

# **CONSOLIDATED DIRECTORS' REPORT**

**for the six month period ended  
30 June 2021**

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

## Identification Details of the Issuer

**Report date:** August 23, 2021

**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 5,737,699,709

**The regulated market where the issued securities are traded:** Bucharest Stock Exchange

**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 – 70.3% as of the end of June 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 June 30, 2021 is presented in the Appendix to this document.

## **I. Significant events in the first six months of 2021**

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

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 operation was based on the EGMS Decisions of 27.04.2012 and 30.10.2012 approving the issuance of subordinated bonds, the terms and conditions of their conversion into shares, as well as the notifications sent until 22.05.2020 by the holders of bonds issued by BT, by which they expressed their intention to convert the bonds held into shares, under the conditions of the Public Offer Prospectus approved by CNVM 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 conversion right. 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 RON 60, 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 registering the capital increase at the A.S.F. (Financial Supervision Authority) and the Central Depository were completed during January 2021.

Following the Decision of the General Meeting of Shareholders of 29.04.2020, it was decided to approve the transfer of the registered office of Banca Transilvania to Cluj-Napoca, Calea Dorobanților no. 30-36, Cluj county, Romania and the amendment of art. 4 of the constitutive act of the Bank accordingly, as follows:

*The registered office of the Bank is in Cluj-Napoca, Calea Dorobanților no. 30-36, Cluj County, Romania. It can be changed elsewhere in Romania by the decision of the General Meeting of Shareholders, according to the law. The Bank will be able to set up subsidiaries, branches, agencies and representative offices, in any locality in the country and abroad, in accordance with the provisions of the law.*

The registration procedures for the new registered office of Banca Transilvania were completed in May 2021.

### **Acquisitions performed by Banca Transilvania in the first six months of 2021**

The Board of Directors of Banca Transilvania approved on 02.06.2021 the completion of the transaction regarding the acquisition of the total holding owned by Getin Holding Group in the capital of Idea Bank S.A., the signing of the contract taking place on the same day. As a result of the transaction, BT will acquire holdings in the companies which are part of the Idea Bank Group in Romania, namely Idea Leasing IFN SA and Idea Broker de Asigurare SRL. The price of the transaction to be paid by Banca Transilvania is approximately EUR 43 million. Banca Transilvania, as well as the companies in the scope of the transaction will operate as separate entities until the finalization of the acquisition, only after which the integration in BT Financial Group will commence. The integration will take place only after the completion of the proper and necessary legal procedures and after the request and receipt of any and all necessary approvals from the legal authorities involved.

### **Changes in the first half of 2021 regarding Banca Transilvania Financial Group**

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

#### **IMPROVEMENT CREDIT COLLECTION SRL**

- GMS of March 19, 2021 - appointment of KPMG Audit S.R.L. as the financial auditor of the CCI for auditing the financial statements of the company for the financial years 2020-2023.

#### **BT BUILDING SRL**

- GMS from 25.02.2021/National Trade Register Office Resolution from 23.03.2021 - moving the registered office to Cluj-Napoca, Calea Dorobanților, no. 30-36, Cluj County.

### **Main transactions regarding affiliates**

#### **BT ASSET MANAGEMENT SAI SA**

- Increasing the participation held by Banca Transilvania from 89.99992% to 99.99992% by acquiring the package of shares from SIF Banat-Crișana.

There were no related party transactions that substantially affected the Group's financial position or results in the first six months of the current financial year.

## Risk Management

The management of Banca Transilvania S.A. continuously assesses the risks likely to affect 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 6 months of 2021 are generated mainly as a result of the consequences of the coronavirus pandemic:

- Risks related to the increase of the non-performing loans rate after the elimination of protection measures meant to mitigate the effects of the pandemic;
- Prospects for accelerating consumer prices, coupled with the depreciation of the national currency against the euro, compared to current levels;
- Risks for the national economy, correlated with the dynamics of the pandemic.

## 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 the first half of 2021, compared to the same period of last year, is the following:

Indicators (RON mn)	Group				
	Jun'21	Dec'20	Jun'20	Jun'21 vs Dec'20 %	Jun'21 vs Jun'20 %
Cash and current accounts with Central Bank	18,756	22,133	15,220	-15.3%	23.2%
Placements to banks	6,350	7,223	10,356	-12.1%	-38.7%
Treasury financial instruments	42,887	33,322	29,820	28.7%	43.8%
Loans and advances to customers, net	43,076	40,893	39,568	5.3%	8.9%
Finance lease receivables	1,304	1,228	1,174	6.2%	11.0%
Tangible and intangible assets	1,725	1,676	1,442	2.9%	19.6%
Other assets	1,240	1,018	860	21.9%	44.3%
<b>Total assets</b>	<b>115,338</b>	<b>107,492</b>	<b>98,441</b>	<b>7.3%</b>	<b>17.2%</b>
Deposits from customers	97,166	90,942	79,993	6.8%	21.5%
Deposits from banks	770	319	403	141.6%	91.2%
Loans from banks and other financial institutions	1,675	1,692	4,226	-1.0%	-60.4%
Subordinated loans	1,693	1,668	1,674	1.5%	1.2%
Other liabilities	2,794	2,457	2,867	13.7%	-2.5%
<b>Total liabilities</b>	<b>104,098</b>	<b>97,078</b>	<b>89,162</b>	<b>7.2%</b>	<b>16.8%</b>
Equity	11,240	10,414	9,279	7.9%	21.1%
<b>Total liabilities and equity</b>	<b>115,338</b>	<b>107,492</b>	<b>98,441</b>	<b>7.3%</b>	<b>17.2%</b>

Indicators (RON mn)	Bank				
	Jun'21	Dec'20	Jun'20	Jun'21 vs Dec'20 %	Jun'21 vs Jun'20 %
Cash and current accounts with Central Bank	17,724	20,979	14,238	-15.5%	24.5%
Placements to banks	5,716	6,636	9,576	-13.9%	-40.3%
Treasury financial instruments	41,615	32,401	28,777	28.4%	44.6%
Loans and advances to customers, net	42,658	40,364	38,951	5.7%	9.5%
Tangible and intangible assets	2,096	2,096	1,656	0.0%	26.6%
Other assets	1,104	879	730	25.6%	51.1%
<b>Total assets</b>	<b>110,912</b>	<b>103,355</b>	<b>93,928</b>	<b>7.3%</b>	<b>18.1%</b>
Deposits from customers	94,406	88,297	77,127	6.9%	22.4%
Deposits from banks	763	312	412	144.8%	85.4%
Loans from banks and other financial institutions	1,262	1,176	3,679	7.3%	-65.7%
Subordinated loans	1,690	1,664	1,670	1.5%	1.2%
Other liabilities	2,544	2,383	2,567	6.8%	-0.9%
<b>Total liabilities</b>	<b>100,665</b>	<b>93,832</b>	<b>85,455</b>	<b>7.3%</b>	<b>17.8%</b>
Equity	10,248	9,523	8,473	7.6%	20.9%
<b>Total liabilities and equity</b>	<b>110,912</b>	<b>103,355</b>	<b>93,928</b>	<b>7.3%</b>	<b>18.1%</b>

At the end of the first six months of 2021, the Group's assets exceeded RON 115 billion, increasing by 7.3% compared to the end of last year and by 17.2% compared to the end of June 2020. At the same time, the Bank's assets recorded the same increase of 7.3% compared to the end of the previous year, respectively by 18.1% compared to June 2020, reaching RON 110.9 billion.

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

**Loans' Portfolio:** At Group level, considering also the receivables from leasing contracts, the loans' portfolio registered an increase of 5.4% and 8.9% respectively compared to the end of 2020 and the end of June 2020, respectively. The positive evolution was mainly determined by the increase of the loans' portfolio managed by the Bank, by +5.7% compared to the end of the previous year and by +9.5% compared to the end of the same period of 2020. At the Bank's level, the net loans at the end of June 2021 amount to RON 42.7 billion, all business lines recording increases as compared to the end of the previous year.

Between January and June 2021, more than 114,000 new loans were granted to individual customers and companies.

**Provisions' stock:** Banca Transilvania recorded at the end of June 2021 a net expense with adjustments for financial assets for other risks and credit commitments in the amount of RON 121 million (including recoveries from off-balance sheet loans). The balance of provisions reached the level of RON 3.5 billion at the end of the first half of the year.

The non-performing NPE exposure rate according to the EBA (European Banking Authority) is 3.47% as of June 30, 2021 and the degree of coverage with total provisions of the non-performing exposures according to the EBA is 148%.

**Cash and current accounts** with Central Bank together with the placements to banks represent as at June 30, 2021 approximately 22% of the total assets at Group level, respectively 21% at the Bank level, the balances of these elements registering increases as compared to June 2020 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 15.3% compared to the end of 2020, but increased by approximately 23.2% compared to June 30, 2020, amounting to RON 18,756 million. At the Bank's level, the decrease is of approximately 15.5% compared to December 31, 2020, and the increase is of 24.5% compared to June 30, 2020, the final balance as at June 30, 2021 amounting to RON 17,724 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 83%.

**Placements to banks** at the end of June 2021, declined at both Group and Bank level, by 12.1% and 13.9% respectively compared to December 31, 2020. Compared to June 31, 2020, the decrease is approximately 38.7% for the Group and 40.3% 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 96% in the total category of treasury financial instruments, both at Group and Bank level, representing at the same time, approximately 37% of the Group and the Bank's total assets at the end of the first half of 2021.

As compared to December 31, 2020, the treasury instruments increased by approximately 29% for the Group, respectively 28% for the Bank, while compared to June 30, 2020, increased by approximately 44% for the Group and the Bank, reaching RON 42,887 million at Group level, respectively RON 41,615 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, with a share in total liabilities, in the three analyzed periods, increasing from 90% to 93%. At Group level, the customers' deposits reached RON 97,166 million at June 30, 2021, increasing by 6.8% compared to the end of the previous year and by 21.5% compared to June 30, 2020. At Bank level, the balance of the customers' deposits reached RON 94,406 million on June 30, 2021, increasing by 6.9% compared to the end of the previous year and by 22.4% compared to June 30, 2020.

For both the Group and the Bank, approximately 68%% of the total customers' deposits represent savings of the individuals and 32% savings of the legal entities customers. The share of current accounts is approximately 60%, while fixed-term deposits represent 38% of the total customers' deposit balances as of June 30, 2021.

**The loan-to-deposit ratio** at Bank level stands at 48.88% as at the end of the first half of 2021, the volume of gross loans being RON 46.1 billion, while the resources attracted from customers are RON 94.4 billion.

**The equity** of Banca Transilvania S.A. as at 30.06.2021 amounts to RON 10,248 million, increasing by 7.6% compared to the end of the previous year, when it amounted to RON 9,523 million. The partial capitalization of the profits in retained earnings and the profit registered during the first six 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 June 30, 2021, taking into account the cumulative profit of the first six months of 2021 is 23.54% (21.83% 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 or Loss Account at Group and Bank level for the first six months of 2021, compared to the same period last year, are as follows:

Indicators (RON mn)	Group			Bank		
	Jun'21	Jun'20	Jun'21 vs Jun'20 %	Jun'21	Jun'20	Jun'21 vs Jun'20 %
Net interest income	1,529	1,453	5.2%	1,357	1,295	4.8%
Net fees and commission income	447	352	27.0%	382	300	27.5%
Net trading income	262	128	105.0%	204	139	46.9%
Net income/(loss) from financial assets measured at fair value through other items of comprehensive income	129	137	-5.8%	127	137	-7.2%
Net income/(loss) from financial assets required to be measured at fair value through profit or loss	55	35	58.1%	93	1	>100%
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(88)	(73)	21.5%	(82)	(70)	17.5%
Other operating income	77	64	19.5%	88	56	58.8%
<b>Total operating income</b>	<b>2,410</b>	<b>2,096</b>	<b>15.0%</b>	<b>2,170</b>	<b>1,858</b>	<b>16.8%</b>
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(113)	(299)	-62.2%	(121)	(273)	-55.8%
Personnel expense	(651)	(546)	19.3%	(581)	(482)	20.3%
Depreciation and amortization	(178)	(159)	12.1%	(174)	(147)	18.4%
Other operating expense	(304)	(297)	2.3%	(259)	(255)	1.3%
<b>Total operating expenses</b>	<b>(1,246)</b>	<b>(1,301)</b>	<b>-4.2%</b>	<b>(1,134)</b>	<b>(1,158)</b>	<b>-2.1%</b>
<b>Profit before income tax</b>	<b>1,164</b>	<b>795</b>	<b>46.4%</b>	<b>1,036</b>	<b>701</b>	<b>47.9%</b>
Income tax expense	(149)	(105)	41.4%	(135)	(93)	45.0%
<b>Net profit</b>	<b>1,015</b>	<b>690</b>	<b>47.2%</b>	<b>901</b>	<b>607</b>	<b>48.3%</b>
Profit of the Group attributable to equity holders of the Bank	1,001	670	49.4%	901	607	48.3%
Profit of the Group attributable to non-controlling interests	14	20	-28.0%	0	0	
<b>Net profit</b>	<b>1,015</b>	<b>690</b>	<b>47.2%</b>	<b>901</b>	<b>607</b>	<b>48.3%</b>

The impact of the Covid-19 pandemic continues to be felt in the first half of 2021, both globally and individually, but to a lesser extent due to prevention measures and vaccination campaigns. If the pressure on revenues led to a high level of provisioning during 2020, as a result of the Bank's prudent and preventive approach considering the potential future effects of the health and economic crisis, in the first half of 2021 this pressure decreased, the level of provisions reflecting confidence and ability to recover as a result of the positive evolution of income.

The **gross profit** registered by the Group during the first six months of 2021 amounts to RON 1,164 million, increasing by 46.4% compared to the same period of 2020, while the Bank reported a gross profit of RON 1,036 million, 47.9% higher than the profit registered during the same period in 2020.

This significant increase comes both from the increase of the results in the income categories, mainly due to the increase in interest income, and from the decrease in provisions for risks and expenses.

Thus, the **net profit** obtained by Banca Transilvania as at June 30, 2021, amounting to RON 901 million, is 48.3% higher compared to the same period of 2020, when it amounted to RON 607 million. At Group level, the same positive dynamic has been registered, the net profit, as at June, 30 2021, amounted to RON 1.015 million, as compared to the same period of 2020 when it amounted to RON 690 million.

The **net interest income** increased by approximately 5% at Group and Bank level, as a result of the decrease in interest expenses by approximately 22% at Group and Bank level, as compared to the same period of the previous year.

**Net fees and commissions income** during the first six months of 2021 show a significant increase both at Group level and at Bank level by 27% and 28% respectively, compared to the same period of 2020, as a result of the increase in the number of transactions by 34%. We emphasize that in 2020, amid the pandemic, travel restrictions and physical distance recommendations, the number and value of operations were significantly affected. However, due to the beginning of vaccination and the relaxation given by the population getting used to the new normality, the clients' operations registered a bounce in 2021.

**Net trading income** was 105.0% higher than in the same period last year, at Group level and 46.9% at the Bank level. The growth in the number of foreign exchange transactions as well as the increase in the exchange rate have significantly influenced this positive development.

Overall, the **operating income** reached, at the end of the first half of 2021, RON 2,410 million at Group level and RON 2,170 million at Bank level, by 15.0% and 16.8% 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 4.2% lower compared to the first six months of 2020, while at Bank level were 2.1% lower.

**Operational result.** In this context, the operational efficiency shows a comfortable level, of 46.69%, sliding compared to the level of 47.60% reported during the first six months of 2020.

The **result per share** for the first six months of 2021 and 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	Group Jun'21	Group Jun'20	Jun'21 vs Jun'20%	Bank Jun'21	Bank Jun'20	Jun'21 vs Jun'20%
Net profit for the period (RON thousands)	1,015,492	690,063	47.2%	901,035	607,413	48.3%
Basic earnings per share	0.1588	0.1066	49.0%	-	-	-
Diluted earnings per share	0.1588	0.1065	49.1%	-	-	-

### **Other information regarding the first half 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. For example, the Fileshare solution, used for the secure transfer of documents between the client and the bank; it was a widely used solution during the pandemic, the lockdown, during the process of updating customer data, as well as during the investment programs (IMM Invest, Grants). It is the supported way for the entry of the documentation from the client in the BT platform, which starting with July 2021, has new functionalities: it allows the reception of documents with and without electronic signature, respectively the automatic verification of the applied electronic signatures.

Banca Transilvania is the market leader in the cards market, with 4.5 million cards in portfolio out of which over 550,000 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 number of transactions with the 4.5 million cards increased by 38% compared to the same period last year.

The Bank owns at June 30, 2021 a network of 1,762 ATMs installed, out of which 557 are multifunctionals, through which self-banking can be carried out - from cash deposits in RON and foreign currency, to foreign exchange and contactless or code-based cash withdrawals. Also, the Bank also has approximately 500 BT Express terminals that are used for various operations, including the payment of invoices, 78,159 POS installed and collaborates with approximately 3,300 e-commerce merchants.

The number of digitized customers using at least one of the remote banking applications exceeded the number of 2 million, of which 1.4 million use BT Pay, meaning a 74% increase in the number of BT Pay users compared to the end of the first half of 2020.

On June 30, 2021 there were approximately 1.4 million Internet Banking customers, with about 0.4% more than at the end of H1 2020.

The Group's number of active employees as at June 30, 2021 is 10,066 (10,009 at December 31, 2020).

The Bank's number of active employees as at June 30, 2021 is 8,429 (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 regulations in force at 06/30/2021 was between 1.93 and 26.76 being above the minimum level of 1, as required by 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 figures released by the National Trade Register Office the number of the newly set up companies rose by 62.55% YoY to 79.7 thousand during January-June 2021, an evolution determined by the improvement of the risk perception, the reopening of the economy and the expansionary policy-mix.

- On the other hand, the number of the companies that entered insolvency rose by 30.34% YoY to 3,076 during January-June 2021.

- In 1H 2021 the National Bank of Romania (NBR) cut the policy interest rate to 1.25% (a record low level), but maintained the levels of the MRRs (at 8% and 5%, respectively). At the same time, the central bank resumed the T-Bonds purchase program on the secondary market, with volumes of RON 112.7 million in March and RON 134.7 million in April. These monetary policy decisions were implemented in order to counter the economic impact of the pandemic.

- According to the figures released by the National Bank of Romania (NBR) the non-government loans rose by 1.4% MoM and by 11.2% YoY to RON 300.3 billion in June, an evolution supported by the rebound of the real economy and the low level of the real financing costs.

- There can be noticed the increase of the RON-denominated loans by 2.1% MoM and by 16.6% YoY to RON 213.6 billion in June.

- On the other hand, the FX-denominated loans contracted by 0.5% MoM and by 0.3% YoY to RON 86.7 billion in June 2021.

- Consequently, during January-June 2021 the household loans rose by 4.7% ytd to RON 156.9 billion, while the corporate loans advanced by 8.2% ytd to RON 143.4 billion.
- At the same time, the figures released by the central bank show the increase of the non-government deposits by 0.5% MoM and by 14.7% YoY to RON 438.1 billion in June 2021.
- During January-June 2021 the household deposits climbed by 4.6% ytd to RON 268.5 billion, while the corporate deposits advanced by 3.4% ytd to RON 169.6 billion.
- Consequently, at the end of June the loans-to-deposits ratio stood at 68.6%, the highest level since October 2020.

## **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 1,725 million at June 30, 2021, compared to RON 1,676 million at December 31, 2020 and RON 1,442 million at June 30, 2020. As compared to the two periods of the previous year, the value of tangible and intangible assets registered an increase of 2.9% compared to the end of the previous year and by 19.6% compared to June 30, 2020.

At the Bank level, investments in tangible and intangible assets were RON 2,096 million at June 30, 2021, compared to RON 2,096 million at December 31, 2020 and RON 1,656 million at June 30, 2020. As compared with the two periods of the previous year, the value of the tangible and intangible assets registered a constant level compared to the end of 2020 and a significant increase of 26.6% when compared to June 30, 2020.

At Group and Bank level the variation of fixed assets has been determined mainly by the right-of-use assets, 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, June 30, 2021. The data presented regarding the first half 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 Decision of the General Meeting of Ordinary and Extraordinary Shareholders of April 28, 2021, it was approved:

- The distribution of the net profit in the sum of RON 1,197,304,582 as follows: allocation of the sum of RON 197,780,334 for legal and other reserves, of the sum of RON 425,754,277 for net profit reserves.
- Increase of the share capital with the amount of RON 573,769,971 by issuing 573,769,971 new shares, at a nominal value of RON 1/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 2020, in amount of RON 573,769,971, by issuing a number of 573,769,971 shares, with a nominal value of RON 1/share in the benefit of the

shareholders registered with the Shareholding Register held by the Central Depository at the registration date September 10, 2021, ex-date September 9, 2021, and the date of September 13, 2021 as the date for distribution of shares.

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  $100 \times (573,769,971 / 5,737,699,709)$ .

On 08/05/2021, the financial instruments were registered with the A.S.F., while the registration of the share capital increase with the Central Depository is currently in progress.

### **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 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 half of 2021.

## **5. Conclusions**

According to the latest report on financial stability from June 2021 of the Romanian National Bank, no systemic financial risk is increasing, compared to the same month of the previous year, when all risks were increasing. Tensions over macroeconomic equilibria as a result of the Covid-19 pandemic will persist, but prevention measures and vaccination campaigns as well as economic support measures implemented by the authorities, along with easing restrictions on social distancing, will continue to contribute to mitigation of the negative effects caused by the pandemic.

In this context, Banca Transilvania had and will have as major objectives the support of customers, employees, communities and the economy in general; BT is the main financier of Romania through government securities and one of the most involved companies in the community, with donations of over RON 12 million in the first half of the year.

In 2021, the Bank continues to be a relevant partner in government support programs, granting in the first half loans over RON 560 million through the IMM Invest and AGRO IMM Invest program.

BT continued to invest in automating and digitizing processes in order to facilitate customer access to products and services, launching an additional alternative to transfer money by phone, AliasPay, and expanding the functionality of the Fileshare solution.

At the end of the first six months of 2021, Banca Transilvania reported a robust capitalization and financial performance above expectations, consistently financing the population and companies and increasing the volume of processed operations, thus managing to further generate economies of scale for customers. BT's customer portfolio is constantly expanding, reaching 3.5 million customers at the end of the first half of 2021 (+3% as compared to December 31, 2020), and the number of new loans granted was over 114,000 (66% more than in the same period of 2020), their value being of approximately RON 9 billion (+51% compared to the value of loans in the first six months of 2020).

BT has signed a firm commitment to acquire Idea Bank and some companies from the Idea Group, namely Idea Leasing and Idea Broker, thus continuing its development policy on the local market, where it relies on both organic growth and acquisitions. As part of the Group, Idea Bank will become a digital banking hub through which creative ideas for digital solutions for customers will be launched and developed.

### **Subsequent events to the date of the consolidated statement of financial position**

According to the Decision of the Board of Directors of Banca Transilvania adopted on 07/29/2021, the Ordinary General Meeting of Shareholders will be convened on September 8, 2021, regarding:

- Approval of the distribution of cash dividends from the profit of 2020 as well as from the reserves related to other years, as follows: the amount of RON 74,245,723 from the net profit reserves related to the previous years (year 2019), as well as the amount of RON 425,754,277 from the reserves net profit for 2020, thus the total amount of RON 500,000,000 being granted as cash dividends.
- Approval of the fixing of a gross dividend/share of RON 0.07922085114 (taking into account the value of the share capital of the Bank at the registration date).
- Approval of **September 23, 2021** as the date of registration, the date of **September 22, 2021** as ex-date, and the date of **October 6, 2021** as the date of payment of dividends.

**ANNEX:** The present report has attached the copies of the following documents:

1. Summarized consolidated and separate financial statements prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by the European Union as at June 30, 2021:
  - Consolidated and separate statement of profit and loss and other comprehensive income;
  - Consolidated and separate statement of financial position;
  - Consolidated and separate statement of changes in equity;
  - Consolidated and separate statement of cash flow;
  - Notes to the summarized consolidated and separate financial statements;
2. The statement of the Deputy CEO of Banca Transilvania assuming the responsibility for the summarized financial statements for the first half of 2021;

**NOTE:** The financial statements for the first half of 2021 were revised by KPMG Audit SRL – the external auditor of Banca Transilvania S.A.

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

**CHIEF EXECUTIVE OFFICER  
ÖMER TETİK**

## SHAREHOLDERS STRUCTURE AT

30.06.2021

Explanations	No.of holders	No. Shares	Percentage %
<b>ROMANIAN CAPITAL</b>	<b>34,445</b>	<b>4,032,245,771</b>	<b>70.28</b>
Individuals	33,767	1,147,625,158	20.00
Companies	678	2,884,620,613	50.27
<b>of which Financial Investment Companies</b>	5	1,014,625,313	17.68
<b>FOREIGN CAPITAL</b>	<b>999</b>	<b>1,705,453,938</b>	<b>29.72</b>
Individuals	743	60,024,763	1.05
Companies	256	1,645,429,175	28.68
<b>TOTAL</b>	<b>35,444</b>	<b>5,737,699,709</b>	<b>100</b>