Directors in order to increase the share capital deriving from the exercise of the right of conversion. In this sense, the list of bondholders who exercised their right of conversion was noted, approving the increase of the share capital with the amount of 60 lei, by issuing a number of 60 shares, with a nominal value of RON 1/share, by converting a number of 46 bonds into shares.

The legal procedures for the registration of the share capital increase required by the capital market authorities (the Financial Supervisory Authority, the Central Depository) were completed during January 2021.

Main Transactions Regarding Banca Transilvania S.A. Financial Group

The following changes took place at the level of subsidiaries:

- Improvement Credit Collection SRL: because of the GSM decision of March 19, 2021, KPMG Audit S.R.L. was named as ICC's financial auditor for auditing the company's

financial statements for the financial years 2020-2023. The registration of the external auditor at the National Trade Register Office is in the course of being completed.

Main Transactions Regarding Affiliates

There were no transactions with the bank's affiliates in the first three months of 2021.

Risk Management

The management of Banca Transilvania S.A. continuously assesses the risks likely to affect the Group or the Bank's business and goals and takes actions whenever any changes appear in its business conditions.

The main risks and uncertainties identified for the next months of 2021 are identified mainly as a result of the incidence of the pandemic and the consequences of this shock:

- Depreciation of the national currency against the euro as compared with the actual levels;
- Fluctuations in supply costs/resources with potential economic effects financial blockage at the level of companies, decrease in consumption and further damages to certain economic sectors (hospitality, passengers transport, entertainment services, etc.);
- Delaying the post-pandemic recovery process, correlated with the persistence of the health crisis, can produce possible negative effects, with an impact on the behavior of economic agents and consumers;
- Risks related to the progressive elimination of emergency support measures introduced in the economy, which may put pressure on unemployment and livelihoods as well.

II. Detailed Information

1. Financial Statements

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

The statement of the financial position of the Group and the Bank at the end of March 2021, compared to the end of last year and the end of March 2020, is as follows:

Indicators (RONmn)	Group				
	Mar-21	Dec-20	Mar-20	Mar'21 vs Dec'20 %	Mar'21 vs Mar'20 %
Cash and current accounts with Central Bank	16,798	22,133	13,766	-24.1%	22.0%
Placements to banks	6,596	7,223	12,085	-8.7%	-45.4%
Treasury financial instruments	41,697	33,322	27,328	25.1%	52.6%
Loans and advances to customers, net	41,851	40,893	39,954	2.3%	4.7%
Finance lease receivables	1,244	1,228	1,165	1.3%	6.8%
Tangible and intangible assets	1,687	1,676	1,385	0.6%	21.8%
Other assets	1,016	1,008	880	0.7%	15.4%
Total assets	110,888	107,483	96,561	3.2%	14.8%
Deposits from customers	93,185	90,942	78,445	2.5%	18.8%
Deposits from banks	357	319	227	12.1%	57.6%
Loans from banks and other financial institutions	1,697	1,692	4,570	0.3%	-62.9%
Subordinated loans	1,712	1,668	1,738	2.7%	-1.5%
Other liabilities	2,911	2,457	2,433	18.5%	19.6%
Total liabilities	99,863	97,078	87,414	2.9%	14.2%
Equity	11,025	10,414	9,148	5.9%	20.5%
Total liabilities and equity	110,888	107,492	96,561	3.2%	14.8%

Indicators (RONmn)	Bank				
	Mar-21	Dec-20	Mar-20	Mar'21 vs Dec'20 %	Mar'21 vs Mar'20 %
Cash and current accounts with Central Bank	15,751	20,979	12,681	-24.9%	24.2%
Placements to banks	5,938	6,636	11,219	-10.5%	-47.1%
Treasury financial instruments	40,511	32,401	26,567	25.0%	52.5%
Loans and advances to customers, net	41,362	40,364	39,352	2.5%	5.1%
Tangible and intangible assets	2,072	2,096	1,638	-1.2%	26.4%
Other assets	866	871	759	-0.5%	14.1%
Total assets	106,499	103,346	92,217	3.1%	15.5%
Deposits from customers	90,401	88,297	75,736	2.4%	19.4%
Deposits from banks	350	312	230	12.3%	51.9%
Loans from banks and other financial institutions	1,187	1,176	4,005	0.9%	-70.4%
Subordinated loans	1,709	1,664	1,734	2.7%	-1.5%
Other liabilities	2,795	2,383	2,103	17.3%	32.9%
Total liabilities	96,442	93,832	83,808	2.8%	15.1%
Equity	10,058	9,523	8,409	5.6%	19.6%
Total liabilities and equity	106,499	103,355	92,217	3.0%	15.5%

At the end of the first three months of 2021, the Group's assets exceeded RON 110 billion, increasing by 3.2% compared to the end of last year and by 14.8% compared to the end of March 2020. At the same time, the Bank's assets increased by almost 3.0% compared to the end of the previous year, respectively by 15.5% compared to March 2020, reaching RON 106.5 billion.

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

Loans' Portfolio: The loans' portfolio at Group level, considering also the receivables from leasing contracts, registered an increase of 2.3% and 4.7% respectively compared to the end of 2020 and the end of March 2020, respectively. The positive evolution was mainly determined by the increase of the loans' portfolio managed by the Bank, by +2.5% compared to the end of the previous year and by +5.1% compared to the end of the same period of 2020, but all entities within

the Group, that manage loan portfolios, including receivables from leasing contracts portfolios, registered positive evolutions compared to the end of the previous year.

At the Bank's level, the net loans at the end of March 2021 amount to RON 41.1 billion. All the business lines, except Micro, supported the increases compared to the analyzed periods, each of them registering favorable evolutions towards the end of the year, but the SME sector had the highest growth of +6.9%, mainly by granting loans in the IMM Invest program. Also, the Retail sector had a positive evolution during the first three months of this year, with an increase of approximately 2.7% at both Group and Bank level.

Provisions' stock: Banca Transilvania recorded at the end of March 2021 a net income with adjustments for financial assets for other risks and credit commitments in the amount of RON 144 million (including recoveries from off-balance sheet loans), being confident in a relaunch of the economy in the near future, given the increased rate of vaccination. The non-performing NPE exposure rate according to the EBA (European Banking Authority) is 3.73% as of March 31, 2021 and the degree of coverage with total provisions of the non-performing exposures according to the EBA is 131%.

Cash and current accounts with Central Bank together with the placements to banks represent as at March 30, 2021 approximately 20% of the total assets at both Group and Bank level, the balances of these elements registering a significant increase compared to the two previous analyzed periods, at both Group and Bank level. Compared to the end of the previous year, the cash balances and cash at the Central Bank together with placements to banks decreased both at the Bank and at the Group level, as a result of placing the cash available in treasury instruments.

At the Group level, the cash and current accounts with the Central Bank decreased by approximately 24% compared to the end of 2020, and increased by approximately 22% compared to the level registered on March 31, 2020, amounting to RON 16,798 million. At the Bank's level, the decrease is of approximately 25% compared to December 31, 2020 and the increase is of 24% compared to March 31, 2020, the final balance as at March 31, 2021 amounting to RON 15,751 million. The most significant element of this asset category is the minimum compulsory reserve held with the National Bank of Romania with a weight of approximately 80%.

Placements to banks: The placements to banks, at the end of March 2021, show a positive evolution at both Group and Bank level, increasing by 9% and 11% respectively compared to December 31, 2020. Compared to March 31, 2020, the increase is approximately 45 % for the Group and 47% for the Bank. The decreases are mostly determined by changes in the structure of assets, respectively, the placement of available amounts from deposits placed with other banks in debt instruments issued by Central Administrations.

Treasury financial instruments include: financial assets measured at fair value through other comprehensive income, financial assets mandatorily measured at fair value through profit or loss, financial assets held for trading and measured at fair value through profit or loss, debt instruments measured at amortised cost as well as derivative instruments. Of those listed, the most significant category is the one of financial assets measured at fair value through other comprehensive income with a weight of over 90% in the total category of treasury financial instruments, both at Group and Bank level, representing at the same time, approximately 30% of the Group and the Bank's total assets.

The treasury instruments increased by 25% compared to December 31, 2020 for both the Group and the Bank, respectively, by 52.6% for the Group and 52.5% for the Bank compared to March 31, 2020, reaching RON 41,697 million at Group level, respectively RON 40,511 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: Regarding the balance sheet liabilities, the most significant category is represented by the category of customers' deposits which share in total liabilities, in the three analyzed periods, increased from 90% to 93%. At Group level, the customers' deposits reached RON 93,185 million on March 31, 2021, increasing by 2.5% compared to the end of the previous year and by 18.8% compared to March 31, 2020. At Bank level, the balance of the customers' deposits reached RON 90,401 million on March 31, 2021, increasing by 2.4% compared to the end of the previous year and by 19.4% compared to March 31, 2020.

For both the Group and the Bank, approximately 69% of the total customers' deposits represent savings of the individuals and 31% savings of the legal entities customers. The share of current accounts is approximately 60%, while fixed-term deposits represent 39% of the total customers' deposit balances as of March 31, 2021.

The loan-to-deposit ratio is 49.2% as at the end of March 2021, at Bank level.

Equity: The equity of Banca Transilvania S.A. as at 31.03.2021 amounts to RON 10,058 million, increasing by 19.6% compared to the same period last year when it amounted to RON 8,409 million. The partial capitalization of the profits in retained earnings, the positive reserves from the revaluation of the financial assets measured at fair value through other comprehensive income and the profit registered during the first three months of the year, represent the main factors that led to these increases in the Group's and the Bank's equity.

Solvency: The Bank's solvency calculated as at March 31, 2021, taking into account the cumulative profit of the first three months of 2021 is 23.82% (22.66% without the profit included), being at a comfortable level, above the minimum reference threshold of 8% , value imposed by the

Regulation (EU) no. 575/2013 on prudential requirements for credit institutions, which apply starting with 2014.

Banca Transilvania S.A. financial data confirms that the Bank has an adequate capitalization and a comfortable level of liquidity.

1.1.b. Profit and Loss Account

The main elements of the Profit and Loss Account at Group and Bank level for the first three months of 2021, compared to the same period last year, are as follows:

Indicators (RONmn)	Group			Bank		
	Mar-21	Mar-20	Mar'21 vs Mar'20 %	Mar-21	Mar-20	Mar'21 vs Mar'20 %
Net interest income	750	738	1.7%	666	660	0.9%
Net fees and commission income	213	184	15.7%	181	157	15.3%
Net trading income	146	60	144.0%	96	53	81.1%
Net income from financial assets measured at fair value through comprehensive income	72	97	-25.4%	72	97	-25.4%
Net income from financial assets which are required to be measured at fair value	23	(101)	-122.9%	55	(104)	-153.2%
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(85)	(71)	19.3%	(82)	(70)	17.5%
Other operating income	41	28	44.1%	35	23	48.2%
Total operating income	1,160	935	24.1%	1,023	817	25.3%
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	146	(51)	-385.4%	144	(41)	-452.4%
Personnel expenses	(313)	(291)	7.9%	(279)	(258)	8.3%
Depreciation and amortization	(90)	(78)	14.5%	(88)	(72)	21.1%
Other operating expenses	(150)	(164)	-8.3%	(128)	(142)	-10.0%
Total operating expenses	(407)	(584)	-30.3%	(350)	(513)	-31.7%
Profit before income tax	753	350	114.9%	673	304	121.8%
Income tax expense	(96)	(46)	108.5%	(92)	(43)	115.9%
Net profit	656	304	115.9%	581	261	122.7%
Profit of the Group attributable to equity holders of the Bank	651	295	120.9%	581	261	122.7%
Profit of the Group attributable to non-controlling interests	5	9	-40.6%	0	0	
Net profit	656	304	115.9%	581	261	122.7%

The profitability of the Bank and of the Group was affected during 2020 by the Covid-19 pandemic. Starting with March 2020, pressures on revenues were exercised, determining, during 2020, a higher level of provisioning reflected in the Bank's more prudent and preventive approach of the potential future effects of the health and economic crisis.

Gross profit: The gross profit registered by the Group during first three months of 2021 amounts to RON 753 million, increasing by 115% compared to the same period of 2020, while the Bank reported a gross profit of RON 673 million, 122% higher than the profit registered during the same period in 2019.

This significant increase comes both from the increase of the results in the income categories, mainly due to the gain on financial assets measured at fair value through profit or loss, and from the release of provisions for risks and expenses recorded until the end of March 2021.

Thus, the **net profit** obtained by Banca Transilvania as at 31st of March 2021, amounting to RON 581 million, is two times higher compared to the same period of 2020 when it amounted to RON 261 million. At Group level, the same positive dynamic has been registered, the net profit, as at March, 31 2021, amounting to RON 656 million, as compared to the same period of 2020 when it amounted to RON 304 million.

The **net interest income** increased slightly by approximately 2% at Group level and by approximately 1% at Bank level, being influenced by reduced interest expenses.

Net fees and commissions income during the first three months of 2021 show a significant increase both at Group level and at Bank level by 16% and 15% respectively, compared to the same period of 2020.

Net trading income was over 140% higher than in the same period last year, at Group level.

In total, the **operating income** reached, at the end of the first quarter of 2021, RON 1,160 million at Group level and RON 1,023 million at Bank level, by 24.1% and 25.3% respectively higher compared to the same period of last year.

The **operating expenses** declined as compared to those reported during the similar period of 2020, therefore the total operating expenses at Group level were 30% lower compared to the first three months of 2020 and at Bank level 32% lower.

Operational result. In this context, the operational efficiency shows a comfortable level, of 48.35%, decreasing however compared to the level of 57.83% reported during the first three months of 2020.

The **result per share** for the three months of 2021, and for the three months of 2020, recalculated with the share capital increase that will take place in September 2021, respectively the increase realized in October 2020 is as follows:

Indicators	Bank Mar-21	Bank Mar-20	Mar-21 vs Mar-20%	Group Mar-21	Group Mar-20	Mar-21 vs Mar-20%
Net profit for the period (RON thousands)	581,263	260,995	122.7%	656,328	303,941	115.9%
Basic earnings per share	-	-	-	0.1031	0.0469	119.8%
Diluted earnings per share	-	-	-	0.1031	0.0469	119.8%

An additional set of financial indicators computed as at March, 31 2021 are presented in Appendix2.

Other information regarding the first three months of 2021:

The automation and digitalization of processes aiming to give a better experience to customers, represents one of the main areas where Banca Transilvania has invested and continues to invest.

Banca Transilvania is the market leader in the cards market, with 4.4 million cards in portfolio out of which over 530,000 are credit cards. BT currently has the most complete range of payment options, from physical to digital cards, BT Pay, ApplePay, Fitbit Pay, Garmin Pay, wearables, etc., allowing customers to use, in addition, what is more convenient for them at various times.

The Bank owns a network of 1,750 ATMs installed, out of which approximately 550 are BT Express Plus multifunctional, through which self-banking can be carried out - from cash deposits in RON and foreign currency, to foreign exchange and contactless or code-based cash withdrawals. The Bank also has approximately 500 BT Express terminals that are used for various operations, including the payment of invoices, 74,243 POS installed and collaborates with over 2,809 e-commerce merchants.

The number of digitized customers exceeded the number of 1,905,750 million, of which 1,229,401 million use BT Pay, meaning a 79% increase in the number of BT Pay users compared to the end of the first quarter of 2020.

At March 31, 2021, there were approximately 1,379,774 BT24 Internet Banking customers, about 7% more than at the end of Q1 2020. At the same time, the number of BT24 Mobile Banking customers is almost 892,374, 8% more than at March 31, 2020.

The Group's number of active employees as at March 31, 2021 is 10,027 (10,009 at December 31, 2020).

The Bank's number of active employees as at March 31, 2021 is 8,365 (8,359 at December 31, 2020).

1.1.c. Cash Flow Statement and Liquidity Position

The cash flow statement detailing the cash flows from operating, investment and financing activities is part of the Financial Statements that accompany this report.

The liquidity ratio computed in accordance with NBR (National Bank of Romania) regulations in force at 31.03.2021 was between 1.93 and 24.89, being above the minimum level of 1, as required by NBR (the NBR Regulation No. 25/8.11.2011, applied from 31.01.2012).

2. The Analysis of the Bank's Activity

2.1 Presentation and Analysis of Trends, Elements and Events or Uncertainty Factors that Could Impact the Bank's Liquidity vs. the Same Period of the Last Year

The Romanian economic environment:

According to the statistics released by the National Trade Register Office 24.9 thousand companies were set up during January-February 2021, up by 17.74% YoY, an evolution determined by the opportunities at the beginning of a new economic cycle and the relaxed mix of economic policies. On the other hand, the number of insolvencies decreased by 8.06% YoY to 787 in the first two months of 2021.

In 1Q 2021 the National Bank of Romania cut the policy rate by 25bps to 1.25% (a record low level).

According to the NBR data the non-government loans rose by 0.7% MoM and by 5.3% YoY to RON 285.5 billion in February (a record high level), an evolution supported by the low level of real financing costs. The evolution was determined by the increase of the RON-denominated non-government loans by 1.2% MoM and by 9.9% YoY to RON 199.6 billion.

In the first two months of 2021 the household loans grew by 0.5% ytd to RON 150.6 billion, while the corporate loans rose by 1.8% ytd to RON 134.9 billion.

The NBR statistics also show the increase of the non-government deposits by 1.3% MoM and by 16.4% YoY to RON 427.8 billion in February (a record high level).

During the first two months of 2021 the household deposits advanced by 2.3% ytd to RON 262.5 billion, while the corporate deposits rose by 0.7% ytd to RON 165.3 billion.

At the end of February, the loans-to-deposits ratio stood at 66.7% (a record low level), with the following distribution: 71.8% the RON component and 57.4% the FX segment.

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 1,687 million at March 31, 2021, compared to RON 1,676 million at December 31, 2020 and RON 1,385 million at March 31, 2020. As compared with the two periods of the previous year, the value of tangible and intangible assets registered an increase of approximately 1% compared to the end of the previous year and by 21.8% compared to March 31, 2020.

At the Bank level, investments in tangible and intangible assets were RON 2,072 million at March 31, 2021, compared to RON 2,096 million at December 31, 2020 and RON 1,638 million at March 31, 2020. As compared with the two periods of the previous year, the value of the tangible and intangible assets registered a slight decrease of 1.2% compared to the end of 2020 and a significant increase of 26.4% when compared to March 31, 2020.

At Group and Bank level the variation of fixed assets has been determined mainly by the tangible assets and real estate investments.

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, 2021. The data presented regarding the first quarter of 2021 are based on the organisation and accounting rules as stated by the Law no. 82/1991, republished and further amended and completed - Law no. 163/2018, Law no. 238/2020, Government Emergency Ordinance no. 13/2021; Government Emergency Ordinance no. 99/2006 - approved with amendments and completions by Law no.227/2007 with subsequent amendments and completions; 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; NBR Order no. 10/2012 for the approval of the semestrial accounting reporting system applicable to the

entities that fall within the scope of the NBR's accounting regulations with subsequent amendments and completions, 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

According to the agenda of the Ordinary and Extraordinary General Shareholders' Meetings convened by the Board of Directors of Banca Transilvania S.A. for April 28, 2021, it was proposed:

- *Approval of the proposal for the distribution of the realized net profit in the amount of RON 1,197,304,582, as follows: the allocation of the amount of RON 197,780,334 for legal and other reserves, of the amount of RON 425,754,277 for reserves from net profit.*
- *Increase of the share capital with the amount of RON 573,769,971 through the issuance of 573,769,971 new shares with a nominal value of RON 1/share, establishment of a price to compensate the fractions of shares resulting from the application of the algorithm and rounding of the results, according to the legal provisions in force as well as granting a mandate to the Board of Directors in order to establish a price higher than the approved one (if applicable). The increase of the share capital will be achieved by incorporating the reserves constituted from the net profit of 2020, in the amount of RON 573,769,971, by issuing a number of 573,769,971 shares, with a nominal value of RON 1/share, for the benefit of the shareholders registered in the Shareholder Register held by the Central Depository on the registration date to be set by the GSM (proposal September 10, 2021).*

Sources for increasing the share capital	Amount (RON)
Incorporation of reserves constituted from the net profit of 2020	573,769,971

As a result, each shareholder registered at the registration date, September 10, 2021, will receive free of charge, for every 100 shares held, a whole number of shares calculated according to the formula $100 \times (573,769,971 / 5,737,699,709)$.

3.3 Changes in the Management Structure of the Bank (Board, Executive Level etc.)

There were no changes in the Board of Directors.

There were no changes in the Leaders' Committee.

There were no changes in the Statutory auditor.

4. Significant Transactions

There were no major contracts concluded by BT in the first three months of 2021 related to acquisitions, mergers, divisions, etc.

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 three months of 2021.

5. Conclusions

The economic environment in the first quarter of the year incorporates both the effects caused by the Covid-19 pandemic and the resumption of activity in all areas.

The mix of economic policies adopted by the government during this period, together with the vaccination campaign confirms the prerogatives of the economic recovery process.

Although a revitalization of economic sectors has been observed since January, when many of the restrictions were lifted, the reappearance of the virus has led to alternating quarantine and isolation measures depending on statistical parameters.

Banca Transilvania continued, in this context of a deteriorated climate of the labor market, to support the economic environment and both retail and business customers, BT being an important partner for IMM Invest and Noua Casa. Through IMM Invest, BT provided over 10,000 loans, supporting 100,000 jobs.

To facilitate customer access to the products and services offered, BT has continued to invest in process automation and digitization by launching an additional alternative to transfer money by phone, AliasPay, which can be accessed from the BT Pay application.

Although the economic environment was highly volatile, BT reported at the end of the first quarter of 2021 a robust capitalization and financial performance above expectations that reflects operational efficiency and determination to maintain high levels of quality services and products

offered with confidence to customers. Although both revenues and operating expenses were influenced by the pandemic context, in the first quarter of this year they showed resistance and a positive evolution in the existing economic context.

The cost of risk reflects the changes in the methodology regarding the provisioning, being in line with the NBR and EBA recommendations.

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 at March 31, 2021.

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**

STRUCTURE OF THE BT SHAREHOLDER AS AT

31.03.2021

Equity holders	31-Mar-21
NN Group	10.16%
European Bank for Reconstruction and Development (EBRD)	6.87%
Romanian individuals	20.30%
Romanian companies	40.96%
Foreign individuals	1.06%
Foreign companies	20.65%
Total	100.00%

ECONOMIC AND FINANCIAL RATIOS AS AT 31.03.2021

<u>Ratio</u>	<u>Method of computation</u>	<u>31.03.2021</u>
1. Current Liquidity Ratio	Current assets/Current liabilities	108.80%
2. Indebtness Ratio	Borrowed capital/Shareholder's equity *100	27.57%
	Borrowed capital/Capital employed*100	21.61%
3. Accounts receivable turnover rate	Average client balance/Turnover*365	Not applicable
4. Fixed assets turnover rate	Turnover/Fixed assets	0.66

Nota: Point 3 "average client balance" does not apply to financial banking institutions.