Banca Transilvania S.A.
LEI CODE: 549300RG3H390KEL8896

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

For the year ended December 31, 2024

Banca Transilvania S.A.

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Consolidated and Separate Statement of Profit or Loss

For the year ended December 31

	Notes	Group 2024 RON thousand	Group 2023 RON thousand	Bank 2024 RON thousand	Bank 2023 RON thousand
Interest income calculated using the effective interest method		10,692,264	8,432,799	9,610,503	7,676,359
Other interest like income		551,024	408,201	-	40,878
Interest expense calculated using the effective interest method		(4,323,349)	(3,579,328)	(4,063,526)	(3,389,598)
Other similar interest expense		(12,177)	(4,992)	(14,782)	(8,451)
Net interest income	8	**6,907,762**	**5,256,680**	**5,532,195**	**4,319,188**
Fee and commission income		2,515,108	2,058,966	2,116,593	1,773,058
Fee and commission expense		(1,027,277)	(791,319)	(848,314)	(667,069)
Net fee and commission income	9	**1,487,831**	**1,267,647**	**1,268,279**	**1,105,989**
Net trading income	10	938,291	657,016	707,487	539,743
Net gain / (loss) from financial assets measured at fair value through other items of comprehensive income	11	167,273	167,647	164,342	166,329
Net gain / (loss) from financial assets which are required to be measured at fair value through profit or loss	12	158,664	143,466	282,298	178,247
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	13	(90,643)	(93,647)	(74,514)	(86,886)
Other operating income	14	492,221	326,153	343,777	214,536
Operating income		**10,061,399**	**7,724,962**	**8,223,864**	**6,437,146**
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	15(a)	(657,097)	(420,716)	(436,106)	(273,152)
(Other) Provisions and reversal of provisions	15(b)	81,793	(92,372)	103,934	(100,026)
Personnel expenses	16	(2,599,594)	(1,967,518)	(1,945,345)	(1,613,996)
Depreciation and amortization		(516,700)	(450,548)	(419,469)	(404,248)
Other operating expenses	17	(1,743,097)	(1,087,845)	(1,366,885)	(917,228)
Operating expenses		**(5,434,695)**	**(4,018,999)**	**(4,063,871)**	**(3,308,650)**
Bargain gain	46	815,665	-	-	-
Profit before income tax		**5,442,369**	**3,705,963**	**4,159,993**	**3,128,496**
Income tax expense (-)	18	(711,845)	(721,733)	(628,315)	(637,924)
Net profit for the year		**4,730,524**	**2,984,230**	**3,531,678**	**2,490,572**
Net Profit of the Group attributable to:					
Equity holders of the Bank		4,554,834	2,889,718	-	-
Non-controlling interests		175,690	94,512	-	-
Net Profit for the year		**4,730,524**	**2,984,230**	**3,531,678**	**2,490,572**
Basic earnings per share	42	4.9726	3.1561	-	-
Diluted earnings per share	42	4.9726	3.1561	-	-

Consolidated and Separate Statement of Comprehensive Income

For the year ended December 31

	Notes	Group		Bank	
		2024 ***RON thousand***	**2023** ***RON thousand***	**2024** ***RON thousand***	**2023** ***RON thousand***
Net Profit for the year		**4,730,524**	**2,984,230**	**3,531,678**	**2,490,572**
Items that will not be reclassified as profit or loss, net of tax		**9,056**	**7,407**	**9,052**	**6,309**
Increase from property and equipment and intangible assets revaluation		8,555	10,718	8,555	9,371
Other elements of comprehensive income		1,870	(1,634)	1,866	(1,546)
Tax related to items that will not be reclassified to profit or loss		(1,369)	(1,677)	(1,369)	(1,516)
Items which are or may be reclassified to profit or loss		**(170,161)**	**2,303,465**	**(178,689)**	**2,238,230**
Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:		(210,192)	2,655,573	(218,421)	2,653,334
Net gain / loss (-) from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account		(167,273)	(167,647)	(164,342)	(166,329)
Fair value changes of financial assets measured at fair value through other items of comprehensive income		(42,919)	2,823,220	(54,079)	2,819,663
Translation of financial information of foreign operations to presentation currency		1,650	75,116	19	(222)
Income tax on items which are or may be reclassified to profit or loss		38,381	(427,224)	39,713	(414,882)
Total comprehensive income for the period		**4,569,419**	**5,295,102**	**3,362,041**	**4,735,111**
Total comprehensive income attributable to:					
Equity holders of the Bank		4,393,729	5,200,590	-	-
Non-controlling interest	1	175,690	94,512	-	-
Total comprehensive income for the period		**4,569,419**	**5,295,102**	**3,362,041**	**4,735,111**

The financial statements were approved by the Board of Directors on March 21, 2025 and were signed on its behalf by:

Horia Ciorcilă
Chairman

George Călinescu
Deputy CEO - CFO

Consolidated and Separate Statement of Financial Position

At December 31		Group		Bank	
	Notes	2024	2023	2024	2023
Assets		*RON thousand*	*RON thousand*	*RON thousand*	*RON thousand*
Cash and current accounts with Central Banks	19	21,950,170	24,252,600	16,908,360	22,286,257
Derivatives	43	173,030	124,817	155,572	124,817
Financial assets held for trading	21	389,817	345,756	17,833	36,303
Financial assets which are required to be measured at fair value through profit or loss	21	1,469,014	1,232,598	2,015,434	1,670,155
Financial assets measured at fair value through other items of comprehensive income	24	43,977,335	40,600,026	43,151,498	40,264,202
- of which pledged securities (repo agreements)		162,603	368,480	162,603	368,480
Financial assets at amortized cost - of which:		129,222,934	95,733,542	116,391,887	93,979,518
- Placements with banks and public institutions	20	13,714,870	12,272,959	13,612,057	12,619,341
- Loans and advances to customers	22	90,779,626	72,008,224	81,389,989	71,550,404
- Debt instruments	24	22,401,071	9,472,245	19,376,763	7,980,071
- of which pledged debt instruments (repo agreements)		38,872	-	-	-
- Other financial assets	30	2,327,367	1,980,114	2,013,078	1,829,702
Finance lease receivables	23	5,590,236	3,562,683	-	-
Investments in subsidiaries	25	23,315	-	2,644,703	873,300
Investment in associates		-	1,326	-	-
Property and equipment and investment property	26	1,655,373	1,278,903	829,734	755,413
Intangible assets	27	973,222	693,671	747,305	562,009
Goodwill	27	156,915	154,363	-	-
Right-of-use assets	28	586,634	514,060	769,195	697,963
Current tax receivables		-	-	-	-
Deferred tax assets	29	462,239	354,481	388,277	337,282
Other non-financial assets	31	405,244	320,399	244,114	197,752
Total assets		**207,035,478**	**169,169,225**	**184,263,912**	**161,784,971**

Consolidated and Separate Statement of Financial Position

At December 31		Group		Bank	
	Notes	2024	2023	2024	2023
Liabilities		*RON thousand*	*RON thousand*	*RON thousand*	*RON thousand*
Derivatives	43	235,322	88,809	235,283	88,809
Deposits from banks	32	951,155	1,034,613	1,173,778	1,081,766
Deposits from customers	33	167,869,266	138,052,954	150,785,254	134,443,350
Loans from banks and other financial institutions	34	12,237,716	9,548,567	11,209,491	8,583,795
Subordinated liabilities	35	2,530,535	2,423,218	2,405,137	2,403,652
Lease liabilities	28	617,498	533,351	747,857	669,778
Other financial liabilities	37	3,767,710	2,521,170	2,582,891	1,847,667
Current tax liability		215,042	103,884	184,341	113,280
Provisions for other risks and loan commitments	36	827,438	651,144	500,112	551,539
Other non-financial liabilities	38	312,973	288,057	220,663	171,969
Total liabilities excluding financial liabilities to holders of fund units		**189,564,655**	**155,245,767**	**170,044,807**	**149,955,605**
Financial liabilities to holders of fund units		34,250	26,950	-	-
Total liabilities		**189,598,905**	**155,272,717**	**170,044,807**	**149,955,605**
Equity					
Share capital	39	9,255,300	8,073,083	9,255,300	8,073,083
Treasury shares		(39,528)	(28,269)	(24,241)	(12,982)
Share premiums		32,033	31,235	28,614	28,614
Retained earnings		7,616,536	5,444,429	5,281,983	4,095,127
Revaluation reserves from tangible and intangible assets		44,426	43,839	31,369	28,738
Reserves on financial assets measured at fair value through other items of comprehensive income		(1,659,839)	(1,488,214)	(1,676,942)	(1,498,237)
Other reserves		1,368,612	1,147,889	1,323,022	1,115,023
Total equity attributable to equity holders of the Bank		**16,617,540**	**13,223,992**	**14,219,105**	**11,829,366**
Non-controlling interest	1	819,033	672,516	-	-
Total equity		**17,436,573**	**13,896,508**	**14,219,105**	**11,829,366**
Total liabilities and equity		**207,035,478**	**169,169,225**	**184,263,912**	**161,784,971**

The financial statements were approved by the Board of Directors on March 21, 2025 and were signed on its behalf by:

Horia Ciorcilă
Chairman

George Călinescu
Deputy CEO - CFO

Banca Transilvania S.A.

Consolidated Statement of Changes in Equity

For the year ended December 31

Group

In RON thousand	Notes	Share capital	Treasury shares	Share premiums	Revaluation reserves	Attributable to the equity holders of the Bank 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
Balance as at January 1, 2024		**8,073,083**	**(28,269)**	**31,235**	**43,839**	**(1,488,214)**	**1,147,889**	**5,444,429**	**13,223,992**	**672,516**	**13,896,508**
Profit for the year		-	-	-	-	-	-	4,554,834	4,554,834	175,690	**4,730,524**
Profit/(Loss) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(171,625)	-	-	(171,625)	-	**(171,625)**
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	7,186	-	-	-	7,186	-	**7,186**
Retained earnings from revaluation reserves		-	-	-	(6,599)	-	-	6,599	-	-	**-**
Foreign currency translation of foreign operations		-	-	-	-	-	-	1,464	1,464	-	**1,464**
Other items of comprehensive income, net of tax		-	-	-	-	-	-	1,870	1,870	-	**1,870**
Total comprehensive income for the period		**-**	**-**	**-**	**587**	**(171,625)**	**-**	**4,564,767**	**4,393,729**	**175,690**	**4,569,419**
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of retained earnings	39	1,182,217	-	-	-	-	-	(1,182,217)	-	-	**-**
Distribution to statutory reserves		-	-	-	-	-	207,999	(207,999)	-	-	**-**
Acquisition of treasury shares		-	(130,447)	-	-	-	-	-	(130,447)	-	**(130,447)**
Payments of treasury shares		-	119,188	-	-	-	-	(138,027)	(18,839)	-	**(18,839)**
Dividends distributed to shareholders (*)		-	-	-	-	-	-	(1,000,000)	(1,000,000)	(12,990)	**(1,012,990)**
SOP 2023 Scheme		-	-	-	-	-	-	176,984	176,984	-	**176,984**
Transfer of retained earnings to liabilities to holders of fund units		-	-	-	-	-	-	4,749	4,749	-	**4,749**
Other items		-	-	798	-	-	**12,724**	(46,150)	(32,628)	(16,183)	**(48,811)**
Total contributions of/distributions to the shareholders		**1,182,217**	**(11,259)**	**798**	**-**	**-**	**220,723**	**(2,392,660)**	**(1,000,181)**	**(29,173)**	**(1,029,354)**
Balance at December 31, 2024		**9,255,300**	**(39,528)**	**32,033**	**44,426**	**(1,659,839)**	**1,368,612**	**7,616,536**	**16,617,540**	**819,033**	**17,436,573**

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.2521, for a reference share capital (share capital registered at the Trade Register) of 916,879,846 shares.

Banca Transilvania S.A.

Consolidated Statement of Changes in Equity *(continued)*

For the year ended December 31

Group

In RON thousand	Notes	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
		Attributable to the equity holders of the Bank									
Balance as at January 1, 2023		**7,163,083**	**(64,750)**	**31,235**	**70,355**	**(3,728,492)**	**989,581**	**4,457,854**	**8,918,866**	**552,667**	**9,471,533**
Profit for the year		-	-	-	-	-	-	2,889,718	**2,889,718**	94,512	**2,984,230**
Profit/(Loss) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	2,240,278	-	-	**2,240,278**	-	**2,240,278**
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	9,041	-	-	-	**9,041**	-	**9,041**
Retained earnings from revaluation reserves		-	-	-	(15,121)	-	-	15,121	**-**	-	**-**
Foreign currency translation of foreign operations		-	-	-	564	-	-	62,623	**63,187**	-	**63,187**
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(1,634)	**(1,634)**	-	**(1,634)**
Total comprehensive income for the period		-	-	-	**(5,516)**	**2,240,278**	**-**	**2,965,828**	**5,200,590**	**94,512**	**5,295,102**
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of retained earnings	39	910,000	-	-	-	-	-	(910,000)	**-**	-	**-**
Distribution to statutory reserves		-	-	-	-	-	158,308	(158,308)	**-**	-	**-**
Acquisition of treasury shares		-	(32,329)	-	-	-	-	-	**(32,329)**	-	**(32,329)**
Payments of treasury shares		-	68,810	-	-	-	-	(66,329)	**2,481**	-	**2,481**
Dividends distributed to shareholders (*)		-	-	-	-	-	-	(902,456)	**(902,456)**	-	**(902,456)**
SOP 2022 Scheme		-	-	-	-	-	-	68,382	**68,382**	-	**68,382**
Transfer of retained earnings to liabilities to holders of fund units		-	-	-	-	-	-	1,622	**1,622**	-	**1,622**
Other items		-	-	-	(21,000)	-	-	(12,164)	**(33,164)**	25,337	**(7,827)**
Total contributions of/distributions to the shareholders		**910,000**	**36,481**	**-**	**(21,000)**	**-**	**158,308**	**(1,979,253)**	**(895,464)**	**25,337**	**(870,127)**
Balance at December 31, 2023		**8,073,083**	**(28,269)**	**31,235**	**43,839**	**(1,488,214)**	**1,147,889**	**5,444,429**	**13,223,992**	**672,516**	**13,896,508**

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.13, for a reference share capital (share capital registered at the Trade Register) of 798,658,233 shares.

Banca Transilvania S.A.

Separate Statement of Changes in Equity

For the year ended December 31

Bank									
		Attributable to the equity holders of the Bank							
In RON thousand	**Notes**	**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**
Balance as at January 1, 2024		**8,073,083**	**(12,982)**	**28,614**	**28,738**	**(1,498,237)**	**1,115,023**	**4,095,127**	**11,829,366**
Profit for the year		-	-	-	-	-	-	3,531,678	**3,531,678**
Profit/(Loss) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(178,705)	-	-	**(178,705)**
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	7,186	-	-	-	**7,186**
Retained earnings from revaluation reserves		-	-	-	(4,555)	-	-	4,555	**-**
Other items of comprehensive income, net of tax		-	-	-	-	-	-	1,882	**1,882**
Total comprehensive income for the period		**-**	**-**	**-**	**2,631**	**(178,705)**	**-**	**3,538,115**	**3,362,041**
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of retained earnings	39	1,182,217	-	-	-	-	-	(1,182,217)	**-**
Distribution to statutory reserves		-	-	-	-	-	207,999	(207,999)	**-**
Acquisition of treasury shares		-	(130,447)	-	-	-	-	-	**(130,447)**
Payments of treasury shares to the employees		-	119,188	-	-	-	-	(138,027)	**(18,839)**
Dividends distributed to shareholders (*)		-	-	-	-	-	-	(1,000,000)	**(1,000,000)**
SOP 2023 Scheme		-	-	-	-	-	-	176,984	**176,984**
Other items		-	-	-	-	-	-	-	**-**
Total contributions of/distributions to the shareholders		**1,182,217**	**(11,259)**	**-**	**-**	**-**	**207,999**	**(2,351,259)**	**(972,302)**
Balance at December 31, 2024		**9,255,300**	**(24,241)**	**28,614**	**31,369**	**(1,676,942)**	**1,323,022**	**5,281,983**	**14,219,105**

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.2521, for a reference share capital (share capital registered at the Trade Register) of 916,879,846 shares.

Banca Transilvania S.A.

Separate Statement of Changes in Equity *(continued)*

For the year ended December 31

Bank

In RON thousand	Notes	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							
Balance as at January 1, 2023		**7,163,083**	**(49,463)**	**28,614**	**35,678**	**(3,736,653)**	**958,598**	**3,558,320**	**7,958,177**
Profit for the year		-	-	-	-	-	-	2,490,572	**2,490,572**
Profit/(Loss) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	2,238,416	-	-	**2,238,416**
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	7,855	-	-	-	**7,855**
Retained earnings from revaluation reserves		-	-	-	(14,795)	-	-	14,795	**-**
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(1,732)	**(1,732)**
Total comprehensive income for the period		**-**	**-**	**-**	**(6,940)**	**2,238,416**	**-**	**2,503,635**	**4,735,111**
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of retained earnings	39	910,000	-	-	-	-	-	(910,000)	**-**
Distribution to statutory reserves		-	-	-	-	-	156,425	(156,425)	**-**
Acquisition of treasury shares		-	(32,329)	-	-	-	-	-	**(32,329)**
Payments of treasury shares to the employees		-	68,810	-	-	-	-	(66,329)	**2,481**
Dividends distributed to shareholders (*)		-	-	-	-	-	-	(902,456)	**(902,456)**
SOP 2022 Scheme		-	-	-	-	-	-	68,382	**68,382**
Other items		-	-	-	-	-	-	-	**-**
Total contributions of/distributions to the shareholders		**910,000**	**36,481**	**-**	**-**	**-**	**156,425**	**(1,966,828)**	**(863,922)**
Balance at December 31, 2023		**8,073,083**	**(12,982)**	**28,614**	**28,738**	**(1,498,237)**	**1,115,023**	**4,095,127**	**11,829,366**

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.13, for a reference share capital (share capital registered at the Trade Register) of 798,658,233 shares.

Consolidated and Separate Statement of Cash Flows

For the year ended December 31

		Group		Bank	
In RON thousand	**Notes**	**2024**	**2023**	**2024**	**2023**
Cash-flow from operating activities					
Profit for the year		**4,730,524**	**2,984,230**	**3,531,678**	**2,490,572**
Adjustments for:					
Depreciation and amortization	26,27, 28	516,700	450,548	419,469	404,248
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		856,148	739,459	479,056	535,116
Adjustment of financial assets at fair value through profit or loss		(158,664)	(143,466)	(282,298)	(178,247)
Income tax expense	18	711,845	721,733	628,315	637,924
Interest income	8	(11,243,288)	(8,841,000)	(9,610,503)	(7,717,237)
Interest expense	8	4,335,526	3,584,320	4,078,308	3,398,049
Bargain gain	46	(815,665)	-	-	-
Other adjustments		268,609	233,627	166,538	179,492
Net profit adjusted with non-monetary elements		**(798,265)**	**(270,549)**	**(589,437)**	**(250,083)**
Changes in operating assets and liabilities(*)					
Change in financial assets at amortized cost and placements with banks		(16,692,671)	(6,086,270)	(11,300,078)	(5,146,275)
Change in loans and advances to customers		(6,643,992)	(7,151,787)	(10,108,407)	(8,257,577)
Change in finance lease receivables		(1,171,993)	(693,717)	-	-
Change in financial assets at fair value through profit or loss		(28,264)	16,909	(62,981)	(17,313)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		(45,043)	93,626	(30,755)	93,626
Change in equity instruments		(33,019)	(3,272)	18,470	(5,610)
Changes in debt instruments		(11,042)	(21,114)	-	-
Change in other financial assets		(210,367)	(111,388)	(216,748)	75,772
Change in other assets		(115,007)	(231,847)	(126,175)	(158,434)
Change in deposits from customers		16,239,023	17,884,427	16,301,847	17,499,759
Change in deposits from banks		(390,618)	(639,012)	92,406	(545,528)
Change in financial liabilities held-for-trading		141,831	47,114	146,474	47,114
Change in repo operations		(161,489)	(1,453,998)	(200,129)	(1,453,998)
Change in other financial liabilities		1,018,082	704,265	684,225	479,442
Change in other liabilities		(186,266)	72,683	(94,048)	37,112
Income tax (paid)/recovered		(645,110)	(586,381)	(569,906)	(503,896)
Interest received		9,182,039	6,945,490	7,580,020	5,914,761
Interest paid		(3,406,598)	(2,638,610)	(3,265,336)	(2,506,562)
Net cash-flow from/ (used in) operating activities		**(3,958,769)**	**5,876,569**	**(1,740,558)**	**5,302,310**

Consolidated and Separate Statement of Cash Flows

For the year ended December 31

In RON thousand	Notes	Group 2024	Group 2023	Bank 2024	Bank 2023
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income	24	(22,807,911)	(17,936,513)	(22,008,977)	(17,817,334)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income	24	19,733,896	23,271,444	19,066,532	23,121,982
Acquisitions of property and equipment		(213,419)	(201,047)	(201,581)	(105,567)
Acquisitions of intangible assets		(370,479)	(297,107)	(290,527)	(227,467)
Proceeds from disposal of property and equipment		3,649	3,041	3,703	1,702
Acquisition of subsidiaries net of cash acquired through business combinations (**)	45	2,916,998	-	(1,768,144)	(162,916)
Proceeds from sale of equity investments		-	-	-	-
Dividends collected	14	15,668	14,981	23,572	5,912
Coupon collected, at term, during the year of debt instruments		1,560,746	1,748,651	1,553,070	1,741,572
Net cash-flow from/ (used in) investment activities		**839,148**	**6,603,450**	**(3,622,352)**	**6,557,884**
Cash-flow from financing activities					
Gross proceeds from loans from banks and other financial institutions	44	4,055,962	6,661,129	3,481,870	6,383,654
Gross payments from loans from banks and other financial institutions	44	(4,454,017)	(775,489)	(674,446)	(177,368)
Gross receipts from subordinated debts from banks and financial institutions	44	-	991,660	-	991,660
Gross payments from subordinated loans from banks and other financial institutions	44	(16,155)	(320,310)	-	(311,256)
Repayment of principal lease liabilities	28	(177,010)	(144,756)	(173,447)	(168,719)
Dividend payments		(936,184)	(898,221)	(924,001)	(898,221)
Payments for treasury shares		(130,447)	(32,329)	(130,447)	(32,329)
Interest paid		(796,256)	(298,628)	(756,297)	(240,294)
Net cash-flow from / (used in) financing activities		**(2,454,107)**	**5,183,056**	**823,232**	**5,547,127**

(*) Changes in operating assets and liabilities only include the effect of net treasury flows, the non-monetary effect of the merger being eliminated
(**) Refers to the acquisition of BCR Chisinau S.A., BTP Store Hub Turda S.R.L. and the entities from OTP Group in 2024. Please see note 46. Business Combinations

In RON thousand	Notes	Group 2024	Group 2023	Bank 2024	Bank 2023
Cash and cash equivalents at January 1		**36,122,371**	**18,459,296**	**32,750,294**	**15,342,973**
The impact of exchange rate variations on cash and cash equivalents		114,601	14,915	116,645	7,552
Net increase/decrease (-) in cash and cash equivalents		(5,688,329)	17,648,160	(4,656,323)	17,399,769
Cash and cash equivalents as at December 31	19	**30,548,643**	**36,122,371**	**28,210,616**	**32,750,294**

Notes to the consolidated and separate financial statements

1. Reporting entity

Banca Transilvania S.A.

Banca Transilvania S.A. (the "Parent company", "The Bank") 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 December 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., Salt Bank S.A. and OTP Bank Romania S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., Avant Leasing IFN S.A., BT Direct IFN S.A., BT Microfinantare IFN S.A. and BT Leasing MD S.R.L., asset management through BT Asset Management SAI 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.

Starting with January 2024, the Group has control through Victoriabank S.A. in BCR Chisinau S.A.. The Group has control through Fondul Imobiliar de Investitii Alternative BT Property in BTP Store Hub Turda S.R.L. since May 2024, in BTP Store Hub Oradea S.R.L. since October 2024 and in Inter Terra S.R.L. since December 2024. Also, starting with July 2024, the Group has control in OTP Bank Romania S.A., OTP Advisors S.R.L., OTP Factoring S.R.L., REA Project One Company S.R.L., GOVCKA Project Company S.R.L. and OTP Consulting Romania S.R.L.. Starting with October 2024, the Group has control in OTP Asset Management S.A.I S.A..

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 42 branches, 457 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, and 1 Head 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 December 31, 2024 was 13,629 (2023: 11,841 employees).

The Bank's number of active employees as at December 31, 2024 was 9,744 (2023: 9,547 employees).

The registered address of the Bank is 30-36 Calea Dorobantilor, Cluj-Napoca, Romania.
The ownership structure of the Bank is presented below:

	2024	**2023**
NN Group (*)	9.37%	9.36%
The European Bank for Reconstruction and Development ("EBRD")	5.16%	6.87%
Romanian individuals	24.21%	22.37%
Romanian companies	45.20%	45.13%
Foreign individuals	1.11%	1.09%
Foreign companies	14.95%	15.18%
Total	**100%**	**100%**

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

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

1. Reporting entity *(continued)*

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

Subsidiary	Field of activity	Percentage of direct and indirect stake 2024	Percentage of direct and indirect stake 2023
Victoriabank S.A.	Financial and banking activities and investments subject to license	44.63%	44.63%
BCR Chisinau S.A.	Financial and banking activities and investments subject to license	44.63%	-
BT Capital Partners S.A.	Investments	99.62%	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 Asistenta 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 Microfinantare 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%
Avant Leasing IFN S.A.	Financial leasing	100%	100%
BT 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%
BTP Store Hub Turda S.R.L.	Renting and subletting of own or rented real estate	100%	-
BTP Store Hub Oradea S.R.L.	Renting and subletting of own or rented real estate	100%	-
OTP Bank Romania S.A.	Financial and banking activities	100%	-
Inter Terra S.R.L.	Buying and selling of own real estate	100%	
OTP Advisors S.R.L.	Investments	100%	-
OTP Factoring S.R.L.	Asset management	100%	-
REA Project One Company S.R.L.	Real estate development	100%	-
GOVCKA Project Company S.R.L.	Real estate development	100%	-
OTP Consulting Romania S.R.L.	Other activities auxiliary to financial services, except insurance and pension funding	100%	-
OTP Asset Management SAI S.A.	Asset management	100%	-

1. Reporting entity *(continued)*

Based on materially concept as defined in paragraph 7 of IAS 1, the Group has decided to exclude several subsidiaries from the consolidation perimeter, as their exclusion is not expected to have a significant effect on the consolidated financial statements. The decision to exclude them from consolidation is based on an assessment of both quantitative and qualitative factors, which included the size of the subsidiaries and their non-material impact on the Group as a whole.

As at December 31, 2024 the list of excluded subsidiaries from the consolidation perimeter and the reasons for their exclusion is shown below:

Subsidiary	reasons for exclusion
Code Crafters by BT S.R.L.	no significant assets or liabilities, expenses or revenues
Fond Alternativ BTP Retail S.R.L.	no significant assets or liabilities, expenses or revenues
BTP Store Hub Oradea S.R.L.	no significant assets or liabilities, expenses or revenues
BT Intermedieri Agent de Asigurare S.R.L.	no significant assets or liabilities, expenses or revenues
BT Asiom Agent de Asigurare S.R.L.	no significant assets or liabilities, expenses or revenues
BT Solution Asistent in Brokeraj S.R.L.	no significant assets or liabilities, expenses or revenues
BT Safe Agent de Asigurare S.R.L.	no significant assets or liabilities, expenses or revenues
REA Project One Company S.R.L.	no significant assets or liabilities, expenses or revenues
OTP Factoring S.R.L.	no significant assets or liabilities, expenses or revenues
GOVCKA Project Company S.R.L.	no significant assets or liabilities, expenses or revenues
OTP Advisors S.R.L.	no significant assets or liabilities, expenses or revenues
OTP Consulting Romania S.R.L.	no significant assets or liabilities, expenses or revenues
Sinteza (associate)	no significant assets or liabilities, expenses or revenues

In addition to the qualitative factors, namely nature of activity of excluded subsidiaries, future plans of the Group to centralize their activity in other bigger subsidiaries, the potential impact of the exclusion of subsidiaries on the consolidated financial statements is performed based on quantitative factors like assets, liabilities, net profit, expenses and revenues. The assessment is performed on an entity-by-entity base and an additional analysis is conducted on the potential impact of total excluded subsidiaries in total figures of the Group, as shown in the table below:

	RON thousand
total assets of excluded subsidiaries	9,471
% of total assets of excluded subsidiaries in total assets of the Group	0.01%
Total liabilities of excluded subsidiaries	16,315
% of total liabilities of excluded subsidiaries in total liabilities of the Group	0.01%
P&L of excluded subsidiaries	4,857
% of total P&L of excluded subsidiaries in total P&L of the Group	0.10%
Total expenses of excluded subsidiaries	56,391
% of total expenses of excluded subsidiaries in total expenses of the Group	0.04%
Total revenues of excluded subsidiaries	61,248
% of total revenues of excluded subsidiaries in total revenues of the Group	0.04%

The exclusion of these subsidiaries does not materially affect the Group’s consolidated financial position, financial performance, cash flows or other elements of the consolidated financial statements.
Given that these subsidiaries were deconsolidated starting from December 31, 2024, their expenses and revenues up to the date of deconsolidation are included in the consolidated statement of profit or loss of the Group.

1. Reporting entity *(continued)*

BT Leasing Transilvania IFN S.A.

BT Leasing Transilvania IFN S.A. operates through its head office located in Cluj-Napoca, 1 agency and 43 work units (2023: 1 agency and 39 work units) throughout the country. The company is authorized by the National Bank of Romania to provide leases for various types of vehicles, technical and other types of equipment.
The number of active employees as at December 31, 2024 was 326 (2023: 305 employees).
The registered address of BT Leasing Transilvania IFN S.A. is 74-76 Constantin Brancusi Street, 1st floor, Cluj-Napoca, Romania.

BT Asset Management SAI S.A.

BT Asset Management SAI S.A. is an investment management company, member of Banca Transilvania Financial Group, authorized by the National Securities Commission (currently the Financial Supervisory Authority, also named „ASF”) through the decision No. 903/29.03.2005, ASF Public Register No. PJR05SAIR/120016 dated 29.03.2005.
BT Asset Management SAI S.A. manages both open and alternative investment funds. As at December 31, 2024, BT Asset Management SAI S.A. managed 17 investment funds, of which: 14 open funds and 3 alternative investment funds (2023: 17 investment funds, of which: 14 open funds and 3 alternative investment funds).
BT Asset Management SAI S.A. offers a full range of investment products, from fixed income funds, mixed funds and index funds, to equity and one real estates funds. The access to the capital market is provided to customers through investments in Romania, as well as in the EU countries (mainly Austria); placements can be made in RON, euro, american dollars and pounds.
The number of active employees as at December 31, 2024 was 42 (2023: 42 employees). The company's registered address is in Cluj-Napoca, 22 Emil Racovita Street, 1st floor + garret, Cluj County, Romania.

BT Capital Partners S.A.

At the beginning of 2016, BT Securities S.A. – the brokerage company of Banca Transilvania Financial Group – became BT Capital Partners S.A., after taking over the investment banking activity of Capital Partners, the most important independent consulting Romanian company in the field of M&A and Corporate Finance, BT Capital Partners is also an exclusive member in Romania of Oaklins, the world's most important alliance of M&A professionals.
In its new formula, BT Capital Partners S.A. offers consulting services for raising funds via the capital market, consultancy on mergers and acquisitions, brokerage services, structuring of complex financing schemes, market research and strategic advisory.
At December 31, 2024 the company counted 59 active employees (2023: 57 employees). The company undertakes its activity through its headquarters located in Cluj-Napoca, 74-76 Constantin Brancusi Street, ground floor, Cluj County, Romania, and through 9 work units.

BT Direct IFN S.A.

BT Direct IFN S.A. it is authorized by the National Bank of Romania to carry out lending operations to individuals through credit cards as well as through consumer loans, having as object of activity the financing of natural persons.
BT Direct IFN S.A. and ERB Retail Services IFN S.A. have become the same company starting with August 1, 2019. Following the merger by absorption of BT Direct IFN S.A., ERB Retail Services IFN S.A. has become part of the Group keeping the name BT Direct IFN S.A..
As at December 31, 2024, the company has a registered office for the purpose of payroll taxes in Bucharest and another 127 offices in the locations of the main partners (2023: 116 offices).

The number of active employees at December 31, 2024 was 205 (2023: 187 employees). The company operates through its head office located in Cluj-Napoca, 74-76 Constantin Brancusi Street, 3rd floor, Cluj County, Romania.

1. Reporting entity *(continued)*

BT Microfinantare IFN S.A.

BT Microfinantare IFN S.A. is a non-banking financial institution authorized by the National Bank of Romania established in 2016. The company's object of activity is financing small businesses. The company's registered address is Bucharest, Calea Serban Voda, nr. 206-218,Office U-Center.

The number of active employees as at December 31, 2024 was 308 (2023: 253 employees). In 2024, BT Microfinantare IFN S.A. financed around 9,500 micro-enterprises (2023: 8,600 micro-enterprises) (loans for the support and development of current activities, procurement loans, loans for supplier payments, investment loans for existent and/or new work units, loans for the acquisition of machinery/equipment etc.). The outstanding balance for loans at the end of 2024 was RON 1,278.4 million (2023: RON 1,009.1 million).

B.C. „Victoriabank" S.A.

B.C. „Victoriabank" S.A. was founded on December 22, 1989, being the first commercial bank in the Republic of Moldova to be registered with the Central Bank of USSR on February 22, 1990, being reorganized on August 26, 1991 into a joint-stock company (joint-stock commercial bank).

On November 29, 2002, Victoriabank S.A. was re-registered as a commercial bank, open joint-stock company, and its shares were registered and listed on the Moldova Stock Exchange. Victoriabank S.A. is authorized to carry out banking activities pursuant to its license issued by the National Bank of Moldova. In 2018, Banca Transilvania S.A. became an indirect shareholder of Victoriabank S.A., holding together with EBRD 72.19% of the participation in this financial institution. At the beginning of 2018, Banca Transilvania S.A. purchased 61.82% of the shares of VB Investment Holding B.V., the remaining 38.13% being owned by the EBRD. Also in 2018, VB Investment Holding B.V. increased its investment to 72.19% in Victoriabank S.A., so that Banca Transilvania S.A.'s indirect effective holding in this financial institution became 44.63%. Banca Transilvania S.A. controls Victoriabank S.A. through VB Investment Holding B.V.. Starting from April 2018, Banca Transilvania S.A. appointed representatives in the management and in the Board of Directors of Victoriabank S.A., thus taking control of Victoriabank S.A..

Victoriabank S.A. carries out its activity through its headquarter located in Chisinau, August 31, 1989 Street No 141, and through 24 branches and 39 agencies throughout the Republic of Moldova (2023: 30 branches and 38 agencies). The number of active employees as at December 31, 2024 was 1,116 (2023: 1,138 employees). The share capital of B.C. „Victoriabank" S.A. consists of MDL 250,000,910, divided into 25,000,091 class I nominal ordinary shares, with voting rights, at a face value of MDL 10/share. The nominal ordinary shares issued by Victoriabank S.A. (ISIN: MD14VCTB1004) are admitted to trading on the regulated market at the Moldova Stock Exchange.

Salt Bank S.A.

Salt Bank S.A. was founded in 1998, and during 2021, was bought by Banca Transilvania S.A., a Romanian credit institution, which, starting with October 29, 2021 became the sole shareholder (direct and indirect) of this entity.

Currently, Salt Bank S.A. runs banking and financial services operations with individuals and legal entities. These include according to constitutive act: current accounts, raise deposits, loan lending, financing for current activities, medium and long term financing, letters of guarantee and documentary credits, internal and external payment services, foreign exchange operations, deposits services. Starting with 2023, the Bank is 100% digital, through the registered office in Bulevardul Dimitrie Pompeiu, number 5-7, et. 6, sector 2, Bucharest, Romania.

Salt Bank operates as a cashless bank from June 14, 2022 and proposes a complete digital transformation process, so that it becomes the first fully digital "made in Romania" bank, without banking units, thus offering customers banking services only through digital channels. Concretely, Salt Bank will offer its services through a mobile banking application (and wallet). As an element of differentiation compared to other neo-banks or fintech that offer such platforms, Salt Bank intends to offer customer support services through its own call center.

As at December 31, 2024 the Bank had 320 active employees (2023: 163 active employees).

1. Reporting entity *(continued)*

Avant Leasing IFN S.A.

Avant Leasing IFN S.A. is a Romanian entity founded in 2000. The main activity of Avant Leasing represents crediting based on contract - CAEN code 6491 and mostly financial leasing for legal entities, having under the lease agreements vehicles and equipment. The headquarter of Avant Leasing is located on 19-21 Bucuresti-Ploiesti Street, 2nd floor, Sector 1, Bucharest, Romania. As of December 31, 2024, Avant Leasing had 33 active employees (2023: 96 active employees).

OTP Bank Romania S.A.

OTP Bank Romania S.A. started its activity in Romania with the acquisition of RoBank in 2004 and operated as a subsidiary of the Hungarian financial group OTP Group, present in 15 countries, with an offer of complete financial solutions, both in the Retail and Corporate segments. In 2024, after four years of considerable growth across all business lines, with over 300,000 active customers, 95 offices, and over 1,400 employees, OTP Bank Romania S.A. has moved towards a process of consolidating its portfolio and operations. As of December 31, 2024, OTP Bank Romania S.A. had a number of 1,371 active employees and has its main headquarters in str. Buzeşti nr. 66-68, sector 1, Bucharest, Romania. In December 2024, was approved by the Decision of the Extraordinary General Meeting of Shareholders of Banca Transilvania S.A., the merger by absorption between Banca Transilvania S.A. and OTP Bank Romania S.A., as the acquired company, as at February 28, 2025.

Banca Comerciala Romana Chisinau S.A.

BCR Chisinau S.A. was established in October 1998 as a commercial and savings bank, offering a wide range of services addressing all categories of customers through its headquarters, one branch in Chisinau, and one branch in Balti. The share capital of BCR Chisinau S.A. consists of 72,813 ordinary shares, issued and outstanding with a nominal value of MDL 10,000 per share. The nominal ordinary shares issued by BCR Chisinau S.A. are listed on the Stock Exchange of Moldova (bvm.md) on 28.11.2023 based on Certificate no. 116/PR1, having the symbol MD14BROM1003. The bank has 80 employees as of December 31, 2024 (December 31, 2023: 86 employees). BCR Chisinau S.A.'s headquarters is located at str. Pushkin 60/2, Chisinau, Republic of Moldova. In August 2024, was approved by the Decision of the Extraordinary General Meeting of Shareholders of B.C. Victoriabank S.A., the merger by absorption between B.C. Victoriabank S.A. and Banca Comerciala Romana Chisinau S.A., as the acquired company, as at March 1, 2025.

2. Basis of preparation

a) Statement of compliance

The consolidated and separate financial statements of the Group and of the Bank have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union and with the National Bank of Romania's Order no. 27/2010 for the approval of the accounting regulations in accordance with IFRS, with subsequent changes („NBR Order no. 27/2010"), effective as at the Group's and Bank's annual reporting date, December 31, 2024.

The consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with the going concern principle, which assumes the continuity of the activity in the foreseeable future. In addition, management is not aware of any material uncertainties that could cast significant doubt on their ability to continue as a going concern. Therefore, the consolidated and separate financial statements are prepared on a going concern basis.

b) Basis of measurement

The consolidated and separate financial statements 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 the revaluation of property and equipment and investment property.

c) Functional and presentation currency – "RON"

The items included in the financial statements 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 consolidated and separate financial statements are presented in Romanian lei "RON", rounded to the nearest thousand.

2. Basis of preparation *(continued)*

d) Use of estimates and judgements

The preparation of the consolidated and separate financial statements in accordance with the IFRS 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, income 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 is 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.

Information about estimates used in the application of the accounting policies which have a significant impact on the consolidated and separate financial statements, as well as the estimates involving a significant degree of uncertainty, are described in Note 5.

e) Changes in material accounting policies

a. Global minimum top-up tax

The Group adopted in 2023 the International Tax Reform—Model Rules of Pillar Two (Amendments to IAS 12) published on May 23, 2023. The amendments provide a mandatory temporary exception from the accounting of deferred tax for the additional tax, with immediate applicability, and require a new disclosure on the exposure to Pillar two. The Group has applied a mandatory temporary exemption from accounting for the deferred tax for the impact of the additional tax on December 31, 2023, which is accounted for as it is recognised as a current tax.

The Group operates in Romania, a country that has adopted the new legislation for the implementation of the global minimum tax. The Group also operates in the Republic of Moldova, a tax jurisdiction that has not yet adopted the legislation on the global minimum tax but has expressed its intention to implement these rules in the domestic legislation.

The Group has calculated, for the fiscal year 2024, the effective tax rate for transactions carried out in Romania, which is above 15%. Thus, in Romania, the Group does not owe any additional tax under the Pillar Two rules.

Regarding the Moldavian, it was concluded that the 3 constituent entities in Moldova have a ETR under 15% (specifically 14.07%), mainly since the statutory rate in Moldova is 12%. As the domestic legislation of the Republic of Moldova does not contain any tax provisions regarding the Model Rules of the Pillar two, the additional for the fiscal year 2024 will be due in Romania, at the level of the ultimate parent company, as per IIR (“Income inclusion rule”) rules. The amount resulted and booked is of RON 1 million.

b. Material accounting policy information

Starting January 1, 2023, the Group and the Bank adopted the Amendments to IAS 1 and IFRS Practice Statement 2. Although the amendments did not result in any changes in accounting policies, these had an impact on the information on accounting policies presented in the consolidated and separate financial statements. The amendments require the disclosure of "material", rather than "significant", accounting policy presentation. Moreover, these provide guidance on the concept of materiality in the presentation of accounting policies and guide entities in providing useful information, with reference to the specific accounting policies that users need to understand other information presented in the consolidated and separate financial statements. The Group and the Bank reviewed the accounting policies and updated the information disclosed in Note 3 Material accounting policies in certain instances in line with the amendments.

3. Material accounting policies

The Group and the Bank has consistently applied the following accounting policies to all periods presented in these consolidated and standalone financial statements, except if mentioned otherwise. In addition, the Group and the Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies.

a) Basis for consolidation

According to IFRS 10, control means that an investor has: 1) power over the investee; 2) exposure, or rights to variable returns from its involvement within the investee; 3) the ability to use its power over the investee to affect the amount of the investor's returns. The list of the Group’s subsidiaries is presented in Note 1.

(i) Business Combinations

A business combination is accounted using the acquisition method at the date when the control is acquired, except for the cases when the combination involves entities or parties under common control or the acquired entity is a subsidiary of an investment entity. Each identifiable asset and acquired asset and assumed liability is evaluated at fair value at the acquisition date.

The non-controlling interests in the acquired entity, which represent current ownership interest and entitle the holder to a proportional share of the entity’s net assets in the event of liquidation, are measured either at fair value or proportionally with the acquired ownership interest in the entity’s net identifiable assets. Non-controlling interests that are not current ownership interests are measured at fair value.

Goodwill is measured by deducting the identifiable net assets acquired from the aggregate of the consideration transferred, any non-controlling interests in the acquired entity and the fair value at the acquisition date of the equity participation in the acquired entity previously held by the acquiring entity. If the acquirer obtains a gain from a bargain purchase, this gain is recognized in the profit or loss after the management reassesses whether all the assets were acquired and all liabilities and contingent liabilities were assumed based on appropriate measurement.

The consideration transferred in a business combination is measured at the fair value of the assets transferred by the acquirer, the liabilities incurred or assumed and the equity instruments issued, but excludes the costs related to intermediation, advisory, legal, accounting, valuation and other professional or consulting services, general administrative costs that are recognized in the profit or loss.

(ii) Subsidiaries

The Group’s subsidiaries are the entities under the Group’s direct and indirect management. The management of an entity is reflected by the Group’s capacity to exercise its authority in order to influence any variable return to which the Group is exposed based on its involvement in the entity. The factors that the Group must consider when deciding to include an entity in the consolidation are the following:

- the purpose and relevant activity of the entity;
- the entity’s relevant activities and the manner in which they are determined;
- whether the Group’s rights ensure its capacity to manage the entity’s relevant activities;
- whether the Group is exposed or entitled to variable returns;
- whether the Group can use its capacity in order to influence returns.

If voting rights are relevant, the Group is considered to be in control if it holds, directly or indirectly, more than half of the voting rights of an entity, except when there is proof that another investor has the capacity of control over the relevant activities. Potential voting rights considered as substantial are also taken into account when determining the control of the entity. Moreover, the Group controls an entity even if it does not hold the majority of the voting rights, but however has the effective capacity to control the entity’s relevant activities.

3. Material accounting policies *(continued)*

a) Basis for consolidation *(continued)*

(ii) Subsidiaries (continued)

This situation may occur when the dimension and dispersion of the shareholders' participations give authority to the Group to control the activities subject to investment. The subsidiaries are included in the consolidation starting from the date when the control is transferred to the Group.

The Group revaluates on an ongoing basis the control over the entities subject to investment, at least upon each quarterly reporting date. Therefore, any structural modification leading to the change of one or several control parameters is subject to revaluation. Such modification may include the change of the decision-making rights, changes in the contractual terms, financial or capital structure modifications, modifications caused by an event anticipated upon the initial documentation.

(iii) Non-controlling interest

The Group presents the non-controlling interest in its consolidated financial position within equity, separated from the equity of the parent company's shareholders. The non-controlling interest is measured proportionally with the percentage held in the net assets of the subsidiary. Changes in ownership interest which do not result in the loss of parent control of the subsidiary, are reflected as equity transactions.

(iv) Loss of control

If the parent loses the control of a subsidiary, it derecognizes the assets (including goodwill), the liabilities and the book value of any non-controlling interest at the date such control is lost. Any gain or loss arising from the loss of control is recognized in the profit or loss account.
Upon the loss of control over a subsidiary, the Group: a) derecognizes the assets (including the attributable goodwill) and liabilities of the subsidiary at their book value, b) derecognizes the book value of any non-controlling interests held in the former subsidiary, c) recognizes the consideration received at fair value, as well as any distribution of the subsidiary's shares, d) recognizes any investment in the former subsidiary at fair value and e) recognizes any difference resulting from the above elements as gain or loss in the income statement. Any amounts recognized in the previous periods as other items of comprehensive income in relation to the respective subsidiary, shall be either reclassified in the consolidated statement of profit or loss or transferred to retained earnings, if required by other IFRS standards.

(v) Investments in associates

An associate is an entity over which the Group exercises significant influence in terms of financial and operating policy decision making, but without controlling the entity. Significant influence is when the Group holds between 20% and 50% of the voting rights. The existence and impact of the potential rights that are currently enforceable or convertible are also taken into consideration in order to determine whether the Group exercises significant influence. Other factors taken into consideration in order to determine whether the Group exercises significant influence are the representation in the Board of Directors and the inter-company relevant transactions. The existence of such factors may require the application of the equity method of accounting for a certain investment, even if the Group's investment in voting shares is lower than 20%. Investments in associates are booked according to the equity method. The share of the Group resulting from the association is adjusted in order to be in line with the Group's accounting policies and is booked in the consolidated statement of profit or loss as net investment income (loss) according to the equity method. The Group's share in the profits or losses of the related parties resulting from inter-company sales is removed from the consolidation basis.

3. Material accounting policies *(continued)*

a) Basis of consolidation (continued)

(v) Investments in associates (continued)

In accordance with the equity method, the Group's investments in associates and jointly controlled entities are initially booked at cost, including any costs directly connected with transactions, and are subsequently increased (or decreased) to reflect both the proportional share of the Group after the acquisition and the net income (or loss) of the related entity or of the jointly controlled entity, as well as other direct changes in the shareholders' equity of the related entity or of the jointly controlled entity. The goodwill generated by the acquisition of a related entity or of a jointly controlled entity is included in the investment book value. Since goodwill is not reported separately, it is not tested for impairment. In fact, the whole investment accounted based on the equity method is tested for impairment upon each balance sheet preparation.

At the date when the Group ceases to have significant influence on the associates or the jointly controlled entity. The Group shall determine the profit or loss from the assignment of the investment based on the equity method, which shall be equal to the difference between: 1) the fair value of retained interest and any proceeds from disposing of a part of interest in the associate and 2) the carrying amount of the investments.

(vi) Management of investment funds

The Group manages and administrates assets invested in fund units on behalf of investors. The financial statements of these entities are not included in the consolidated financial statements, except when the Group controls the entity by holding authority, exposure or rights over variable incomes based on its participation of more than 50% in the open investment fund units. In line with the Group's strategy to develop open investment funds and to attract new investors, the Group removes from the consolidation basis the open funds managed by BT Asset Management SAI S.A., if the percentage of fund unit holdings decreases below 40% during two financial years.
As concerns the alternative funds managed by BT Asset Management SAI S.A.. The Group removes from the consolidation basis the holdings for which there is no significant influence of more than 20%.
If the Group holds units in open or alternative investment funds managed by an investment management company which is not included in the consolidation, the funds shall not be consolidated because the Group does not have the authority and decision-making power regarding the relevant activities of such entity.

(vii) Transactions eliminated from consolidation

Intra-group settlements and transactions, as well as any unrealized gains resulted from the intra-group transactions have been fully eliminated in the preparation of the consolidated financial statements. Unrealized gains resulted from transactions with equity accounted investees are eliminated in correlation with the investment in the related entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(viii) Presentation of the legal merger through absorption in the financial statements

The Group applies the common control scope exclusion in IFRS 3 requirements "Business combination" by analogy to the accounting for common control transaction in separate financial statements to record the merger by absorption operations in the separate financial statement of the absorbing entity. The separate financial statements of the absorbing entity after merger are a continuation of the consolidated financial statements prepared starting with the date of acquisition of the absorbed entity.

3. Material accounting policies *(continued)*

a) Basis of consolidation *(continued)*

(viii) Presentation of the legal merger through absorption in the financial statements (continued)

The profit or loss and other comprehensive income of the absorbing entity includes the revenues and expenses as they were booked by the absorbed entity at individual level, for the period between the date of gaining the control and the merger date.

Due to the lack of specific requirements in the IFRS related to legal mergers through absorption, the Bank decided to present the book value of the acquired identifiable assets and undertaken liabilities in the separate financial statements at the legal merger date, after their initial recognition at fair value at the date when the control was acquired.

b) Foreign currency transactions

(i) Foreign currency transactions

Transactions in foreign currency are recorded in RON at the official exchange rate at the date of the transaction. The exchange rate differences resulting from such transactions denominated in foreign currency are reflected in the statement of profit or loss at the transaction date and using the exchange rate valid at the respective date.

Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated and separate statement of financial position are translated to the functional currency at the exchange rate valid at that date.

FX differences are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated in the functional currency by using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rate valid at the date when the fair value is determined.

(ii) Translation of foreign currency operations

The result and financial position of operations denominated in a currency different from the functional and presentation currency of the Group are translated into the presentation currency as follows:

- the assets and liabilities of this entity, both monetary and non-monetary, were translated at the closing rate at date of the consolidated and separate statement of financial position;
- income and expense items of these operations were translated at the average exchange rate of the period, as an estimate of the exchange rates at the dates of the transactions; and
- all resulting exchange differences have been recognized as OCI until the disposal of the investment.

The exchange rates for the major foreign currencies were:

Currency	December 31, 2024	December 31, 2023	Variation %
Euro ("EUR")	1: RON 4.9741	1: RON 4.9746	-0.01%
United States Dollar ("USD")	1: RON 4.7768	1: RON 4.4958	6.25%

3. Material accounting policies *(continued)*

c) Interest income and expenses

Recognition of interest income and expenses

Interest income and expense are recorded for all loans and debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination.

The Group does not designate loan commitments as financial liabilities at FVTPL.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit adjusted effective interest rate is applied to the amortised cost.

d) Fee and commission income

Fee and commission income represent commissions that are not an integral part of the effective interest rate of a financial instrument and that are accounted for in accordance with IFRS 15.

Such income includes fee income in the banking units (*transactional fees,* such as: commissions for transactions at ATMs, commissions for payments, for issuing the account statement, commissions for the collection/encashment of dividends, commissions for currency exchanges*; brokerage and execution fees, syndication fees* etc.), fee income from capital markets (*advisory fees, investment activities fees, brokerage and execution fees, custodial fees*), fee income in wealth management.

The commissions and expenses obtained from the services provided over a certain period of time are recognized in that period as the services are provided. Commissions and expenses obtained for the completion of a specific service or significant event are recognized upon completion of the service or when the event occurs, for example, upon completion of the transaction to which it refers.

The obligation to perform the service (and the recognition of income) can be fulfilled at a given moment or over time. For each identified performance obligation, the Group establishes at the beginning of the contract whether it fulfills the performance obligation in time or at a given moment and whether the consideration is fixed or variable, including whether the consideration is limited, for example, by external factors that cannot be influenced by to the Group.

The group records income and expenses from commissions in profit or loss:

• either in time, because the performance obligation is satisfied in time, and the client simultaneously receives and consumes the benefits offered by the performance by the Group, as the Group fulfills the obligations (being one of the 3 criteria that must be met for a performance obligation to be satisfied in time).

3. Material accounting policies *(continued)*

d) Fee and commission income *(continued)*

These include, for example, commissions for transactions with clients when the services are provided continuously, settlement commissions for financial instruments, custody commissions, consulting fees;

• or at the time when the service is provided, in cases where a performance obligation is not fulfilled in time. These include, for example, distribution commissions received and some consulting fees.

e) Net trading income

Net trading income represents the difference between the gain and loss related to financial assets held-for trading, foreign exchange transactions, derivatives and foreign exchange position revaluation.

f) Net loss/gain related to financial assets measured at fair value through other items of comprehensive income

The net loss/gain related to financial assets measured at fair value through other items of comprehensive income comprises the gain and loss from the sale of financial assets measured at fair value through other items of comprehensive income. Net gain and loss from the sale of financial assets measured at fair value through other items of comprehensive income are recognized in the income statement at the moment of their sale. For debt instruments, the net gain/loss related represents the difference between the sale price and the acquisition cost related to the financial assets measured at fair value through other items of comprehensive income.

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

The net loss/ gain from financial assets which are required to be measured at fair value through profit or loss includes the gain and loss both from the revaluation at fair value and the sale of financial assets which are required to be measured at fair value through profit or loss.

h) Other operating income

h1) Dividend income

Dividend income is recognized in profit or loss at the date when the right to receive such income is established and it is probable that the dividends will be collected. Dividends are reflected as a component of other operating income.
For some of the Bank's subsidiaries, the only profit available for distribution is the profit for the year recorded in the Romanian statutory accounts, which differs from the profit in these consolidated and separate financial statements prepared in accordance with IFRS, as endorsed by European Union, due to the differences between the applicable Romanian Accounting Standards and IFRS, as endorsed by the European Union.

h2) Income from insurance intermediation

The fees related to the intermediation for insurance services are recognised by the Bank in the month when the related insurance services are paid by the insurer to the Group and the Bank. If the computation of these fees is not finalized and agreed with the insurer by the end of the month the Group and the Bank recognize an accrued income into the consolidated income statement based on its own estimates.

3. Material accounting policies *(continued)*

h) Other operating income *(continued)*

h3) Income from VISA, MASTERCARD, WU services

The Group and the Bank recognize income received from Visa, Mastercard and Western Union representing discounts granted for the volume of transactions performed. This income is booked on a monthly basis based on the invoice issued to the Group and the Bank.

h4) Income from the assignment of shareholdings

This income represents a gain or a loss from disposal of shares in subsidiaries which is recognised in the statement of profit or loss. This gain or loss represent the difference between the selling price and the fair value of the net assets sold.

h5) Other operating income

The Group and the Bank also recognize the following types of income under "Other operating income": income from the disposal of tangible assets and those from the sale of the non-current assets held for sale, income from compensations, fines, penalties, income from: debt recoveries related to closed accounts, surplus from ATM transactions not claimed by customers, cash at hand differences, income from recovered legal expenses, other recoveries from operating expenses.

i) Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund

The retail deposits and certain legal entity deposits, including SME deposits, are guaranteed up to EUR 100,000 in Romania and MDL 100,000 in the Republic of Moldova) by the Bank Deposit Guarantee Fund (the “FGDB”) according to the regulations in force (Law 311/2015 regarding the deposit guarantee scheme and the Deposit Guarantee Fund in Romania and the law regarding the deposit guarantee within the banking system no.575-XV from 2003, December 26, in the Republic of Moldova).

The Romanian credit institutions are obliged to pay an annual contribution to the Deposit Guarantee Fund, in order to guarantee the clients’ deposits in case of the credit institution’s insolvency, as well as an annual contribution to the Resolution Fund.

It is mandatory for the banks in the Republic of Moldova to contribute an annual fee to FGDB, through quarterly payments which are calculated based on the value of the pledged deposits and the risk grade for each bank, and also an annual fee to the Resolution Fund.

The Group and the Bank applied IFRIC 21 ”Levies” to determine when the obligation to be recognized. As this contribution to the FGDB corresponds to a tax therefore it needs to be fully recognized as an expense at the time the obligating event occurs. In this case, the obligation arises annually on January 1, as the Bank performs activities related to deposits received.

j) Lease assets and liabilities

Group applies IFRS 16 provisions to all leases, including leases of right-of-use assets in a sublease, except for:

a) leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
b) service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements;
c) licenses of intellectual property granted by a lessor within the scope of IFRS 15 Revenue from Contracts with Customers; and
d) rights held by a lessee under licensing agreements within the scope of IAS 38 Intangible Assets for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

3. Material accounting policies *(continued)*

j) Lease assets and liabilities *(continued)*

The Group presents in this financial statements, lease assets and liabilities for the following types of transactions:

a) ***<u>as a lessee:</u>***

- Lease of properties used for financial activities;
- Lease of land;
- Lease of vehicles;
- Lease of other low-value items.

b) ***<u>as a lessor:</u>***

- Finance lease of vehicles and equipment;
- Finance lease of real estate.

Identification of a lease contract

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.
To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:
(a) the right to obtain substantially all of the economic benefits from use of the identified asset and
(b) the right to direct the use of the identified asset.

a) ***<u>The Group as a lessee</u>***

As per IFRS 16 provisions, a lessee is required to recognise a right-of-use asset and a lease liability at the initial recognition of the contract.

Right of use – initial measurement

The right-of-use asset shall comprise:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liability – initial measurement

Represents the present value of the lease payments that are not paid at commencement date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

3. Material accounting policies *(continued)*

j) Lease assets and liabilities *(continued)*

a) ***The Group as a lessee*** *(continued)*

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:
(a) fixed payments, less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering all the relevant factors); and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement - Right-of-use asset
The Group shall measure the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability due to lease contract. If the lease transfers ownership of the underlying asset to the Group as a lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Subsequent measurement - Lease liability
The Group measures the lease liability by:
a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

After the commencement date, the Group remeasures the lease liability to reflect changes to the lease payments. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, it recognizes any remaining amount of the remeasurement in the statement of profit or loss.

b) ***The Group as a lessor***

Initial measurement

At the commencement date, the Group, as a lessor, recognizes assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The lessor uses the interest rate implicit in the lease to measure the net investment in the lease.

The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease.

3. Material accounting policies *(continued)*

j) Lease assets and liabilities *(continued)*

<u>b) The Group as a lessor</u> (continued)

The lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- fixed payments less any lease incentives payable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement

The Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The Group aims to allocate finance income over the lease term on a systematic and rational basis and shall apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. It reviews regularly estimated unguaranteed residual values used in computing the gross investment in the lease. If there has been a reduction in the estimated unguaranteed residual value, the Group reviews the income allocation over the lease term and recognizes immediately any reduction in respect of amounts accrued.

k) Income tax expense

Income tax for the year includes the current tax and the deferred tax. The income tax is recognized in the result for the year or in the shareholders' equity, if the tax is related to shareholders' equity items.

Current tax is the tax payable with respect to the profit for the period, determined based on the percentages applied at the date of the consolidated and separate statement of financial position and all the adjustments related to the previous periods. The adjustments which influence the fiscal base of the current tax are: non-deductible expenses, non-taxable income, similar expense/ income items and other tax deductions.

Deferred tax is determined based on the balance sheet liability method for the temporary differences between the fiscal base for the calculation of the tax on assets and liabilities and their accounting value used for reporting under the consolidated and separate financial statements.

Deferred tax is not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities resulting from transactions which are not business combinations and do not affect the accounting or tax profit and differences resulting from investments in subsidiaries, provided that they are not reversed in the near future and the moment of reversal is being controlled by the entity.

The temporary differences may arise in a business combination, so that an entity may recognize any resulting deferred tax assets or liabilities as identifiable assets and liabilities at the acquisition date. The temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination affects neither accounting nor taxable profit or loss.

3. Material accounting policies *(continued)*

k) Income tax expense *(continued)*

According to the local tax regulations, the fiscal loss of the entity that ceases to exist further to a legal merger through absorption can be acquired and recovered by the absorbing entity. The annual fiscal loss starting 2009, established through the tax statement shall be recovered from the taxable income of the next 7 consecutive years.

To report the unutilized fiscal losses, the deferred tax claims are recognized only to the extent to which it is probable to obtain taxable profit in the future after compensation with the tax loss from the previous years and with the recoverable tax on profit. Deferred tax claims are diminished to the extent to which the related tax benefits are unlikely to be achieved.

The Group has determined that the global minimum top-up tax – which is required to pay under Pillar Two legislation – is an income tax in scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up and accounts for it as a current tax when it is incurred.

The Group operates in Romania, which has enacted new legislation to implement the global minimum top-up tax.

For the fiscal year 2024, the Group is not impacted by the new legislation for transactions carried out in Romania, where the effective tax rate calculated was above 15%. However, the Group is impacted by the new legislation for transactions carried out in the Republic of Moldova, where the statutory tax rate is 12% and the domestic legislation does not contain any tax provision regarding the Pillar Two Model Rules. For the fiscal year 2024, the effective tax rate in the Republic of Moldova was 14.07%. Since the national legislation of the Republic of Moldova does not contain any tax provision with respect to the Model Rules of Pillar Two, an additional corporate income tax for the year 2024 will be payable in Romania at the level of the ultimate parent company for transactions carried out in Moldova, in amount of RON 1 million.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts on the top-up tax and accounts for it as a current tax when it is incurred (see Note 2 e).

l) Financial assets

The Group and the Bank classify the financial assets based on the cash flow characteristics of each instrument and the business model within which an asset is held. A business model reflects how the Group and the Bank manage the financial assets in order to achieve its business objectives. There are three types of business models:

"Hold to collect" business model:

This business model refers to financial assets that are classified in order to collect cash flows (for example: loans, government securities, bonds held outside the trading portfolio). If these assets pass the SPPI test (Solely Payment of Principal and Interest), they are measured at amortized cost and included in the periodical calculation of expected credit losses.

The general expectation is that the assets classified in this category are held until their maturity, however sales may incur and are acceptable; if they are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent), when the risk profile of such instruments increases and such assets no longer are in line with the Group's and the Bank's investment policy. A higher frequency of sales during a certain period is not necessarily in contradiction with this business model, if the Group and the Bank are able to justify the reasons for such sales and to prove that such sales do not reflect a change in the current business model. Nevertheless, there are no such cases in 2024.

3. Material accounting policies *(continued)*

l) Financial assets *(continued)*

"Hold to collect and sell" business model:
Under this business model, financial assets are held to collect the contractual cash flows, but they may also be sold in order to cover liquidity requirements or to maintain a certain interest return on the portfolio. They are measured at fair value through other items of comprehensive income (reserves) and may include government securities and bonds, in case SPPI test is passed.

Other business models: are those which do not meet the criteria of the business models mentioned above, for example business models in which the primary objective is realizing cash flows through sale, held for trading business models, business models under which assets are managed on a fair value basis, business models under which financial assets are acquired for sale/trading and measured through profit or loss (tradable securities, tradable shares, etc.). The portfolio is managed based on the market value evolution in respect of the assets concerned and includes frequent sales and purchases for the purpose of maximizing profit.
The Group and the Bank recognize all financial assets and liabilities at the transaction date. The transaction date is the date when the Group and the Bank undertake to buy or to sell an asset.
At initial recognition, a financial asset can be classified as:

(a) measured at amortized cost, provided that the following conditions are cumulatively fulfilled:

- the asset is held under a business model in which the primary objective is to collect contractual cash flows;
- the contractual terms of the financial asset generate cash flows at specific dates, representing solely payments of principal and interest.

(b) measured at fair value through other comprehensive income are provided that the following conditions are cumulatively fulfilled:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) measured at fair value through profit or loss, if financial assets do not meet the criteria according to which the contractual cash flows need to be Solely Payments of Principal and Interest (the SPPI test) or if the assets are held for trading (for example derivatives, fund units and certain securities).
Investments in equity instruments are measured at fair value through profit or loss. However, provided that such instruments are not held for trading, the Group and Bank management can make an irrevocable election to present changes in fair value in other comprehensive income (except for dividend income which is recognised in profit or loss).Therefore, if equity instruments are measured at fair value through other comprehensive income, such instruments will not be classified as monetary items and the accumulated profit or loss, including that resulting from currency exchange, will be transferred to the entity's equity upon the derecognition of such instruments.
If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

The gains and losses from investments in equity instruments measured at fair value through profit or loss are included in the statement of profit or loss under "Net trading income" for held for trading equity instruments. Investments in equity instruments, representing usually strategic investments which are not planned to be disposed of in the foreseeable future and are not included in the trading portfolio, have been classified as financial assets required to be measured at fair value through other comprehensive income. In this case, the Group and the Bank have irrevocably decided to present fair value changes under comprehensive income, whereas the gains or losses related to the respective instruments will be transferred directly to the Group's equity, without being reclassified (or recycled) to profit or loss.

3. Material accounting policies *(continued)*

l) Financial assets *(continued)*

Government bonds, municipal bonds and other bonds issued by financial and non-financial institutions are measured at fair value through other items of comprehensive income, under the provisions of the SPPI test criteria and the "hold to collect and sell" business model. The Group and the Bank recognize an allowance for expected credit losses related to such assets measured at fair value through other items of comprehensive income. This provision will be recognized under other comprehensive income and does not diminish the book value of the financial asset.

Bonds which meet the SPPI test criteria and the "hold to collect" business model are measured at amortized cost. The Group and the Bank recognize impairment allowances related to financial assets measured at amortized cost.

Fund units held with mutual funds which fail the solely payments of principal and interest ("SPPI") criterion are mandatorily measured at fair value through profit or loss.

In the separate statement of financial position, equity instruments representing investments in subsidiaries continue to be measured at cost, according to IAS 27 - "Separate Financial Statements".

Derivative instruments are measured at fair value through profit or loss.

Impairment requirements under IFRS 9 are based on expected credit losses and imply the timely recognition of expected estimated credit losses. Expected credit losses ('ECL') are associated with financial instrument assets carried at amortised cost and fair value through other items of the comprehensive income and the exposure from loan commitments and financial guarantee contracts.

In order to measure expected credit losses, the Group and the Bank are grouping their assets into three categories: stage 1 (assets with no increase in credit risk from initial recognition), stage 2 (assets for which significant increase in credit risk from initial recognition has been observed) and stage 3 (credit-impaired). More details about how the Group and the Bank are grouping their financial assets can be found in Note 4 "Risk management".

Some financial instruments include both a loan and an undrawn commitment component and the Group's and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's and the Bank's exposure to credit losses to the contractual notice period.

For such financial instruments, and only those financial instruments, the Group and the Bank shall measure expected credit losses over the period that the Group and the Bank are exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. Also, the Group and the Bank recognize a loss allowance for expected credit losses also for financial guarantee accordingly to IFRS 9 principles. Expected credit losses for off-balance exposures are considered and recognised at the time when the Group and the Bank records in their off balance sheet records a commitment with the risk of being converted into a loan.
The calculation basis for these losses includes exposures from commitments related to letters of credit, letter of guarantee, uncommitted amount of the loans granted by the Group and the Bank and factoring commitments.

The expected credit loss calculation is made according to IFRS 9 and is based on the probability of conversion into credit, the probability of default and loss given default.

Derecognition policy

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and

- the Group and the Bank transfer substantially all the risks and rewards of ownership, or
- the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank did not retain control.

3. Material accounting policies *(continued)*

l) Financial assets *(continued)*

The Group and the Bank shall directly reduce the gross carrying amount of a financial asset when they have no reasonable expectations of recovering this financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. The recovery procedures for these assets are not stopped, the loans being highlighted in off-balance sheet accounts, until the full collection of the receivables or until a definitive deletion. Information regarding the volume of these exposures is presented in the Notes 22 and 23.

Other events that lead to a derecognition are those of the type of definitive deletions from on balance sheet account records:

- Debt forgiveness following the exhaustion of the legal ways of recovery, the prescription for the terms of execution or some decisions regarding the opportunity to continue the recovery procedures (efforts/cost versus effects/revenues);
- Sale/assignment of receivables to a third party;
- Sale of loan portfolios.

The Group and the Bank enter into transactions where they retain the contractual rights to receive cash flows from assets but assume a contractual obligation to pay those cash flows to other entities and transfer substantially all of the risks and rewards.

The transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Group and the Bank:

- Have no obligation to make payments unless they collect equivalent amounts from the assets;
- Are prohibited from selling or pledging the assets; and
- Have an obligation to remit any cash they collect from the assets without material delay.

Collateral (shares and bonds) pledged by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

The Bank derecognizes a transferred financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset. The criteria set at Group level to evaluate modifications leading to derecognition of financial assets, are developed having in mind that they must reflect modifications that are substantial enough (either quantitatively or qualitatively) to satisfy the derecognition requirements. On the quantitative side, these criteria refer to a significance threshold of 10% by analogy to the de-recognition trigger set by IFRS 9 for modifications of financial liabilities. On the qualitative side, these criteria refer to contractual modifications that are substantially changing the nature of lender’s risks associated with the pre-existing loan contract.

m) Financial liabilities

A financial debt is any debt that represents:

(a) a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

(b) a contract that will be or can be settled in the entity's own equity instruments and is:

(i) a non-derivative instrument for which the entity is or may be obliged to deliver a variable number of its own equity instruments; or

(ii) a derivative instrument that will be or can be settled otherwise than by exchanging a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Examples of financial liabilities that can be found in the Group's financial position statement are: deposits received from customers, amounts owed to banks and other financial institutions, subordinated loans, other loans, bonds issued, derivative instruments and other financial instruments that meet the definition of a financial liability.

3. Material accounting policies *(continued)*

m) Financial liabilities *(continued)*

Classification and evaluation

The Group and the Bank classify financial liabilities at amortized cost with the exception of the following debt categories:

- financial liabilities measured at fair value through profit or loss (FVTPL). Financial liabilities measured at fair value through profit or loss contain two sub-categories: financial liabilities held for trading purposes, which includes derivative instruments, and financial liabilities designated at FVTPL upon initial recognition;
- financial liabilities that arise when a transfer of a financial asset does not meet the conditions to be derecognized or is accounted for using the going concern approach;
- commitments to provide a loan at an interest rate below the market value and financial guarantee contracts;
- the contingent compensation recognized by the Group as the acquiring entity in a business combination.

The financial liabilities valued at amortized cost held by the Group and the Bank include deposits drawn from customers, from banks, subordinated loans, bonds issued as well as other amounts in transit from customers and banks or amounts to be paid to suppliers.

These financial liabilities are recognized at the initial settlement date at fair value, which is, normally, the consideration received minus the transaction costs directly attributable to the financial liability. Subsequently, these instruments are valued at amortized cost using the effective interest method. If some debts also have an equity component, the Group and the Bank analyze the substance of the respective contracts so as to reflect the instrument in accordance with IFRS requirements.

Embedded derivatives are separated from the host contract if the separation criteria mentioned by IFRS 9 are met. Financial liabilities cannot be reclassified.

The Group derecognizes a financial liability when the contractual obligations are extinguished or canceled or have expired.

n) Cash and cash equivalents

Cash and cash equivalents include: cash at hand, unrestricted balances held with National Bank of Romania, National Bank of Moldova and National Bank of Italy and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of fair value changes.

The minimum required reserves to be held with the regulatory authorities consist of the average daily amounts held in the accounts opened with the regulatory authorities.

These amounts can be used every day in daily operations, the only requirement is to maintain an average monthly amount (over a period of 30 days) above a certain level, thus these amounts are not restricted and they must be included in cash and equivalents of cash. Cash and cash equivalents are carried at amortized cost in the consolidated and separate statement of financial position.

3. Material accounting policies *(continued)*

o) Tangible assets

(i) Recognition and measurement

Tangible assets are stated at the revalued amount less accumulated depreciation.

Measurement upon initial recognition
The cost of a fixed asset item consists in:

a) the acquisition price, including customs charges and non-refundable acquisition costs, after the deduction of all commercial discounts.
b) where relevant, interest costs that can be directly attributed to the acquisition, construction or production of a fixed asset.
c) any costs directly incurred in order to bring the asset at the adequate location or condition required by the management for proper functioning.
d) the dismantling costs, if applicable (not only the initial estimates of these costs made at the time of their installation, but also the changes in these initial estimates).

Subsequent measurement
All tangible assets are stated at the revalued amount, less the accumulated depreciation and impairment losses.
The costs of tangible assets under construction are capitalized if the criteria for tangible asset recognition are met, notably: they generate future economic benefits, they can be measured reliably and they lead to the improvement of technical parameters, ensuring an ongoing use of the assets under normal conditions. The costs for maintenance and current repairs are not recognized under assets.

Tangible assets under construction are starting to be depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by management. This condition is fulfilled when there is a sign-off for reception and deployment by the asset’s users.

The carrying amounts of assets are analyzed during the revaluation process upon the issuance of the statement of financial position. The Group and the Bank shall annually reassess all tangible assets with an external evaluator, who is not an employee of the Group or the Bank.
For revalued assets, if an asset’s carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income. If an asset’s carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss, except the case when the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

When an item of property and equipment is revalued, the accumulated depreciation at the revaluation date is recalculated in proportion to the change in the gross carrying amount of the asset, so that the carrying amount of the asset, after revaluation, is equal to its revalued amount.
The revaluation reserve for premises and equipment included in equity is transferred directly to retained earnings when the revaluation surplus is realized on the retirement or disposal of the asset.

(ii) Subsequent costs

The Group and the Bank recognise in the carrying amount of tangible assets the cost of replacing such an item when that cost is incurred or if it is probable that the future economic benefits embodied with the item may be transferred to the Group and to the Bank and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

3. Material accounting policies *(continued)*

o) Tangible assets *(continued)*

(iii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of each item of tangible assets. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	60 years
Leasehold improvements (average)	6 years
Computers	5 years
Equipment	2 - 24 years
Furniture	3 - 20 years
Vehicles	4 - 6 years

The leasehold improvements are depreciated over the lease term, which varies between 1 and 15 years. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

p) Investment property

Investment property is property (land, buildings or parts of a building) held by the Group and the Bank to earn rent, for capital appreciation or both, rather than for:
- the use in production, the supply of goods or services or for administrative purposes; or
- the sale in the ordinary course of business.

(i) Recognition and measurement

Investment property is recognized as an asset when:
- it is probable that the future economic benefits that are associated with the investment may flow to the Group and to the Bank;
- the cost of the investment property can be measured reliably.

An investment property is measured initially at cost, including transaction costs. The cost of an investment property includes its purchase price (if purchased) and other directly attributable expenses (e.g. fees for legal services, property transfer taxes and other transaction costs).

(ii) Subsequent measurement

The accounting policy for the subsequent measurement of the investment properties of the Group and the Bank is based on the fair value model. This policy is applied consistently for all the investment properties held by the Group and the Bank.
When the Group and the Bank, as lessees use the fair value model to measure an investment property that is held as a right-of-use asset, they shall measure the right-of-use asset, and not the underlying property, at fair value.

Gains or losses from the change in the fair value of the investment properties are recognized in profit or loss in the period in which they arise.
The fair value of the investment properties reflects the market conditions at the reporting date.

(iii) Transfers

Transfers to or from investment property are made when, and only when, there is a change in use of the asset. For the transfer of an investment property, measured at fair value, to tangible assets, the property's deemed cost for subsequent accounting is its fair value at the date of the change in use.
An investment property is derecognized on disposal or when it is permanently withdrawn from use and no future benefits are expected from its disposal.

The gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the period of the retirement or disposal.

3. Material accounting policies *(continued)*

p) Investment property *(continued)*

(iv) Disposals

Derecognition of an investment property will be triggered by a change in use or by sale or disposal or when it is permanently withdrawn from use and has no future economic value. When an investment property is disposed of, it is eliminated from the statement of financial position, while the gain or loss on the retirement or disposal of an investment property is recognized in the statement of profit or loss in the period the disposal is related to. The gain or loss arising on disposal is determined as the difference between any disposal proceeds and the carrying amount.

q) Intangible assets

Upon their initial recognition, intangible assets are measured at cost.
The cost elements of intangible assets under construction are capitalized if criteria for intangible asset recognition is being met: future economic benefits associated with the item will flow to the entity, cost of the item can be reliably measured, the result will increase the future performance rate and the asset is separately identifiable within an economic activity.

Maintenance costs and technical support are recognized in profit or loss as these are being incurred. Intangible assets in progress are recognized as intangible assets at the moment of reception and deployment.

(i) Goodwill and gain on a bargain purchase

Goodwill and gain on a bargain purchase arise on the acquisition of a new subsidiary by means of business combination. Goodwill represents the positive difference (excess) between the cost of acquisition and the net fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities.

Gain of a bargain purchase is immediately recognized in profit or loss, after reanalyzing the manner of identification and fair valuation of the assets, liabilities and identifiable contingent liabilities at the acquisition date.

Subsequent measurement

Goodwill is measured at cost, less accumulated impairment losses.

(ii) Software

Costs associated with the development and maintenance of software programs are recognized as an expense when incurred. Intangible assets in progress are recognised as intangible assets at the time of acceptance and commissioning.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and the Bank, and that will generate future economic benefits for a period exceeding one year, are recognized as intangible assets.
Subsequent expenditure on software assets is capitalized only if it increases the future performance of such assets, beyond initial specifications and lifespan. All other expenditure is reflected as an expense as incurred.

Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the intangible asset. The estimated useful lives of intangible assets are reviewed at the reporting date and range between 1 and 5 years. The useful life of intangible assets derived from contractual rights should not exceed the validity period of such contractual rights, but it may be shorter depending on the estimated period of use of such assets by the entity.

Intangible assets in progress are not amortized before they are put into service.

3. Material accounting policies *(continued)*

q) Intangible assets *(continued)*

(ii) Software (continued)

Subsequent measurement

Upon their initial recognition, intangible assets are measured at cost. After the initial recognition, intangible assets are carried at the acquisition amount less any subsequent accumulated amortization and any subsequent accumulated impairment losses.
At the end of each reporting period it has to be assessed whether there is an indication that an intangible asset may be impaired.
If an indication exists finite life intangibles are tested for impairment. Irrespective of whether there is an indication of impairment, intangible assets with an indefinite useful life, such as goodwill acquired in a business combination and an intangible asset not yet available for use are tested annually for impairment.
For software, the software is assessed as impaired when the remaining utility of the software is permanently diminished below its book value.

r) Fixed assets held-for-sale

An asset is considered as a fixed asset held-for-sale if the following conditions are met: the asset value is recovered through sale and not by its continuous use, the asset must be available for immediate sale and the sale of the asset must be likely to happen, the probability of sale is justified by means of a sales plan at the level of the Group's and the Bank's management and by the active involvement of the Group and the Bank in identifying a buyer.
If the asset is reclassified from tangible assets according to IAS 16, the period between the date of reclassification and the date of sale should not exceed 12 months; the valuation of the asset classified as available-for-sale shall consider the lower value between the book value and the fair value, minus the sales-related costs.

s) Impairment of non-financial assets

An impairment loss is recognized if the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group generating cash flows and largely independent from other assets and groups.
Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of any goodwill allocated to the respective cash-generating unit (group of units) and then to reduce the carrying amount of any other assets in the unit on a pro rata basis.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less the cost of sale of such asset or unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset.
In respect of other non-financial assets, impairment losses are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss in other non-financial assets than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss on assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

t) Deposits from customers

Customer deposits are initially measured at fair value, minus incremental direct transaction costs, and are subsequently measured at amortized cost by using the effective interest method.

3. Material accounting policies *(continued)*

u) Issued bonds, loans from banks and financial institutions

Borrowings such as loans from banks and other financial institutions and issued bonds are initially recognized at fair value, notably as proceeds resulting from such instruments (fair value of consideration received), net of transaction costs incurred. Issued bonds and loans from banks and other financial institutions are subsequently carried at amortized cost.

v) Provisions

Provisions for other risks are recognized in the consolidated and separate statement of financial position when the Group and the Bank has an obligation as a result of a past event and it is probable that an outflow of economic resources may be required in the future to settle the obligation, such obligation being measured reliably.

The provisions' value is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market conditions and the risks specific to the respective liability.

This category includes mainly provisions for employees benefits (as described in section 3x), for litigations in which the Bank is involved estimated based on the loss probability for the Bank and provisions for abusive clauses of credit contracts (as described in section 5c).

w) Financial guarantees

Financial guarantees are contracts that require the Group and the Bank to make specific payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are measured at the higher value of the initially recognized value from which the accumulated depreciation recognized in the profit or loss account and a provision are deducted.

Financial guarantees are registered in off-balance sheet accounts, at the fair value on the date the guarantee is issued. The subsequent recognition respects the accounting principles of loans and advances to clients.

Financial guarantees are initially recognized in the consolidated and separate financial statements at fair value on the date granted. After the initial recognition, the Group and Bank's obligations under such guarantees are measured at the higher of the initial measurement, less amortization calculated recognized in the income statement and the expected credit loss provision.

x) Employee benefits

(i) Short-term benefits

Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expense as the services are rendered.

(ii) Defined contribution plan

In the normal course of business, the Bank and its subsidiaries make payments to the Romanian or Republic of Moldova public pension funds on behalf of their employees for retirement, healthcare and unemployment allowances. All the employees of the Bank and its subsidiaries are members and are also legally obliged to make specific contributions (included in the social security contributions) to the Romanian public pension plan (a State defined contribution plan). All relevant contributions to the Romanian public pension plan are recognized as an expense in the income statement as incurred. The Bank and its subsidiaries do not have any further obligations.

(iii) Other benefits

The Bank and its subsidiaries from Romania are enrolled in an optional pension scheme Pillar III, within an established limit, for the employees eligible at the payment date, in accordance with the applicable Romanian legal provisions. The Bank and its subsidiaries, pursuant to the collective employment agreement, must pay the equivalent of three gross monthly salaries to the employees, upon retirement.

3. Material accounting policies *(continued)*

x) Employee benefits *(continued)*

(iii) Other benefits (continued)

The debt related to this benefit scheme is calculated on an actuarial basis, considering the salary estimated at the retirement date and the number of activity years of each individual employee. The fixed and variable remuneration may also be granted by means of a stock option plan, in the form of shares. The variable component of the total remuneration represents the remuneration that can be granted by the Bank in addition to the fixed remuneration, on condition that certain performance ratios are achieved. The variable remuneration may be granted either in cash or in the Bank's shares (TLV). In the case of the identified staff, in the establishment of the annual variable remuneration, one shall aim at limiting excessive risk-taking. A substantial part of the variable component of the total remuneration, in all cases at least 40%, is deferred for a period at least 3 years in the Remuneration Report and is correlated with the activity nature, the risks and the responsibilities of the respective staff. Based on the decision of the shareholders, the Board of Directors of the Bank decides in respect of the number of shares included in the employee loyalty plan. The fair value upon the vesting date of share-based awards - stock options – to employees is recognized as personnel expenses, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

The amount recognized as an expense is adjusted to reflect the value of awards for which the related services and non-market related performance conditions are expected to be fulfilled, so that the amount ultimately recognized as an expense is based on the actual compensation for the services and performance conditions which are not related to the market at the vesting date.

y) Segment reporting

An operational 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);
- whose operating results 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 discrete financial information is available.

The Group's and the Bank's format for segment reporting is presented in Note 6.

z) Earnings per share

The Group and the Bank presents basic and diluted earnings per share ("EPS") for its ordinary shares, Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and share options granted to employees.

aa) Treasury shares

Repurchased own equity instruments (treasury shares) are deducted from shareholders' equity. No gain or loss is recognized in the income statement from the purchase, sale, re-issue or cancellation of the Bank's own equity instruments.

3. Material accounting policies *(continued)*

ab) 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 January 1, 2024. 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, 2024 and may be applied earlier.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current issued by IASB on January 23, 2020 and **Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants** issued by IASB on October 31, 2022. 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 January 1, 2024.

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

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback issued by IASB on September 22, 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.

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

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

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

3. Material accounting policies *(continued)*

ad) 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.

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments issued by IASB on May 30, 2024. Amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. Amendments also clarify the date on which a financial asset or financial liability is derecognised and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - Annual Improvements to IFRS Accounting Standards - Volume 11 issued by IASB on July 18, 2024. These amendments include clarifications, simplifications, corrections and changes in the following areas: (a) hedge accounting by a first-time adopter (IFRS 1); (b) gain or loss on derecognition (IFRS 7); (c) disclosure of deferred difference between fair value and transaction price (IFRS 7); (d) introduction and credit risk disclosures (IFRS 7); (e) lessee derecognition of lease liabilities (IFRS 9); (f) transaction price (IFRS 9); (g) determination of a 'de facto agent' (IFRS 10); (h) cost method (IAS 7).

IFRS 18 Presentation and Disclosures in Financial Statements issued by IASB on April 9, 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.

IFRS 19 Subsidiaries without Public Accountability: Disclosures issued by IASB on May 9, 2024. Standard permits a subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

IFRS 14 Regulatory Deferral Accounts issued by IASB on January 30, 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 September 11, 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.

4. Financial risk management and other significant risk management

a) Introduction

The Group and the Bank have exposures to the following risks derived from the use of financial instruments:

- Credit Risk;
- Liquidity risk;
- Market risk;
- Operational risk;
- Climatic risk.

This note presents information about the Group's and the Bank's exposure to each of the above risks. The Group's and the Bank's objectives, policies and processes for measuring and managing risk. The most important types of financial risk to which the Group and the Bank are exposed: credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity instruments' price risk.
Risk management is part of all decisional and business processes that take place in the Group's and the Bank's activity. The Board of Directors has the responsibility regarding the definition and monitoring of the general risk management framework for the Group and the Bank.

The risk management in Banca Transilvania S.A. is performed at 2 levels: a strategic level represented by the Board of Directors and the Leaders' Committee and an operational level represented by: Assets - Liabilities Committee ("ALCO"), Credit Policy and Approval Committee, Head Office Credit and Risk Committees (loan approval), Credit and Risk Committee of the branches/agencies, Workout Committee ("CRW"), the Bank's Leaders, Executive Directors and risk management structures within the Bank that are responsible for the definition and/or monitoring of risk management policies in their field of expertise. The Board of Directors periodically reviews the activity of these committees.

The Board of Directors monitors the compliance with the Group's and the Bank's risk policies and the adequacy of the general risk management framework in connection with the risks to which the Group and the Bank are exposed to.

The Risk Management Committee advises the Board of Directors regarding the risk appetite and the global strategy regarding the management of the current and future risks and assists the Board of Directors in overseeing the implementation of the strategy by the Leaders' Committee.

The Group's and the Bank's objective in terms of risk management is to integrate the assumed medium-risk appetite in the decision-making process, by promoting a proper alignment between assumed risks, available capital and performance targets, while also considering the tolerance to financial and non-financial risks.
In determining the risk appetite and tolerance, the Group and the Bank take into consideration all the material risks it is exposed to, given its specific activity and being mainly influenced by the credit risk.
Risk management policies and systems are reviewed regularly (mainly annually) with the participation of the Leaders' Committee and the responsible persons from different Departments involved, in order to reflect the changes in the market conditions, the products and services provided.

The crisis simulation program (stress testing) is an integral part of the risk management framework and of the internal risk capital adequacy assessment process.
The Bank reviews the crisis simulation program regularly, at least semi-annually, and assesses its efficiency and adequacy to the defined purposes/objectives.

4. Financial risk management and other significant risk management *(continued)*

b) Credit risk

The Group's and the Bank's Audit Committees reports to the Board of Directors and are responsible for monitoring compliance with the Bank's risk management procedures.

The Audit Committees is assisted in these functions by the Internal Audit. The Internal Audit department undertakes both regular and ad-hoc reviews of risk management controls and procedures. The results of which are reported to the Audit Committee.

The Board of Directors and the Management of the subsidiaries which constitute the Group have responsibilities regarding significant risk management in correlation with their specific business characteristics and applicable laws and regulations.

(i) Credit risk management

The objective of the Group and of the Bank as concerns the management of credit risk is to ensure a balanced distribution of capital among various business lines, which allows the achievement of comfortable RAROC (Risk-adjusted return on capital) levels considering the proportion of the lending activity in the Bank's assets and its commercial bank profile.

The Group and the Bank are exposed to credit risk through the trading, lending, investment and guarantee issuing activities.

The credit risk arising from trading and investment activities is mitigated by selecting only counterparties with good credit standing and by monitoring their activities and ratings, by using exposure limits and, when necessary, by requesting collaterals.

The Group's and the Bank's primary exposure to credit risk arises from loans and advances to customers.

The amount of credit risk exposure is represented by the carrying amounts of the assets on the consolidated and separate statement of financial position.

The Group and the Bank are exposed to credit risk derived from other financial assets, including derivative instruments and debt investments; the current credit risk exposure in respect of these instruments is equal to the carrying amount of the assets in the consolidated and separate statement of financial position.

In addition, the Group and the Bank are exposed to off balance sheet credit risk from credit and guarantee commitments (see Note 41).

In order to minimize the risk, the Group and the Bank have defined procedures to assess customers before loan granting, to monitor their capacity to reimburse the principal and related interest during the entire loan period and to define exposure limits.

In addition, the Group and the Bank have implemented procedures for monitoring the risks related to the loan portfolio and have defined exposure limits by types of loans, economic sectors, types of collateral, maturity, etc.

The Board of Directors has assigned the responsibility for credit risk management to the Leaders' Committee, Credit Policy and Approval Committee, Head Office Credit and Risk committees (credit approval), Remedy and Workout Committee at HQ level and Credit and Risk Committees in branches/ agencies.

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(i) Credit risk management (continued)

Moreover, several departments with risk attributions operate within the Bank, reporting to the Head Office Committees with respect to:

- The analysis, assessment and monitoring of specific risks within the lending activity;
- The risk analysis of the loan portfolio/large exposures, with recommendations submitted to the Leaders' Committee/Board of Directors;
- Monitoring the application of internal policies specific to the lending activities;
- Elaborating proposals for the reduction of specific risks, in order to maintain healthy standards in the lending activity;
- Elaborating an efficient credit risk rating process capable of rendering the variable level, nature and determining factors related to credit risk, which could occur in time, so as to ensure in a reasonable manner that all the credit exposures are properly monitored and the ECL-related allowances are properly measured;
- Monitoring the granted loans, in accordance with the client's financial performance, loan type, collateral type and debt service, in accordance with the internal lending policies and procedures;
- The approval and monitoring of ratios related to the establishment/modification of the branches' lending competences, according to specific internal policies;
- The periodic reviews and recommendations to the Leaders' Committee on the risk levels accepted by the Group and the Bank;
- Identifying, monitoring and controlling the credit risk at branch level and subsidiary level;
- The risk analysis with respect to new lending products/changes of loan products, including recommendations to the involved Departments;
- The periodical reporting to the Deputy CEO - Chief Risk Officer, Leaders' Committee, Risk Management Committee and the Board of Directors on the evolution of significant risks (the implications of risk correlation, forecasts etc.);
- Elaborating the methodology for the early identification of credit risks deterioration (early warning system);
- Elaborating processes to be systematically and consistently applied in order to establish proper allowances for the loss in accordance with the applicable accounting regulations in the field of credit risk;
- Establishing and reviewing the back-testing methodology regarding the adequacy of the default probability parameter, the non-repayment status and the provision level related to the Bank's loan portfolio.

Each branch/agency implements at local level the Group's and the Bank's policies and regulations regarding credit risk, having loan approval competences established by the Leaders' Committee.

Each branch/agency is responsible for the quality and performance of its loan portfolio and for monitoring and controlling all credit risks in its portfolios, including those subjects to Head Office approval.

The Internal Audit Department and the Internal Control Department carry out periodical reviews of the branches and agencies.

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) Credit risk (continued)

(ii) Credit risk exposure

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 single debtor 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 contains the on-balance and off-balance sheet exposures (loans and advances to customers and financial lease receivables), split by economic sector concentration:

	Group		**Bank**	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Retail	39.45%	40.30%	37.70%	39.33%
Trading	11.41%	11.43%	9.95%	10.34%
Production	7.72%	7.68%	7.28%	7.22%
Constructions	5.34%	4.71%	4.55%	4.03%
Agriculture	4.57%	4.10%	4.02%	4.05%
Services	4.91%	4.83%	4.28%	4.19%
Real estate	4.65%	3.57%	3.68%	3.76%
Transportation	3.79%	4.07%	2.87%	2.97%
Others	2.09%	1.97%	1.77%	1.57%
Self-employed	1.54%	1.48%	1.22%	1.12%
Financial institutions	1.70%	1.00%	8.18%	5.77%
Energy industry	2.53%	3.06%	2.47%	3.19%
Telecommunications	0.53%	0.53%	0.54%	0.49%
Mining industry	0.16%	0.13%	0.10%	0.10%
Chemical industry	0.18%	0.19%	0.13%	0.18%
Government institutions	9.41%	10.92%	11.24%	11.65%
Fishing	0.02%	0.03%	0.02%	0.04%
	100%	**100%**	**100%**	**100%**

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

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

	Group		Bank	
RON thousand	**2024**	**2023**	**2024**	**2023**
Corporate and public institutions	39,410,671	31,891,165	40,584,047	35,424,045
Small and medium enterprises	13,400,981	10,254,551	11,695,683	9,063,280
Consumer loans and card loans granted to retail customers	16,522,596	13,392,845	14,520,308	12,674,358
Mortgage loans	24,083,037	19,053,458	19,303,938	18,701,951
Loans and finance lease receivables granted by non-banking financial institutions	8,472,986	5,765,371	-	-
Other	85,559	63,142	78,423	57,578
Total loans and advances to customers and financial lease receivables before impairment allowance	**101,975,830**	**80,420,532**	**86,182,399**	**75,921,212**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(5,605,968)	(4,849,625)	(4,792,410)	(4,370,808)
Total loans and advances to customers and financial lease receivables net of impairment allowance	**96,369,862**	**75,570,907**	**81,389,989**	**71,550,404**

At December 31, 2024, the total on-balance and irrevocable off-balance sheet exposure was of RON 108,846,295 thousand (2023: RON 85,485,284 thousand) for the Group and RON 89,925,528 thousand (2023: RON 79,930,464 thousand) for the Bank.

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 defaulted.

The classification of loans into groups is mainly based on the client scoring systems of the Group and the Bank, where performing exposure (classified below in "very low risk", "low risk", "moderate risk", "sensitive risk", "high risk" categories) are within 1-9 grade (for companies) or 1-8 grade (for retail), and for nonperforming/ defaulted exposure within 10-12 grade for companies or 9 grade for retail.

Very low risk: financial instruments with low default risk, judged to be of the highest quality and the borrower has strong capacity to meet contractual cash flow obligations in the near terms.

4. Financial risk management and other significant risk management *(continued)*

b) ***Credit risk (continued)***

(ii) Credit risk exposure (continued)

Low risk: financial instruments are judged to be of good quality and are subject to low credit risk. The borrower has strong capacity to meet contractual cash flow obligations.

Moderate risk: financial instruments are judged to be of standard quality. The borrower has an average solvency and has the ability to meet the debt payment obligations, but may be sensitive to adverse changes in economic conditions.

Sensitive risk: financial instruments are judged to be of substandard quality and the borrower presents a financial deterioration, but has sufficient cash flows to meet the debt payment obligations; may be more vulnerable to negative economic conditions than the moderate risk category.

High risk: the financial instruments are judged to be of doubtful quality. The borrower presents an increase in credit risk or financial deterioration and is vulnerable to negative economic condition. Repayment of debt obligation on time is uncertain and depends on an economic and financial favorable environment to avoid the entering in default state.

Defaulted: financial instruments where the borrowers are not fulfilling their financial commitments to repay in accordance with their contractual agreements. Further information on non-performing loans can be found below on paragraph "*Definition of default and credit-impaired assets*".

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), effectiv 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 2,027.5 million.

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, representing 1.6% from initial portfolio, is assumed by the Bank.

EIF - as Guarantor, issued an irrevocable and unconditional Financial Guarantee in favour of Banca Transilvania S.A. (the Beneficiary) to guarantee the coverage of the loss related to each reference obligation, should such loss be allocated to the mezzanine and senior tranche, initial total amount of RON 1,995.1 million which represents 98.4% of securitised portfolio, after exceeding the losses retained by the Bank related to junior tranche and synthetic excess spread (cumulatively 2.8% of the total volume of the initial portfolio).

The financial guarantee is treated separately and does not result in any changes to the financial characteristics of the loan, representing a distinct mechanism for covering credit risk. As a result, it does not impact the calculation of expected credit losses.

The scheduled maturity date of the guarantee is December 31, 2039.

4. Financial risk management and other significant risk management *(continued)*

b) ***Credit risk (continued)***

(ii) Credit risk exposure (continued)

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 the end-customer, in the form of a lower cost of loan. To this end, Banca Transilvania S.A. has concluded with the EIB a Mezzanine and a Senior Retrocession Agreement and Commitment Agreement for increased support for SMEs and Midcaps, to supply new lending of more than RON 2.64 billion, including also projects aligned with climate action and environmental sustainability, thus supporting the transition to a low-carbon economy.

The below stated amounts represent the securitized portfolio as of December 31, 2024:

RON million

	Date of contract	End of maturity	Portfolio type	Maximum amount of securitized portfolio	Securitized portfolio (Nb. Loans)	Outstanding amount
EIF synthetic securitization	2023	2039	SME & CO	2,027.5	16,128	2,020.02
Senior tranche				1,670.67		1,664.4
Mezanin tranche				324.40		323.18
Junior tranche				32.44		32.44

At the end of the financial year, the losses were fully allocated to the excess synthetic spread. According to the contract, the Bank will be able to benefit from reimbursements in the future for the losses associated with the defaulted reference obligations, but this benefit will only become realizable after the complete allocation of the losses to the excess synthetic spread and junior tranche.

In accordance with the definition of a contingent asset, the bank considers that, although there is a possibility that an economic resource may be received in the future under the terms of the financial guarantee contract and the losses to be reimbursed, the realization of this asset remains uncertain. It depends on the allocation of losses to the excess synthetic spread and junior tranche.

The bank has not recognized this asset in the financial statements for financial year 2024, given the uncertainty regarding the timing and conditions under which the reimbursement will take place. The asset will be recognized only when there is virtually certain that the reimbursement will be made.

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at December 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**
In RON thousand					
Corporate and public institutions	34,168,153	4,386,972	663,450	192,096	**39,410,671**
Small and medium enterprises	10,223,433	2,376,096	712,965	88,487	**13,400,981**
Consumer loans and card loans granted to retail customers	12,848,451	2,657,086	884,381	132,678	**16,522,596**
Mortgage loans	21,053,574	2,718,801	189,748	120,914	**24,083,037**
Loans and finance lease receivables granted to non-banking financial institutions	6,152,668	1,599,722	603,852	116,744	**8,472,986**
Other	23	65,385	20,062	89	**85,559**
Total loans and advances to customers and financial lease receivables before impairment allowance	**84,446,302**	**13,804,062**	**3,074,458**	**651,008**	**101,975,830**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	**(1,550,102)**	**(2,029,087)**	**(1,959,456)**	**(67,323)**	**(5,605,968)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**82,896,200**	**11,774,975**	**1,115,002**	**583,685**	**96,369,862**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1 *In RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2024**
Corporate and public institutions	14,412,553	12,503,935	7,035,492	216,173	**34,168,153**
Small and medium enterprises	3,598,810	5,239,525	1,335,128	49,970	**10,223,433**
Consumer loans and card loans granted to retail customers	6,631,793	5,210,440	892,968	113,250	**12,848,451**
Mortgage loans	10,276,244	9,249,127	1,279,195	249,008	**21,053,574**
Loans and finance lease receivables granted by non-banking financial institutions	4,921,903	1,230,140	625	-	**6,152,668**
Other	-	-	2	21	**23**
Total loans and advances to customers and financial lease receivables before impairment allowance	**39,841,303**	**33,433,167**	**10,543,410**	**628,422**	**84,446,302**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(257,226)	(707,309)	(551,134)	(34,433)	**(1,550,102)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**39,584,077**	**32,725,858**	**9,992,276**	**593,989**	**82,896,200**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1 *In RON thousand*	**0 days**	**1-15 days**	**16-30 days**	**Total 2024**
Corporate and public institutions	34,137,272	30,881	-	**34,168,153**
Small and medium enterprises	10,131,951	85,460	6,022	**10,223,433**
Consumer loans and card loans granted to retail customers	12,522,693	257,962	67,796	**12,848,451**
Mortgage loans	20,570,628	408,903	74,043	**21,053,574**
Loans and finance lease receivables granted by non-banking financial institutions	5,870,233	108,458	173,977	**6,152,668**
Other	23	-	-	**23**
Total loans and advances to customers and financial lease receivables before impairment allowance	**83,232,800**	**891,664**	**321,838**	**84,446,302**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,502,921)	(26,450)	(20,731)	**(1,550,102)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**81,729,879**	**865,214**	**301,107**	**82,896,200**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2 *In RON thousand*	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2024**
Corporate and public institutions	2,723,325	1,228,433	435,214	**4,386,972**
Small and medium enterprises	1,376,313	622,720	377,063	**2,376,096**
Consumer loans and card loans granted to retail customers	1,517,173	747,186	392,727	**2,657,086**
Mortgage loans	2,112,245	378,472	228,084	**2,718,801**
Loans and finance lease receivables granted by non-banking financial institutions	1,513,121	72,215	14,386	**1,599,722**
Other	7,171	58,214	-	**65,385**
Total loans and advances to customers and financial lease receivables before impairment allowance	**9,249,348**	**3,107,240**	**1,447,474**	**13,804,062**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(807,988)	(732,026)	(489,073)	**(2,029,087)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**8,441,360**	**2,375,214**	**958,401**	**11,774,975**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2 *In RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2024**
Corporate and public institutions	4,365,189	21,783	-	**4,386,972**
Small and medium enterprises	2,257,555	99,408	19,133	**2,376,096**
Consumer loans and card loans granted to retail customers	2,538,542	96,952	21,592	**2,657,086**
Mortgage loans	2,594,838	105,050	18,913	**2,718,801**
Loans and finance lease receivables granted by non-banking financial institutions	1,513,121	66,499	20,102	**1,599,722**
Other	65,294	80	11	**65,385**
Total loans and advances to customers and financial lease receivables before impairment allowance	**13,334,539**	**389,772**	**79,751**	**13,804,062**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,890,745)	(108,404)	(29,938)	**(2,029,087)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**11,443,794**	**281,368**	**49,813**	**11,774,975**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3	**0-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total 2024**
In RON thousand					
Corporate and public institutions	385,359	12,396	19,279	246,416	**663,450**
Small and medium enterprises	264,858	61,246	36,718	350,143	**712,965**
Consumer loans and card loans granted to retail customers	201,269	71,567	40,559	570,986	**884,381**
Mortgage loans	89,343	28,755	19,511	52,139	**189,748**
Loans and finance lease receivables granted by non-banking financial institutions	289,909	63,057	30,390	220,496	**603,852**
Other	18,131	6	5	1,920	**20,062**
Total loans and advances to customers and financial lease receivables before impairment allowance	**1,248,869**	**237,027**	**146,462**	**1,442,100**	**3,074,458**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	**(651,743)**	**(109,648)**	**(74,565)**	**(1,123,500)**	**(1,959,456)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**597,126**	**127,379**	**71,897**	**318,600**	**1,115,002**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

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

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1 *In RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2023**
Corporate and public institutions	15,365,050	9,068,726	2,707,216	73,761	**27,214,753**
Small and medium enterprises	3,220,049	3,302,019	825,827	-	**7,347,895**
Consumer loans and card loans granted to retail customers	5,109,834	3,870,005	658,021	24,574	**9,662,434**
Mortgage loans	9,766,590	6,249,633	712,053	105,733	**16,834,009**
Loans and finance lease receivables granted by non-banking financial institutions	3,562,617	1,118,352	1,117	-	**4,682,086**
Other	-	-	2	14	**16**
Total loans and advances to customers and financial lease receivables before impairment allowance	**37,024,140**	**23,608,735**	**4,904,236**	**204,082**	**65,741,193**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(282,384)	(665,077)	(398,781)	(18,045)	**(1,364,287)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**36,741,756**	**22,943,658**	**4,505,455**	**186,037**	**64,376,906**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1 *In RON thousand*	**0 days**	**1-15 days**	**16-30 days**	**Total 2023**
Corporate and public institutions	27,196,089	18,443	221	**27,214,753**
Small and medium enterprises	7,151,589	175,496	20,810	**7,347,895**
Consumer loans and card loans granted to retail customers	9,354,754	246,838	60,842	**9,662,434**
Mortgage loans	16,441,647	314,864	77,498	**16,834,009**
Loans and finance lease receivables granted by non-banking financial institutions	4,490,660	38,383	153,043	**4,682,086**
Other	16	-	-	**16**
Total loans and advances to customers and financial lease receivables before impairment allowance	**64,634,755**	**794,024**	**312,414**	**65,741,193**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,328,196)	(16,412)	(19,679)	**(1,364,287)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**63,306,559**	**777,612**	**292,735**	**64,376,906**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2 *In RON thousand*	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2023**
Corporate and public institutions	3,312,007	513,631	137,941	**3,963,579**
Small and medium enterprises	1,725,638	462,041	177,328	**2,365,007**
Consumer loans and card loans granted to retail customers	1,602,473	769,167	390,723	**2,762,363**
Mortgage loans	1,407,670	409,874	171,353	**1,988,897**
Loans and finance lease receivables granted by non-banking financial institutions	631,701	46,403	6,442	**684,546**
Other	5,594	40,783	-	**46,377**
Total loans and advances to customers and financial lease receivables before impairment allowance	**8,685,083**	**2,241,899**	**883,787**	**11,810,769**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(843,394)	(555,767)	(359,391)	**(1,758,552)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**7,841,689**	**1,686,132**	**524,396**	**10,052,217**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2 *In RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2023**
Corporate and public institutions	3,957,918	5,661	-	**3,963,579**
Small and medium enterprises	2,282,420	69,686	12,901	**2,365,007**
Consumer loans and card loans granted to retail customers	2,626,011	108,126	28,226	**2,762,363**
Mortgage loans	1,885,104	87,600	16,193	**1,988,897**
Loans and finance lease receivables granted by non-banking financial institutions	631,701	40,983	11,862	**684,546**
Other	46,316	41	20	**46,377**
Total loans and advances to customers and financial lease receivables before impairment allowance	**11,429,470**	**312,097**	**69,202**	**11,810,769**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,640,703)	(90,489)	(27,360)	**(1,758,552)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**9,788,767**	**221,608**	**41,842**	**10,052,217**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3	**0-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total 2023**
In RON thousand					
Corporate and public institutions	321,960	58,546	33,318	215,304	**629,128**
Small and medium enterprises	138,097	63,351	40,746	278,446	**520,640**
Consumer loans and card loans granted to retail customers	168,147	92,615	68,064	561,395	**890,221**
Mortgage loans	75,896	42,972	21,625	55,751	**196,244**
Loans and finance lease receivables granted by non-banking financial institutions	169,429	47,329	21,453	132,632	**370,843**
Other	15,207	4	6	1,456	**16,673**
Total loans and advances to customers and financial lease receivables before impairment allowance	**888,736**	**304,817**	**185,212**	**1,244,984**	**2,623,749**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(448,397)	(163,904)	(100,069)	(961,544)	**(1,673,914)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**440,339**	**140,913**	**85,143**	**283,440**	**949,835**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as at December 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
In RON thousand					
Corporate and public institutions	35,904,623	4,053,479	562,583	63,362	**40,584,047**
Small and medium enterprises	8,828,433	2,230,604	622,735	13,911	**11,695,683**
Consumer loans and card loans granted to retail customers	11,038,655	2,582,650	833,561	65,442	**14,520,308**
Mortgage loans	16,505,280	2,612,333	158,561	27,764	**19,303,938**
Other	23	58,310	20,004	86	**78,423**
Total loans and advances to customers and financial lease receivables before impairment allowance	**72,277,014**	**11,537,376**	**2,197,444**	**170,565**	**86,182,399**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,420,521)	(1,818,407)	(1,526,282)	(27,200)	**(4,792,410)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**70,856,493**	**9,718,969**	**671,162**	**143,365**	**81,389,989**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 1 *In RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2024**
Corporate and public institutions	20,064,256	10,521,327	5,287,775	31,265	**35,904,623**
Small and medium enterprises	3,512,823	4,296,526	1,019,080	4	**8,828,433**
Consumer loans and card loans granted to retail customers	6,526,667	3,847,013	650,072	14,903	**11,038,655**
Mortgage loans	9,991,670	6,016,319	427,821	69,470	**16,505,280**
Other	-	-	2	21	**23**
Total loans and advances to customers and financial lease receivables before impairment allowance	**40,095,416**	**24,681,185**	**7,384,750**	**115,663**	**72,277,014**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(347,460)	(566,352)	(496,683)	(10,026)	**(1,420,521)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**39,747,956**	**24,114,833**	**6,888,067**	**105,637**	**70,856,493**

Gross value of loans and advances granted to clients, not impaired, Stage 1 *In RON thousand*	**0 days**	**1-15 days**	**16-30 days**	**Total 2024**
Corporate and public institutions	35,900,394	4,229	-	**35,904,623**
Small and medium enterprises	8,772,630	51,897	3,906	**8,828,433**
Consumer loans and card loans granted to retail customers	10,819,347	166,720	52,588	**11,038,655**
Mortgage loans	16,224,220	228,364	52,696	**16,505,280**
Other	23	-	-	**23**
Total loans and advances to customers and financial lease receivables before impairment allowance	**71,716,614**	**451,210**	**109,190**	**72,277,014**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,407,168)	(10,088)	(3,265)	**(1,420,521)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**70,309,446**	**441,122**	**105,925**	**70,856,493**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 2 *In RON thousand*	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2024**
Corporate and public institutions	2,637,375	1,133,747	282,357	**4,053,479**
Small and medium enterprises	1,280,452	599,557	350,595	**2,230,604**
Consumer loans and card loans granted to retail customers	1,501,082	734,119	347,449	**2,582,650**
Mortgage loans	2,106,874	361,121	144,338	**2,612,333**
Other	96	58,214	-	**58,310**
Total loans and advances to customers and financial lease receivables before impairment allowance	**7,525,879**	**2,886,758**	**1,124,739**	**11,537,376**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(677,468)	(693,898)	(447,041)	**(1,818,407)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**6,848,411**	**2,192,860**	**677,698**	**9,718,969**

Gross value of loans and advances granted to clients, not impaired, Stage 2 *In RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2024**
Corporate and public institutions	4,041,523	11,956	-	**4,053,479**
Small and medium enterprises	2,121,046	91,172	18,386	**2,230,604**
Consumer loans and card loans granted to retail customers	2,479,675	83,785	19,190	**2,582,650**
Mortgage loans	2,522,120	79,662	10,551	**2,612,333**
Other	58,218	80	12	**58,310**
Total loans and advances to customers and financial lease receivables before impairment allowance	**11,222,582**	**266,655**	**48,139**	**11,537,376**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,711,297)	(85,451)	(21,659)	**(1,818,407)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**9,511,285**	**181,204**	**26,480**	**9,718,969**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, impaired, Stage 3	**0-30 days**	**31-60 days**	**61-90 days**	**over 90 days**	**Total 2024**
In RON thousand					
Corporate and public institutions	333,113	9,849	9,619	210,002	**562,583**
Small and medium enterprises	208,870	55,635	29,680	328,550	**622,735**
Consumer loans and card loans granted to retail customers	187,657	65,268	34,750	545,886	**833,561**
Mortgage loans	78,181	23,156	12,782	44,442	**158,561**
Other	18,131	6	5	1,862	**20,004**
Total loans and advances to customers and financial lease receivables before impairment allowance	**825,952**	**153,914**	**86,836**	**1,130,742**	**2,197,444**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(496,769)	(82,651)	(49,641)	(897,221)	**(1,526,282)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**329,183**	**71,263**	**37,195**	**233,521**	**671,162**

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**
In RON thousand					
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**
Total loans and advances to customers and financial lease receivables before impairment allowance	**62,818,214**	**10,885,751**	**2,008,734**	**208,513**	**75,921,212**
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)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**61,516,975**	**9,208,196**	**652,341**	**172,892**	**71,550,404**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 1 *In RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2023**
Corporate and public institutions	18,438,052	9,624,954	2,707,217	73,761	**30,843,984**
Small and medium enterprises	2,625,327	2,976,483	825,827	-	**6,427,637**
Consumer loans and card loans granted to retail customers	5,109,837	3,260,232	653,594	24,574	**9,048,237**
Mortgage loans	9,766,590	5,919,811	706,205	105,733	**16,498,339**
Other	-	-	2	15	**17**
Total loans and advances to customers and financial lease receivables before impairment allowance	**35,939,806**	**21,781,480**	**4,892,845**	**204,083**	**62,818,214**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(287,203)	(598,395)	(397,596)	(18,045)	**(1,301,239)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**35,652,603**	**21,183,085**	**4,495,249**	**186,038**	**61,516,975**

Gross value of loans and advances granted to clients, not impaired, Stage 1 *In RON thousand*	**0 days**	**1-15 days**	**16-30 days**	**Total 2023**
Corporate and public institutions	30,832,623	11,361	-	**30,843,984**
Small and medium enterprises	6,357,065	63,340	7,232	**6,427,637**
Consumer loans and card loans granted to retail customers	8,771,295	221,044	55,898	**9,048,237**
Mortgage loans	16,119,852	306,837	71,650	**16,498,339**
Other	17	-	-	**17**
Total loans and advances to customers and financial lease receivables before impairment allowance	**62,080,852**	**602,582**	**134,780**	**62,818,214**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,285,007)	(12,941)	(3,291)	**(1,301,239)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**60,795,845**	**589,641**	**131,489**	**61,516,975**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 2 *In RON thousand*	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2023**
Corporate and public institutions	3,245,367	513,631	137,941	**3,896,939**
Small and medium enterprises	1,594,150	453,056	174,932	**2,222,138**
Consumer loans and card loans granted to retail customers	1,590,297	762,193	390,723	**2,743,213**
Mortgage loans	1,403,166	408,074	171,353	**1,982,593**
Other	83	40,785	-	**40,868**
Total loans and advances to customers and financial lease receivables before impairment allowance	**7,833,063**	**2,177,739**	**874,949**	**10,885,751**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(779,881)	(540,959)	(356,715)	**(1,677,555)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**7,053,182**	**1,636,780**	**518,234**	**9,208,196**

Gross value of loans and advances granted to clients, not impaired, Stage 2 *In RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2023**
Corporate and public institutions	3,891,278	5,661	-	**3,896,939**
Small and medium enterprises	2,150,931	59,589	11,618	**2,222,138**
Consumer loans and card loans granted to retail customers	2,613,835	101,951	27,427	**2,743,213**
Mortgage loans	1,880,600	86,554	15,439	**1,982,593**
Other	40,808	40	20	**40,868**
Total loans and advances to customers and financial lease receivables before impairment allowance	**10,577,452**	**253,795**	**54,504**	**10,885,751**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,577,190)	(77,761)	(22,604)	**(1,677,555)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**9,000,262**	**176,034**	**31,900**	**9,208,196**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Gross value of loans and advances granted to clients, impaired, Stage 3 *In RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**over 90 days**	**Total 2023**
Corporate and public institutions	319,343	57,560	33,318	190,439	**600,660**
Small and medium enterprises	81,613	34,904	32,268	249,199	**397,984**
Consumer loans and card loans granted to retail customers	156,006	87,476	62,724	500,557	**806,763**
Mortgage loans	72,154	41,561	19,824	53,171	**186,710**
Other	15,209	4	6	1,398	**16,617**
Total loans and advances to customers and financial lease receivables before impairment allowance	**644,325**	**221,505**	**148,140**	**994,764**	**2,008,734**
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(370,176)	(133,520)	(82,782)	(769,915)	**(1,356,393)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**274,149**	**87,985**	**65,358**	**224,849**	**652,341**

As at December 31, 2024, the financial assets measured at fair value through other items of comprehensive income include treasury bills and bonds issued by the Ministry of Finance of Romania, with BBB- rating, bonds issued by the Government of the Republic of Moldova with a sovereign rating B-, bonds issued by the Government of Italy with a rating of BBB-, bonds issued by the Government of Germany with a rating of AAA, bonds issued by the Government of Hungary with a rating of BBB, bonds issued by municipalities with a rating of BBB- and BB+, bonds issued by credit institutions and other financial institutions rated A, A-, A+, AAA, BB+, BBB, BBB+ and DD (Note 24).

As at December 31, 2023, the financial assets measured at fair value through other items of comprehensive income include treasury bills and bonds issued by the Ministry of Finance of Romania, with BBB- rating, bonds issued by the Government of the Republic of Moldova with a sovereign rating B-, bonds issued by the Government of Italy with a rating of BBB-, bonds issued by the Government of Germany with a rating of AAA, bonds issued by the Government of Hungary with a rating of BBB-, bonds issued by the Government of Republic of Poland with a rating of A-, bonds issued by municipalities with a rating of BBB- and BB+, bonds issued by credit institutions and other financial institutions rated A, A-, A+,AAA,BB,BB+, BBB, BBB- and BBB+ and bonds issued by other non-financial institutions rated B and BBB (Note 24).

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Impairment allowances

The Group and the Bank calculate the expected credit loss (“ECL”) related to the loans and advances to customers, financial lease receivables, debt instruments measured at amortized cost, certain loan commitments and financial guarantee contracts. Internal framework is designed considering IFRS 9 regulation as mentioned in the further sections.

Details regarding the movement in provisions can be seen in Note 22 and Note 23, as the case may be.

Loan collateral policy

The Group and the Bank hold collateral against loans and advances to customers in the form of mortgages over land and buildings, pledges on equipment and inventories, letter of guarantees, insurance policies and other guarantees. The Group and the Bank have ownership rights over these guarantees until the end of the contract. The estimates of fair value are based on the collateral value assessed on the loan granting date and periodically updated during the lifespan of the loan, at least annually, regardless of the collateral type.

The pledges presented below comprise pledges without dispossession and do not include guarantees related to the lease contracts granted by BT Leasing IFN S.A..

Property includes land, residential and commercial buildings, "Security interests in movable property" includes pledges on movable assets (cars, equipment, inventories etc.) and the category “Other collateral” includes collateral deposits and other guarantees received.

An analysis of the collateral values split per types of loans and advances and lease receivables granted to customers is presented below:

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Collaterals related to loans and lease receivables with moderate, sensitive and high risk and impaired loans:				
Property	12,144,138	10,310,465	11,323,343	10,203,057
Security interests in movable property	1,400,430	1,356,309	1,219,880	967,550
Other collateral	2,692,158	2,426,735	2,449,193	2,364,575
Total	**16,236,726**	**14,093,509**	**14,992,416**	**13,535,182**
Collaterals related to loans and lease receivables with very low risk and low risk:				
Property	63,910,623	51,456,544	55,295,604	50,758,471
Security interests in movable property	3,428,608	3,578,133	3,130,370	2,633,557
Other collateral	6,908,286	6,789,005	5,769,602	6,368,216
	74,247,517	**61,823,682**	**64,195,576**	**59,760,244**
Total	**90,484,243**	**75,917,191**	**79,187,992**	**73,295,426**

The effect of the Group’s and Bank’s collateral is presented separately highlighting the collateral values, as follows:

(i) for those assets in which the market value of collateral is equal to or higher than the book value of the asset (“over-collateralization of assets”);

(ii) for those assets in which the collateral is lower than the book value of the asset (“under-collateralization of assets”).

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The effect of the Group guarantee as at December 31, 2024 is the following:

	Group 2024							
	Exposures stage 1		**Exposures stage 2**		**Exposures stage 3**		**POCI**	
In RON thousand	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**
Corporate								
- Gross exposure	25,586,340	8,581,813	2,957,408	1,429,564	391,749	271,701	51,956	140,140
- Collateral	4,500,759	16,730,124	1,377,725	2,761,445	114,766	556,253	30,820	481,473
Small and medium enterprises								
- Gross exposure	7,080,394	3,143,039	1,778,470	597,626	583,997	128,968	46,154	42,333
- Collateral	2,676,405	6,302,322	783,093	1,521,941	166,406	330,465	21,824	110,105
Consumer loans and card loans granted to retail customers								
- Gross exposure	11,432,221	1,416,230	2,264,817	392,269	749,663	134,718	33,457	99,221
- Collateral	117,983	5,481,428	36,376	1,238,300	44,200	346,819	10,632	238,019
Mortgage loans								
- Gross exposure	3,381,107	17,672,467	108,649	2,610,152	40,688	149,060	39,986	80,928
- Collateral	2,317,787	35,663,663	78,824	5,278,635	24,546	300,164	30,869	136,381
Loans and finance lease receivables granted by non-banking financial institutions								
- Gross exposure	6,127,669	24,999	1,561,282	38,440	601,346	2,506	107,863	8,881
- Collateral	412,242	44,804	104,843	64,950	24,127	5,529	3,303	13,893
Other								
- Gross exposure	23	-	65,385	-	20,062	-	89	-
- Collateral	-	-	-	-	-	-	-	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The effect of the Group guarantee as at December 31, 2023 is the following:

	Group 2023							
	Exposures stage 1		**Exposures stage 2**		**Exposures stage 3**		**POCI**	
In RON thousand	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**
Corporate								
- Gross exposure	20,832,352	6,382,402	2,362,538	1,601,041	337,735	291,392	3,447	80,258
- Collateral	3,941,546	12,786,793	974,101	2,849,112	97,063	626,218	424	348,818
Small and medium enterprises								
- Gross exposure	4,735,027	2,612,868	1,717,144	647,864	373,375	147,264	3,538	17,471
- Collateral	2,025,266	5,091,464	796,380	1,675,187	115,372	333,460	1,935	72,804
Consumer loans and card loans granted to retail customers								
- Gross exposure	8,270,433	1,392,001	2,344,927	417,436	719,929	170,292	14,502	63,325
- Collateral	46,091	5,389,769	47,100	1,154,343	51,001	441,953	6,582	168,826
Mortgage loans								
- Gross exposure	359,920	16,474,089	75,095	1,913,801	35,700	160,545	7,213	27,095
- Collateral	271,341	31,898,453	54,387	3,712,987	22,156	333,946	5,845	58,760
Loans and finance lease receivables granted by non-banking financial institutions								
- Gross exposure	4,653,369	28,716	663,788	20,759	366,935	3,908	27,896	-
- Collateral	323,402	49,557	41,811	64,361	17,365	9,388	299	262
Other								
- Gross exposure	16	-	45,451	925	16,674	-	76	-
- Collateral	-	-	4,051	7,212	-	-	-	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The effect of the Bank guarantee as at December 31, 2024 is the following:

	Bank 2024							
	Exposures stage 1		**Exposures stage 2**		**Exposures stage 3**		**POCI**	
In RON thousand	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**
Corporate								
- Gross exposure	28,459,446	7,445,177	2,674,544	1,378,935	307,087	255,496	2,147	61,215
- Collateral	3,071,492	14,434,122	1,260,775	2,696,173	97,952	533,389	85	320,521
Small and medium enterprises								
- Gross exposure	5,924,770	2,903,663	1,658,140	572,464	502,496	120,239	1,270	12,641
- Collateral	2,311,180	5,832,306	739,819	1,473,100	138,365	315,647	251	54,442
Consumer loans and card loans granted to retail customers								
- Gross exposure	9,878,391	1,160,264	2,212,406	370,244	701,445	132,116	9,323	56,119
- Collateral	27,133	4,885,948	28,771	1,191,204	42,133	340,174	4,614	162,363
Mortgage loans								
- Gross exposure	141,877	16,363,403	45,058	2,567,275	22,147	136,414	3,436	24,328
- Collateral	86,165	33,547,230	33,184	5,209,466	11,366	280,351	2,704	55,567
Other								
- Gross exposure	23	-	58,310	-	20,004	-	86	-
- Collateral	-	-	-	-	-	-	-	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The effect of the Bank guarantee as at December 31, 2023 is the following:

	Bank 2023							
	Exposures stage 1		**Exposures stage 2**		**Exposures stage 3**		**POCI**	
In RON thousand	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**	**Under-collateralization**	**Over-collateralization**
Corporate								
- Gross exposure	24,468,963	6,375,021	2,311,217	1,585,722	316,754	283,906	3,446	79,016
- Collateral	3,843,351	12,612,270	949,103	2,822,877	92,558	615,023	424	343,203
Small and medium enterprises								
- Gross exposure	4,337,458	2,090,179	1,674,958	547,180	321,117	76,867	1,470	14,051
- Collateral	1,823,010	4,330,917	773,915	1,528,326	73,755	232,914	545	65,419
Consumer loans and card loans granted to retail customers								
- Gross exposure	7,666,069	1,382,168	2,325,810	417,403	636,922	169,841	12,873	63,272
- Collateral	44,429	5,365,962	47,100	1,154,267	50,905	440,927	6,581	168,704
Mortgage loans								
- Gross exposure	210,047	16,288,292	71,353	1,911,240	30,733	155,977	7,214	27,095
- Collateral	138,091	31,602,217	51,026	3,708,873	17,548	326,581	5,845	58,760
Other								
- Gross exposure	17	-	40,868	-	16,617	-	76	-
- Collateral	-	-	-	-	-	-	-	-

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The exposure representing credit risk refers to the following balance-sheet and off balance-sheet items:

- Cash with Central Banks and Deposits with banks and public institutions;
- Financial assets measured at amortized cost - loans and advances to customers;
- Financial assets measured at amortized cost - finance lease receivables;
- Financial assets measured at amortized cost- debt securities (see Note 24b);
- Contingent liabilities representing credit risk (irrevocable financial guarantees and uncommitted irrevocable loan commitments).

The tables below show the reconciliation between the gross carrying amount and the net carrying amount of the individual components, of the risk exposure, consolidated as at December 31, 2024 and December 31, 2023:

				Group			
In RON thousand			2024			2023	
Assets	Notes	**Gross carrying amount**	**Loss allowance (*)**	**Carrying amount (*)**	**Gross carrying amount**	**Loss allowance (*)**	**Carrying amount (*)**
Cash and current accounts with Central Banks	19	16,505,715	4,360	16,501,355	19,988,243	3,408	19,984,835
Placements with banks and public institutions	20	13,719,257	4,387	13,714,870	12,276,320	3,361	12,272,959
Loans and advances to customers	22	96,115,263	5,335,637	90,779,626	76,715,758	4,707,534	72,008,224
Finance lease receivables	23	5,860,567	270,331	5,590,236	3,704,775	142,091	3,562,683
Financial assets measured at amortized cost - debt securities	24b	22,466,095	65,024	22,401,071	9,503,650	31,405	9,472,245
Total on-balance sheet		**154,666,897**	**5,679,739**	**148,987,158**	**122,188,746**	**4,887,799**	**117,300,946**
Irrevocable commitments given		2,645,350	67,363	2,577,987	1,697,589	55,607	1,641,982
Irrevocable financial guarantees given		7,912,979	160,599	7,752,380	5,864,577	138,743	5,725,834
Total off-balance sheet		**10,558,329**	**227,962**	**10,330,367**	**7,562,166**	**194,350**	**7,367,816**
Total on and off-balance sheet		**165,225,226**	**5,907,701**	**159,317,525**	**129,750,912**	**5,082,149**	**124,668,762**

(*) For off-balance sheet items the carrying amount represent the maximum exposure committed in case of default and a for a loss allowance is the higher of unamortized balance and ECL

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

The tables below show the reconciliation between the Gross carrying amount and the net book value of the individual components, of the risk exposure, separate as at December 31, 2024 and December 31, 2023:

In RON thousand		Bank					
		2024			2023		
Assets	Notes	**Gross carrying amount**	**Loss allowance (*)**	**Carrying amount (*)**	**Gross carrying amount**	**Loss allowance (*)**	**Carrying amount (*)**
Cash and current accounts with Central Banks	19	12,195,679	2,670	12,193,009	18,291,377	1,696	18,289,681
Placements with banks and public institutions	20	13,616,760	4,703	13,612,057	12,628,331	8,990	12,619,341
Loans and advances to customers	22	86,182,399	4,792,410	81,389,989	75,921,212	4,370,808	71,550,404
Financial assets measured at amortized cost - debt securities	24b	19,423,179	46,416	19,376,763	7,999,897	19,826	7,980,071
Total on-balance sheet		**131,418,017**	**4,846,199**	**126,571,818**	**114,840,817**	**4,401,320**	**110,439,497**
Irrevocable commitments given		274,212	7,678	266,534	675,354	16,568	658,786
Irrevocable financial guarantees given		7,086,843	148,316	6,938,527	5,796,727	137,516	5,659,211
Total off-balance sheet		**7,361,055**	**155,994**	**7,205,061**	**6,472,081**	**154,084**	**6,317,997**
Total on and off-balance sheet		**138,779,072**	**5,002,193**	**133,776,879**	**121,312,898**	**4,555,404**	**116,757,494**

(*) For off-balance sheet items the carrying amount represent the maximum exposure committed in case of "default" and a for a loss allowance is the higher of unamortized balance and ECL.

The Group and the Bank present the off balance sheet exposure for irrevocable facilities and the provisions related to the exposure of off-balance sheet risk as of December 31, 2024:

	Group				Bank			
In RON thousand	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Irrevocable commitments given								
- Maximum exposure committed in case of "default"	2,366,791	211,768	66,791	**2,645,350**	265,281	1,669	7,262	**274,212**
- Loss allowance (*)	(43,802)	(12,960)	(10,601)	**(67,363)**	(1,771)	-	(5,907)	**(7,678)**
Irrevocable financial guarantees given								
- Maximum exposure committed in case of "default"	7,537,441	222,754	152,784	**7,912,979**	6,734,884	216,264	135,695	**7,086,843**
- Loss allowance (*)	(63,914)	(28,653)	(68,032)	**(160,599)**	(54,458)	(28,198)	(65,660)	**(148,316)**

(*) Higher of unamortized balance and ECL

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Irrevocable commitments and financial guarantees given Stage 1	Group					Bank				
In RON thousand	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2024**	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2024**
Corporate and public institutions	5,459,605	1,703,282	1,227,905	82,421	**8,473,213**	4,909,806	1,091,147	781,408	10,524	**6,792,885**
Small and medium enterprises	114,456	346,725	111,525	6,038	**578,744**	53,204	127,993	25,152	-	**206,349**
Retail	18,706	110,540	1,574	776	**131,596**	900	-	31	-	**931**
Mortgage loans	-	3,360	-	-	**3,360**	-	-	-	-	**-**
Non-banking financial institutions	61,211	655,178	-	-	**716,389**	-	-	-	-	**-**
Others	900	-	30	-	**930**	-	-	-	-	**-**
Total irrevocable commitments and financial guarantees given before impairment provision	**5,654,878**	**2,819,085**	**1,341,034**	**89,235**	**9,904,232**	**4,963,910**	**1,219,140**	**806,591**	**10,524**	**7,000,165**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(14,850)	(49,949)	(36,601)	(6,316)	**(107,716)**	(11,375)	(22,659)	(21,577)	(618)	**(56,229)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**5,640,028**	**2,769,136**	**1,304,433**	**82,919**	**9,796,516**	**4,952,535**	**1,196,481**	**785,014**	**9,906**	**6,943,936**

Irrevocable commitments and financial guarantees given Stage 2	Group				Bank			
In RON thousand	**Low - moderate risk**	**Sensitive risk**	**High risk**	**Total 2024**	**Low - moderate risk**	**Sensitive risk**	**High risk**	**Total 2024**
Corporate and public institutions	129,602	92,745	30,994	**253,341**	113,573	71,240	10,517	**195,330**
Small and medium enterprises	19,702	10,059	11,095	**40,856**	11,074	9,353	2,176	**22,603**
Retail	6,733	1,055	189	**7,977**	-	-	-	**-**
Non-banking financial institutions	124,111	3,845	-	**127,956**	-	-	-	**-**
Others	4,392	-	-	**4,392**	-	-	-	**-**
Total irrevocable commitments and financial guarantees given before impairment Provision	**284,540**	**107,704**	**42,278**	**434,522**	**124,647**	**80,593**	**12,693**	**217,933**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(13,243)	(22,397)	(5,973)	**(41,613)**	(5,779)	(20,244)	(2,175)	**(28,198)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**271,297**	**85,307**	**36,305**	**392,909**	**118,868**	**60,349**	**10,518**	**189,735**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

Irrevocable commitments and financial guarantees given Stage 3 *In RON thousand*	Group 3 months	3-6 months	6-9 months	9-12 months	>1 year	Total 2024	Bank 3 months	3-6 months	6-9 months	9-12 months	>1 year	Total 2024
Corporate and public institutions	14,273	44,639	11,583	25,261	116,875	**212,631**	7,374	42,410	10,647	25,223	56,028	**141,682**
Small and medium enterprises	1,198	2,095	96	513	479	**4,381**	571	48	-	325	331	**1,275**
Retail	449	85	121	46	576	**1,277**	-	-	-	-	-	**-**
Non-banking financial institutions	550	56	42	54	584	**1,286**	-	-	-	-	-	**-**
Total irrevocable commitments and financial guarantees given before impairment provision	**16,470**	**46,875**	**11,842**	**25,874**	**118,514**	**219,575**	**7,945**	**42,458**	**10,647**	**25,548**	**56,359**	**142,957**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(9,092)	(11,894)	(8,309)	(13,241)	(36,097)	**(78,633)**	(5,358)	(11,310)	(7,467)	(13,013)	(34,419)	**(71,567)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**7,378**	**34,981**	**3,533**	**12,633**	**82,417**	**140,942**	**2,587**	**31,148**	**3,180**	**12,535**	**21,940**	**71,390**

The Group and the Bank present the off balance sheet exposure for irrevocable facilities and the provisions related to the exposure of off-balance sheet as of December 31, 2023:

In RON thousand	Group Stage 1	Stage 2	Stage 3	Total	Bank Stage 1	Stage 2	Stage 3	Total
Irrevocable commitments given								
- Maximum exposure committed in case of “default”	1,225,315	450,664	21,611	**1,697,590**	327,412	334,979	12,963	**675,354**
- Loss allowance (*)	(28,461)	(9,373)	(17,773)	**(55,607)**	(3,867)	(220)	(12,481)	**(16,568)**
Irrevocable financial guarantees given								
- Maximum exposure committed in case of “default”	5,506,387	265,496	92,694	**5,864,577**	5,438,537	265,496	92,694	**5,796,727**
- Loss allowance (*)	(59,930)	(35,167)	(43,646)	**(138,743)**	(58,703)	(35,167)	(43,646)	**(137,516)**

(*) Higher of unamortized balance and ECL

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

	Group					Bank				
Irrevocable commitments and financial guarantees given Stage 1 *In RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2023**	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2023**
Corporate and public institutions	3,900,547	1,524,226	314,279	616	**5,739,668**	3,865,961	1,443,013	314,279	616	**5,623,869**
Small and medium enterprises	31,464	147,597	13,582	-	**192,643**	31,464	95,377	13,582	-	**140,423**
Retail	1,657	89,933	-	-	**91,590**	1,657	-	-	-	**1,657**
Non-banking financial institutions	70,076	637,725	-	-	**707,801**	-	-	-	-	-
Total irrevocable commitments and financial guarantees given before impairment provision	**4,003,744**	**2,399,481**	**327,861**	**616**	**6,731,702**	**3,899,082**	**1,538,390**	**327,861**	**616**	**5,765,949**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(31,572)	(48,790)	(7,968)	(61)	**(88,391)**	(27,643)	(26,898)	(7,968)	(61)	**(62,570)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**3,972,172**	**2,350,691**	**319,893**	**555**	**6,643,311**	**3,871,439**	**1,511,492**	**319,893**	**555**	**5,703,379**

	Group				Bank			
Irrevocable commitments and financial guarantees given Stage 2 *In RON thousand*	**Low - moderate risk**	**Sensitive risk**	**High risk**	**Total 2023**	**Low - moderate risk**	**Sensitive risk**	**High risk**	**Total 2023**
Corporate and public institutions	566,860	17,342	115	**584,317**	564,351	17,342	115	**581,808**
Small and medium enterprises	15,633	3,640	782	**20,055**	14,245	3,640	782	**18,667**
Retail	5,680	-	-	**5,680**	-	-	-	-
Non-banking financial institutions	106,108	-	-	**106,108**	-	-	-	-
Total irrevocable commitments and financial guarantees given before impairment provision	**694,281**	**20,982**	**897**	**716,160**	**578,596**	**20,982**	**897**	**600,475**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(40,633)	(3,827)	(80)	**(44,540)**	(31,480)	(3,827)	(80)	**(35,387)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**653,648**	**17,155**	**817**	**671,620**	**547,116**	**17,155**	**817**	**565,088**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

(ii) Credit risk exposure (continued)

	Group						Bank					
Irrevocable commitments and financial guarantees given Stage 3 *In RON thousand*	**3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**>1 year**	**Total 2023**	**3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**>1 year**	**Total 2023**
Corporate and public institutions	6,041	5,290	41,413	6,747	45,378	**104,869**	6,041	5,290	41,413	6,747	45,378	**104,869**
Small and medium enterprises	-	196	25	479	88	**788**	-	196	25	479	88	**788**
Retail	37	31	63	28	1,220	**1,379**	-	-	-	-	-	**-**
Non-banking financial institutions	4,589	295	215	281	1,889	**7,269**	-	-	-	-	-	**-**
Total irrevocable commitments and financial guarantees given before impairment provision	**10,667**	**5,812**	**41,716**	**7,535**	**48,575**	**114,305**	**6,041**	**5,486**	**41,438**	**7,226**	**45,466**	**105,657**
Provisions for impairment losses on irrevocable commitments and financial guarantees given	(8,474)	(3,583)	(10,662)	(6,577)	(32,123)	**(61,419)**	(4,922)	(3,337)	(10,486)	(6,372)	(31,010)	**(56,127)**
Total irrevocable commitments and financial guarantees given net of impairment provision	**2,193**	**2,229**	**31,054**	**958**	**16,452**	**52,886**	**1,119**	**2,149**	**30,952**	**854**	**14,456**	**49,530**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

b) Credit risk *(continued)*

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. The likelihood of customers defaulting and the resulting losses).
The financial assets that are the subject of this chapter are:

- Loans and advances to customers at amortized cost;
- Finance lease receivables;
- Lending commitments and financial guarantees offered by the Group and the Bank (e.g. letter of credit, letter of guarantees);
- Placements made in other banks, including mandatory minimum reserves (RMO) and loans to other bank institutions;
- Portfolio of financial instruments measured at FVOCI (e.g. government bonds, corporate or municipal bonds, etc.);
- Financial instrument portfolio measured at amortized cost (corporate bonds).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for ECL.

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

Measurement of the expected credit loss allowance (continued)

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition or, for that assets there are no indicators fulfilled to presume that has been “an increase in credit risk” is classified in ‘Stage 1’;
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified. The financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’.

For financial assets classified in "Stage 1", the amount of loss allowance is determined on the basis of the expected loss in the next 12 months (12M-ECL), which represent the credit losses in the event of default within a period of 12 months from the reporting date. For financial assets classified in "Stage 2" or "Stage 3", the amount of loss allowance is measured based on the expected credit losses over the entire lifetime (LT-ECL).

A general approach in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

The following diagram summarizes the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
Loss Given Default (LGD) represents a Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty and availability of collateral or other credit support.

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

Measurement of the expected credit loss allowance (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. The ECL for each future month is then discounted back to the reporting date and summed.

The expected credit losses are calculated at each reporting date and they reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Parameters used in the calculation of ECL are determined by considering the grouping of financial asset portfolios according to similar characteristics considered decisive in originating and monitoring credit risk, respectively the type of counterparty (debtor), products and currencies.
The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The determination of expected losses at the reporting date relies on the effective interest rate established upon the initial recognition, except financial assets with variable interest rate, for which the expected credit losses must be determined based on the current effective interest rate. As concerns the purchased or originated financial assets that are credit-impaired, the expected credit losses must be determined based on the credit-adjusted effective interest rate established upon the initial recognition.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 months or lifetime basis.

- For revolving products and other commitments, for determining the exposure in default, the unused part is taken into account, being applied a credit conversion factor, estimated by the Bank, based on its own historical analysis.

Significant increase in Credit Risk

In determining whether a significant increase in credit risk occurred since initial recognition the Group considers reasonable and supportable information that is relevant and can be obtained without undue cost and effort. The assessment of the significant increase of the risk is made at individual level, analyzing the criteria of each asset.
The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:
The Bank uses quantitative criteria as the primary indicator of significant increase in credit risk for all material portfolios. Quantitative SICR indicators include a comparison of the remaining lifetime PD at reporting data with the residual lifetime PD at the date of initial recognition. The Bank established thresholds for significant increases in credit risk based on both a percentage (relative) and absolute change in PD compared to initial recognition. The degree of deterioration will depend on the level of the initial rating.

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

Measurement of the expected credit loss allowance (continued)

In general, a significant increase in credit risk is considered to have occurred with a relative increase of more than 150% compared to the initial PD for companies and more than 100% for individuals. Regarding absolute threshold, this is set to more than 100bp for individuals and more then 200bp for companies.

Qualitative criteria for retail portfolios (individuals):

- Significant increase in credit risk perceived by the risk analysis team for individually assessed exposures;
- It is classified as performing restructured;
- LTV analysis for secured retail loans (above a relative threshold combined with days past due indicator);
- Denominated in high-risk currency category;
- Loan products with higher associated risk;
- Facilities owned by customers with sensitive ratings;
- Change in rating grade;
- The number of days past due recorded by the debtor.

Qualitative criteria for corporate and public institutions portfolios:

- Significant increase in credit risk perceived by the risk analysis team for individually assessed exposures (debtor level), concluded through including these in the Bank's Watch List;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates (rating deterioration);
- Actual or expected forbearance operation;
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans;
- The borrower is assigned to Remediation department;
- Facilities owned by customers with sensitive ratings;
- Customers operating in an sensitive industry;
- Change in rating grade;
- The number of days past due recorded by the debtor.

The assessment of SICR incorporates forward-looking information.
If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1 (this is not applied to forbearance criteria - see below). If an exposure has been transferred to Stage 2 based on a mentioned indicator, the Group monitors whether that indicator continues to exist or has changed.
In relation to Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

4. Financial risk management and other significant risk management (*continued*)

b) *Credit risk (continued)*

Measurement of the expected credit loss (continued)

If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognized, the Bank assesses whether there has been a significant increase in the credit risk of the financial instrument, compared to:
a) the risk of a default occurring at the reporting date (based on the modified contractual terms); and
b) the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

Especially for forborne loans (restructured operation made for debtors that are facing financial difficulties), the Bank considers them to have "significant increase in credit risk" implied. These types of operations determining that those assets are classified as stage 2 or stage 3 and the ECL is calculated on lifetime basis. The classification in Stage 3 is made accordingly to the type and nature of the restructuring, considering in this sense the provisions of the prudential regulations (EBA Guideline 2016-07 on the definition of default establishes when a restructuring is considered to be in a state of "default"). At the same time, when a new restructuring is applied to the exposure during the trial period or the debt service exceeds 30 days, that exposure will be reclassified in Stage 3.

For performing forborne financial assets, the Bank establishes a healing period (at least 2 years after the concluding event), in which the ECL lifetime mode is kept.

After those 2 years mentioned, the Bank is analyzing the financial standing of the borrower and the payments that have been made after the event (frequency and volume) and is concluding if the status should be changed and if so, then ECL calculation is made on 12 months basis.

Backstops
A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. Also, when the whole outstanding amount of the loan becomes overdue (its final maturity date is passed), then it will be classified in stage 2.

Low credit risk exemption

The Group is using the low credit risk exemption only for debt financial instruments (e.g. sovereign bonds, municipal bonds, corporate bond and bonds issued by financial institutions). All financial assets with an assigned rating (at the reporting date) of an investment grade nature are classified as Stage 1.

Definition of default and credit-impaired assets

The Group and the Bank defines a financial instrument as in default, which is fully aligned with the definition of credit- impaired, when it meets one or more of the following criteria:

- The exposure is more than 90 days past due on its contractual payments (also including the new default definition which is referring to significant overdue amount*);
- Exposures for which it is unlikely that the debtor will fully fulfill his payment obligations without the execution of guarantees, regardless of the existence of outstanding amounts or the number of days of delay in payment, respectively:
  - Significant financial difficulty of the issuer or the borrower;
  - The borrower is in nonperforming forbearance situation due to concessions that have been made by the Group and the Bank relating to the borrower's financial difficulty;

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

Measurement of the expected credit loss (continued)

- The borrower is in insolvency status or bankruptcy (or other type of judicial reorganization, both retail and companies) or is becoming probable that the borrower will enter bankruptcy;
- The borrower for whom legal procedures have started (forced execution started by the Group and the Bank);
- The borrower and/or the mortgage guarantor sent notification for "payment in kind";
- The debtor is managed by the special recovery structures of the Bank (Workout unit etc.);
- Stopped interest calculation;
- Write off (total/partial) or sale;
- Establishment of specific adjustments for credit risk due to the deterioration of credit quality, on the background of the exposure in Stage 3 (according to IFRS 9).

- An active market for that financial asset has disappeared because of financial difficulties;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

Exposures which are considered to be in default status for regulatory purposes (CRR art 178) will always be considered stage 3 exposures. Further on, stage 3 exposure are fully aligned with non-performing exposure (the entire amount of the customer's exposure is considered to be non-performing).

* Threshold for assessing the material significance of a credit obligation, as provided for in Article 178 (1) (b) of Regulation (EU) No 1095/2010, 575/2013, consists of an absolute component and a relative component. The absolute component is expressed as the maximum value of the sum of all the overdue amounts that a debtor owes to the Bank. The relative component is expressed as a percentage that reflects the ratio between the value of the overdue loan obligations and the total exposures to that debtor.
For this indicator, it is considered that the debtor is in default when both the limit expressed as the absolute component of the significance threshold and the limit expressed as the relative component of the significance threshold are exceeded for 90 consecutive days. According to NBR Regulation 5/2018, the level of the relative component and the level of the absolute component of the significance threshold is as follows:

- For retail exposures:
  - The level of the relative component of the significance threshold is 1%;
  - The level of the absolute component of the significance threshold is RON 150.

- For other types of exposures than retail exposures:
  - The level of the relative component of the significance threshold is 1%;
  - The level of the absolute component of the significance threshold is RON 1,000.

The above criteria have been applied to all financial instruments held by the Group and are consistent with the definition of the default condition used for internal credit risk management purposes.

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

Measurement of the expected credit loss (continued)

An instrument is considered to no longer be *in default* (i.e. has been “cured”) when it no longer meets any of the default criteria for a consistent period of time, depending on the main trigger for the default classification.

This period has been determined applying the minimum requirements regulated by the EBA Guideline 2016-07 on the definition of default, considering also the expert’s opinion. For example, the healing period for the loans in default status based on the days past due criteria start at 3 months while the healing period for nonperforming forborne asset start at one year.

Forward-looking economic information is also included in determining the 12-months and lifetime ECL. These assumptions vary by product type.

In normal market conditions, the assumptions underlying the ECL are monitored and reviewed on a bi-annual basis.

Forward-looking information incorporated in the ECL models

The assessment of SICR and estimation of expected credit losses involves forecasting future economic conditions.

The Group and the Bank have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Expert judgment has also been applied in this process. Forecasts of these economic variables are provided by the Group’s Economics Research team and provide the best estimate view of the economy over the next three years.

After this period to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used. The impact of these economic variables has been determined by performing statistical regression analysis.

The economic forecasts are reflected within a baseline scenario and several alternative scenarios reflecting the expected developments for the macroeconomic variables selected as relevant.

The alternative variables are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts. The purpose of using multiple scenarios is to model the non-linear impact of assumptions based on macroeconomic factors on the expected credit losses.

Usually, the Bank uses three scenarios: base scenario (which is the most probable scenario of the economic environment), optimistic and adverse scenario (which is not necessarily a crisis scenario).

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible representative outcomes for each chosen scenario.

The European macroeconomic environment has seen improvements in some indicators, but it still faces geopolitical tensions that may affect economic stability and growth. These tensions mainly result from ongoing conflicts, economic policies and international relations. These geopolitical tensions contribute to a complex economic landscape. They increase uncertainty, which can discourage investment and slow economic growth. Volatility in energy prices, driven by conflicts in key regions, could lead to higher inflation, affecting both consumers and firms. In addition, disruptions in global trade due to protectionist policies and conflicts can have a negative impact on exports and the supply chain.

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. 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 2025.

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

Measurement of the expected credit loss (continued)

Scenarios weights, for the Bank:

	Optimist	Base case	Pessimist
Y2024	10%	50%	40%
Y2023	10%	55%	35%

Inflationary pressure also manifested itself in 2024, eroding the economies of the population and the profit margins of companies. The economic activity is likely to be impacted in the shorter term and it is yet unknown to which extent governments will continue to support the economies. Further credit deterioration remains to be seen, as the effect is currently limited and mitigated by the continued government support packages. The Group and the Bank remain cautiously optimistic, considering the fact that the Romania's economy has become more and more resistant to shocks and challenges, an aspect also confirmed by the better evolution of the GDP compared to the Eurozone area dynamics from the incidence of the pandemic until now.

In the base case macroeconomic scenario, the Group and the Bank anticipate a slightly positive economic growth with a downward trend for the key elements that previously disrupted the economic environment (inflation and interest rates). The relaxation of inflationary pressures to a moderate level and the continuation of the economic recovery process will lead the central bank to recalibrate the monetary policy by reducing the reference interest rate - imperatively necessary for the growth of lending and the stimulation of the economy.

The adverse scenario sets levels for key economic and financial variables in a hypothetical adverse situation triggered by the materialization of risks to which the economy is exposed - in a negative scenario, Romania faces external and internal difficulties, aggravated by inadequate management of reforms and geopolitical instability. Also, other factors considered are: failure to implement structural reforms and poor absorption of EU funds; the persistence of fiscal imbalances (high budget deficit, growing debt) increase financing pressures; adverse external conditions (global recession, geopolitical tensions) affect exports and capital flows; high inflation due to external shocks on energy and food prices - all this could materialize in an increase in the number of insolvencies/defaults.

In the optimistic macroeconomic scenario, we expect the Romanian economy to benefit from favorable economic and geopolitical conditions, along with the effective implementation of structural reforms and the optimal absorption of EU funds, with favorable consequences for the labor market and private consumption. The inflation rate is under control and falls above the expectations, while economic growth surprises on the upside. Current global headwinds get resolved and supply-chain issues ease.

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

Measurement of the expected credit loss (continued)

For the Bank and its local subsidiaries the most important macro-economic indicators regarding the future considered in FLI modeling are as follows:

- GDP
- Unemployment rate
- Inflation rate
- Interest rate evolution (EURIBOR/ ROBOR)
- FX evolution
- Private consumption
- House price index

Optimist scenario Macro indicators	**2025**	**2026**	**2027**
Real GDP (%, YoY)	2.38	2.93	3.02
Unemployment rate (%)	5.32	5.31	5.29
Inflation (HICP) (%, year to year)	4.21	3.78	3.55
Key interest rate ROBOR 3M (%)	4.91	4.31	3.85
Key interest rate EURIBOR 3M (%)	2.27	2.01	1.91
House prices (%, year on year)	6.53	7.42	8.32

Base/central scenario Macro indicators	**2025**	**2026**	**2027**
Real GDP (%, YoY)	1.88	2.78	2.99
Unemployment rate (%)	5.54	5.49	5.36
Inflation (HICP) (%, year to year)	4.47	4.08	3.85
Key interest rate ROBOR 3M (%)	5.15	4.57	3.97
Key interest rate EURIBOR 3M (%)	2.40	2.13	2.02
House prices (%, year on year)	5.62	6.53	7.48

Pessimist scenario Macro indicators	**2025**	**2026**	**2027**
Real GDP (%, YoY)	1.16	2.63	2.96
Unemployment rate (%)	5.73	5.76	5.66
Inflation (HICP) (%, year to year)	4.71	4.42	4.24
Key interest rate ROBOR 3M (%)	5.65	5.18	4.81
Key interest rate EURIBOR 3M (%)	2.52	2.25	2.16
House prices (%, year on year)	3.47	4.20	5.18

The table below illustrates the impact of changing scenarios weights for optimistic and adverse scenario, at the Bank level:

Changes in weights	100% pessimist	100% baseline	100% optimistic
ECL movement	+16 Mio RON	-8 mio RON	-25 mio RON

Considering that the applied scenarios differ from the scenarios used at December 31, 2023, the changes in sensitivities from end of 2024 to end of 2023 are therefore not directly comparable.

4. Financial risk management and other significant risk management *(continued)*

b) *Credit risk (continued)*

Measurement of the expected credit loss (continued)

For example, the macroeconomic indicators used in the financial year 2023, for the baseline scenario are:

	2024	2025	2026
Real GDP (%, YoY)	2.91	3.53	3.84
Unemployment rate (%)	5.51	5.49	5.46
Inflation (HICP) (%, year to year)	5.48	5.23	4.76
Key interest rate ROBOR 3M (%)	5.27	4.25	3.92
Key interest rate EURIBOR 3M (%)	3.55	2.68	2.60
House prices (%, year on year)	2.20	2.10	2.00

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group and the Bank consider these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

c) *Liquidity risk*

Liquidity risk represents the current or future risk that the profit and capital may be negatively affected as a result of the Bank's incapacity to pay its due and payable debts when they become due.

Liquidity risk has 2 components: the difficulty in procuring funds at maturity in order to refinance current assets or the inability to convert an asset into cash at a value near its fair value in a reasonable period of time.

The purpose of the liquidity risk management is to obtain the expected return on assets, through a proper management of the liquidities, consciously assumed and adapted to the domestic and international market conditions, the growth of the institution and the general current legal framework.

The Group and the Bank are continuously acting to manage this type of risk. The Group and the Bank have access to a diverse funding base. Funds are raised by using a broad range of instruments, including deposits from customers or from banks, loans from development institutions and financial institutions and share capital. Access to diverse funding sources improves the flexibility to attract funds, limiting the dependence on one type of financing and on one type of partner and leading to an overall decrease of financing costs.

The Group and the Bank try to maintain a balance between continuity and flexibility in attracting funds, by signing financing contracts with different maturities and in different currencies. The Group and the Bank continually assess liquidity risk by identifying and monitoring changes in the financing contracts, and by diversifying the funding sources.

The operational liquidity management is also performed intraday, so as to ensure all the settlements/payments assumed by the Group and the Bank, on their own behalf or on behalf of their clients, in RON or FCY, on account or in cash, within the internal, legal and mandatory limits.

Defining elements of daily/intraday liquidity management are:

- Minimum Required Reserve
- Bonds portfolio
- Raised/placed deposits on the interbank market;
- Cash in cashiers and ATMs;
- Available in correspondent accounts

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

In addition, liquidity gaps (which describe maturity mismatches) are reported and monitored regularly. The risk of funding concentration (at the level of groups of depositors) is monitored and analyzed daily.

The Assets and Liabilities Management Committee of the Bank is responsible with the periodic review of liquidity indicators and with the establishment of corrective measures regarding balance sheet figures, so as to eliminate unacceptable deviations in terms of liquidity risk.

The monitoring and management of liquidity risk indicators is done on two levels, namely at the Board/Leader's Committee level and at the CRO/ALCO level.

At Board/Leader's Committee level, at least quarterly, the following indicators are monitored and managed, which define risk appetite: quick liquidity ratio, the weight of liquid assets in total assets and loans to attracted and borrowed resources ratio. At the CRO/ALCO level, an additional set of well diversified indicators is monitored, including the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

The contingency plan aims to provide the methodology for rapid detection of liquidity problems as well as appropriate and timely solutions.
The objectives of the plan include:

- Defining the measure levels associated with potential crisis conditions;
- Definition of informative reports on liquidity, including but not limited to the reporting of warning indicators that will be monitored in order to detect problems in time and provide quick answers;
- Carrying out preliminary preparations to ensure prompt solutions to financing problems. These preparations refer to the identification of responsible parties, general and specific solutions, the development of information that facilitates liquidity management, liquidity reporting, planning requirements, training and testing.
- Ensuring managerial flexibility in relation to the unique circumstances and characteristics of any financing crisis that may arise.

Crisis simulation scenarios have been elaborated by considering various severity levels, various probabilities and different periods of occurrence. Their purpose is to identify/assess potential losses and the potential impact of events or the factors that may generate a liquidity crisis. Additionally, they offer information regarding the impact of liquidity risk determinants on the Group's and Bank's capacity to provide liquidity to its customers and to maintain adequate liquidity levels.

The liquidity reserve is calibrated according to 3 factors:
a) severity and characteristics of crisis scenarios;
b) the time horizon established as a maintenance period;
c) the characteristics of the assets included in the reserve.
The Bank manages the stock of liquid assets in order to ensure, to the greatest extent possible, that it will be available in periods of stress. High concentrations in certain assets are avoided and possible legal, regulatory or operational impediments to the use of these assets are analyzed.
Also, the Bank has defined mechanisms and measures to guarantee its access to adequate sources of financing in case of emergency (e.g. BNR, ECB facilities, attracting funds from other financial institutions, etc.)

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

The assets and liabilities of the Group as at December 31, 2024, analyzed as per the period remaining until the contractual maturity, on models based on the contractual maturity related to the liquidity band, are the following:

Group - *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial liabilities									
Deposits from banks	951,155	(951,431)	(830,896)	-	(24,871)	(95,664)	-	-	-
Deposits from customers	167,869,266	(168,943,487)	(91,790,831)	(15,078,535)	(16,920,439)	(40,013,367)	(4,421,920)	(718,395)	-
Loans from banks and other financial institutions	12,237,716	(14,955,273)	(305,151)	(516,011)	(734,565)	(5,945,538)	(3,801,930)	(3,652,078)	-
Subordinated liabilities and issued bonds	2,530,535	(3,715,697)	-	(97,495)	(98,107)	(391,488)	(1,669,542)	(1,459,065)	-
Financial liabilities held-for-trading	235,322	(235,322)	(15,420)	(1,013)	(10,948)	(66,818)	(110,055)	(31,068)	-
Lease liabilities	617,498	(681,689)	(55,965)	(38,199)	(77,243)	(254,518)	(168,398)	(87,366)	-
Other financial liabilities	3,767,710	(3,767,710)	(3,761,889)	(1,677)	(4,114)	(30)	-	-	-
Total financial liabilities	**188,209,202**	**(193,250,609)**	**(96,760,152)**	**(15,732,930)**	**(17,870,287)**	**(46,767,423)**	**(10,171,845)**	**(5,947,972)**	**-**
Financial assets									
Cash and current accounts with Central Banks	21,950,170	21,955,081	21,955,081	-	-	-	-	-	-
Placements with banks and public institutions	13,714,870	13,898,443	13,268,376	936	284,558	-	-	344,573	-
Financial assets held for trading and measured at fair value through profit or loss	389,817	389,817	208,978	-	-	-	-	-	180,839
Derivatives	173,030	173,030	36,334	3,065	3,124	51,690	61,572	17,245	-
Loans and advances to customers	90,779,626	133,852,898	9,547,918	7,903,257	14,228,933	37,971,498	19,933,453	44,267,839	-
Finance lease receivables	5,590,236	6,619,858	737,110	543,539	1,120,145	3,078,399	1,114,551	26,114	-
Financial assets measured at fair value through other items of comprehensive income	43,977,335	54,497,841	41,224,055	620,877	1,022,392	5,115,857	2,618,314	3,724,980	171,366
Financial assets which are required to be measured at fair value through profit or loss	1,469,014	1,543,962	845,813	1,786	3,572	93,667	116,117	-	483,007
Financial assets at amortized cost - debt instruments	22,401,071	25,315,316	3,521,172	3,076,347	1,939,661	9,002,151	5,736,264	2,039,721	-
Other financial assets	2,327,367	2,489,897	2,247,224	146,086	95,267	57	-	1,263	-
Total financial assets	**202,772,536**	**260,736,143**	**93,592,061**	**12,295,893**	**18,697,652**	**55,313,319**	**29,580,271**	**50,421,735**	**835,212**
Net balance sheet position		**67,485,534**	**(3,168,091)**	**(3,437,037)**	**827,365**	**8,545,896**	**19,408,426**	**44,473,763**	**835,212**

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

Group - *In RON thousand*	**Carrying amount**	**Gross value (inflow / outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
December 31, 2024									
Off-balance sheet									
Irrevocable commitments given	2,577,987	2,645,350	516,661	272,736	562,756	753,566	160,103	379,528	-
Irrevocable financial guarantees given	7,752,380	7,912,979	778,094	1,073,644	1,219,687	3,351,738	708,696	781,120	-
Notional amount of swap and forward contracts									
- Deliverable amounts	(6,968,973)	(6,968,973)	(3,087,072)	(862,256)	(1,478,910)	(994,615)	(546,120)	-	-
- Receivable amounts	13,977,322	13,977,321	3,118,180	874,974	1,530,996	3,579,061	3,847,522	1,026,588	-
Net position of derivatives	7,008,349	7,008,348	31,108	12,718	52,086	2,584,446	3,301,402	1,026,588	-
Total off-balance sheet	**17,338,716**	**17,566,677**	**1,325,863**	**1,359,098**	**1,834,529**	**6,689,750**	**4,170,201**	**2,187,236**	**-**
Total net on- and off-balance sheet position		**49,918,857**	**(4,493,954)**	**(4,796,135)**	**(1,007,164)**	**1,856,146**	**15,238,225**	**42,286,527**	**835,212**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

The assets and liabilities of the Group as at December 31, 2023, analyzed based on the period remaining until the contractual maturity, on models reflecting the customer's historic behavior typologies and on conventional assumptions concerning certain balance sheet items are the following:

Group - *In RON thousand*	**Carrying amount**	**Gross value (inflow / outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial liabilities									
Deposits from banks	1,034,613	(1,035,253)	(914,716)	-	(24,873)	(95,664)	-	-	-
Deposits from customers	138,052,954	(139,015,735)	(74,972,348)	(10,888,544)	(11,844,928)	(36,752,444)	(3,938,845)	(618,626)	-
Loans from banks and other financial institutions	9,548,567	(11,822,996)	(502,105)	(472,113)	(560,979)	(2,361,616)	(7,356,160)	(570,023)	-
Subordinated liabilities and issued bonds	2,423,218	(3,933,724)	-	(121,894)	(112,817)	(433,912)	(1,792,972)	(1,472,129)	-
Financial liabilities held-for-trading	88,809	(88,809)	(3,520)	(101)	(382)	(34,451)	(41,215)	(9,140)	-
Lease liabilities	533,351	(566,665)	(36,230)	(36,107)	(69,198)	(218,405)	(125,637)	(81,088)	-
Other financial liabilities	2,521,170	(2,521,170)	(2,521,115)	(4)	(9)	(42)	-	-	-
Total financial liabilities	**154,202,682**	**(158,984,352)**	**(78,950,034)**	**(11,518,763)**	**(12,613,186)**	**(39,896,534)**	**(13,254,829)**	**(2,751,006)**	**-**
Financial assets									
Cash and current accounts with Central Banks	24,252,600	24,257,117	24,257,117	-	-	-	-	-	-
Placements with banks and public institutions	12,272,959	12,350,096	11,435,854	588,224	20,484	263,720	1,463	40,351	-
Financial assets held for trading and measured at fair value through profit or loss	345,756	345,755	185,843	-	-	-	-	-	159,912
Derivatives	124,817	124,817	4,686	720	567	39,419	60,997	18,428	-
Loans and advances to customers	72,008,224	108,637,910	10,017,087	6,536,599	11,217,796	32,207,808	12,611,645	36,046,975	-
Finance lease receivables	3,562,683	4,203,431	413,194	344,208	673,305	1,958,227	795,586	18,911	-
Financial assets measured at fair value through other items of comprehensive income	40,600,026	50,608,529	38,100,622	602,748	906,953	4,104,812	2,840,989	3,898,244	154,161
Financial assets which are required to be measured at fair value through profit or loss	1,232,598	1,336,165	713,662	1,935	3,848	54,589	174,995	-	387,136
Financial assets at amortized cost - debt instruments	9,472,245	10,712,817	889,331	488,950	1,058,148	5,798,269	2,139,338	338,781	-
Other financial assets	1,980,114	2,048,781	1,898,489	91,535	57,322	115	57	1,263	-
Total financial assets	**165,852,022**	**214,625,418**	**87,915,885**	**8,654,919**	**13,938,423**	**44,426,959**	**18,625,070**	**40,362,953**	**701,209**
Net balance sheet position		**55,641,066**	**8,965,851**	**(2,863,844)**	**1,325,237**	**4,530,425**	**5,370,241**	**37,611,947**	**701,209**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

Group - *In RON thousand*	**Carrying amount**	**Gross value (inflow / outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
December 31, 2023									
Off-balance sheet									
Irrevocable commitments given	1,641,982	1,697,589	564,313	78,277	215,998	668,867	143,872	26,262	-
Irrevocable financial guarantees given	5,725,834	5,864,577	1,076,939	1,532,095	799,475	861,101	935,454	659,513	-
Notional amount of swap and forward contracts									
- Deliverable amounts	(2,114,866)	(2,114,866)	(848,638)	(296,291)	(35,169)	(438,538)	(496,230)	-	-
- Receivable amounts	5,731,724	5,731,724	849,992	299,019	42,304	1,390,354	2,376,726	773,329	-
Net position of derivatives	3,616,858	3,616,858	1,354	2,728	7,135	951,816	1,880,496	773,329	-
Total off-balance sheet	**10,984,674**	**11,179,024**	**1,642,606**	**1,613,100**	**1,022,608**	**2,481,784**	**2,959,822**	**1,459,104**	**-**
Total net on- and off-balance sheet position		**44,462,042**	**7,323,245**	**(4,476,944)**	**302,629**	**2,048,641**	**2,410,419**	**36,152,843**	**701,209**

4. Financial risk management and other significant risk management (*continued*)

c) Liquidity risk *(continued)*

The assets and liabilities of the Bank as at December 31, 2024, analyzed based on the period remaining until the contractual maturity, on models reflecting the customer's historic behavior typologies and on conventional assumptions concerning certain balance sheet items are the following:

Bank – *In RON thousand*	Carrying amount	Gross value (inflow / outflow)	Up to 3 months	3-6 months	6-12 months	1-3 years	3 - 5 years	Over 5 years	No maturity
Financial liabilities									
Deposits from banks	1,173,778	(1,174,095)	(1,053,560)	-	(24,871)	(95,664)	-	-	-
Deposits from customers	150,785,254	(151,743,720)	(81,553,844)	(13,077,055)	(15,246,753)	(36,815,257)	(4,407,239)	(643,572)	-
Loans from banks and other financial institutions	11,209,491	(13,849,922)	(180,320)	(415,769)	(446,235)	(5,535,323)	(3,641,507)	(3,630,768)	-
Subordinated liabilities and issued bonds	2,405,137	(3,507,637)	-	(91,506)	(92,009)	(367,031)	(1,645,051)	(1,312,040)	-
Financial liabilities held-for-trading	235,283	(235,283)	(16,552)	(1,050)	(10,750)	(65,926)	(109,937)	(31,068)	-
Lease liabilities	747,857	(812,588)	(39,058)	(38,773)	(79,217)	(273,213)	(199,471)	(182,856)	-
Other financial liabilities	2,582,891	(2,582,891)	(2,582,891)	-	-	-	-	-	-
Total financial liabilities	**169,139,691**	**(173,906,136)**	**(85,426,225)**	**(13,624,153)**	**(15,899,835)**	**(43,152,414)**	**(10,003,205)**	**(5,800,304)**	**-**
Financial assets									
Cash and current accounts with Central Banks	16,908,360	16,911,029	16,911,029	-	-	-	-	-	-
Placements with banks and public institutions	13,612,057	13,949,776	12,217,071	-	311,622	1,076,510	-	344,573	-
Financial assets at amortized cost - debt instruments	19,376,763	22,007,213	2,520,677	2,627,585	1,236,475	8,547,169	5,412,662	1,662,645	-
Derivatives	155,572	155,572	21,514	3,065	3,124	50,552	60,072	17,245	-
Equity instruments	17,833	17,833	8,916	-	-	-	-	-	8,917
Loans and advances to customers	81,389,989	117,295,007	8,423,618	6,920,234	12,955,798	35,198,979	17,686,569	36,109,809	-
Financial assets measured at fair value through other items of comprehensive income	43,151,498	53,586,456	40,602,592	612,522	1,019,052	5,021,049	2,583,883	3,724,578	22,780
Financial assets which are required to be measured at fair value through profit or loss	2,015,434	2,090,383	1,177,009	1,786	3,572	93,667	116,117	-	698,232
Equity investments	2,644,703	2,644,703	-	-	-	-	-	-	2,644,703
Other financial assets	2,013,078	2,101,071	1,862,471	143,333	95,267	-	-	-	-
Total financial assets	**181,285,287**	**230,759,043**	**83,744,897**	**10,308,525**	**15,624,910**	**49,987,926**	**25,859,303**	**41,858,850**	**3,374,632**
Net balance sheet position		**56,852,907**	**(1,681,328)**	**(3,315,628)**	**(274,925)**	**6,835,512**	**15,856,098**	**36,058,546**	**3,374,632**

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

Bank – *In RON thousand*	**Carrying amount**	**Gross value (inflow / outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
December 31, 2024									
Off-balance sheet									
Irrevocable commitments given based on expected cash flow	266,534	274,212	5,802	611	145,859	121,940	-	-	-
Irrevocable financial guarantees given based on expected cash flow	6,938,527	7,086,843	591,749	982,930	1,071,973	3,205,199	674,206	560,786	-
Notional amount of swap and forward contracts									
- Deliverable amounts	(5,656,030)	(5,656,030)	(1,759,005)	(877,380)	(1,478,910)	(994,615)	(546,120)	-	-
- Receivable amounts	12,349,635	12,349,635	1,771,589	889,896	1,521,611	3,371,893	3,768,058	1,026,588	-
Net position of derivatives	6,693,605	6,693,605	12,584	12,516	42,701	2,377,278	3,221,938	1,026,588	-
Total off-balance sheet	**13,898,666**	**14,054,660**	**610,135**	**996,057**	**1,260,533**	**5,704,417**	**3,896,144**	**1,587,374**	**-**
Total net on- and off-balance sheet position		**42,798,247**	**(2,291,463)**	**(4,311,685)**	**(1,535,458)**	**1,131,095**	**11,959,954**	**34,471,172**	**3,374,632**

Compared to 2023, the volume of attracted resources (customers and banks) for the Bank on December 31, 2024 increased from RON 135,525,116 thousand to RON 151,959,032 thousand. A significant mismatch is observed on over 5 years, due to the fact that most of the resources consists of attracted deposits of clients, whose maturities are less than 5 years.

The negative gaps between various balance sheet and off-balance sheet items, as they are presented above, are easy to manage due to the financial assets measured at fair value through other comprehensive income, which ensure a high level of flexibility through their diversification and possibility of trading on an active and liquid market. In order to cover currency gaps, the Group and the Bank can carry out various transactions on the FX or derivatives market.

Liquidity management is adapted and permanently adjusted to the conditions of the Romanian and international financial-banking market, as well as the general economic context.

In liquidity management, the Group and the Bank applies a series of principles regarding the quality, maturity, diversity and degree of risk of assets and liabilities, as follows:

- will apply the rule of a diversified investment portfolio, taking into account the inverse correlation between the degree of risk and the degree of liquidity;
- will establish minimum and/or maximum levels accepted for the significant categories of investments, paying particular attention to liquid assets, easily liquidable or that fulfill the quality of assets eligible for guarantee;
- establishes the funding structure periodically, adapted to its development needs
- will concerned with the development of lasting correspondent relationships, which can ensure easy and safe access to funding sources, both in the short term, as well as in the medium and long term;

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

The assets and liabilities of the Bank as at December 31, 2023, analyzed based on the period remaining until the contractual maturity, on models reflecting the customer's historic behavior typologies and on conventional assumptions concerning certain balance sheet items are the following:

Bank – *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
Financial liabilities									
Deposits from banks	1,081,766	(1,082,423)	(961,886)	-	(24,873)	(95,664)	-	-	-
Deposits from customers	134,443,350	(135,385,886)	(73,069,083)	(10,709,711)	(11,433,114)	(35,621,453)	(3,939,035)	(613,490)	-
Loans from banks and other financial institutions	8,583,795	(10,768,965)	(404,400)	(376,871)	(298,136)	(1,873,873)	(7,274,847)	(540,838)	-
Subordinated liabilities and issued bonds	2,403,652	(3,913,451)	-	(108,775)	(108,775)	(433,912)	(1,792,972)	(1,469,017)	-
Financial liabilities held-for-trading	88,809	(88,809)	(3,520)	(101)	(382)	(34,451)	(41,215)	(9,140)	-
Lease liabilities	669,778	(723,003)	(37,329)	(37,497)	(72,095)	(237,358)	(156,197)	(182,527)	-
Other financial liabilities	1,847,667	(1,847,667)	(1,847,667)	-	-	-	-	-	-
Total financial liabilities	**149,118,817**	**(153,810,204)**	**(76,323,885)**	**(11,232,955)**	**(11,937,375)**	**(38,296,711)**	**(13,204,266)**	**(2,815,012)**	**-**
Financial assets									
Cash and current accounts with Central Banks	22,286,257	22,290,754	22,290,754	-	-	-	-	-	-
Placements with banks and public institutions	12,619,341	12,829,943	10,645,563	564,076	335,913	1,273,107	1,462	9,822	-
Financial assets at amortized cost - debt instruments	7,980,071	9,165,687	86,306	186,436	781,207	5,638,119	2,136,671	336,948	-
Derivatives	124,817	124,817	4,686	720	567	39,419	60,997	18,428	-
Equity instruments	36,303	36,303	18,151	-	-	-	-	-	18,152
Loans and advances to customers	71,550,404	106,940,432	9,795,147	6,340,008	10,969,267	31,557,991	12,610,123	35,667,896	-
Financial assets measured at fair value through other items of comprehensive income	40,264,202	50,259,418	37,908,100	594,888	907,481	4,091,920	2,839,831	3,897,798	19,400
Financial assets which are required to be measured at fair value through profit or loss	1,670,155	1,773,723	976,242	1,935	3,848	54,589	174,995	-	562,114
Equity investments	873,300	873,300	-	-	-	-	-	-	873,300
Other financial assets	1,829,702	1,861,024	1,716,428	87,324	57,272	-	-	-	-
Total financial assets	**159,234,552**	**206,155,401**	**83,441,377**	**7,775,387**	**13,055,555**	**42,655,145**	**17,824,079**	**39,930,892**	**1,472,966**
Net balance sheet position		**52,345,197**	**7,117,492**	**(3,457,568)**	**1,118,180**	**4,358,434**	**4,619,813**	**37,115,880**	**1,472,966**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

c) *Liquidity risk (continued)*

Bank – *In RON thousand*	**Carrying amount**	**Gross value (inflow /outflow)**	**Up to 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**No maturity**
December 31, 2023									
Off-balance sheet									
Irrevocable commitments given based on expected cash flow	658,786	675,354	205,369	3,900	40,364	417,476	8,245	-	-
Irrevocable financial guarantees given based on expected cash flow	5,659,211	5,796,727	1,075,416	1,530,721	783,865	846,475	934,067	626,183	-
Notional amount of swap and forward contracts									
- Deliverable amounts	(2,114,865)	(2,114,865)	(848,637)	(296,291)	(35,169)	(438,538)	(496,230)	-	-
- Receivable amounts	5,731,723	5,731,723	849,992	299,019	42,304	1,390,353	2,376,726	773,329	-
Net position of derivatives	3,616,858	3,616,858	1,355	2,728	7,135	951,815	1,880,496	773,329	-
Total off-balance sheet	**9,934,855**	**10,088,939**	**1,282,140**	**1,537,349**	**831,364**	**2,215,766**	**2,822,808**	**1,399,512**	**-**
Total net on- and off-balance sheet position		**42,256,258**	**5,835,352**	**(4,994,917)**	**286,816**	**2,142,668**	**1,797,005**	**35,716,368**	**1,472,966**

4. Financial risk management and other significant risk management (*continued*)

d) Market risk

Market risk represents the risk that the earnings of the Group and the Bank or the value of financial instruments held may be negatively affected by adverse market changes in interest rates, foreign exchange rates or other financial ratios. The objective of market risk management is to monitor and maintain financial instrument portfolio exposures within acceptable risk parameters, while optimizing the return on investments.

d1) Interest rate risk from the banking book

Interest rate risk represents the current or future risk for profit and capital to be negatively affected as a result of adverse changes in interest rates.

The Group and the Bank undertake the interest rate risk resulting from funds raised and placed in relation to non-bank customers (interest rate risk from banking activities).
The main sources of interest rate risk are represented by the imperfect correlation between maturity dates (for fixed interest rates) or pricing reset dates (for variable interest rates) with respect to interest bearing assets and liabilities, the adverse changes of the yield curve (un-parallel shift of interest rate curves related to interest bearing assets and liabilities).

The management of interest bearing assets and liabilities is carried out in the context of the Group's/the Bank's exposure to interest rate fluctuations. The Group and the Bank use a mix of fixed and variable interest bearing instruments to control the mismatch between the dates on which the interest on assets and liabilities is adjusted to the market rates or the maturity mismatch between assets and liabilities.

Interest rate risk is managed by monitoring the interest rate GAP (mismatch) and by means of a system of limits and indicators well diversified.
The Assets and Liabilities Management Committee is the body that monitors the compliance with these limits, being assisted in the daily monitoring by the Treasury Department.

Interest rate risk management within the limits is accompanied by a sensitivity analysis of the Group's/the Bank's financial assets and liabilities to various standard interest rate scenarios.

On December 31, 2024 and December 31, 2023, the interest rate risk exposure of the Group and the Bank is presented below:

Structure, RON thousand	Group		Bank	
	Weight in total assets/liabilities - banking book			
	2024	**2023**	**2024**	**2023**
Assets with fixed IR	48.66%	50.85%	50.45%	52.22%
Assets with floating IR	51.34%	49.15%	49.55%	47.78%
Liabilities with fixed IR	49.42%	45.86%	50.91%	47.97%
Liabilities with floating IR	50.58%	54.14%	49.09%	52.03%

Structure, RON thousand	Group		Bank	
	2024	**2023**	**2024**	**2023**
Assets with fixed IR	105,671,468	88,089,026	92,665,530	84,215,290
Assets with floating IR	111,511,739	85,394,685	91,007,392	77,049,707
Liabilities with fixed IR	99,251,036	72,897,288	87,940,160	72,006,128
Liabilities with floating IR	101,590,841	87,504,418	84,799,700	78,085,685

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

An analysis of the interest bearing assets' and liabilities' sensitivity to interest rate increases or decreases on the market is set out below at Group/Bank level:

	Group				**Bank**			
In RON thousand	**200 basis points**	**200 basis points**	**100 basis points**	**100 basis points**	**200 basis points**	**200 basis points**	**100 basis points**	**100 basis points**
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
December 31, 2024								
Average for the period	20,020	(20,020)	10,010	(10,010)	21,496	(21,496)	10,748	(10,748)
Minimum for the period	(379,857)	(35)	(189,929)	(18)	(370,281)	861	(185,140)	430
Maximum for the period	322,314	(883)	161,157	(442)	353,180	(1,866)	176,590	(933)
December 31, 2023								
Average for the period	14,006	(14,006)	7,003	(7,003)	16,507	(16,507)	8,253	(8,253)
Minimum for the period	(283,473)	(11)	(141,737)	(5)	(283,933)	720	(141,966)	360
Maximum for the period	346,668	(3,326)	173,334	(1,663)	346,668	(4,168)	173,334	(2,084)

In the sensitivity analysis regarding interest rate variation, the Group and the Bank have calculated the impact of potential market interest rate changes on the interest margin for the future financial periods, by taking into consideration the interest rate resetting/re-fixing date with respect to the balance sheet assets and liabilities.

The potential change of the Bank's economic value due to changes of the interest rate levels based on the standardized method is presented in the table below:

In RON thousand	**2024**	**2023**
Own funds	16,287,691	13,709,705
Potential decline in ec value +/- 200bp		
Absolute value	1,391,926	1,056,976
Impact on own funds	8.55%	7.71%

The potential change of the Group's economic value based on the standardized method is presented in the table below:

In RON thousand	**2024**	**2023**
Own funds	17,652,487	14,326,380
Potential decline in ec value +/- 200bp		
Absolute value	1,561,589	1,092,447
Impact on own funds	8.85%	7.63%

By undertaking GAP analyses, the Group and the Bank intended to reduce the gap between assets and liabilities that are sensitive to interest rate fluctuations, both overall and on various time intervals, so that the impact of interest rate fluctuations on the net incomes should be minimized.

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

The table below presents the aggregated amounts of the Group's banking book at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date, as at December 31, 2024:

In RON thousand	**Up to 6 months**	**6 - 12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Financial assets							
Cash and current accounts with Central Banks	21,950,170	-	-	-	-	-	**21,950,170**
Placements with banks and public institutions	13,706,891	-	-	-	7,979	-	**13,714,870**
Financial assets measured at amortized cost - debt instruments	6,938,210	1,304,576	7,634,501	4,925,764	1,598,020	-	**22,401,071**
Financial assets measured at fair value through other items of comprehensive income	37,706,024	159,806	2,162,621	928,027	962,800	-	**41,919,278**
Loans and advances to customers	54,888,536	6,859,201	19,550,884	8,877,381	603,624	-	**90,779,626**
Finance lease receivables	1,127,941	890,269	2,557,423	992,288	22,315	-	**5,590,236**
Other financial assets	869,143	84,480	57	-	-	1,373,687	**2,327,367**
Total financial assets	**137,186,915**	**9,298,332**	**31,905,486**	**15,723,460**	**3,194,738**	**1,373,687**	**198,682,618**
Financial liabilities							
Deposits from banks	830,620	24,871	95,664	-	-	-	**951,155**
Deposits from customers	137,142,702	22,473,990	8,191,105	7,872	53,597	-	**167,869,266**
Loans from banks and other financial institutions, subordinated debt and issued bonds	3,949,071	223,656	4,073,767	3,069,435	3,452,322	-	**14,768,251**
Lease liabilities	114,424	61,952	212,052	151,270	77,800	-	**617,498**
Other financial liabilities	1,185,296	4,103	53	-	-	2,578,258	**3,767,710**
Total financial liabilities	**143,222,113**	**22,788,572**	**12,572,641**	**3,228,577**	**3,583,719**	**2,578,258**	**187,973,880**
Net position	**(6,035,198)**	**(13,490,240)**	**19,332,845**	**12,494,883**	**(388,981)**	**(1,204,571)**	**10,708,738**
Irrevocable commitments given	771,084	545,615	737,208	153,925	370,155	-	**2,577,987**
Irrevocable financial guarantees given	1,796,647	1,180,806	3,310,643	695,916	768,368	-	**7,752,380**
Total off-balance sheet	**2,567,731**	**1,726,421**	**4,047,851**	**849,841**	**1,138,523**	**-**	**10,330,367**
Net position on- and off-balance sheet	**(3,467,467)**	**(11,763,819)**	**23,380,696**	**13,344,724**	**749,542**	**(1,204,571)**	**21,039,105**

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

The table below presents the aggregated amounts of the Group's banking book at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date, as at December 31, 2023:

In RON thousand	Up to 6 months	6 - 12 months	1-3 years	3 - 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Cash and current accounts with Central Banks	24,252,600	-	-	-	-	-	**24,252,600**
Placements with banks and public institutions	12,233,947	497	-	1	38,514	-	**12,272,959**
Financial assets measured at amortized cost - debt instruments	2,828,783	744,108	4,062,122	1,654,519	182,713	-	**9,472,245**
Financial assets measured at fair value through other items of comprehensive income	35,867,965	137,200	1,618,631	1,269,016	1,072,722	-	**39,965,534**
Loans and advances to customers	49,444,311	4,157,793	12,327,464	5,586,016	492,640	-	**72,008,224**
Finance lease receivables	3,508,414	9,351	33,354	11,564	-	-	**3,562,683**
Other financial assets	385,071	36,177	-	-	-	1,558,866	**1,980,114**
Total financial assets	**128,521,091**	**5,085,126**	**18,041,571**	**8,521,116**	**1,786,589**	**1,558,866**	**163,514,359**
Financial liabilities							
Deposits from banks	914,076	24,873	95,664	-	-	-	**1,034,613**
Deposits from customers	114,654,598	16,754,782	6,628,923	11,254	3,397	-	**138,052,954**
Loans from banks and other financial institutions, subordinated debt and issued bonds	4,460,677	106,330	358,805	6,519,269	526,704	-	**11,971,785**
Lease liabilities	68,312	65,353	205,501	118,444	75,741	-	**533,351**
Other financial liabilities	-	-	-	-	-	2,521,170	**2,521,170**
Total financial liabilities	**120,097,663**	**16,951,338**	**7,288,893**	**6,648,967**	**605,842**	**2,521,170**	**154,113,873**
Net position	**8,423,428**	**(11,866,212)**	**10,752,678**	**1,872,149**	**1,180,747**	**(962,304)**	**9,400,486**
Irrevocable commitments given	624,492	198,862	659,345	134,070	25,213	-	**1,641,982**
Irrevocable financial guarantees given	2,585,971	765,041	830,914	932,592	611,316	-	**5,725,834**
Total off-balance sheet	3,210,463	963,903	1,490,259	1,066,662	636,529	-	**7,367,816**
Net position on- and off-balance sheet	**11,633,891**	**(10,902,309)**	**12,242,937**	**2,938,811**	**1,817,276**	**(962,304)**	**16,768,302**

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

The table below presents the aggregated amounts of the Bank's banking book at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date, as at December 31, 2024:

In RON thousand	**Up to 6 months**	**6 - 12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Financial assets							
Cash and current accounts with Central Banks	16,908,360	-	-	-	-	-	**16,908,360**
Placements with banks and public institutions	13,569,807	24,771	9,500	-	7,979	-	**13,612,057**
Financial assets at amortized cost - debt instruments	5,510,513	653,766	7,259,822	4,661,047	1,291,615	-	**19,376,763**
Financial assets measured at fair value through other items of comprehensive income	37,093,548	159,068	2,120,002	909,875	962,637	-	**41,245,130**
Loans and advances to customers	51,874,660	4,671,180	16,452,501	8,228,130	163,518	-	**81,389,989**
Net lease investments	-	-	-	-	-	-	-
Other financial assets	539,230	84,480	-	-	-	1,389,368	**2,013,078**
Total financial assets	**125,496,118**	**5,593,265**	**25,841,825**	**13,799,052**	**2,425,749**	**1,389,368**	**174,545,377**
Financial liabilities							
Deposits from banks	1,053,243	24,871	95,664	-	-	-	**1,173,778**
Deposits from customers	124,692,066	21,117,201	4,972,463	592	2,932	-	**150,785,254**
Loans from banks and other financial institutions, subordinated debt and issued bonds	2,890,083	131,601	4,071,187	3,069,435	3,452,322	-	**13,614,628**
Lease liabilities	69,337	71,250	248,526	185,454	173,290	-	**747,857**
Other financial liabilities	-	-	-	-	-	2,582,891	**2,582,891**
Total financial liabilities	**128,704,729**	**21,344,923**	**9,387,840**	**3,255,481**	**3,628,544**	**2,582,891**	**168,904,408**
Net position	**(3,208,611)**	**(15,751,658)**	**16,453,985**	**10,543,571**	**(1,202,795)**	**(1,193,523)**	**5,640,969**
Irrevocable commitments given	6,410	139,645	120,479	-	-	-	**266,534**
Irrevocable financial guarantees given	1,523,024	1,035,008	3,168,459	663,143	548,893	-	**6,938,527**
Total off-balance sheet	**1,529,434**	**1,174,653**	**3,288,938**	**663,143**	**548,893**	**-**	**7,205,061**
Net position on- and off-balance sheet	**(1,679,177)**	**(14,577,005)**	**19,742,923**	**11,206,714**	**(653,902)**	**(1,193,523)**	**12,846,030**

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d1) Interest rate risk from the banking book (continued)

The table below presents the aggregated amounts of the Bank's banking book at carrying amounts, categorized based on the earlier date between the interest modification date and the maturity date, as at December 31, 2023:

In RON thousand	**Up to 6 months**	**6 - 12 months**	**1-3 years**	**3 - 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Financial assets							
Cash and current accounts with Central Banks	22,286,257	-	-	-	-	-	**22,286,257**
Placements with banks and public institutions	11,413,653	289,327	908,376	-	7,985	-	**12,619,341**
Financial assets at amortized cost - debt instruments	1,735,714	493,106	3,917,831	1,652,333	181,087	-	**7,980,071**
Financial assets measured at fair value through other items of comprehensive income	35,681,506	135,239	1,610,568	1,268,311	1,072,553	-	**39,768,177**
Loans and advances to customers	51,450,773	3,634,656	11,069,733	5,183,332	211,910	-	**71,550,404**
Net lease investments	-	-	-	-	-	-	**-**
Other financial assets	385,071	36,177	-	-	-	1,408,454	**1,829,702**
Total financial assets	**122,952,974**	**4,588,505**	**17,506,508**	**8,103,976**	**1,473,535**	**1,408,454**	**156,033,952**
Financial liabilities							
Deposits from banks	961,229	24,873	95,664	-	-	-	**1,081,766**
Deposits from customers	111,319,566	16,511,835	6,597,298	11,254	3,397	-	**134,443,350**
Loans from banks and other financial institutions, subordinated debt and issued bonds	3,623,428	83,940	239,090	6,514,285	526,704	-	**10,987,447**
Lease liabilities	68,749	66,323	218,784	144,413	171,509	-	**669,778**
Other financial liabilities	-	-	-	-	-	1,847,667	**1,847,667**
Total financial liabilities	**115,972,972**	**16,686,971**	**7,150,836**	**6,669,952**	**701,610**	**1,847,667**	**149,030,008**
Net position	**6,980,002**	**(12,098,466)**	**10,355,672**	**1,434,024**	**771,925**	**(439,213)**	**7,003,944**
Irrevocable commitments given	205,673	27,660	417,208	8,245	-	-	**658,786**
Irrevocable financial guarantees given	2,549,797	750,124	816,744	931,230	611,316	-	**5,659,211**
Total off-balance sheet	**2,755,470**	**777,784**	**1,233,952**	**939,475**	**611,316**	**-**	**6,317,997**
Net position on- and off-balance sheet	**9,735,472**	**(11,320,682)**	**11,589,624**	**2,373,499**	**1,383,241**	**(439,213)**	**13,321,941**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) Market risk *(continued)*

d2) Currency risk

The Group and the Bank are exposed to currency risk through open positions generated by FX transactions. There is also a risk that the net values of monetary assets and liabilities in foreign currency may change, as a result of exchange rate variation.

The Group and the Bank manage the currency risk based both on classic approach as strict currency position and "stop-loss" limits monitored in real time but also based on VaR type calculations to assess possible changes in the assets and liabilities values.

The Group's monetary assets and liabilities denominated in RON and FCY at December 31, 2024 are presented below:

In RON thousand	**RON**	**EUR**	**USD**	**Other currencies**	**Total**
Monetary assets					
Cash and current accounts with Central Banks	12,464,650	7,900,838	309,268	1,275,414	**21,950,170**
Placements with banks and public institutions	7,586,834	4,184,369	1,123,848	819,819	**13,714,870**
Financial assets held for trading and measured at fair value through profit or loss	135,953	4,744	-	-	**140,697**
Derivatives	144,704	25,741	2,585	-	**173,030**
Loans and advances to customers	61,841,784	26,401,870	373,602	2,162,370	**90,779,626**
Finance lease receivables	94,830	5,470,048	-	25,358	**5,590,236**
Financial assets measured at fair value through other items of comprehensive income	29,114,855	12,127,644	2,437,878	125,592	**43,805,969**
Financial assets which are required to be measured at fair value through profit or loss	413,417	253,198	395,640	-	**1,062,255**
Financial assets at amortized cost - debt instruments	10,659,658	8,742,338	1,006,477	1,992,598	**22,401,071**
Other financial assets	1,933,055	301,398	49,535	43,379	**2,327,367**
Total monetary assets	**124,389,740**	**65,412,188**	**5,698,833**	**6,444,530**	**201,945,291**
Monetary liabilities					
Deposits from banks	918,252	25,986	998	5,919	**951,155**
Deposits from customers	109,896,957	46,869,592	6,286,204	4,816,513	**167,869,266**
Loans from banks and other financial institutions, subordinated debt	176,248	14,337,505	-	254,498	**14,768,251**
Financial liabilities held-for-trading	171,178	58,796	5,348	-	**235,322**
Lease liabilities	20,012	596,137	578	771	**617,498**
Other financial liabilities	2,657,022	831,462	175,186	104,040	**3,767,710**
Total monetary liabilities	**113,839,669**	**62,719,478**	**6,468,314**	**5,181,741**	**188,209,202**
Net currency position	**10,550,071**	**2,692,710**	**(769,481)**	**1,262,789**	**13,736,089**
Gross value of swap and forward contracts					
- Payable amounts	(1,458,853)	(5,044,715)	(82,758)	(382,647)	**(6,968,973)**
- Receivable amounts	5,520,537	6,797,412	872,483	786,890	**13,977,322**
Net position of derivatives	**4,061,684**	**1,752,697**	**789,725**	**404,243**	**7,008,349**
Net on- and off-balance sheet position	**14,611,755**	**4,445,407**	**20,244**	**1,667,032**	**20,744,438**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d2) Currency risk (continued)

The Group's monetary assets and liabilities denominated in RON and FCY at December 31, 2023 are presented below:

In RON thousand	RON	EUR	USD	Other currencies	Total
Monetary assets					
Cash and current accounts with Central Banks	18,496,256	4,082,218	290,777	1,383,349	**24,252,600**
Placements with banks and public institutions	7,436,324	2,479,676	1,631,716	725,243	**12,272,959**
Financial assets held for trading and measured at fair value through profit or loss	119,106	10,549	-	-	**129,655**
Derivatives	112,180	12,637	-	-	**124,817**
Loans and advances to customers	47,977,456	22,257,474	222,906	1,550,388	**72,008,224**
Finance lease receivables	124,567	3,426,277	-	11,839	**3,562,683**
Financial assets measured at fair value through other items of comprehensive income	22,562,188	14,959,857	2,802,809	121,012	**40,445,866**
Financial assets which are required to be measured at fair value through profit or loss	351,288	225,906	362,484	-	**939,678**
Financial assets at amortized cost - debt instruments	1,518,557	6,462,953	76,719	1,414,016	**9,472,245**
Other financial assets	1,805,784	105,022	24,136	45,172	**1,980,114**
Total monetary assets	**100,503,706**	**54,022,569**	**5,411,547**	**5,251,019**	**165,188,841**
Monetary liabilities					
Deposits from banks	459,857	427,702	144,225	2,829	**1,034,613**
Deposits from customers	87,831,019	40,916,837	5,513,132	3,791,966	**138,052,954**
Loans from banks and other financial institutions, subordinated debt	402,769	11,538,034	-	30,982	**11,971,785**
Financial liabilities held-for-trading	75,709	13,100	-	-	**88,809**
Lease liabilities	21,457	510,021	428	1,445	**533,351**
Other financial liabilities	1,636,936	679,238	83,541	121,455	**2,521,170**
Total monetary liabilities	**90,427,747**	**54,084,932**	**5,741,326**	**3,948,677**	**154,202,682**
Net currency position	**10,075,959**	**(62,363)**	**(329,779)**	**1,302,342**	**10,986,159**
Gross value of swap and forward contracts					
- Payable amounts	(756,542)	(1,105,899)	(32,235)	(220,190)	**(2,114,866)**
- Receivable amounts	2,202,330	3,412,376	32,235	84,783	**5,731,724**
Net position of derivatives	**1,445,788**	**2,306,477**	**-**	**(135,407)**	**3,616,858**
Net on- and off-balance sheet position	**11,521,747**	**2,244,114**	**(329,779)**	**1,166,935**	**14,603,017**

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d2) Currency risk (continued)

The Bank's monetary assets and liabilities denominated in RON and foreign currencies at December 31, 2024 are presented below:

In RON thousand	RON	EUR	USD	Other currencies	Total
Monetary assets					
Cash and current accounts with Central Banks	9,505,994	7,088,570	101,371	212,425	**16,908,360**
Placements with banks and public institutions	8,140,450	3,783,401	879,638	808,568	**13,612,057**
Financial assets at amortized cost - debt instruments	10,029,574	8,340,712	1,006,477	-	**19,376,763**
Derivatives	129,884	23,103	2,585	-	**155,572**
Loans and advances to customers	53,269,953	27,601,122	236,442	282,472	**81,389,989**
Financial assets measured at fair value through other items of comprehensive income	28,639,172	11,929,179	2,437,878	122,489	**43,128,718**
Financial assets which are required to be measured at fair value through profit or loss	818,058	434,341	389,698	-	**1,642,097**
Other financial assets	1,738,833	236,787	36,980	478	**2,013,078**
Total monetary assets	**112,271,918**	**59,437,215**	**5,091,069**	**1,426,432**	**178,226,634**
Monetary liabilities					
Deposits from banks	884,664	275,812	8,827	4,475	**1,173,778**
Deposits from customers	101,868,300	42,300,285	5,442,492	1,174,177	**150,785,254**
Loans from banks and other financial institutions, subordinated debt	164,394	13,450,234	-	-	**13,614,628**
Financial liabilities held-for-trading	172,348	57,587	5,348	-	**235,283**
Lease liabilities	17,046	730,374	437	-	**747,857**
Other financial liabilities	2,210,207	323,628	32,965	16,091	**2,582,891**
Total monetary liabilities	**105,316,959**	**57,137,920**	**5,490,069**	**1,194,743**	**169,139,691**
Net currency position	**6,954,959**	**2,299,295**	**(399,000)**	**231,689**	**9,086,943**
Gross value of swap and forward contracts					
- Payable amounts	(1,223,977)	(3,983,260)	(273,830)	(174,963)	**(5,656,030)**
- Receivable amounts	5,520,537	6,243,223	585,875	-	**12,349,635**
Net position of derivatives	**4,296,560**	**2,259,963**	**312,045**	**(174,963)**	**6,693,605**
Net on- and off-balance sheet position	**11,251,519**	**4,559,258**	**(86,955)**	**56,726**	**15,780,548**

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*
d2) Currency risk (continued)

The Bank's monetary assets and liabilities denominated in RON and foreign currencies at December 31, 2023 are presented below:

In RON thousand	RON	EUR	USD	Other currencies	Total
Monetary assets					
Cash and current accounts with Central Banks	18,444,613	3,502,507	102,665	236,472	**22,286,257**
Placements with banks and public institutions	7,376,282	3,108,383	1,413,595	721,081	**12,619,341**
Financial assets at amortized cost - debt instruments	1,513,817	6,389,535	76,719	-	**7,980,071**
Derivatives	112,180	12,637	-	-	**124,817**
Loans and advances to customers	47,256,091	23,768,656	181,999	343,658	**71,550,404**
Financial assets measured at fair value through other items of comprehensive income	22,395,318	14,929,370	2,802,809	117,305	**40,244,802**
Financial assets which are required to be measured at fair value through profit or loss	680,047	335,625	362,011	-	**1,377,683**
Other financial assets	1,729,164	86,918	13,055	565	**1,829,702**
Total monetary assets	**99,507,512**	**52,133,631**	**4,952,853**	**1,419,081**	**158,013,077**
Monetary liabilities					
Deposits from banks	463,879	466,727	147,711	3,449	**1,081,766**
Deposits from customers	88,037,668	40,075,003	5,147,463	1,183,216	**134,443,350**
Loans from banks and other financial institutions, subordinated debt	360,131	10,627,316	-	-	**10,987,447**
Financial liabilities held-for-trading	75,709	13,100	-	-	**88,809**
Lease liabilities	16,812	652,538	428	-	**669,778**
Other financial liabilities	1,269,040	546,421	10,173	22,033	**1,847,667**
Total monetary liabilities	**90,223,239**	**52,381,105**	**5,305,775**	**1,208,698**	**149,118,817**
Net currency position	**9,284,273**	**(247,474)**	**(352,922)**	**210,383**	**8,894,260**
Gross value of swap and forward contracts					
- Payable amounts	(756,542)	(1,105,899)	(32,235)	(220,189)	**(2,114,865)**
- Receivable amounts	2,202,330	3,412,376	32,235	84,782	**5,731,723**
Net position of derivatives	**1,445,788**	**2,306,477**	**-**	**(135,407)**	**3,616,858**
Net on- and off-balance sheet position	**10,730,061**	**2,059,003**	**(352,922)**	**74,976**	**12,511,118**

By determining and monitoring the net FCY positions and the exchange rate volatility, the Bank has aimed to create a portfolio that is optimally correlated in terms of FCY assets and liabilities, as well as a balanced approach to trading operations on the foreign exchange market.

The table below presents the Profit/Loss sensitivity in the event of potential changes of the exchange rates applicable at the end of the reporting period in relation to the functional currency of the Group entities, considering that all the other variables remain constant:

	Impact on Profit or Loss	
In RON thousand	**2024**	**2023**
EUR increase by up to 20%	58,165	6,296
EUR decrease by up to 20%	(58,165)	(6,296)
USD increase by up to 20%	(1,985)	5,901
USD decrease by up to 20%	1,985	(5,901)

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d3) Market risk related to trading activity

The main purpose of market risk management is to achieve the expected performance of the trading portfolio, with a proper management of the inherent market risk, consciously assumed and adapted to the market conditions and development of the Group and the Bank, and last but not least to the current legal framework.

General principles applied in order to ensure the adequate management of market risk are:

- Market risk management is adapted and adjusted constantly to the Romanian and the international financial and banking market conditions and to the general economic context.
- In the management of market risk, the Bank applies clear principles regarding the suitability, maturity, diversity and risk degree of the component elements.
- Market risk is analyzed within the stress tests operated on the bond, equity and collective investment units portfolios held by the Bank.

The Group and the Bank manage the exposure to market risk by monitoring on a daily basis the market value of the held-for-trading portfolio in relation to a system of risk limits approved by the Assets and Liabilities Committee. The held-for-trading portfolio includes fixed-income securities issued on the Romanian or the European market (sovereign, municipal and corporate bonds), denominated in RON, EUR and USD, as well as shares issued by Romanian or European entities traded on the Bucharest Stock Exchange or Vienna Stock Exchange (which are not directly exposed to interest rate and currency risk, but are exposed to price risk) and collective investment units issued by Romanian entities.

Exposure to market risk related to trading activities

Exposure represents market risk relates mainly to the following balance sheet items:

- Held-for-trading financial assets measured at fair value through profit or loss;
- Derivatives;
- Financial assets which are required to be measured at fair value through profit or loss;
- Financial assets measured at fair value through other items of comprehensive income.

The risk exposure on a consolidated and separate basis as at December 31, 2024, respectively December 31, 2023 is presented below:

		Group		Bank	
In RON thousand		**2024**	**2023**	**2024**	**2023**
Assets	Notes	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**
Held-for-trading financial assets measured at fair value through profit or loss	21	140,697	129,655	-	-
Derivatives	43	173,030	124,817	155,572	124,817
Financial assets which are required to be measured at fair value through profit or loss	21	1,062,255	939,678	1,642,097	1,377,683
Financial assets measured at fair value through other items of comprehensive income	24	1,886,691	480,332	1,883,588	476,625
Total on-balance sheet		**3,262,673**	**1,674,482**	**3,681,257**	**1,979,125**

4. Financial risk management and other significant risk management (*continued*)

d) *Market risk (continued)*

d3) Market risk related to trading activity (continued)

Exposure to market risk related to trading activities (continued)

The following table presents the sensitivity impact of a possible change in interest rates of +/- 1.00% and a decrease in market prices of +/- 10% at equity level and P&L level, considering that all the other variables remain constant:

Group	**December 31, 2024**		**December 31, 2023**	
In RON thousand	**Impact in profit or loss**	**Impact in equity**	**Impact in profit or loss**	**Impact in equity**
Shares	(1,887)	-	(3,696)	-
OTC derivatives	(130,558)	-	(106,483)	-
Bonds and T-bills	-	(1,237,667)	-	(1,381,314)
Total impact	**(132,445)**	**(1,237,667)**	**(110,180)**	**(1,381,314)**

Bank	**December 31, 2024**		**December 31, 2023**	
In RON thousand	**Impact in profit or loss**	**Impact in equity**	**Impact in profit or loss**	**Impact in equity**
Shares	(1,783)	-	(3,630)	-
OTC derivatives	(127,891)	-	(103,970)	-
Bonds and T-bills	-	(1,236,509)	-	(1,380,753)
Total impact	**(129,674)**	**(1,236,509)**	**(107,600)**	**(1,380,753)**

e) *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, 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 Group and 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.

4. Financial risk management and other significant risk management (*continued*)

e) *Capital management* (*continued*)

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 preservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2024- December 31, 2024;
- an O-SII buffer of 2% of the total risk weighted exposures;
- the value of systemic risk buffer is 0% of the value of the risk-weighted exposures;
- the anticyclical capital buffer specific to the institution of 1% of the value of the risk-weighted exposures valid starting from 23 October 2023.

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 exceeds the minimum mandatory requirements imposed by the law.
As at December 31, 2024 and December 31, 2023, as well as during the years 2024 and 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 17,624,525 thousand as of December 31, 2024 (2023: RON 14,954,116 thousand), regulatory capital amounts to RON 11,861,305 thousand as of December 2024 (2023: RON 9,366,726 thousand) and the Group and the Bank have complied with all externally imposed capital requirements throughout 2024 and 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 and the Bank manage 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.

4. Financial risk management and other significant risk management (*continued*)

e) *Capital management (continued)*

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

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Tier 1 own funds	15,523,180	12,692,053	14,280,957	11,363,215
Tier 2 own funds	2,101,345	2,262,063	1,978,386	2,260,454
Total own funds	**17,624,525**	**14,954,116**	**16,259,343**	**13,623,669**
Credit risk exposure	67,580,852	54,601,810	53,224,582	49,176,491
Market risk, FX risk, delivery risk exposure	3,485,447	2,388,004	3,270,168	2,339,361
Operational risk exposure	16,641,849	12,299,116	12,562,492	10,403,774
Risk exposure for the adjustment of credit assessment	153,368	94,229	146,818	94,229
Total risk exposure	**87,861,516**	**69,383,159**	**69,204,060**	**62,013,855**

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

	Group		Bank	
In %	**2024**	**2023**	**2024**	**2023**
Core tier one ratio	17.67	18.29	20.64	18.32
Tier 1 ratio	17.67	18.29	20.64	18.32
CAR	20.06	21.55	23.49	21.97

Note: The calculation of the Group's and the Bank's own funds takes into account the statutory profit of the Group, respectively of the Bank for the financial years ended on 30 June 2024 and on December 31, 2023. Regulatory capital as at December 31, 2024 and December 31, 2023 was calculated according to the IFRS endorsed by the European Union.

In May 2024, the European Parliament and the Council adopted Regulation (EU) 2024/1623 amending Regulation (EU) no. 575/2013 as regards requirements for credit risk, credit adjustment risk, operational risk and market risk (hereinafter referred to as CRR3) and Directive (EU) 2024/1619 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches and environmental, social and governance risks.
The above-mentioned Regulation and Directive reflect the implementation of the final Basel III reform package in the EU. CRR3 is to apply from January 1, 2025, for prudential reporting related to the reference date 31.03.2025, while CRD6 is to be transposed into national law by January 2026 (i.e. 18 months after entry into force on July 9, 2024).
Thus, as of the date of preparation of these financial statements, the Group has not carried out prudential reporting using the new requirements provided by the legislative framework, and as regards the effect of the changes on the main capital adequacy indicators, the Group estimates that they will remain at levels above the minimum regulated requirements, without a significant impact being recorded from the implementation of the new rules.

f) *Operational risk*

Operational risk is the risk that considers those inadequate practices, policies and systems unable to prevent a loss due to market conditions or operational difficulties.

The objective of the operational risk management is to ensure the general framework and action directions for establishing a complete risk management in Banca Transilvania Financial Group, by integrating a specific management system in the current risk management processes.

4. Financial risk management and other significant risk management (*continued*)

f) *Operational risk (continued)*

BT aims to continuously improve the risk management processes by working towards an integrated risk management system to support the decision-making process.

The operational risk management framework implemented at the level of the entire group is in accordance with the established business objectives and the assumed risk appetite, as well as with the observance with the provisions of the legislation in the field and of the internal regulations in force.

In order to identify, evaluate, monitor and reduce the banking operational risk, Banca Transilvania S.A.:

- continuously assesses exposures to operational risk, based on historical data, monitoring and managing the conduct risk, as a subcategory of the operational risk, as well as the risk determinants associated with this category, paying particular attention to its scope, relevance and the possible prudential impact;
- evaluates and monitors products, processes and systems aimed for developing new markets, products and services, as well as significant changes to existing ones and the conduct of exceptional transactions, from the perspective of product consistency and changes in line with the risk strategy;
- identifies, assesses, monitors and manages the risks associated with information technology (ICT), the bank has appropriate processes and controls in place to ensure that all risks are identified, analyzed, measured, monitored, managed, reported and maintained within the risk appetite and that the projects and systems they deliver and the activities they perform are in line with the external and internal requirements;

The Bank also defines and assigns relevant roles, key responsibilities and reporting lines to ensure the effectiveness of the ICT and Security Risk Management Framework, which is integrated into its own regulatory framework, operational framework for ICT security and into the risk management framework.

In order to reduce the risks inherent in the bank's operational activity, it is necessary to constantly monitor the controls implemented at different levels, to evaluate their efficiency, as well as to introduce methods to reduce the effects of the operational risk events.

The strategy of the Group to diminish the exposure to operational risks is mainly based on:

- constant compliance of the normative documents with the legal regulations and to the market conditions;
- personnel training;
- efficiency of the internal control systems (organization and implementation);
- continuous improvement of the IT solutions and strengthening of BT information security systems;
- using complementary means to reduce risks: concluding specific insurance policies against risks, outsourcing activities;
- the implementation of the measures for the limitation and reduction of the effects of the identified operational risk incidents, such as: standardization of the current activity, automation of most processes with permanently monitored control points; reduction of redundant data volumes collected at the level of different entities of the bank; assessment of the products, processes and systems in order to determine the associated risks and measures to eliminate / mitigate them;
- the application of the recommendations and the conclusions resulting from on-going supervision;
- the update, evaluation and testing of business continuity plans on a regular basis, in particular of those systems that support the critical operational processes of the Group and the Bank.

The operational risk assessment process is closely correlated with the overall risk management process. Its outcome is part of the operational risk monitoring and control processes and is constantly compared to the risk appetite established by the risk management strategy.

Notes to the consolidated and separate financial statements

4. Financial risk management and other significant risk management (*continued*)

g) *Climate risk*

The impact of climate change and the acceleration of regulatory and public policy initiatives are contributing to a growing concern in the financial services sector about identifying and managing related risks, especially as financial institutions are expected to play an important role in the transition to a sustainable economy.

Without being seen as a separate category of risks, climate risks are accelerators of the risks traditionally managed by the Group, either in relation to physical risk or transition risk. Physical risk is driven either by extreme weather events related to temperature, wind, water (such as floods, hurricanes, fires) or long-term changes in weather patterns (such as high temperatures sustained over a longer time horizon, heat waves, droughts or sea level rise).Transition risk arises as a result of measures taken to mitigate the effects of climate change and the transition to a low-carbon economy (such as changes in laws and regulations, litigation due to failure to mitigate or adapt to climate change), as well as changes in demand and supply for certain goods, products and services due to changes in consumer behavior and investor demand.

To manage these climate risks, the Group and the Bank use the list of sectorial exclusions aligned with IFC/EBRD recommendations. In addition, the Group and the Bank use processes and tools for the identification and assessment of environmental risk in line with best practices and IFC/EBRD standards in its corporate credit analysis, which are translated into internal working instructions that are regularly reviewed. This analyses the impact of the company applying for financing on the environment (water, soil and emissions) and the impact of climate change on the company's activities. The level of detail and complexity of this analysis is also determined by criteria related to the size of the company, project or transaction.

The Group and the Bank are continuously refining the mapping of the entire financing and investment portfolio according to environmental, social and governance risks for each sector of activity (such as agriculture, construction, transport, etc.) in order to identify the necessary measures to mitigate the potential negative impacts of climate change on outstanding portfolio. This mapping can contribute to the adoption of measures in the Group's lending activity so that the negative impact on the environment is reduced and the positive impact on the environment, as well as on the local society and communities, is increased.

5. Accounting estimates and significant judgements

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.

a) 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 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 other provisions are required to cover the impairment loss on loans than those already presented in the consolidated and individual financial statements.

Individually significant assets are assessed and monitored individually, regardless of the stage allocation. 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 developed reflect a macroeconomic environment with uncertainties and risks for the population and economic agents characterized by the persistence of geopolitical tensions, disruptions in the supply chain, labor shortages corroborated with tightening of financial conditions and maintaining an elevated level of inflation, being exacerbated by the war in Ukraine, to which is added the conflict in the Middle East, concluding in new challenges that affect the economic and business activity.

5. Accounting estimates and significant judgements *(continued)*

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

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, potential legislative changes on taxes will keep prices high, eroding purchasing power.

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 compiled historical analyses and identified key economic variables impacting credit risk and expected credit losses for each portfolio. The opinion of an expert was also taken into account in this process. More details on the assumptions, scenarios used and weights allocated to each scenario can be found in Note 4b Credit risk.

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

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

The Group and the Bank decided to keep the other adjustments since the effects of the energy crisis and the turbulences that the economic environment is going through on the background of inflation and the ongoing conflict in Eastern Europe cannot be reasonably estimated, and the government aid in the economy is still active or will be supplemented. During the year 2024, the Bank revised the assumptions regarding post-model adjustments related to macroeconomic risks specific to certain industries that were heavily affected by supply chain disruptions and rising energy costs, classified as sensitive sectors. The revision aimed to evaluate whether corrective measures are necessary, either to eliminate or introduce new sensitive sectors. The decision was to maintain the current scheme until the end of the year, with continuous monitoring of portfolios to proactively identify difficulties/ stress signals and intervene specifically on this type of post-model adjustments, if necessary.

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

Also, we analyze product portfolios with high associated credit risk and the type of customers 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 of 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 21.8% of total ECL (16.6% in 2023) considering:

- expectation related to sensitive industries and high-risk products (additional ECL representing 1.3% of total ECL)*;

5. Accounting estimates and significant judgements *(continued)*

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

- expectations for default rates increase considering high inflation and increased interest (additional ECL representing 20.5% of total ECL)**;
- 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 (no supplementary ECL recorded for this reporting date)

* in the category of "sensitive industries", were included those sectors of activity with products dependent on raw materials whose processing requires high energy consumption (energy-consuming industries), considering that this will have a major impact on operating income and profitability and the ability to repayment, especially since the inflationary spiral has also affected the increasing interest rates. Also, including companies from agriculture sector (vegetal, only) and specialized business traders with products provided by agriculture area. At the same time, it was considered that certain lending products (such as those in the area of unsecured loans granted to clients assessed with a pre-default rating) should be classified as having a significant increase in risk, considering that the impact of the risk events stated including in Note 4 will overwhelmingly affect this area. Those mentioned measures determined the classification in stage 2 of the facilities granted to borrowers who find themselves in the exposed situation and have a qualitatively lower rating, and as a direct effect, the determination of additional adjustments.
** the post-model adjustment has an impact in the forward-looking estimation area.

We consider the main determining factor for the introduction of this adjustment to be the economic environment faced with a series of uncertainties, our opinion being that certain macroeconomic shocks can still have an impact on default rates, even if in the past this has not been concretely highlighted (time lagging between event and effect), moreover, they led to an insignificant increase or decrease in default rate forecasts.
For example, the inflation rate, although it is in a downward trend, it is maintained at high levels and is predicted to be at a level above the average observed for the history used in the modeling. A similar behavior can be observed in the case of the interest rate. Moreover, the current political uncertainty, as well as the increase of some taxes/fees, respectively the elimination of fiscal facilities in certain sectors for the year 2025, will keep prices at a high level, even if inflation is on a downward trend. Thus, it was decided to apply a 'true range' type adjustment that captures the difference between the maximum and minimum default rate observed. This adjustment was applied differently depending on the line of business (individuals, large companies, respectively SME legal entities), but also depending on the degree of risk of the portfolio (guaranteed, unguaranteed, fx currency).

In the context of negative evolution of inflation and interest rates, as well as the political context, financial markets have been moderately volatile, generating short-term challenges in cash-flow management and also variations in mark to market. The Group and the Bank stand on a comfortable position of liquidity, therefore the market disruptions didn't seriously affected them.

The financial instruments measured at fair value of the Group and the Bank consist of bonds, equities, collective investment units and derivatives, whose valuation was affected by market volatilities, reserves registering a slightly downward trend and remaining in the negative zone. The most significant part of the trading book is represented by bonds, of which the majority are kept at fair value through other comprehensive income, thus allowing that market-to-market impact to be observable in other comprehensive income and not in Consolidated and Separate Statement of Profit or Loss. Note 4 provides more details on the fair value measurement of financial instruments.

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

5. Accounting estimates and significant judgements *(continued)*

b) 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 consolidated and individual financial statements as of December 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;
- 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;
- 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;
- Avoidance of double taxation;
- European jurisprudence – which stipulates that the EU legislation should prevail when the fiscal legislation of a member state is unclear or lacks specific provisions.

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

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.

5. Accounting estimates and significant judgements *(continued)*

b) Tax disputes *(continued)*

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.

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 90,275,215 for year 2017, respectively RON 173,820,822 for year 2018, totalizing RON 264,096,037. 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..

5. Accounting estimates and significant judgements *(continued)*

b) Tax disputes *(continued)*

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 154,972,067. 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.

On December 6, 2024, the Cluj Court of Appeal annulled the tax decision issued by the tax authorities, in the case concerning the documentary verification. Subsequently, on January 27, 2025, within the legal term, ANAF and MF requested the transmission of the appeal and the entire case file to the Court of Cassation and Justice.

The Bank analyzed 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 using the most probable value method and recognized the amount of RON 264 million in debts regarding the current profit tax. The amount representing accessory tax liabilities, amounting to RON 154,972,067, related to the additional tax liabilities established following the documentary verification for the years 2017 and 2018 is no longer owed by Banca Transilvania. 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.

c) Risk provisions for abusive clauses

The provision for abusive clauses is an estimated amount for potential litigations facing the Bank derived from the retail credit contracts inherited from Volksbank Romania 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 December 31, 2024 when the Bank adjusted the provision based on the trend of such new litigations and the probability loss estimated at this date.
The consolidated financial statements also include provisions related to litigation for abusive clauses taken over following the acquisition of OTP Bank Romania.

5. Accounting estimates and significant judgements *(continued)*

d) *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 balance sheet assets elements, in order to cover the claims in the file - amounting to approximately RON 480 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 Group and the Bank 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 and less than probable but the amount can not be reliably estimated, and accordingly such matters are not included in the contingent liability estimates.

6. Segment reporting

The Group segment reporting is compliant with the management requirements use. The reporting 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 reporting 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 reporting segments either directly or based on reasonable criteria established by the management.

The clients of Victoriabank 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 "Intra-group eliminations & adjustments" segment comprises intra-group operations.

The reporting 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:

- 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 reporting segment of the Group as 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 200 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.

6. Segment reporting *(continued)*

Large Corporate Clients („LaCo") (continued)

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

Medium Corporate Customers („Corporate"): The Group and the Bank include in this category mainly the companies with an annual turnover between 20 and 200 million RON. By setting such value thresholds in the classification of Corporate 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 Corporate 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 array 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 3 and 20 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 3 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.

6. Segment reporting *(continued)*

Retail customers (continued)

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.

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 do not fall into the existing categories and result from financial and strategic decisions taken centrally.

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 the financial lease activity of BT Leasing Moldova 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 December 31, 2024 and December 31, 2023, the Bank or the Group did not record income exceeding 10% of total incomes in relation to a single customer.

Starting with 2024, the turnover value thresholds set to define the limits of classification in the segments: Large Corporate Customers, Medium Corporate Customers, SME Customers, and Micro Business Customers, have been modified according to the following table:

Segments:	Current thresholds	Previously used thresholds
Large Corporate Customers	> 200 million RON	> 100 million RON
Medium Corporate Customers	20 - 200 million RON	9 - 100 million RON
SME Customers	3 - 20 million RON	2 - 9 million RON
Micro Business Customers	0 - 3 million RON	0 - 2 million RON

The financial information per segments regarding the comparative data of the consolidated statement of the financial position as of December 31, 2024, as well as the comparative data of the consolidated statement of operating income before net expenses with impairment adjustments for loans and advances granted to customers as of December 31, 2024, have been restated according to the new value thresholds for classification in the segments: Large Corporate Clients, Medium Corporate Clients, SME Clients, and Micro Business Clients.

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

The table below presents financial information per segments regarding the consolidated statement of financial position and the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the financial year ended as at December 31, 2024, and comparative data for 2023:

Reporting segments as at December 31, 2024

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	31,930,199	14,017,594	6,898,830	6,571,500	40,620,944	-	8,485,389	7,134	(6,555,760)	**101,975,830**
Provisions for principal	(1,070,784)	(1,011,428)	(572,835)	(754,145)	(1,790,336)	-	(560,039)	(553)	154,152	**(5,605,968)**
Loans and finance lease receivables net of provisions	30,859,415	13,006,166	6,325,995	5,817,355	38,830,608	-	7,925,350	6,581	(6,401,608)	**96,369,862**
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	68,206,227	-	575,257	(371,217)	**68,410,267**
Treasury and inter-bank operations	-	-	-	-	-	37,081,163	392,681	1,028,015	(2,836,819)	**35,665,040**
Property and equipment and investment property, Intangible assets and goodwill	60,549	195,036	205,588	365,356	1,151,185	61,104	187,509	558,683	500	**2,785,510**
Right-of-use assets	19,151	55,549	47,433	118,895	317,228	16,070	40,114	2,892	(30,698)	**586,634**
Other assets	1,531,485	852,353	422,470	428,740	2,534,551	-	193,388	602,946	(3,347,768)	**3,218,165**
Total assets	**32,470,600**	**14,109,104**	**7,001,486**	**6,730,346**	**42,833,572**	**105,364,564**	**8,739,042**	**2,774,374**	**(12,987,610)**	**207,035,478**
Deposits and current accounts	10,569,746	13,784,353	10,745,201	25,161,550	108,488,644	1,992,508	-	7,670	(1,929,251)	**168,820,421**
Loans from banks and other financial institutions	101,380	316,363	98,191	88,028	177	1,116,594	7,117,235	10,854,787	(7,455,039)	**12,237,716**
Subordinated liabilities	-	-	-	-	-	2,528,096	-	-	2,439	**2,530,535**
Lease liabilities	152,487	84,614	49,055	44,676	272,708	1,577	39,316	2,927	(29,862)	**617,498**
Other liabilities	1,181,379	707,754	314,885	298,306	1,856,216	1,564	239,827	900,615	(107,811)	**5,392,735**
Total liabilities	**12,004,992**	**14,893,084**	**11,207,332**	**25,592,560**	**110,617,745**	**5,640,339**	**7,396,378**	**11,765,999**	**(9,519,524)**	**189,598,905**
Equity and related items	-	-	-	-	-	-	-	17,436,573	-	**17,436,573**
Total liabilities and equity	**12,004,992**	**14,893,084**	**11,207,332**	**25,592,560**	**110,617,745**	**5,640,339**	**7,396,378**	**29,202,572**	**(9,519,524)**	**207,035,478**

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

Reporting 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	10,326,066	5,898,243	5,568,144	32,511,846	-	5,776,244	5,569	(4,161,160)	**80,420,532**
Provisions for principal	(862,525)	(870,182)	(440,455)	(727,415)	(1,683,224)	-	(371,706)	(337)	106,219	**(4,849,625)**
Loans and finance lease receivables net of provisions	23,633,054	9,455,884	5,457,789	4,840,729	30,828,622	-	5,404,538	5,232	(4,054,941)	**75,570,907**
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	51,336,974	-	472,915	(34,447)	**51,775,442**
Treasury and inter-bank operations	-	-	-	-	-	37,490,235	251,854	607,464	(1,823,994)	**36,525,559**
Property and equipment and investment property, Intangible assets and goodwill	103,951	186,358	181,611	245,055	788,770	47,964	176,569	399,958	(1,973)	**2,128,263**
Right-of-use assets	37,066	57,433	44,387	82,799	259,331	13,162	24,309	12,484	(16,911)	**514,060**
Other assets	789,646	548,044	240,844	221,838	1,542,044	-	193,043	478,275	(1,358,740)	**2,654,994**
Total assets	**24,563,717**	**10,247,719**	**5,924,631**	**5,390,421**	**33,418,767**	**88,888,335**	**6,050,313**	**1,976,328**	**(7,291,006)**	**169,169,225**
Deposits and current accounts	9,114,874	11,784,649	9,048,912	19,929,075	88,569,988	2,465,711	-	3,962	(1,829,604)	**139,087,567**
Loans from banks and other financial institutions	256,482	326,772	87,055	62,507	23,629	363,251	4,774,002	7,815,009	(4,160,140)	**9,548,567**
Subordinated liabilities	-	-	-	-	-	2,441,255	-	-	(18,037)	**2,423,218**
Lease liabilities	119,145	84,621	43,420	34,827	238,786	800	24,404	4,272	(16,924)	**533,351**
Other liabilities	731,496	520,038	216,918	181,761	1,354,357	1,043	205,047	545,969	(76,615)	**3,680,014**
Total liabilities	**10,221,997**	**12,716,080**	**9,396,305**	**20,208,170**	**90,186,760**	**5,272,060**	**5,003,453**	**8,369,212**	**(6,101,320)**	**155,272,717**
Equity and related items	-	-	-	-	-	-	-	13,896,508	-	**13,896,508**
Total liabilities and equity	**10,221,997**	**12,716,080**	**9,396,305**	**20,208,170**	**90,186,760**	**5,272,060**	**5,003,453**	**22,265,720**	**(6,101,320)**	**169,169,225**

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

Reporting segments as at December 31, 2024

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**
Net interest income	708,722	571,395	432,947	730,950	2,107,544	852,784	655,922	843,602	3,896	**6,907,762**
Net commission income	102,781	127,768	103,340	464,526	576,814	(12,302)	25,764	110,739	(11,599)	**1,487,831**
Net trading income	18,617	72,353	80,748	140,017	275,366	273,245	19,420	61,696	(3,171)	**938,291**
Net gain / (loss) from financial assets measured through other items of comprehensive income	-	-	-	-	-	85,508	-	81,767	(2)	**167,273**
Net gain / (loss) from financial assets which are required to be measured through profit or loss	-	-	-	-	-	126,150	-	40,866	(8,352)	**158,664**
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(5,047)	(11,667)	(6,574)	(10,965)	(55,504)	(886)	-	-	-	**(90,643)**
Other operating income	8,965	13,341	16,971	39,277	266,335	48,435	91,196	217,719	(210,018)	**492,221**
Total income	**834,038**	**773,190**	**627,432**	**1,363,805**	**3,170,555**	**1,372,934**	**792,302**	**1,356,389**	**(229,246)**	**10,061,399**
Personnel expenses	(105,447)	(277,700)	(236,285)	(435,248)	(1,208,559)	(52,564)	(168,548)	(115,275)	32	**(2,599,594)**
Other operating expenses	(88,152)	(150,897)	(142,679)	(266,592)	(883,754)	(108,682)	(91,562)	(58,917)	48,138	**(1,743,097)**
Depreciation and amortization	(15,011)	(49,752)	(51,054)	(99,938)	(278,853)	(14,886)	(23,342)	(11,860)	27,996	**(516,700)**
Total Expenses	**(208,610)**	**(478,349)**	**(430,018)**	**(801,778)**	**(2,371,166)**	**(176,132)**	**(283,452)**	**(186,052)**	**76,166**	**(4,859,391)**
Operating profit before net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	**625,428**	**294,841**	**197,414**	**562,027**	**799,389**	**1,196,802**	**508,850**	**1,170,337**	**(153,080)**	**5,202,008**
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(155,937)	(26,757)	(146,275)	8,581	(156,026)	(67,032)	(121,702)	60,369	29,475	**(575,304)**
Bargain gain	-	-	-	-	-	-	-	-	815,665	**815,665**
Profit before income tax	**469,491**	**268,084**	**51,139**	**570,608**	**643,363**	**1,129,770**	**387,148**	**1,230,706**	**692,060**	**5,442,369**

Notes to the consolidated and separate financial statements

6. Segment reporting *(continued)*

Reporting segments as at December 31, 2023

Group	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
In RON thousand										
Net interest income	306,631	396,245	314,589	535,136	1,507,184	496,596	483,091	1,205,687	11,521	**5,256,680**
Net commission income	63,681	96,758	128,558	432,368	457,491	(2,970)	28,363	53,787	9,611	**1,267,647**
Net trading income	19,140	61,781	79,518	126,033	242,411	81,792	14,256	33,479	(1,394)	**657,016**
Net gain / (loss) from financial assets measured through other items of comprehensive income	-	-	-	-	-	86,138	-	81,509	-	**167,647**
Net gain / (loss) from financial assets which are required to be measured through profit or loss	-	-	-	-	-	140,311	-	3,155	-	**143,466**
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(5,748)	(8,584)	(4,714)	(11,888)	(62,713)	-	-	-	-	**(93,647)**
Other operating income	18,505	11,720	6,019	5,222	166,187	5,334	56,916	153,435	(97,185)	**326,153**
Total income	**402,209**	**557,920**	**523,970**	**1,086,871**	**2,310,560**	**807,201**	**582,626**	**1,531,052**	**(77,447)**	**7,724,962**
Personnel expenses	(109,844)	(247,437)	(186,713)	(278,627)	(839,384)	(39,217)	(132,429)	(133,871)	4	**(1,967,518)**
Other operating expenses	(50,224)	(100,103)	(81,937)	(116,169)	(436,386)	(48,244)	(80,653)	(201,163)	27,034	**(1,087,845)**
Depreciation and amortization	(28,911)	(53,806)	(41,350)	(73,248)	(225,095)	(13,265)	(18,799)	(20,176)	24,102	**(450,548)**
Total Expenses	**(188,979)**	**(401,346)**	**(310,000)**	**(468,044)**	**(1,500,865)**	**(100,726)**	**(231,881)**	**(355,210)**	**51,140**	**(3,505,911)**
Operating profit before net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	**213,230**	**156,574**	**213,970**	**618,827**	**809,695**	**706,475**	**350,745**	**1,175,842**	**(26,307)**	**4,219,051**
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(47,839)	40,952	(60,529)	(136,992)	(141,654)	(75,611)	(35,847)	(99,065)	43,497	**(513,088)**
Profit before income tax	**165,391**	**197,526**	**153,441**	**481,835**	**668,041**	**630,864**	**314,898**	**1,076,777**	**17,190**	**3,705,963**

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities

a) Accounting classifications and fair value

Group, as at December 31, 2024					**Retail**						**Non-Retail**			
					in RON		**in FCY**				**in RON**		**in FCY**	
In RON thousand	**Total carrying amount 2024**	**Total fair value 2024**	**Total carrying amount retail customers**	**Total fair value retail customers**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Total carrying amount companies**	**Total fair value companies**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets														
Financial assets held for trading and measured at fair value through profit or loss (*)	**562,847**	**562,847**	-	-	-	-	-	-	**562,847**	**562,847**	529,777	529,777	33,070	33,070
Financial assets which are required to be measured at fair value through profit or loss, of which:	**1,469,014**	**1,469,014**	-	-	-	-	-	-	**1,469,014**	**1,469,014**	413,883	413,883	1,055,131	1,055,131
- *Equity instruments*	**406,759**	**406,759**	-	-	-	-	-	-	**406,759**	**406,759**	466	466	406,293	406,293
- *Debt instruments*	**1,062,255**	**1,062,255**	-	-	-	-	-	-	**1,062,255**	**1,062,255**	413,417	413,417	648,838	648,838
Financial assets carried at amortized cost	**156,763,340**	**157,290,664**	**40,152,808**	**40,480,148**	35,951,170	36,169,538	4,201,638	4,310,610	**116,610,532**	**116,810,516**	58,629,645	58,495,803	57,980,887	58,314,713
Financial assets measured at fair value through other items of comprehensive income	**43,977,335**	**43,977,335**	-	-	-	-	-	-	**43,977,335**	**43,977,335**	29,263,111	29,263,111	14,714,224	14,714,224
- *Equity instruments*	**171,366**	**171,366**	-	-	-	-	-	-	**171,366**	**171,366**	148,256	148,256	23,110	23,110
- *Debt instruments*	**43,780,045**	**43,780,045**	-	-	-	-	-	-	**43,780,045**	**43,780,045**	29,114,855	29,114,855	14,665,190	14,665,190
- *Loans and advances*	**25,924**	**25,924**	-	-	-	-	-	-	**25,924**	**25,924**	-	-	25,924	25,924
Total financial assets	**202,772,536**	**203,299,860**	**40,152,808**	**40,480,148**	**35,951,170**	**36,169,538**	**4,201,638**	**4,310,610**	**162,619,728**	**162,819,712**	**88,836,416**	**88,702,574**	**73,783,312**	**74,117,138**
Financial liabilities														
Financial liabilities held-for-trading	**235,322**	**235,322**	-	-	-	-	-	-	**235,322**	**235,322**	171,178	171,178	64,144	64,144
Financial liabilities measured at amortized cost	**187,973,880**	**187,997,821**	**109,500,532**	**109,521,298**	65,691,175	65,711,029	43,809,357	43,810,269	**78,473,348**	**78,476,523**	48,063,144	48,065,067	30,410,204	30,411,456
Total financial liabilities	**188,209,202**	**188,233,143**	**109,500,532**	**109,521,298**	**65,691,175**	**65,711,029**	**43,809,357**	**43,810,269**	**78,708,670**	**78,711,845**	**48,234,322**	**48,236,245**	**30,474,348**	**30,475,600**

(*) This category comprises only held-for-trading financial assets, including derivative instruments.

7. Financial assets and liabilities *(continued)*

a) Accounting classifications and fair value (continued)

Group, as at December 31, 2023					**Retail**						**Non-Retail**			
					in RON		**in FCY**				**in RON**		**in FCY**	
In RON thousand	**Total carrying amount 2023**	**Total fair value 2023**	**Total carrying amount retail customers**	**Total fair value retail customers**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Total carrying amount companies**	**Total fair value companies**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets														
Financial assets held for trading and measured at fair value through profit or loss (*)	**470,573**	**470,573**	-	-	-	-	-	-	**470,573**	**470,573**	447,387	447,387	23,186	23,186
Financial assets which are required to be measured at fair value through profit or loss, of which:	**1,232,598**	**1,232,598**	-	-	-	-	-	-	**1,232,598**	**1,232,598**	351,736	351,736	880,862	880,862
- Equity instruments	**292,920**	**292,920**	-	-	-	-	-	-	**292,920**	**292,920**	448	448	292,472	292,472
- Debt instruments	**939,678**	**939,678**	-	-	-	-	-	-	**939,678**	**939,678**	351,288	351,288	588,390	588,390
Financial assets carried at amortized cost	**123,548,825**	**123,629,358**	**31,880,131**	**31,887,998**	28,088,658	27,995,946	3,791,473	3,892,052	**91,668,694**	**91,741,360**	49,270,255	49,251,068	42,398,439	42,490,292
Financial assets measured at fair value through other items of comprehensive income	**40,600,026**	**40,600,026**	-	-	-	-	-	-	**40,600,026**	**40,600,026**	22,696,481	22,696,481	17,903,545	17,903,545
- Equity instruments	**154,160**	**154,160**	-	-	-	-	-	-	**154,160**	**154,160**	134,293	134,293	19,867	19,867
- Debt instruments	**40,419,383**	**40,419,383**	-	-	-	-	-	-	**40,419,383**	**40,419,383**	22,562,188	22,562,188	17,857,195	17,857,195
- Loans and advances	**26,483**	**26,483**	-	-	-	-	-	-	**26,483**	**26,483**	-	-	26,483	26,483
Total financial assets	**165,852,022**	**165,932,555**	**31,880,131**	**31,887,998**	**28,088,658**	**27,995,946**	**3,791,473**	**3,892,052**	**133,971,891**	**134,044,557**	**72,765,859**	**72,746,672**	**61,206,032**	**61,297,885**
Financial liabilities														
Financial liabilities held-for-trading	**88,809**	**88,809**	-	-	-	-	-	-	**88,809**	**88,809**	75,709	75,709	13,100	13,100
Financial liabilities measured at amortized cost	**154,113,873**	**154,147,370**	**89,360,514**	**89,387,099**	50,736,503	50,767,699	38,624,011	38,619,400	**64,753,359**	**64,760,271**	39,615,534	39,623,122	25,137,825	25,137,149
Total financial liabilities	**154,202,682**	**154,236,179**	**89,360,514**	**89,387,099**	**50,736,503**	**50,767,699**	**38,624,011**	**38,619,400**	**64,842,168**	**64,849,080**	**39,691,243**	**39,698,831**	**25,150,925**	**25,150,249**

(*) This category comprises only held-for-trading financial assets, including derivative instruments.

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

a) Accounting classifications and fair value (continued)

Bank, as at December 31, 2024					**Retail**						**Non-Retail**			
					in RON		**in FCY**				**in RON**		**in FCY**	
In RON thousand	**Total carrying amount 2024**	**Total fair value 2024**	**Total carrying amount retail customers**	**Total fair value retail customers**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Total carrying amount companies**	**Total fair value companies**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets														
Financial assets held for trading and measured at fair value through profit or loss (*)	**173,405**	**173,405**	-	-	-	-	-	-	**173,405**	**173,405**	147,717	147,717	25,688	25,688
Financial assets which are required to be measured at fair value through profit or loss, of which:	**2,015,434**	**2,015,434**	-	-	-	-	-	-	**2,015,434**	**2,015,434**	818,058	818,058	1,197,376	1,197,376
- *Equity instruments*	**373,337**	**373,337**	-	-	-	-	-	-	**373,337**	**373,337**	-	-	373,337	373,337
- *Debt instruments*	**1,642,097**	**1,642,097**	-	-	-	-	-	-	**1,642,097**	**1,642,097**	818,058	818,058	824,039	824,039
Financial assets carried at amortized cost	**133,300,247**	**133,704,999**	**32,282,012**	**32,674,851**	29,815,797	30,077,405	2,466,215	2,597,446	**101,018,235**	**101,030,148**	52,869,008	52,757,729	48,149,227	48,272,419
Financial assets measured at fair value through other items of comprehensive income	**43,151,498**	**43,151,498**	-	-	-	-	-	-	**43,151,498**	**43,151,498**	28,656,833	28,656,833	14,494,665	14,494,665
- *Equity instruments*	**22,780**	**22,780**	-	-	-	-	-	-	**22,780**	**22,780**	17,661	17,661	5,119	5,119
- *Debt instruments*	**43,102,794**	**43,102,794**	-	-	-	-	-	-	**43,102,794**	**43,102,794**	28,639,172	28,639,172	14,463,622	14,463,622
- *Loans and advances*	**25,924**	**25,924**	-	-	-	-	-	-	**25,924**	**25,924**	-	-	25,924	25,924
Total financial assets	**178,640,584**	**179,045,336**	**32,282,012**	**32,674,851**	**29,815,797**	**30,077,405**	**2,466,215**	**2,597,446**	**146,358,572**	**146,370,485**	**82,491,616**	**82,380,337**	**63,866,956**	**63,990,148**
Financial liabilities														
Financial liabilities held-for-trading	**235,283**	**235,283**	-	-	-	-	-	-	**235,283**	**235,283**	172,347	172,347	62,936	62,936
Financial liabilities measured at amortized cost	**168,904,408**	**168,926,031**	**98,339,638**	**98,359,358**	60,309,650	60,329,504	38,029,988	38,029,854	**70,564,770**	**70,566,673**	44,834,963	44,836,885	25,729,807	25,729,788
Total financial liabilities	**169,139,691**	**169,161,314**	**98,339,638**	**98,359,358**	**60,309,650**	**60,329,504**	**38,029,988**	**38,029,854**	**70,800,053**	**70,801,956**	**45,007,310**	**45,009,232**	**25,792,743**	**25,792,724**

(*) This category comprises only held-for-trading financial assets, including derivative instruments.

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

a) Accounting classifications and fair value (continued)

Bank, as at December 31, 2023					Retail						Non-Retail			
					in RON		in FCY				in RON		in FCY	
In RON thousand	**Total carrying amount 2023**	**Total fair value 2023**	**Total carrying amount retail customers**	**Total fair value retail customers**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Total carrying amount companies**	**Total fair value companies**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets														
Financial assets held for trading and measured at fair value through profit or loss (*)	**161,120**	**161,120**	-	-	-	-	-	-	**161,120**	**161,120**	148,483	148,483	12,637	12,637
Financial assets which are required to be measured at fair value through profit or loss, of which:	**1,670,155**	**1,670,155**	-	-	-	-	-	-	**1,670,155**	**1,670,155**	680,048	680,048	990,107	990,107
- Equity instruments	**292,472**	**292,472**	-	-	-	-	-	-	**292,472**	**292,472**	-	-	292,472	292,472
- Debt instruments	**1,377,683**	**1,377,683**	-	-	-	-	-	-	**1,377,683**	**1,377,683**	680,047	680,047	697,636	697,636
Financial assets carried at amortized cost	**116,265,775**	**116,217,750**	**29,866,385**	**29,885,181**	26,923,665	26,871,331	2,942,720	3,013,850	**86,399,390**	**86,332,569**	49,396,310	49,299,452	37,003,080	37,033,117
Financial assets measured at fair value through other items of comprehensive income	**40,264,202**	**40,264,202**	-	-	-	-	-	-	**40,264,202**	**40,264,202**	22,410,510	22,410,510	17,853,692	17,853,692
- Equity instruments	**19,400**	**19,400**	-	-	-	-	-	-	**19,400**	**19,400**	15,192	15,192	4,208	4,208
- Debt instruments	**40,218,319**	**40,218,319**	-	-	-	-	-	-	**40,218,319**	**40,218,319**	22,395,318	22,395,318	17,823,001	17,823,001
- Loans and advances	**26,483**	**26,483**	-	-	-	-	-	-	**26,483**	**26,483**	-	-	26,483	26,483
Total financial assets	**158,361,252**	**158,313,227**	**29,866,385**	**29,885,181**	**26,923,665**	**26,871,331**	**2,942,720**	**3,013,850**	**128,494,867**	**128,428,046**	**72,635,351**	**72,538,493**	**55,859,516**	**55,889,553**
Financial liabilities														
Financial liabilities held-for-trading	**88,809**	**88,809**	-	-	-	-	-	-	**88,809**	**88,809**	75,709	75,709	13,100	13,100
Financial liabilities measured at amortized cost	**149,030,008**	**149,062,697**	**86,624,120**	**86,649,163**	50,471,662	50,502,858	36,152,458	36,146,305	**62,405,888**	**62,413,534**	39,675,871	39,683,434	22,730,017	22,730,100
Total financial liabilities	**149,118,817**	**149,151,506**	**86,624,120**	**86,649,163**	**50,471,662**	**50,502,858**	**36,152,458**	**36,146,305**	**62,494,697**	**62,502,343**	**39,751,580**	**39,759,143**	**22,743,117**	**22,743,200**

(*) This category comprises only held-for-trading financial assets, including derivative instruments.

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

b) 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, preset 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 classification, 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.

7. Financial assets and liabilities *(continued)*

b) 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 comprehensive income and some bonds held at fair value through 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.

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

b) 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 and investment properties measured at fair value in the statement of financial position, at the end of the reporting period, by fair value levels:

***Group** - In RON thousand*	Notes	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
December 31, 2024					
Financial assets held for trading and measured at fair value through profit or loss, of which:	*21.a)*	**249,120**	**135,953**	**4,744**	**389,817**
- Equity instruments		249,120	-	-	**249,120**
- Debt instruments		-	135,953	4,744	**140,697**
Derivatives	*43*	**-**	**173,030**	**-**	**173,030**
Financial assets measured at fair value through other items of comprehensive income	*24*	**43,203,627**	**561,684**	**212,024**	**43,977,335**
- Equity instruments		97,692	-	73,674	**171,366**
- Debt instruments		43,105,935	535,760	138,350	**43,780,045**
- Loans and advances		-	25,924	-	**25,924**
Financial assets which are required to be measured at fair value through profit or loss, of which:		**940,385**	**495,443**	**33,186**	**1,469,014**
- Equity instruments	*21.b)*	373,573	-	33,186	**406,759**
- Debt instruments		566,812	495,443	-	**1,062,255**
Total financial assets measured at fair value in the statement of financial position		**44,393,132**	**1,366,110**	**249,954**	**46,009,196**
Non-financial assets at fair value		**-**	**-**	**1,655,373**	**1,655,373**
- Property and equipment and investment property	*26*	-	-	1,655,373	**1,655,373**
Total assets measured at fair value in the statement of financial position		**44,393,132**	**1,366,110**	**1,905,327**	**47,664,569**
Financial liabilities held-for-trading	*43*	**-**	**235,322**	**-**	**235,322**
December 31, 2023					
Financial assets held for trading and measured at fair value through profit or loss, of which:	*21.a)*	**222,001**	**113,206**	**10,549**	**345,756**
- Equity instruments		216,101	-	-	**216,101**
- Debt instruments		5,900	113,206	10,549	**129,655**
Derivatives	*43*	**-**	**124,817**	**-**	**124,817**
Financial assets measured at fair value through other items of comprehensive income	*24*	**39,928,649**	**276,255**	**395,122**	**40,600,026**
- 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**
Financial assets which are required to be measured at fair value through profit or loss, of which:	*21.b)*	**803,334**	**91,276**	**337,988**	**1,232,598**
- Equity instruments		292,920	-	-	**292,920**
- Debt instruments		510,414	91,276	337,988	**939,678**
Total financial assets measured at fair value in the statement of financial position		**40,953,984**	**605,554**	**743,659**	**42,303,197**
Non-financial assets at fair value		**-**	**-**	**1,278,903**	**1,278,903**
- Property and equipment and investment property	*26*	-	-	1,278,903	**1,278,903**
Total assets measured at fair value in the statement of financial position		**40,953,984**	**605,554**	**2,022,562**	**43,582,100**
Financial liabilities held-for-trading	*43*	**-**	**88,809**	**-**	**88,809**

7. Financial assets and liabilities *(continued)*

b) Fair value of financial assets and liabilities (continued)

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

Bank - *In RON thousand*	**Notes**	**Level 1 - Quoted market prices in active markets**	**Level 2 - Valuation techniques – observable inputs**	**Level 3 - Valuation techniques – unobservable inputs**	**Total**
December 31, 2024					
Financial assets held for trading and measured at fair value through profit or loss, of which:	21.a)	**17,833**	**-**	**-**	**17,833**
- Equity instruments		17,833	-	-	**17,833**
Derivatives	43	**-**	**155,572**	**-**	**155,572**
Financial assets measured at fair value through other items of comprehensive income	24	**42,431,786**	**558,581**	**161,131**	**43,151,498**
- Equity instruments		**-**	**-**	**22,780**	**22,780**
- Debt instruments		**42,431,786**	**532,657**	**138,351**	**43,102,794**
- Loans and advances		**-**	**25,924**	**-**	**25,924**
Financial assets which are required to be measured at fair value through profit or loss, of which:		**890,035**	**1,095,180**	**30,219**	**2,015,434**
- Equity instruments	21.b)	**343,118**	**-**	**30,219**	**373,337**
- Debt instruments		**546,917**	**1,095,180**	**-**	**1,642,097**
Total financial assets measured at fair value in the statement of financial position		**43,339,654**	**1,809,333**	**191,350**	**45,340,337**
Non-financial assets at fair value		**-**	**-**	**829,734**	**829,734**
- Property and equipment and investment property	26	-	-	829,734	**829,734**
Total assets measured at fair value in the statement of financial position		**43,339,654**	**1,809,333**	**1,021,084**	**46,170,071**
Financial liabilities held-for-trading	43	**-**	**235,283**	**-**	**235,283**
December 31, 2023					
Financial assets held for trading and measured at fair value through profit or loss, of which:	21.a)	**36,303**	**-**	**-**	**36,303**
- Equity instruments		36,303	-	-	**36,303**
Derivatives	43	**-**	**124,817**	**-**	**124,817**
Financial assets measured at fair value through other items of comprehensive income	24	**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**
Financial assets which are required to be measured at fair value through profit or loss, of which:	21.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**
Total financial assets measured at fair value in the statement of financial position		**40,566,163**	**833,220**	**696,094**	**42,095,477**
Non-financial assets at fair value		**-**	**-**	**755,413**	**755,413**
- Property and equipment and investment property	26	-	-	755,413	**755,413**
Total assets measured at fair value in the statement of financial position		**40,566,163**	**833,220**	**1,451,507**	**42,850,890**
Financial liabilities held-for-trading	43	**-**	**88,809**	**-**	**88,809**

7. Financial assets and liabilities *(continued)*

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

The fair value of customer deposits was determined as the difference between the interest rates related to the current portfolio at the end of the reporting period and the prevailing interest rates offered by the Group and the Bank, at the end of the financial period. For time deposits, a calculation of updated cash flows was performed using the margins related to new deposits, taking into account the characteristics of each deposit, product type, currency, interest rate type, customer segmentation.

The fair value of the current accounts and savings accounts was estimated to be equal to the carrying amount, there being no evidence of product characteristics that would require a value different from that currently in the accounting books.

At level 3 in the fair value hierarchy, the Group and the Bank 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, lease liabilities and other financial liabilities.

The fair value of impaired loans and advances to customers and impaired finance lease receivables was determined based on the cash flows estimated to be generated by the portfolio. These amounts have been updated using the interest rates that would currently be offered to customers for similar products (the offer available at the reporting date) taking into account the characteristics of each credit and leasing contract, namely product type, currency, interest rate type, customer segmentation.

For the impaired loan and finance lease receivables portfolio, a similar discounted cash flow calculation resulted in a fair value calculation that can approximate the net book value.

For loans from banks and other financial institutions and subordinated liabilities, fair value is determined by using discounted cash flows based on interest rates offered for similar products and over comparable time horizons. Calculation of the fair value of the loans from banks and other financial institutions and subordinated liabilities, resulted in a fair value result that may be approximately the same as the net book value.

In the case of debt securities, level 3 includes all cases not found in the previous levels: no price, price provided by a single entity or derived, by interpolation or spread, from one of the level 2 prices.

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

b) 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 as at December 31, 2024:

In RON thousand	Notes	Group					Bank				
				Fair value hierarchy					Fair value hierarchy		
		Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets											
Placements with banks and public institutions	20	13,714,870	13,714,870	-	13,714,870	-	13,612,057	13,612,057	-	13,612,057	-
Loans and advances to customers	22	90,779,626	91,085,263	-	-	91,085,263	81,389,989	81,764,482	-	-	81,764,482
Finance lease receivables	23	5,590,236	5,777,192	-	-	5,777,192	-	-	-	-	-
Financial assets at amortized cost - debt instruments	24	22,401,071	22,433,173	15,327,337	7,006,613	99,223	19,376,763	19,404,393	14,309,171	4,995,999	99,223
Other financial assets	30	2,327,367	2,329,996	-	-	2,329,996	2,013,078	2,015,707	-	-	2,015,707
Total assets		**134,813,170**	**135,340,494**	**15,327,337**	**20,721,483**	**99,291,674**	**116,391,887**	**116,796,639**	**14,309,171**	**18,608,056**	**83,879,412**
Liabilities											
Deposits from banks	32	951,155	951,155	-	951,155	-	1,173,778	1,173,778	-	1,173,778	-
Deposits from customers	33	167,869,266	167,892,453	-	167,892,453	-	150,785,254	150,806,803	-	150,806,803	-
Loans from banks and other financial institutions	34	12,237,716	12,238,470	10,146,672	201,980	1,889,818	11,209,491	11,209,565	10,144,092	162,603	902,870
Subordinated liabilities	35	2,530,535	2,530,535	-	-	2,530,535	2,405,137	2,405,137	-	-	2,405,137
Lease liabilities		617,498	617,498	-	-	617,498	747,857	747,857	-	-	747,857
Other financial liabilities	37	3,767,710	3,767,710	-	-	3,767,710	2,582,891	2,582,891	-	-	2,582,891
Total liabilities		**187,973,880**	**187,997,821**	**10,146,672**	**169,045,588**	**8,805,561**	**168,904,408**	**168,926,031**	**10,144,092**	**152,143,184**	**6,638,755**

Notes to the consolidated and separate financial statements

7. Financial assets and liabilities *(continued)*

b) 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 as at December 31, 2023:

		Group					Bank				
				Fair value hierarchy					Fair value hierarchy		
In RON thousand	**Notes**	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets											
Placements with banks and public institutions	20	12,272,959	12,272,959	-	12,272,959	-	12,619,341	12,619,341	-	12,619,341	-
Loans and advances to customers	22	72,008,224	71,927,489	-	-	71,927,489	71,550,404	71,381,814	-	-	71,381,814
Finance lease receivables	23	3,562,683	3,586,003	-	-	3,586,003	-	-	-	-	-
Financial assets at amortized cost - debt instruments	24	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	30	1,980,114	1,980,114	-	-	1,980,114	1,829,702	1,829,702	-	-	1,829,702
Total assets		**99,296,225**	**99,376,758**	**6,276,512**	**13,704,252**	**79,395,994**	**93,979,518**	**93,931,493**	**6,182,963**	**12,619,341**	**75,129,189**
Liabilities											
Deposits from banks	32	1,034,613	1,034,613	-	1,034,613	-	1,081,766	1,081,766	-	1,081,766	-
Deposits from customers	33	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	34	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	35	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	37	2,521,170	2,521,170	-	-	2,521,170	1,847,667	1,847,667	-	-	1,847,667
Total liabilities		**154,113,873**	**154,147,370**	**6,643,087**	**139,115,835**	**8,388,448**	**149,030,008**	**149,062,697**	**6,640,249**	**135,552,576**	**6,869,872**

8. Net interest income

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Interest income calculated using the effective interest method	**10,692,264**	**8,432,799**	**9,610,503**	**7,676,359**
- Cash and current accounts with Central Banks at amortised cost	470,593	363,519	387,410	287,225
- Placements with banks and public institutions at amortised cost	614,228	355,611	644,208	424,535
- Loans and advances to customers at amortised cost	7,030,907	5,763,453	6,133,022	5,231,564
- Debt instruments at fair value through other items of comprehensive income	1,617,767	1,614,924	1,600,624	1,607,502
- Debt instruments at amortised cost	958,769	335,292	845,239	125,533
Other similar income	**551,024**	**408,201**	**-**	**40,878**
- Finance lease receivables	551,024	367,323	-	-
- Non-recourse factoring receivables	-	40,878	-	40,878
Total interest income	**11,243,288**	**8,841,000**	**9,610,503**	**7,717,237**
Interest expense related to financial liabilities measured at amortized cost	**4,323,349**	**3,579,328**	**4,063,526**	**3,389,598**
- Cash and current accounts with Central Banks	(64)	177	3	-
- Deposits from banks	7,349	21,110	5,104	20,721
- Deposits from customers	3,376,916	2,999,269	3,179,813	2,868,855
- Loans from banks and other financial institutions	939,148	558,772	878,606	500,022
Other similar expense	**12,177**	**4,992**	**14,782**	**8,451**
- Lease liabilities	12,177	4,992	14,782	8,451
Total interest expense	**4,335,526**	**3,584,320**	**4,078,308**	**3,398,049**
Net interest income	**6,907,762**	**5,256,680**	**5,532,195**	**4,319,188**

Interest income for the year ended at December 31, 2024 includes the net interest income on impaired financial assets amounting RON 429,823 thousand (2023: RON 248,760 thousand) for the Group and RON 227,575 thousand (2023: RON 170,347 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.

9. Net fee and commission income

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Fee and commission income				
Commissions from treasury and inter-bank operations	353,955	294,049	353,898	294,059
Client transactions *(i)*	1,999,360	1,649,675	1,678,939	1,417,491
Lending activity *(ii)*	20,400	14,337	12,809	11,349
Finance lease management	6,282	12,465	-	-
Asset management *(iii)*	48,425	33,036	-	-
Other fee and commission income	7,351	6,151	716	1,438
Total fee and commission income from contracts with customers	**2,435,773**	**2,009,713**	**2,046,362**	**1,724,337**
Fee income from financial guarantee contracts (iv)	79,335	49,253	70,231	48,721
Total fee and commission income	**2,515,108**	**2,058,966**	**2,116,593**	**1,773,058**
Fee and commission expense				
Commissions from treasury and inter-bank operations	690,892	545,933	583,184	450,851
Client transactions	290,193	212,006	203,898	167,523
Lending activity *(ii)*	43,639	30,731	58,364	46,099
Other fees and commissions	2,553	2,649	2,868	2,596
Total fee and commission expense	**1,027,277**	**791,319**	**848,314**	**667,069**
Net fee and commission income	**1,487,831**	**1,267,647**	**1,268,279**	**1,105,989**

(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 IFRS15 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.

10. Net trading income

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Net income from foreign exchange transactions	796,703	685,399	635,908	601,225
Net income/(expense) from derivatives	53,244	(110,584)	35,235	(110,699)
Net income/(expense) from financial assets held-for-trading	57,184	45,026	(1,586)	13,503
Net income from foreign exchange position revaluation	31,160	37,175	37,930	35,714
Net trading income	**938,291**	**657,016**	**707,487**	**539,743**

11. Net gain/loss (-) from the sale of financial assets measured at fair value through other items of comprehensive income

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Income from the sale of financial assets measured at fair value through other items of comprehensive income	168,363	169,466	165,432	168,146
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(1,090)	(1,819)	(1,090)	(1,817)
Net gain/ loss (-) from the sale of financial assets measured at fair value through other items of comprehensive income	**167,273**	**167,647**	**164,342**	**166,329**

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

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Income from financial assets which are required to be measured at fair value through profit or loss	269,420	223,239	397,836	265,389
Losses from financial assets which are required to be measured at fair value through profit or loss	(110,756)	(79,773)	(115,538)	(87,142)
Net gain/ loss (-) from financial assets which are required to be measured at fair value through profit or loss	**158,664**	**143,466**	**282,298**	**178,247**

13. 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 consolidated and separate statement of profit or loss, is the following:

	Group 2024	Group 2023	Bank 2024	Bank 2023
Contribution to the Bank Deposit Guarantee Fund	48,795	47,965	45,218	44,875
Contribution to the Bank Resolution Fund	41,848	45,682	29,296	42,011
Total	**90,643**	**93,647**	**74,514**	**86,886**

14. Other operating income

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Dividend income	15,665	9,190	23,572	5,912
Revenue from movable and immovable assets resulting from debt enforcement	6,077	3,389	3,251	2,140
Income from insurance intermediation	241,220	183,763	158,680	120,928
Income from VISA, MASTERCARD, WU services	69,966	24,588	62,371	21,732
Income from indemnities, fines and penalties	5,741	10,859	2,866	5,791
Income arising from derecognition of financial assets measured at amortised cost	-	-	-	-
Rental income	3,040	753	-	-
Other operating income *(i)*	150,512	93,611	93,037	58,033
Total	**492,221**	**326,153**	**343,777**	**214,536**

(i) The category “Other operating income” includes the following types of income: debt recoveries related to closed accounts, surplus from ATM transactions not claimed by customers, cash at hand differences, income from recovered legal expenses, other recoveries from operating expenses.

15. Net expense 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*

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Net impairment allowance on assets (i)	907,812	640,596	556,441	433,473
Loans written off	10,861	5,017	1	2
Finance lease receivables and other assets written off	782	786	-	-
Provisions for loan commitments, financial guarantees and other commitments given	24,021	11,832	26,548	1,615
Recoveries from loans written off	(280,844)	(226,371)	(146,884)	(161,938)
Recoveries from finance lease receivables written off	(5,535)	(11,144)	-	-
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	**657,097**	**420,716**	**436,106**	**273,152**

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

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Loans and advances to customers	701,515	534,676	449,443	356,631
Treasury and inter-bank operations	8,004	298	(3,327)	77
Finance lease receivables	64,639	20,454	-	-
Investment securities	63,640	73,307	55,576	72,934
Other financial assets	70,014	11,861	54,749	3,831
Net impairment allowance on assets	**907,812**	**640,596**	**556,441**	**433,473**

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

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Other non-financial assets	1,691	(5,018)	(1,435)	9
Property and equipment and intangible assets	-	1	-	-
Litigation and other risks (*)	(83,484)	97,389	(102,499)	100,017
(Other) Provisions and reversal of provisions	**(81,793)**	**92,372**	**(103,934)**	**100,026**

(*) Release of provisions related to litigations and other risks from loan contracts that were taken over through the mergers with Volksbank Romania S.A. and Bancpost S.A., following the revision in 2022 of the future cash outflows probabilities to lower levels. Starting with 2023, this category also includes potential risks related to ancillary fiscal obligations related to the SFIA litigation.

16. Personnel expenses

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Gross salaries	2,102,168	1,661,701	1,598,514	1,374,060
Social protection contribution	88,749	72,033	51,038	43,808
Share payments to employees	124,411	66,555	121,152	64,585
Pension contribution to Pillar III	16,113	16,314	14,563	14,806
Other staff expenses	155,875	111,063	127,833	98,196
Net expense with provisions for untaken holiday and other benefits	112,278	39,852	32,245	18,541
Total	**2,599,594**	**1,967,518**	**1,945,345**	**1,613,996**

The average number of new employees within the Group and the Bank during 2024 and 2023 was:

Category	**Monthly average number of persons employed during 2024**		**Monthly average number of persons employed during 2023**	
	Group	**Bank**	**Group**	**Bank**
Management positions	32.25	2.83	4.08	2.83
Operational positions	239.25	92.83	159.25	112.17
Total	**271.5**	**95.66**	**163.33**	**115**

The Bank has established a Stock Option Plan (SOP) program, within which the Bank's staff can exercise their right and option to acquire a number of shares issued by the Bank.
Vesting conditions for 2025 related to SOP 2024:
- Achievement of performance and prudential indicators during 2024;
- Compliance with certain individual eligibility and/or performance criteria, in accordance with the applicable remuneration policy and standard, related to the year for which shares are granted;
- Being an employee upon the granting of the SOP right (May 26, 2024) and when exercising such right (starting from May 27, 2025).

Contractual vesting period for the shares granted for the year 2024 through SOP:
- Release after May 27, 2025;
- Deferral period for the identified personnel subject to applicable restrictions, pursuant to internal regulations in force.

The impact in profit or loss of a possible value change of the shares which are to be granted to the employees under the Stock Option Plan for 2024, by a maximum of +/-15.00% regulated by the Bucharest Stock Exchange, would be of RON +/- 20,957 thousand.

Benefits granted to employees in the form of equity instruments, as part of equity are presented below for 2024 and 2023:

In RON thousand	**2024**	**2023**
Balance as at January 1	**65,916**	**63,862**
Rights granted during the year	(82,196)	(62,531)
Expense with employee benefits in the form of share-based payments	121,152	64,585
Closing balance at the end of period	**104,872**	**65,916**

16. Personnel expenses *(continued)*

In 2024, a number of 3,447,238 shares were granted to employees and members of the Board of Directors and during the year 2023, a number of 3,551,421 shares was granted to the employees and members of the Board of Directors:

Granting date	Number of shares	Contractual vesting period	Vesting conditions
Shares granted to employees for the year 2024	3,252,385	With immediate release on May 28, 2024	Achievement of performance and prudential indicators during 2024. Compliance with the conditions stipulated in the applicable remuneration policy and standard, related to the year for which shares are granted, as well as with the conditions of the trust agreement.
	194,853	Deferral by trust agreement for 3 - 5 years	

A total of 981,131 shares were deferred for a period of one year to be granted in 2025.

17. Other operating expenses

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Rent and lease expenses	12,307	8,792	7,940	6,457
Repairs and maintenance expenses	439,937	319,729	343,263	281,717
Advertising, marketing, entertainment and sponsorship expenses	250,623	179,025	166,800	153,950
Mail, telecommunication and SMS traffic expenses	91,432	69,777	68,139	59,047
Materials and stationery expenses	128,991	97,663	93,535	86,924
Other professional fees, including legal expenses	65,522	40,656	55,052	26,322
Expenses regarding the sale of movable and immovable assets resulting from debt enforcement	-	-	-	-
Electricity and heating expenses	44,479	43,293	36,547	38,441
Business travel, transportation and temporary relocation expenses	82,162	62,252	74,455	59,150
Insurance expenses	39,003	34,007	30,955	29,772
Taxes	312,216	31,054	289,465	26,854
Write-off and loss on disposal of tangible assets	-	1,611	-	-
Write-off and loss on disposal of intangible assets	1,598	675	33	470
Security and protection expenses	36,977	30,548	33,248	29,024
Archiving services expenses	18,834	18,580	16,645	17,558
Expenses related to database queries from the Trade Register and the Credit Bureau	10,032	8,941	7,453	6,500
Expenses with foreclosed assets	11,810	9,513	9,222	8,461
Audit, advisory and other services provided by the independent auditor:	14,198	10,691	7,911	6,166
- statutory and group audit fees	8,832	8,535	3,360	4,167
- special audit services or other non-audit services as required by the local rules or legislation	5,366	*2,156*	4,551	*1,999*
Other operating expenses	182,976	121,038	126,222	80,415
Total other operating expenses	**1,743,097**	**1,087,845**	**1,366,885**	**917,228**

18. Income tax expense

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Gross Profit	**5,442,369**	**3,705,963**	**4,159,993**	**3,128,496**
Statutory tax rate	**(870,779)**	**(592,954)**	**(665,599)**	**(500,559)**
Fiscal effect of income tax on the following elements:	**158,934**	**(128,779)**	**37,284**	**(137,365)**
- *Non-taxable income*	162,633	53,690	121,719	104,251
- *Non-deductible expense*	(133,531)	(145,115)	(212,893)	(170,803)
- *Tax deductions*	175,021	178,750	156,224	169,631
- *Elements similar to income*	(20,422)	(37,424)	(1,356)	(2,757)
- *Elements similar to expenses*	1,643	59,006	-	-
- *Income tax related to fiscal uncertainties*	(26,410)	(237,686)	(26,410)	(237,687)
Income tax expense	**(711,845)**	**(721,733)**	**(628,315)**	**(637,924)**
- Expenses with current tax	(767,815)	(710,339)	(640,966)	(643,804)
- Income / expenses with deferred tax	55,970	(11,394)	12,651	5,880

19. Cash and current accounts with Central Banks

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Minimum reserve requirement	16,501,355	19,984,835	12,193,009	18,289,681
Cash on hand and other values	5,448,815	4,267,765	4,715,351	3,996,576
Total	**21,950,170**	**24,252,600**	**16,908,360**	**22,286,257**

During 2024, the minimum reserve requirements ratio at the National Bank of Romania was 8% for RON denominated balances and 5% for EUR denominated balances (2023: 8% for funds denominated in RON and 5% for EUR). The minimum reserve balance may fluctuate on a daily basis. The interest paid by the National Bank of Romania for the reserves held by the banks was 0.74% - 0.83% per year for the reserves in RON and 0.08%-0.19% per year for reserves denominated in EUR. (2023: 0.70% - 0.75% per year for the reserves in RON and 0.02%-0.10% per year for EUR). The minimum required reserve can be used by the Bank for its daily activities as long as the average monthly balance is maintained within the required limits.

As at December 31, 2024, the reserve requirement norm for funds attracted in MDL and non-convertible currency was set at the level of 25.0%, respectively the reserve requirement norm for funds attracted in freely convertible currency – at the level of 34.0% (as at December 31, 2023: the reserve requirement norm for funds attracted in MDL – 33.0%, attracted in freely convertible currency – 43.0%). The remuneration rate paid by the National Bank of Moldova, during 2024, for reserve requirements from funds attracted in MDL and non-convertible currencies decreased from 2.75% to 1.60%. The rate applied to the remuneration of foreign currency reserves decreased from 3.34% to 2.52% for USD and from 1.90% to 1.05% for EUR.

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

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Cash and current accounts with Central Banks (*)	17,425,427	24,244,467	16,906,873	22,280,893
Placements with banks with maturity below 3 months	11,239,353	11,304,732	10,005,003	10,460,417
Reverse-repo transactions	1,000,412	-	1,000,412	-
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	298,328	-	298,328	-
Financial assets at amortized cost – debt instruments with maturity below 3 months	585,123	573,172	-	8,984
Cash and cash equivalents in the cash flow statement	**30,548,643**	**36,122,371**	**28,210,616**	**32,750,294**

(*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 3,402 thousand (2023: RON 8,133 thousand) and at the level of the Bank in the amount of RON 1,487 thousand (2023: RON 5,364 thousand).

20. Placements with banks and public institutions

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Current accounts with other banks	1,120,402	1,100,282	801,165	678,579
Sight, collateral and term deposits with other banks and public institutions	11,134,045	10,663,188	10,437,501	11,431,273
Reverse repo transactions	1,001,246	-	1,001,246	-
Loans and advances to credit institutions	459,177	509,489	1,372,145	509,489
Total	**13,714,870**	**12,272,959**	**13,612,057**	**12,619,341**

As at December 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 consolidated and separate statement of cash flows, as follows: reverse-repo in amount of RON 1,000,412 thousand, deposits in amount of RON 9,031,928 thousand and loans and advances to credit institutions of RON 0 thousand at Group level, and reverse-repo in amount of RON 1,000,412 thousand, deposits in amount of RON 8,471,996 thousand and loans and advances to credit institutions in amount of RON 0 thousand at Bank level (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 in amount 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).

Except for sale and reverse-repo agreements, the amounts due from other banks are not guaranteed. The quality analysis of the placements with banks as at December 31, 2024 and December 31, 2023, according to the rating agencies is detailed below:

Group	**2024**		**2023**	
In RON thousand	**Placements with banks**	**Reverse repo transactions**	**Placements with banks**	**Reverse repo transactions**
Investment grade	11,843,939	1,001,246	12,266,959	-
Non-investment grade	869,685	-	6,000	-
Total	**12,713,624**	**1,001,246**	**12,272,959**	**-**

Bank	**2024**		**2023**	
In RON thousand	**Placements with banks**	**Reverse repo transactions**	**Placements with banks**	**Reverse repo transactions**
Investment grade	11,933,888	1,001,246	11,322,137	-
Non-investment grade	676,923	-	1,297,204	-
Total	**12,610,811**	**1,001,246**	**12,619,341**	**-**

The qualitative analysis regarding the placements with banks was based on the credit ratings issued by rating agencies. As concerns the Group's and the Bank's placements with credit institutions that are not rated by rating agencies sovereign rating was used.

The Investment-grade category includes the Group's and the Bank's placements with credit institutions having the following ratings: AA, AA-, Aa1, A+, A, A-, A1, A2, BBB+, BBB, BBB-, Baa1.

The non-investment grade category includes the Group's and the Bank's placements with credit institutions having the following ratings: BB+, BB, B+.

21. 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:

In RON thousand	**Group**		**Bank**	
	2024	**2023**	**2024**	**2023**
Equity instruments	249,120	216,101	17,833	36,303
Debt instruments	140,697	129,655	-	-
Total	**389,817**	**345,756**	**17,833**	**36,303**

As at December 31, 2024, the Group held shares listed on the Bucharest Stock Exchange and on the main Stocks from Europe.
As at December 31, 2024, the Group owned significant investments amounting to RON 202,645 thousand in the following entities: Evergent Investments S.A. and Transilvania Investments Alliance S.A. (2023: RON 179,052 thousand in Evergent Investments S.A. and Transilvania Investments Alliance S.A.).

A qualitative analysis financial assets held-for-trading and measured at fair value through profit or loss for the Group and of the Bank as at December 31, 2024 and December 31, 2023 is presented below:

	Group		**Bank**	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Investment-grade	2,885	16,659	2,474	16,315
Non-investment grade	800	550	800	550
No rating (*)	386,132	328,547	14,559	19,438
Total	**389,817**	**345,756**	**17,833**	**36,303**

(*) They mainly represent the Group's and the Bank's investments in fund units and Romanian financial investment companies.

The analysis is based on ratings available at rating agencies.

The Investment-grade category includes financial assets at fair value through profit or loss with the following ratings: BBB+, BBB-.

The Non-Investment-grade category includes financial assets at fair value through profit or loss with rating BB.

The "no rating" category includes financial assets at fair value through profit or loss the issuers of which are not rated.

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:

	Group		**Bank**	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Equity instruments (*)	406,759	292,920	373,337	292,472
Debt instruments	1,062,255	939,678	1,642,097	1,377,683
Total	**1,469,014**	**1,232,598**	**2,015,434**	**1,670,155**

(*) 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.

21. Financial assets at fair value through profit or loss *(continued)*

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

The following is an analysis of the quality of the Group's and the Bank's portfolio of the debt instruments which are required to be measured at fair value through profit or loss as at December 31, 2024 and as at December 31, 2023:

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Investment-grade	363,187	337,987	363,187	337,987
Non-investment grade	-	-	-	-
No rating (*)	699,068	601,691	1,278,910	1,039,696
Total	**1,062,255**	**939,678**	**1,642,097**	**1,377,683**

(*) The vast majority of these represent the Group's and the Bank's investments in Romanian fund units and financial investment companies.

The Investment-grade category includes financial assets at fair value through profit or loss with the following ratings: A, A-, AA+, AA-, BBB+.

The “No rating” category includes financial assets at fair value through profit or loss the issuers of which are not rated.

22. Loans and advances to customers

The Group’s and Bank’s commercial lending is concentrated on Romanian and Moldavian companies and individuals. The risk distribution of the credit portfolio at economic sector level, as at December 31, 2024 and December 31, 2023, is the following:

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Retail	41,926,881	33,535,169	33,902,669	31,433,875
Trading	9,958,558	8,253,371	8,151,107	7,553,098
Manufacturing	6,968,403	5,247,804	5,948,616	4,916,366
Agriculture	4,483,984	3,304,137	3,567,576	3,188,576
Services	4,442,282	3,545,309	3,762,432	3,260,427
Real Estate	4,599,634	2,905,592	3,268,275	2,960,077
Constructions	3,072,761	2,354,987	2,652,422	2,123,074
Transportation	3,055,221	2,585,858	2,514,925	2,117,656
Self-employed	1,412,545	1,103,274	1,088,856	887,732
Others	1,592,231	1,262,629	1,386,875	1,097,760
Financial Institutions	1,511,080	768,736	7,345,469	4,608,630
Telecommunications	440,984	321,982	413,199	293,838
Energy Industry	2,135,772	1,941,327	1,850,760	1,919,409
Mining Industry	115,735	82,452	86,868	76,976
Chemical Industry	160,921	150,639	119,460	145,467
Government Institutions	10,221,339	9,330,576	10,107,807	9,317,465
Fishing	16,932	21,916	15,083	20,786
Total loans and advances to customers before impairment allowance (*)	**96,115,263**	**76,715,758**	**86,182,399**	**75,921,212**
Allowances for impairment losses on loans	(5,335,637)	(4,707,534)	(4,792,410)	(4,370,808)
Total loans and advances to customers, net of impairment allowance	**90,779,626**	**72,008,224**	**81,389,989**	**71,550,404**

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

22. Loans and advances to customers *(continued)*

The structure of the credit portfolio of the Group and the Bank as at December 31, 2024 and December 31, 2023 is the following:

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Corporate	39,410,672	31,891,157	40,584,047	35,424,045
Small and medium enterprises	13,400,980	10,254,549	11,695,683	9,063,280
Consumer loans and card loans granted to retail customers	16,522,596	13,392,850	14,520,308	12,674,358
Mortgage loans	24,083,037	19,053,459	19,303,938	18,701,951
Loans granted by non-banking financial institutions	2,612,419	2,060,596	-	-
Other	85,559	63,147	78,423	57,578
Total loans and advances to customers before impairment allowance	**96,115,263**	**76,715,758**	**86,182,399**	**75,921,212**
Allowances for impairment losses on loans	(5,335,637)	(4,707,534)	(4,792,410)	(4,370,808)
Total loans and advances to customers net of impairment allowance	**90,779,626**	**72,008,224**	**81,389,989**	**71,550,404**

Notes to the consolidated and separate financial statements

22. Loans and advances to customers *(continued)*

The movement in impairment allowances on loans and advances to customers at Group level in 2024 was the following:

In RON thousand	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2024	**(1,328,178)**	**(1,730,647)**	**(1,607,808)**	**(40,901)**	**(4,707,534)**
Increase due to issue or acquisition	(1,204,301)	(622,985)	(223,663)	-	**(2,050,949)**
Decrease due to derecognition	506,043	559,576	282,300	6,035	**1,353,954**
Increase or decrease due to the change in credit risk (net) and transfers	282,309	(307,632)	(582,499)	(19,921)	**(627,743)**
Increase or decrease due to changes without derecognition (net)	243,930	137,879	96,753	(7,019)	**471,543**
Increase or decrease due to the update of the institution's estimation methodology (net)	39	247	-	-	**286**
Decrease of impairment allowances due to write-offs	154	15,095	197,807	12,446	**225,502**
Other adjustments	(1,538)	(35)	735	142	**(696)**
Closing balance as at December 31, 2024	**(1,501,542)**	**(1,948,502)**	**(1,836,375)**	**(49,218)**	**(5,335,637)**

During the year 2024, the Group contractual amount outstanding in loans and advances to customers that were written off and are still subject to enforcement activity was in the amount RON 275,767 thousand. The total outstanding amount as at December 31, 2024 was RON 3,559,446 thousand.

Notes to the consolidated and separate financial statements

22. Loans and advances to customers *(continued)*

The movement in impairment allowances on loans and advances to customers at Bank level in 2024 was the following:

In RON thousand	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2024	**(1,301,239)**	**(1,677,555)**	**(1,356,393)**	**(35,621)**	**(4,370,808)**
Increase due to issue or acquisition	(1,205,887)	(555,171)	(126,277)	-	**(1,887,335)**
Decrease due to derecognition	578,223	554,621	211,401	3,243	**1,347,488**
Increase or decrease due to the change in credit risk (net) and transfers	248,123	(297,779)	(535,700)	130	**(585,226)**
Increase or decrease due to changes without derecognition (net)	261,493	143,457	107,628	(6,826)	**505,752**
Decrease of impairment allowances due to write-offs	154	14,002	172,404	11,748	**198,308**
Other adjustments	(1,388)	18	655	126	**(589)**
Closing balance as at December 31, 2024	**(1,420,521)**	**(1,818,407)**	**(1,526,282)**	**(27,200)**	**(4,792,410)**

During the year 2024, the Bank contractual amount outstanding in loans and advances to customers that were written off and are still subject to enforcement activity was in the amount RON 169,119 thousand. The total outstanding amount as at December 31, 2024 was RON 2,652,846 thousand.

Notes to the consolidated and separate financial statements

22. Loans and advances to customers *(continued)*

The movement in impairment allowances on loans and advances to customers at Group level in 2023 was the following:

In RON thousand	**Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)**	**Allowances for expected losses on assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2023	**(1,138,960)**	**(1,680,377)**	**(1,488,706)**	**(74,586)**	**(4,382,629)**
Increase due to issue or acquisition	(999,169)	(691,358)	(75,624)	-	**(1,766,151)**
Decrease due to derecognition	486,874	602,842	167,508	27,718	**1,284,942**
Increase or decrease due to the change in credit risk (net) and transfers	127,706	(160,289)	(488,168)	(1,822)	**(522,573)**
Increase or decrease due to changes without derecognition (net)	195,958	167,108	164,835	(72,982)	**454,919**
Increase or decrease due to the update of the institution's estimation methodology (net)	7	9	(10,245)	(17,790)	**(28,019)**
Decrease of impairment allowances due to write-offs	465	33,712	127,446	99,046	**260,669**
Other adjustments	(1,059)	(2,294)	(4,854)	(485)	**(8,692)**
Closing balance as at December 31, 2023	**(1,328,178)**	**(1,730,647)**	**(1,607,808)**	**(40,901)**	**(4,707,534)**

During the year 2023, the Group contractual amount outstanding in loans and advances to customers that were written off and are still subject to enforcement activity was in the amount RON 192,877 thousand. The total outstanding amount as at December 31, 2023 was RON 3,306,671 thousand.

Notes to the consolidated and separate financial statements

22. Loans and advances to customers *(continued)*

The movement in impairment allowances on loans and advances to customers at Bank level in 2023 was the following:

In RON thousand	**Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)**	**Allowances for expected losses on assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2023	**(1,081,557)**	**(1,636,145)**	**(1,253,317)**	**(53,122)**	**(4,024,141)**
Increase due to issue or acquisition	(1,035,511)	(684,142)	(73,265)	-	**(1,792,918)**
Decrease due to derecognition	508,648	601,034	133,559	12,425	**1,255,666**
Increase or decrease due to the change in credit risk (net) and transfers	102,260	(158,053)	(408,212)	(1,810)	**(465,815)**
Increase or decrease due to changes without derecognition (net)	205,876	169,133	125,673	(10,166)	**490,516**
Decrease of impairment allowances due to write-offs	465	33,712	123,143	17,535	**174,855**
Other adjustments	(1,420)	(3,094)	(3,974)	(483)	**(8,971)**
Closing balance as at December 31, 2023	**(1,301,239)**	**(1,677,555)**	**(1,356,393)**	**(35,621)**	**(4,370,808)**

During the year 2023, the Bank contractual amount outstanding in loans and advances to customers that were written off and are still subject to enforcement activity was in the amount RON 104,240 thousand. The total outstanding amount as at December 31, 2023 was RON 2,687,249 thousand.

Notes to the consolidated and separate financial statements

23. 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 contractual maturity is presented below:

In RON thousand	**2024**	**2023**
Finance lease receivables with maturity below 1 year, gross	2,367,470	1,426,123
Finance lease receivables with maturity between 1-2 years, gross	1,789,151	1,112,761
Finance lease receivables with maturity between 2-3 years, gross	1,289,248	845,466
Finance lease receivables with maturity between 3-4 years, gross	790,037	535,641
Finance lease receivables with maturity between 4-5 years, gross	324,513	259,946
Finance lease receivables with maturity above 5 years, gross	26,114	18,911
Total finance lease receivables, gross	**6,586,533**	**4,198,848**
Future interest related to finance lease receivables	(725,966)	(494,074)
Total finance lease receivables, net of future interest	5,860,567	3,704,774
Impairment allowances for finance lease receivables	(270,331)	(142,091)
Total finance lease receivables	**5,590,236**	**3,562,683**

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

Notes to the consolidated and separate financial statements

23. Finance lease receivables *(continued)*

The movement in impairment allowances on finance lease receivable at Group level in 2024 was the following:

In RON thousand	**Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)**	**Allowances for expected losses on assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2024	**(36,109)**	**(27,905)**	**(66,106)**	**(11,971)**	**(142,091)**
Increase due to issue or acquisition	(24,194)	(24,473)	(19,184)	-	**(67,851)**
Decrease due to derecognition	5,583	2,002	8,159	3,546	**19,290**
Increase or decrease due to the change in credit risk (net) and transfers	5,894	(21,866)	(59,061)	(3,580)	**(78,613)**
Increase or decrease due to changes without derecognition (net)	655	1,045	3,243	(6,099)	**(1,156)**
Increase or decrease due to the update of the institution's estimation methodology (net)	-	-	-	-	**-**
Decrease in the impairment allowance account due to off- balance sheet removals	-	-	87	-	**87**
Other adjustments	(389)	(9,388)	9,781	(1)	**3**
Closing balance as at December 31, 2024	**(48,560)**	**(80,585)**	**(123,081)**	**(18,105)**	**(270,331)**

During the year 2024, the Group contractual amount outstanding in finance lease receivable that were written off and are still subject to enforcement activity was in the amount RON 3,247 thousand. The total outstanding amount as at December 31, 2024 was RON 6,957 thousand.

23. Finance lease receivables *(continued)*

The movement in impairment allowances on finance lease receivable at Group level in 2023 was the following:

In RON thousand	Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)	Allowances for expected losses on assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2023	**(22,684)**	**(18,824)**	**(76,142)**	**(15,715)**	**(133,365)**
Increase due to issue or acquisition	(9,992)	(8,468)	(4,900)	-	**(23,360)**
Decrease due to derecognition	2,837	2,988	7,609	3	**13,437**
Increase or decrease due to the change in credit risk (net) and transfers	(7,012)	(11,819)	16,617	3,709	**1,495**
Increase or decrease due to changes without derecognition (net)	378	(1,035)	(330)	17	**(970)**
Increase or decrease due to the update of the institution's estimation methodology (net)	5	38	(194)	-	**(151)**
Decrease in the impairment allowance account due to off-balance sheet removals	-	-	823	-	**823**
Other adjustments	359	9,215	(9,589)	15	**-**
Closing balance as at December 31, 2023	**(36,109)**	**(27,905)**	**(66,106)**	**(11,971)**	**(142,091)**

During the year 2023, the Group contractual amount outstanding in finance lease receivable that were written off and are still subject to enforcement activity was in the amount RON 823 thousand. The total outstanding amount as at December 31, 2023 was RON 16,348 thousand.

24. Investment securities

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

In RON thousand	Group		Bank	
	2024	**2023**	**2024**	**2023**
Debt instruments, of which:	**43,780,045**	**40,419,383**	**43,102,794**	**40,218,319**
- Central administrations	41,803,049	37,959,831	41,125,798	37,745,421
- Credit institutions	1,468,254	2,068,827	1,468,254	2,068,827
- Other financial companies	508,742	310,847	508,742	324,193
- Non-financial institutions	-	79,878	-	79,878
Equity instruments, of which:	**171,366**	**154,160**	**22,780**	**19,400**
- Other financial companies	141,588	121,512	19,973	15,192
- Non-financial institutions	29,778	32,648	2,807	4,208
Loans and advances, of which:	**25,924**	**26,483**	**25,924**	**26,483**
- Central administrations	25,924	26,483	25,924	26,483
Total	**43,977,335**	**40,600,026**	**43,151,498**	**40,264,202**

As at December 31, 2024, the Group and the Bank hold equity instruments valued at fair value through other items of comprehensive income under the form of participations mainly in Transfond, Biroul de Credit, Swift Belgium, CCP RO Bucuresti S.A., Depozitarul Central S.A., Evergent Investments S.A., Platforma Roca S.A. and Morphosis Capital Fund I Cooperatief U.A..

The investment in such equity instruments as at December 31, 2024 at Group level amounted to RON 171,366 thousand (2023: RON 154,160 thousand) and at Bank level RON 22,780 thousand (2023: RON 19,400 thousand). During 2024, the dividends received by the Group for these equity instruments investment were in the amount of RON 15,668 thousand (2023: RON 14,981 thousand), and at the level of the Bank in the amount of RON 7,143 thousand (2023: RON 5,495 thousand).

The Bank also includes in this category bonds, that are held for the purpose of collecting future cashflows or sale, in order to obtain certain returns or manage liquidity.

Notes to the consolidated and separate financial statements

24. Investment securities *(continued)*

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

Qualitative analysis of the bonds held by the Group and the Bank as at December 31, 2024, classified as "Financial assets measured at fair value through other items of comprehensive income", depending on the issuer's rating:

	Group					Bank				
In RON thousand	Central administrations	Credit institutions	Other financial corporations	Non-financial corporations	Total	Central administrations	Credit institutions	Other financial corporations	Non-financial corporations	Total
Debt instruments, of which	**41,803,049**	**1,468,254**	**508,742**	**-**	**43,780,045**	**41,125,798**	**1,468,254**	**508,742**	**-**	**43,102,794**
A	-	380,588	217,815	-	**598,403**	-	380,588	217,815	-	**598,403**
A-	53,969	631,977	12,345	-	**698,291**	-	631,977	12,345	-	**644,322**
A+	-	-	114,595	-	**114,595**	-	-	114,595	-	**114,595**
AAA	572,719	122,489	-	-	**695,208**	572,719	122,489	-	-	**695,208**
B	-	-	-	-	**-**	-	-	-	-	**-**
B-	3,104	-	-	-	**3,104**	-	-	-	-	**-**
BB	-	-	-	-	**-**	-	-	-	-	**-**
BB-	-	-	-	-	**-**	-	-	-	-	**-**
BB+	45	-	45,972	-	**46,017**	45	-	45,972	-	**46,017**
BBB	145,799	159,388	118,015	-	**423,202**	145,799	159,388	118,015	-	**423,202**
BBB-	41,027,413	-	-	-	**41,027,413**	40,407,235	-	-	-	**40,407,235**
BBB+	-	101,437	-	-	**101,437**	-	101,437	-	-	**101,437**
DD	-	72,375	-	-	**72,375**	-	72,375	-	-	**72,375**
Loans and advances, of which	**25,924**	**-**	**-**	**-**	**25,924**	**25,924**	**-**	**-**	**-**	**25,924**
BB-	25,924	-	-	-	**25,924**	25,924	-	-	-	**25,924**

As at December 31, 2024, the Group and the Bank hold past due or impaired debt instruments classified as „Financial assets measured at fair value through other items of comprehensive income" in amount of RON 72,375 thousand (December 31, 2023: RON 72,375 thousand).

Notes to the consolidated and separate financial statements

24. Investment securities *(continued)*

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

Qualitative analysis of the bonds held by the Group and the Bank as at December 31, 2023, classified as "Financial assets measured at fair value through other items of comprehensive income", depending on the issuer's rating:

	Group					Bank				
In RON thousand	Central administrations	Credit institutions	Other financial corporations	Non-financial corporations	Total	Central administrations	Credit institutions	Other financial corporations	Non-financial corporations	Total
Debt instruments, of which	**37,959,831**	**2,068,827**	**310,847**	**79,878**	**40,419,383**	**37,745,421**	**2,068,827**	**324,193**	**79,878**	**40,218,319**
A	-	554,724	266,248	-	**820,972**	-	554,724	266,248	-	**820,972**
A-	32,639	739,444	-	-	**772,083**	32,639	739,444	-	-	**772,083**
A+	-	123,314	-	-	**123,314**	-	123,314	-	-	**123,314**
AAA	561,936	117,305	-	-	**679,241**	561,936	117,305	-	-	**679,241**
B	-	-	-	17,430	**17,430**	-	-	-	17,430	**17,430**
B-	3,707	-	-	-	**3,707**	-	-	-	-	**-**
BB	-	10,628	-	-	**10,628**	-	10,628	-	-	**10,628**
BB-	-	-	-	-	-	-	-	-	-	**-**
BB+	132	-	44,599	-	**44,731**	132	-	57,945	-	**58,077**
BBB	-	220,311	-	62,448	**282,759**	-	220,311	-	62,448	**282,759**
BBB-	37,361,417	129,779	-	-	**37,491,196**	37,150,714	129,779	-	-	**37,280,493**
BBB+	-	100,947	-	-	**100,947**	-	100,947	-	-	**100,947**
DD	-	72,375	-	-	**72,375**	-	72,375	-	-	**72,375**
Loans and advances, of which	**26,483**	**-**	**-**	**-**	**26,483**	**26,483**	**-**	**-**	**-**	**26,483**
BB-	26,483	-	-	-	**26,483**	26,483	-	-	-	**26,483**

Notes to the consolidated and separate financial statements

24. Investment securities *(continued)*

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

Evolution of securities in the category "Financial assets measured at fair value through other items of comprehensive income":

	Group		**Bank**	
In RON thousand	**2024**	**2023**	**2024**	**2023**
As at January 1	**40,600,026**	**43,485,732**	**40,264,202**	**43,124,154**
Acquisitions (*)	23,150,824	17,936,513	22,008,977	17,817,334
Sales and repurchases (**)	(19,733,896)	(23,271,444)	(19,066,532)	(23,121,982)
Coupon and amortization in profit or loss during the year (Note 8)	1,617,767	1,614,924	1,600,624	1,607,502
Coupon collected, at term, during the year	(1,560,746)	(1,748,651)	(1,553,070)	(1,741,572)
Gain/(Loss) from the measurement at fair value	(240,534)	2,596,009	(247,712)	2,593,659
Exchange rate differences	143,894	(13,057)	145,009	(14,893)
As at December 31	**43,977,335**	**40,600,026**	**43,151,498**	**40,264,202**

(*) Include assets measured at fair value through other comprehensive income items acquired from OTP Bank S.A. and BCR Chisinau S.A.

(**) Represents the amounts collected from the sale and maturity of financial assets at fair value through other comprehensive income.

24. Investment securities *(continued)*

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

As at December 31, 2024, out of the treasury securities held by the Bank, the amount of RON 165,000 thousand (2023: RON 165,000 thousand) was pledged for current operations (RoCLEAR, SENT, MASTERCARD and VISA).
The treasury securities and bonds issued by the Romanian Government have maturities between 2024 and 2053.
As at December 31, 2024, the Bank concluded repo transactions with other financial institutions, backed by financial assets measured at fair value through other items of comprehensive income in amount of RON 162,603 thousand (2023: RON 368,480 thousand). The securities pledged under repo agreements may be sold or re-pledged by the counterparty.

The interest rates on financial assets measured at fair value through other comprehensive income were within the following ranges:

	2024		**2023**	
	Minimum	**Maximum**	**Minimum**	**Maximum**
EUR	0.00%	6.63%	0.00%	7.50%
RON	0.00%	9.08%	0.00%	9.08%
USD	1.25%	7.63%	0.88%	7.63%
MDL	0.00%	14.00%	0.00%	16.00%
PLN	1.00%	1.00%	1.00%	1.00%

b) Financial assets at amortized cost - debt instruments

In 2024, the Group holds and classifies as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 22,401,071 thousand (2023: RON 9,472,245 thousand) and the Bank acquired bonds in amount of RON 19,376,763 thousand (2023: RON 7,980,071 thousand).

In RON thousand	**Group**		**Bank**	
	2024	**2023**	**2024**	**2023**
Debt instruments, of which				
- Central banks	585,123	564,188	-	-
- Central administrations	19,356,757	6,819,530	16,917,571	5,876,660
- Credit institutions	867,818	788,581	867,818	803,465
- Other financial companies	1,523,608	1,255,462	1,523,608	1,255,463
- Non-financial institutions	67,765	44,484	67,766	44,483
Total	**22,401,071**	**9,472,245**	**19,376,763**	**7,980,071**

24. Investment securities *(continued)*

b) Financial assets at amortized cost - debt instruments (continued)

Qualitative analysis of the financial assets measures at amortized cost - debt instruments held by the Group as at December 31, 2024 and December 31, 2023, depending on the issuer's rating:

December 31, 2024			**Group**			
In RON thousand	**Central banks**	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**585,123**	**19,356,757**	**867,818**	**1,523,608**	**67,765**	**22,401,071**
A	-	-	116,945	17,434	-	**134,379**
A-	-	-	249,105	-	-	**249,105**
A+	-	-	-	996,707	-	**996,707**
AA	-	-	-	250,624	-	**250,624**
B	-	-	-	-	45,048	**45,048**
B-	585,123	1,407,475	-	-	-	**1,992,598**
B+	-	-	-	-	22,717	**22,717**
BB	-	-	201,352	-	-	**201,352**
BBB	-	-	181,768	-	-	**181,768**
BBB-	-	17,949,282	-	248,723	-	**18,198,005**
BBB+	-	-	118,648	10,120	-	**128,768**

December 31, 2023			**Group**			
In RON thousand	**Central banks**	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**564,188**	**6,819,530**	**788,581**	**1,255,462**	**44,484**	**9,472,245**
A	-	-	383,840	-	-	**383,840**
B	-	-	-	-	44,484	**44,484**
B-	564,188	849,829	-	-	-	**1,414,017**
BB	-	-	151,625	-	-	**151,625**
BBB	-	-	253,116	1,245,343	-	**1,498,459**
BBB-	-	5,969,701	-	-	-	**5,969,701**
BBB+	-	-	-	10,119	-	**10,119**

24. Investment securities *(continued)*

b) Financial assets at amortized cost - debt instruments *(continued)*

Qualitative analysis of the financial assets measures at amortized cost - debt instruments held by the Bank as at December 31, 2024 and December 31, 2023, depending on the issuer's rating:

December 31, 2024			**Bank**		
In RON thousand	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**16,917,571**	**867,818**	**1,523,608**	**67,766**	**19,376,763**
A	-	116,945	17,434	-	**134,379**
A-	-	249,105	-	-	**249,105**
A+	-	-	996,707	-	**996,707**
AA	-	-	250,624	-	**250,624**
B	-	-	-	45,049	**45,049**
B+	-	-	-	22,717	**22,717**
BB	-	201,352	-	-	**201,352**
BBB	-	181,768	-	-	**181,768**
BBB-	16,917,571	-	248,723	-	**17,166,294**
BBB+	-	118,648	10,120	-	**128,768**

December 31, 2023			**Bank**		
In RON thousand	**Central administrations**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Total**
Debt instruments, of which	**5,876,660**	**803,465**	**1,255,463**	**44,483**	**7,980,071**
A	-	383,840	-	-	**383,840**
B	-	-	-	44,483	**44,483**
BB	-	151,625	-	-	**151,625**
BB+	-	14,883	-	-	**14,883**
BBB	-	253,117	1,245,344	-	**1,498,461**
BBB-	5,876,660	-	-	-	**5,876,660**
BBB+	-	-	10,119	-	**10,119**

The movement of securities in the category of financial assets measured at amortized cost - debt instruments is presented in the table below:

	Group		**Bank**	
In RON thousand	**2024**	**2023**	**2024**	**2023**
As at January 1	**9,472,245**	**2,059,712**	**7,980,072**	**975,159**
Acquisitions (*)	34,862,081	34,002,713	15,933,592	7,321,026
Sales and repurchases	(22,287,835)	(26,858,671)	(4,798,970)	(319,102)
Coupon and amortization in P&L during the year (Note 8)	958,769	335,292	845,239	125,533
Coupon collected, at term, during the year	(616,583)	(137,761)	(605,949)	(126,349)
Recognition of expected credit losses (ECL) in accordance with IFRS 9	(33,532)	(13,847)	(26,506)	(13,363)
Exchange rate differences	45,926	84,807	49,285	17,167
As at December 31	**22,401,071**	**9,472,245**	**19,376,763**	**7,980,071**

(*) Include assets measured at amortized cost acquired from OTP Bank S.A. and BCR Chisinau S.A.

Notes to the consolidated and separate financial statements

25. Investment in subsidiaries

As at December 31, 2024, the Bank had direct stakes in subsidiaries in amount of RON 2,644,703 thousand (2023: RON 873,300 thousand) and the impairment allowance amounted to RON 51,317 thousand (2023: RON 51,317 thousand).

On December 31, 2024, the Bank has subsidiaries which directly and indirectly holdings are:

Entity	Head Office	% of shares owned	Share capital	Reserves	Profit/(Loss) as at December 31, 2024
BT Leasing Transilvania IFN S.A.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	63,430	12,380	193,008
BT Capital Partners S.A.	Cluj-Napoca, 74-76 C-tin Brancusi Street, ground floor	99.62%	19,478	3,837	25,547
BT Direct IFN S.A.	Cluj-Napoca, 74-76 C-tin Brancusi Street, 3rd floor	100%	116,331	22,098	52,088
BT Building S.R.L.	Cluj-Napoca, 1 George Baritiu Street	100%	40,448	1,623	6,195
BT Investments S.R.L.	Cluj-Napoca, 36 Eroilor Boulevard	100%	50,940	3,086	3,090
BT Asset Management SAI S.A.	Cluj-Napoca, 22 Emil Racovita Street, first floor	100%	7,166	112,816	37,505
BT Leasing Moldova S.R.L.	Republic of Moldova, Chisinau, 60 A, Puskin Street	100%	5,336	494	6,186
BT Microfinantare IFN S.A.	Bucuresti, District 4, U-Center, A Building, 206 Calea Serban Voda Street, 4th floor	100%	46,760	13,064	72,277
Improvement Credit Collection S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, second floor	100%	901	1,740	12,588
B.C. VICTORIABANK S.A.	Republic of Moldova, Chisinau, 141 31 August 1989 Street	44.63%	57,375	5,738	155,319
Banca Comerciala Romana Chisinau S.A.	Republic of Moldova, Chisinau, Riscani Sec., 60/2 A. Puskin Street	44.63%	185,746	8,310	12,573
BT Pensii S.A.	Bucuresti, 75-77 Buzesti Street, 5th floor	100%	20,731	83	(1,817)
Salt Bank S.A.	Bucuresti, District 2, 5-7 Dimitrie Pompei Boulevard, 6th floor	100%	459,150	17,394	(152,504)
Avant Leasing IFN S.A.	Bucuresti, District 1, 19-21 Bucuresti-Ploiesti Boulevard, Baneasa Business Center, 2nd floor	100%	9,503	1,877	8,021
BT Broker de Asigurare S.R.L.	Bucuresti, District 1, 19-21 Bucuresti-Ploiesti Boulevard, Baneasa Business Center, 2nd floor	100%	150	30	51,988
BTP ONE S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	29,000	140	4,081
BTP Retail S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	3,100	-	(44)
BTP STORE HUB TURDA S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	23,636	23	1,201
INTER TERRA S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	4	1	-
OTP BANK S.A.	Bucuresti, District 1, 66-68 Buzesti Street	100%	2,322,004	94,223	48,899
OTP ASSET MANAGEMENT ROMANIA SAI S.A.	Bucuresti, District 1, 43 Aleea Alexandru Street	100%	5,795	8,559	395
VB Investment Holding B.V.	Netherlands, Amsterdam, 423 Westerdoksdijk	61.82%	839	(2,244)	30,984
Code Crafters by BT	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	10	2	4,954
BT Asiom Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	-	-	1,154
BT Intermedieri Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	-	-	923
BT Safe Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	-	-	(9)
BT Solution Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	-	-	(115)
OTP Advisors S.R.L.	Bucuresti, District 3, 1 Traian Street	100%	9,229	70	327
GOVKA Project Company S.R.L.	Bucuresti, District 1, 4-8 Nicolae Titulescu Av., 4th floor	100%	20	4	175
REA Project One Company S.R.L.	Bucuresti, District 1, 4-8 Nicolae Titulescu Av., 4th floor	100%	20	4	19
BTP STORE HUB ORADEA S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	100	-	(5)
OTP Factoring S.R.L.	Bucuresti, District 1, 4-8 Nicolae Titulescu Av., 4th floor	100%	600	120	(259)
OTP Consulting România S.R.L.	Bucuresti, District 1, 43 Aleea Alexandru Street	100%	280	56	(1,365)
Total			**3,478,082**	**305,528**	**573,379**

Notes to the consolidated and separate financial statements

25. Investment in subsidiaries *(continued)*

On December 31, 2023, the Bank has subsidiaries which directly and indirectly holdings were:

Entity	Head Office	% of shares owned	Share capital	Reserves	Profit/(Loss) as at December 31, 2023
BT Leasing Transilvania IFN S.A.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	59,573	12,380	148,941
BT Capital Partners S.A.	Cluj-Napoca, 74-76 C-tin Brancusi Street, ground floor	99.59%	19,478	2,349	15,937
BT Direct IFN S.A.	Cluj-Napoca, 74-76 C-tin Brancusi Street, 3rd floor	100%	79,806	19,113	43,819
BT Building S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	40,448	1,272	2,188
BT Investments S.R.L.	Cluj-Napoca, 36 Eroilor Boulevard	100%	50,940	2,932	7,130
BT Asset Management SAI S.A.	Cluj-Napoca, 22 Emil Racovita Street, first floor	100%	7,166	84,352	24,903
BT Solution Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	20	4	8,730
BT Safe Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	77	15	797
BT Intermedieri Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	507	101	11,726
BT Leasing Moldova S.R.L.	Republic of Moldova, Chisinau, 60 A,Puskin Street	100%	5,336	494	6,499
BT Asiom Agent de Asigurare S.R.L.	Cluj-Napoca, 74-76 C-tin Brancusi Street, first floor	100%	20	4	9,497
BT Microfinantare IFN S.A.	Bucuresti, 43 Bucuresti-Ploiesti Boulevard	100%	46,760	12,638	60,287
Improvement Credit Collection S.R.L.	Cluj-Napoca, 1 George Baritiu Street	100%	901	1,740	9,280
B.C. VICTORIABANK S.A.	Republic of Moldova, Chisinau, 141 31 August 1989 Street	44.63%	57,375	5,738	169,348
BT Pensii S.A.	Bucuresti, 75-77 Buzesti Street, 10th floor, 2nd office	100%	13,731	83	(1,149)
Salt Bank S.A.	Bucuresti, District 2, 5-7 Dimitrie Pompei Boulevard, 6th floor	100%	459,150	17,394	(24,334)
Avant Leasing IFN S.A.	Bucuresti, District 1, 19-21 Bucuresti-Ploiesti Boulevard, Baneasa Business Center, 2nd floor	100%	9,503	1,878	48,034
BT Broker de Asigurare S.R.L.	Bucuresti, District 1, 19-21 Bucuresti-Ploiesti Boulevard, Baneasa Business Center, 2nd floor	100%	150	30	8,377
Code Crafters by BT	Cluj-Napoca, General Traian Mosoiu Street, 35	100%	10	4	2,782
BTP ONE S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	29,000	46	4,294
BTP Retail S.R.L.	Cluj-Napoca, 30-36 Calea Dorobantilor Street	100%	100	-	(5)
VB Investment Holding B.V.	Netherlands, Amsterdam, 423 Westerdoksdijk	61.82%	839	(1,988)	(256)
Total			**880,890**	**160,579**	**556,825**

Notes to the consolidated and separate financial statements

26. Property and equipment and investment property

***Group** - In RON thousand*

Gross carrying amount	Investment property	Land & buildings	Computers and equipment	Vehicles	Fixed assets in progress	Total
Balance as at January 1, 2024	**86,780**	**857,510**	**963,848**	**101,858**	**88,855**	**2,098,851**
Acquisitions of tangible assets and investment property	-	8,696	7,289	2,624	242,536	**261,145**
Tangible assets related to acquisition	155,127	113,954	38,123	14,145	2,529	**323,878**
Reclassification from investments in progress	-	55,775	151,804	29,943	(237,522)	**-**
Revaluation (impact on reserve)	31,167	2,951	2,946	3,663	-	**40,727**
Revaluation (impact on profit or loss statement)	68	97	-	-	-	**165**
Disposals	(432)	(68,955)	(93,790)	(19,679)	(1,743)	**(184,599)**
Balance at December 31, 2024	**272,710**	**970,028**	**1,070,220**	**132,554**	**94,655**	**2,540,167**
Balance as at January 1, 2023	**19,807**	**826,214**	**876,304**	**95,663**	**51,003**	**1,868,991**
Acquisitions of tangible assets and investment property	66,838	956	5,897	3,637	189,676	**267,004**
Reclassification from investments in progress	-	28,390	109,203	10,159	(147,752)	**-**
Revaluation (impact on reserve)	-	5,636	3,990	3,026	-	**12,652**
Revaluation (impact on profit or loss statement)	135	(1,478)	-	-	-	**(1,343)**
Disposals	-	(2,208)	(31,546)	(10,627)	(4,072)	**(48,453)**
Balance at December 31, 2023	**86,780**	**857,510**	**963,848**	**101,858**	**88,855**	**2,098,851**

Notes to the consolidated and separate financial statements

26. Property and equipment and investment property *(continued)*

Amortization and depreciation

***Group** - In RON thousand*	Investment property	Land & buildings	Computers and equipment	Vehicles	Fixed assets in progress	Total
Balance as at January 1, 2024	**-**	**250,141**	**518,986**	**50,821**	**-**	**819,948**
Charge for the year	-	44,237	115,427	21,821	-	**181,485**
Accumulated depreciation of disposals	-	(26,414)	(75,184)	(16,398)	-	**(117,996)**
Amortization related to revaluation (impact on reserve)	-	927	-	-	-	**927**
Amortization related to revaluation (impact on profit or loss statement)	-	35	(28)	-	-	**7**
Impairment provision	423	-	-	-	-	**423**
Balance at December 31, 2024	**423**	**268,926**	**559,201**	**56,244**	**-**	**884,794**
Balance as at January 1, 2023	**-**	**210,401**	**438,034**	**46,110**	**-**	**694,545**
Charge for the year	-	44,818	109,881	15,185		**169,884**
Accumulated depreciation of disposals	-	(4,989)	(28,929)	(10,486)	-	**(44,404)**
Amortization related to revaluation (impact on reserve)	-	188	-	12	-	**200**
Amortization related to revaluation (impact on profit or loss statement)	-	(277)	-	-	-	**(277)**
Balance at December 31, 2023	**-**	**250,141**	**518,986**	**50,821**	**-**	**819,948**
Net carrying amount						
As at January 1, 2024	**86,780**	**607,369**	**444,862**	**51,037**	**88,855**	**1,278,903**
As at December 31, 2024	**272,287**	**701,102**	**511,019**	**76,310**	**94,655**	**1,655,373**

Notes to the and separate financial statements

26. Property and equipment and investment property *(continued)*

Bank *- In RON thousand*	**Investment property**	**Land & buildings**	**Computers and equipment**	**Vehicles**	**Fixed assets in progress**	**Total**
Gross carrying amount						
Balance as at January 1, 2024	**1,587**	**488,059**	**804,845**	**73,311**	**79,358**	**1,447,160**
Acquisitions of tangible assets and investment property	-	-		71	207,982	**208,053**
Reclassification from investments in progress	-	47,392	132,153	29,677	(209,222)	**-**
Revaluation (impact on reserve)	-	2,944	2,876	3,663	-	**9,483**
Revaluation (impact on profit or loss statement)	68	97	-	-	-	**165**
Disposals	-	(18,873)	(26,473)	(12,798)	(1,180)	**(59,324)**
Balance at December 31, 2024	**1,655**	**519,619**	**913,401**	**93,924**	**76,938**	**1,605,537**
Balance as at January 1, 2023	**1,452**	**466,316**	**731,796**	**68,119**	**43,480**	**1,311,163**
Acquisitions of tangible assets and investment property	-	-	171	-	156,159	**156,330**
Reclassification from investments in progress	-	22,034	87,772	9,023	(118,829)	**-**
Revaluation (impact on reserve)	-	7,615	1,828	2,523	-	**11,966**
Revaluation (impact on profit or loss statement)	135	(1,478)	-	-	-	**(1,343)**
Disposals	-	(6,428)	(16,722)	(6,354)	(1,452)	**(30,956)**
Balance at December 31, 2023	**1,587**	**488,059**	**804,845**	**73,311**	**79,358**	**1,447,160**

Notes to the consolidated and separate financial statements

26. Property and equipment and investment property *(continued)*

Bank *- In RON thousand*	**Investment property**	**Land & buildings**	**Computers and equipment**	**Vehicles**	**Fixed assets in progress**	**Total**
Balance as at January 1, 2024	**-**	**209,850**	**446,285**	**35,612**	**-**	**691,747**
Charge for the year	-	35,620	89,452	13,127	-	**138,199**
Accumulated depreciation of disposals	-	(18,626)	(25,129)	(11,350)	-	**(55,105)**
Amortization related to revaluation (impact on reserve)	-	927	-	-	-	**927**
Amortization related to revaluation (impact on profit or loss statement)	-	35	-	-	-	**35**
Balance at December 31, 2024	**-**	**227,806**	**510,608**	**37,389**	**-**	**775,803**
Balance as at January 1, 2023	**-**	**176,662**	**373,694**	**29,770**	**-**	**580,126**
Charge for the year	-	36,888	88,718	11,945	-	137,551
Accumulated depreciation of disposals	-	(6,004)	(16,127)	(6,115)	-	(28,246)
Amortization related to revaluation (impact on reserve)	-	2,581	-	12	-	2,593
Amortization related to revaluation (impact on profit or loss statement)	-	(277)	-	-	-	(277)
Balance at December 31, 2023	**-**	**209,850**	**446,285**	**35,612**	**-**	**691,747**
Net carrying amount						
As at January 1, 2024	**1,587**	**278,209**	**358,560**	**37,699**	**79,358**	**755,413**
As at December 31, 2024	**1,655**	**291,813**	**402,793**	**56,535**	**76,938**	**829,734**

26. Property and equipment and investment property *(continued)*

As at December 31, 2024, the Group and the Bank did not have any pledged tangible or intangible assets. Property and equipment as at December 31, 2024 were revaluated by an independent evaluator. If the fixed assets of the Group had been booked under the cost model, the recognized carrying amount would have been: land and buildings: RON 640,298 thousand (2023: RON 543,710 thousand), investment property RON 270,547 thousand (2023: RON 85,338 thousand), computers and equipment RON 518,656 thousand (2023: RON 433,778 thousand), vehicles RON 64,218 thousand (2023: RON 43,654 thousand), fixed assets in progress RON 94,655 thousand (2023: RON 88,855 thousand).
If the assets of the Bank had been booked under the cost model, the recognized carrying amount would have been: land and buildings RON 267,641 thousand (2023: RON 255,210 thousand), investment property RON 145 thousand (2023: RON 145 thousand), computers and equipment RON 398,636 thousand (2023: RON 355,745 thousand), vehicles RON 52,354 thousand (2023: RON 34,472 thousand), fixed assets in progress RON 76,938 thousand (2023: RON 79,358 thousand).

27. Intangible assets (including goodwill)

In RON thousand	Group		Bank
Gross carrying amount	**Goodwill**	**Software**	**Software**
Balance as at January 1, 2024	**154,363**	**1,346,336**	**1,121,600**
Entry by acquisition	-	69,563	-
Acquisitions	2,552	510,851	315,940
Disposals	-	(265,877)	(113,532)
Balance as at December 31, 2024	**156,915**	**1,660,847**	**1,324,008**
Balance as at January 1, 2023	**154,363**	**1,063,052**	**911,020**
Entry by acquisition	-	-	-
Acquisitions	-	346,791	255,299
Disposals	-	(63,507)	(44,719)
Balance as at December 31, 2023	**154,363**	**1,346,336**	**1,121,600**
Accumulated amortization			
Balance as at January 1, 2024	**-**	**652,665**	**559,591**
Charge for the year	-	178,708	130,612
Disposals	-	(144,220)	(113,500)
Impairment provision	-	498	-
Balance as at December 31, 2024	**-**	**652,665**	**576,703**
Balance as at January 1, 2023	**-**	**556,814**	**481,060**
Charge for the year	-	138,548	121,128
Disposals	-	(42,697)	(42,597)
Balance as at December 31, 2023	**-**	**652,665**	**559,591**
Net carrying amount			
As at January 1, 2024	**154,363**	**693,671**	**562,009**
As at December 31, 2024	**156,915**	**973,222**	**747,305**

27. Intangible assets (including goodwill) *(continued)*

Impairment testing for cash generating units included in the goodwill

For the purpose of impairment testing, the goodwill is allocated to the Group's operating divisions which represent the lowest level at which the goodwill is monitored for internal management purposes.

Goodwill represents the excess of the consideration paid over the fair value of the acquired entity's net identifiable assets at the acquisition date. As of December 31, 2024, the goodwill carrying value at Group level was in amount of thousand RON 156,915 thousand (2023: RON 154,363 thousand). As at December 31, 2024 the goodwill allocated by the Group to BT Leasing Transilvania IFN S.A. was of RON 140,019 thousand, the goodwill allocated to BT Asset Management S.A. was of RON 10,908 thousand, the goodwill allocated to BT Pensii S.A. was of RON 3,436 thousand, the goodwill allocated to Inter Terra SRL was of RON 2,552 thousand (2023: RON 140,019 thousand allocated to BT Leasing Transilvania IFN S.A., RON 10,908 thousand allocated to BT Asset Management S.A., RON 3,436 thousand allocated to BT Pensii S.A.).

According to IAS 36, goodwill is tested for impairment at least annually, even if there are no impairment indicators. Goodwill is impaired when its carrying amount of the unit (including allocated goodwill) exceeds the recoverable amount of the unit. The recoverable amount of a cash generating unit (CGU) is defined as the higher of the fair value less cost to sell and the value in use, where the value in use is the present value of the future cash flows.

The hypothesis used for the future cash flows analysis are as follows, being derived both from internal and external factors:

- entity budget as approved by its management for a period of 3 years (2025-2027) which takes into account the forecasted macro-economic conditions for this period;
- a terminal value at the end of the 3 years based on an annual growth rate of 3% based on company estimates;
- a discount rate of 20% which represent the cost of equity of the company.

Considering the above-mentioned elements, the Group concluded that the impairment loss related to goodwill as of December 31, 2024 is null.

28. Right of use assets and lease liabilities

The Group and the Bank have lease agreements on land, buildings and vehicles. Rental contracts are typically made for fixed periods of 1 year to 95 years, but may have extension options as described below.

As at December 31, 2024 and December 31, 2023, the right of use assets of the Group by class of underlying items is analyzed as follows:

In RON thousand			**Group**		
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at January 1, 2024	**6,522**	**492,191**	**15,347**	**-**	**514,060**
Merger additions	-	22,420	505	268	**23,193**
Additions	416	241,370	10,582	-	**252,368**
Disposals	(894)	(42,755)	(2,831)	-	**(46,480)**
Depreciation charge	(1,229)	(149,915)	(5,267)	(96)	**(156,507)**
Carrying amount at December 31, 2024	**4,815**	**563,311**	**18,336**	**172**	**586,634**

28. Right of use assets and lease liabilities *(continued)*

In RON thousand			Group		
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at January 1, 2023	2,914	471,218	13,784	41	**487,957**
Additions	5,090	165,048	10,360	-	**180,498**
Disposals	(337)	(8,167)	(3,734)	(41)	**(12,279)**
Depreciation charge	(1,145)	(135,908)	(5,063)	-	**(142,116)**
Carrying amount at December 31, 2023	**6,522**	**492,191**	**15,347**	**-**	**514,060**

As at December 31, 2024 and December 31, 2023, the right of use assets of the Bank by class of underlying items is analyzed as follows:

In RON thousand			Bank		
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at January 1, 2024	**5,231**	**683,531**	**9,201**	**-**	**697,963**
Additions	416	257,675	3,866	-	**261,957**
Disposals	(3)	(37,636)	(2,428)	-	**(40,067)**
Depreciation charge	(1,035)	(147,128)	(2,495)	-	**(150,658)**
Carrying amount at December 31, 2024	**4,609**	**756,442**	**8,144**	**-**	**769,195**

In RON thousand			Bank		
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at January 1, 2023	**2,914**	**684,390**	**9,453**	**41**	**696,798**
Additions	3,677	144,595	5,418	-	**153,690**
Disposals	(337)	(3,531)	(3,047)	(41)	**(6,956)**
Depreciation charge	(1,023)	(141,923)	(2,623)	-	**(145,569)**
Carrying amount at December 31, 2023	**5,231**	**683,531**	**9,201**	**-**	**697,963**

As at December 31, 2024, the interest expense on lease liabilities was RON 12,267 thousand for the Group (2023: RON 4,955 thousand) and RON 14,782 thousand for the Bank (2023: RON 8,451 thousand).

The maturity analysis of the lease liabilities is presented in Note 4c.

At Group level as well as at Bank level, expenses related to short-term leases and leases of low-value assets, that are not shown as short-term leases, are included in "Other operating expenses” as shown below:

In RON thousand	**Group**		**Bank**	
	December 31, 2024	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Expense relating to short-term leases	859	1,677	624	975
Expense relating to leases of low-value assets that are not shown above as short-term leases	6,456	5,606	5,387	4,762

Total cash outflow for leases in 2024 was RON 177,010 thousand to the Group (2023: RON 144,756 thousand) and the Bank it was RON 173,447 thousand (2023: RON 168,719 thousand).

Notes to the consolidated and separate financial statements

29. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Group level, as at December 31, 2024:

In RON thousand	**December 31, 2023**	**Business combination**	**Recognized in profit or loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**December 31, 2024**
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:						
Financial assets from interbank operations	-	(327)	162	-	165	-
Loans and receivables	6,211	12,388	8,718	-	-	27,317
Financial assets measured at fair value through other items of comprehensive income	312,109	(1,962)	(990)	38,519	(47)	347,629
Financial assets at amortized cost	2,733	(440)	(4,025)	-	17,052	15,320
Financial assets at fair value through profit or loss	22,196	-	21,174	-	-	43,370
Other assets	6,503	1,030	10,587	(138)	13	17,995
Property and equipment and intangible assets	(17,850)	(30,167)	(1,002)	(1,369)	5,288	(45,100)
Right of Use Assets	(676)	(205)	1,624	-	-	743
Provisions and other liabilities	23,255	11,822	19,884	-	4	54,965
Tax losses carried forward	-	162	(162)	-	-	-
Deferred tax asset / (liability)	**354,481**	**(7,699)**	**55,970**	37,012	22,475	**462,239**
Recognition of deferred tax asset	383,232	24,853	104,716	1,500	17,170	531,471
Recognition of deferred tax liability	(28,751)	(32,552)	(48,746)	35,512	5,305	(69,232)
Deferred tax asset / (liability)	**354,481**	**(7,699)**	**55,970**	**37,012**	**22,475**	**462,239**

Notes to the consolidated and separate financial statements

29. Deferred tax assets and liabilities *(continued)*

Deferred tax assets/liabilities at Group level, as at December 31, 2023**:**

In RON thousand	**December 31, 2022**	**Business combination**	**Recognized in profit or loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**December 31, 2023**
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:						
Loans and receivables	33,169	-	(31,197)	64	4,175	6,211
Financial assets measured at fair value through other items of comprehensive income	727,594	-	(206)	(415,279)	-	312,109
Financial assets at amortized cost	-	-	2,823	-	(90)	2,733
Financial assets at fair value through profit or loss	16,050	-	6,146	-	-	22,196
Other assets	18,774	-	(84)	(12,457)	270	6,503
Property and equipment and intangible assets	(20,889)	-	6,803	(1,677)	(2,087)	(17,850)
Right of Use Assets	(522)	-	(187)	30	3	(676)
Provisions and other liabilities	17,429	-	4,508	418	900	23,255
Tax losses carried forward	-	-	-	-	-	-
Deferred tax asset / (liability)	**791,605**	**-**	**(11,394)**	**(428,901)**	**3,171**	**354,481**
Recognition of deferred tax asset	816,776	-	(21,610)	(416,683)	4,749	383,232
Recognition of deferred tax liability	(25,171)	-	10,216	(12,218)	(1,578)	(28,751)
Deferred tax asset / (liability)	**791,605**	**-**	**(11,394)**	**(428,901)**	**3,171**	**354,481**

Notes to the consolidated and separate financial statements

29. Deferred tax assets and liabilities *(continued)*

Deferred tax assets/liabilities at Bank level, as at December 31, 2024:

In RON thousand	**December 31, 2023**	**Recognized in profit or loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**December 31, 2024**
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other items of comprehensive income	313,470	-	39,715	-	353,185
Other assets	11,683	6,618	(2)	-	18,299
Property and equipment and intangible assets	(4,616)	686	(1,369)	-	(5,299)
Right of Use Assets	(644)	644	-	-	-
Provisions and other liabilities	17,389	4,703	-	-	22,092
Deferred tax asset / (liability)	**337,282**	**12,651**	**38,344**	**-**	**388,277**
Recognition of deferred tax asset	344,282	51,488	(241)	-	395,529
Recognition of deferred tax liability	(7,000)	(38,837)	38,585	-	(7,252)
Deferred tax asset / (liability)	**337,282**	**12,651**	**38,344**	**-**	**388,277**

Notes to the consolidated and separate financial statements

29. Deferred tax assets and liabilities *(continued)*

Deferred tax assets/liabilities at Bank level, as at December 31, 2023:

In RON thousand	**December 31, 2022**	**Recognized in profit or loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**December 31, 2023**
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other items of comprehensive income	728,351	-	(414,881)	-	313,470
Other assets	11,969	(285)	(1)	-	11,683
Property and equipment and intangible assets	(6,061)	2,961	(1,516)	-	(4,616)
Right of Use Assets	(487)	(157)	-	-	(644)
Provisions and other liabilities	14,028	3,361	-	-	17,389
Deferred tax asset / (liability)	**747,800**	**5,880**	**(416,398)**	**-**	**337,282**
Recognition of deferred tax asset	755,201	5,518	(416,437)	-	344,282
Recognition of deferred tax liability	(7,401)	362	39	-	(7,000)
Deferred tax asset / (liability)	**747,800**	**5,880**	**(416,398)**	**-**	**337,282**

30. Other financial assets

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Amounts under settlement	951,326	1,104,646	858,008	1,047,869
Non-recourse factoring	664,941	438,740	646,520	438,740
Sundry debtors and advances for non-current assets	680,265	408,708	469,911	286,003
Cheques and other instruments to be encashed	78,001	71,593	57,170	71,593
Other financial assets	98,771	14,577	58,024	7,519
Impairment allowance for other financial assets	(145,937)	(58,150)	(76,555)	(22,022)
Total	**2,327,367**	**1,980,114**	**2,013,078**	**1,829,702**

As at December 31, 2024, out of RON 2,327,367 thousand (2023: RON 1,980,114 thousand), the Group's other impaired financial assets amounted to RON 132,247 thousand (2023: RON 41,866 thousand).

As at December 31, 2024, out of RON 2,013,078 thousand (2023: RON 1,829,702 thousand), the Bank's other impaired financial assets amounted to RON 53,109 thousand (2023: RON 3,897 thousand).

The evolution of impairment allowance for other assets during the years 2024 and 2023 is presented below:

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Balance as at January 1	**(58,150)**	**(41,736)**	**(22,022)**	**(18,208)**
Net impairment charge	(70,014)	(11,861)	(54,749)	(3,831)
Impairment allowance from acquisition	(32,937)	-	-	-
Transfer from loans	(2,361)	(9,569)	-	-
Provisions related to credits transferred off-balance sheet	9,553	5,286	-	-
Other changes (exchange rate differences, unwinding, deconsolidation)	7,972	(270)	216	17
Balance as at December 31	**(145,937)**	**(58,150)**	**(76,555)**	**(22,022)**

The quality analysis of other financial assets held by the Group as at December 31, 2024 is detailed below:

Group *In RON thousand*	Retail			Companies		
December 31, 2024	**RON**	**FCY**	**Total**	**RON**	**FCY**	**Total**
Amounts under settlement	14,479	22,175	**36,654**	870,644	44,028	**914,672**
Non-recourse factoring	-	-	**-**	594,985	69,956	**664,941**
Sundry debtors and advances for non-current assets	47,944	5,159	**53,103**	366,169	260,993	**627,162**
Cheques and other instruments to be encashed	-	-	**-**	78,001	-	**78,001**
Other financial assets	3,954	1,391	**5,345**	62,547	30,879	**93,426**
Impairment allowance for other financial assets	(10,360)	(3,124)	**(13,484)**	(95,308)	(37,145)	**(132,453)**
Total	**56,017**	**25,601**	**81,618**	**1,877,038**	**368,711**	**2,245,749**

30. Other financial assets *(continued)*

The quality analysis of other financial assets held by the Group as at December 31, 2023 is detailed below:

Group *In RON thousand* **December 31, 2023**	**Retail**			**Companies**		
	RON	**FCY**	**Total**	**RON**	**FCY**	**Total**
Amounts under settlement	1,516	55,355	**56,871**	1,019,502	28,273	**1,047,775**
Non-recourse factoring	-	-	**-**	409,346	29,394	**438,740**
Sundry debtors and advances for non-current assets	14,411	4,412	**18,823**	329,292	60,593	**389,885**
Cheques and other instruments to be encashed	-	-	**-**	71,593	-	**71,593**
Other financial assets	3,195	1,570	**4,765**	8,746	1,066	**9,812**
Impairment allowance for other financial assets	(5,353)	(2,544)	**(7,897)**	(46,464)	(3,789)	**(50,253)**
Total	**13,769**	**58,793**	**72,562**	**1,792,015**	**115,537**	**1,907,552**

The quality analysis of other financial assets held by the Bank as at December 31, 2024 is detailed below:

Bank *In RON thousand* **December 31, 2024**	**Retail**			**Non-Retail**		
	RON	**FCY**	**Total**	**RON**	**FCY**	**Total**
Amounts under settlement	3,022	1,244	**4,266**	825,335	28,407	**853,742**
Non-recourse factoring	-	-	**-**	577,676	68,844	**646,520**
Sundry debtors and advances for non-current assets	36,033	2,197	**38,230**	283,677	148,004	**431,681**
Cheques and other instruments to be encashed	-	-	**-**	57,170	-	**57,170**
Other financial assets	-	-	**-**	29,642	28,382	**58,024**
Impairment allowance for other financial assets	(1,882)	(38)	**(1,920)**	(71,840)	(2,795)	**(74,635)**
Total	**37,173**	**3,403**	**40,576**	**1,701,660**	**270,842**	**1,972,502**

The quality analysis of other financial assets held by the Bank as at December 31, 2023 is detailed below:

Bank *In RON thousand* **December 31, 2023**	**Retail**			**Non-Retail**		
	RON	**FCY**	**Total**	**RON**	**FCY**	**Total**
Amounts under settlement	32	1,615	**1,647**	1,019,402	26,820	**1,046,222**
Non-recourse factoring	-	-	**-**	409,346	29,394	**438,740**
Sundry debtors and advances for non-current assets	8,278	2,982	**11,260**	232,753	41,990	**274,743**
Cheques and other instruments to be encashed	-	-	**-**	71,593	-	**71,593**
Other financial assets	-	-	**-**	7,519	-	**7,519**
Impairment allowance for other financial assets	(1,837)	(37)	**(1,874)**	(17,922)	(2,226)	**(20,148)**
Total	**6,473**	**4,560**	**11,033**	**1,722,691**	**95,978**	**1,818,669**

31. Other non-financial assets

In RON thousand	**Group**		**Bank**	
	2024	**2023**	**2024**	**2023**
Inventories and similar assets	154,960	87,945	69,569	55,680
Prepaid expenses	174,416	134,465	136,579	121,215
VAT and other taxes to be received	3,224	34,486	1,496	1,523
Other non-financial assets	90,344	79,342	43,131	27,430
Impairment allowance for other non-financial assets	(17,700)	(15,839)	(6,661)	(8,096)
Total	**405,244**	**320,399**	**244,114**	**197,752**

31. Other non-financial assets *(continued)*

The evolution of impairment allowance for other assets during the year is presented below:

In RON thousand	Group		Bank	
	2024	**2023**	**2024**	**2023**
Balance as at January 1	**(15,839)**	**(23,531)**	**(8,096)**	**(8,087)**
Net impairment charge	(1,691)	5,018	1,435	(9)
Impairment allowance from acquisition	(2,089)	-	-	-
Impairment allowances on written off other non-financial assets	1,371	3,086	-	-
Other adjustments (exchange rate differences, deconsolidation)	548	(412)	-	-
Balance as at December 31	**(17,700)**	**(15,839)**	**(6,661)**	**(8,096)**

The inventories and related items of the Group and the Bank, during financial year 2024, include purchased assets held for sale amounting to RON 41,839 thousand, structured as follows: buildings RON 34,616 thousand, lands RON 0 thousand, equipment RON 6,960 thousand, vehicles RON 263 thousand and furniture RON 0 thousand (2023: RON 42,277 thousand, structured as follows: buildings RON 20,408 thousand, lands RON 9,938 thousand, equipment RON 1,804 thousand, vehicles RON 10,127 thousand and furniture RON 0 thousand).

The inventories and related items of the Group and the Bank, during financial year 2024, include assets acquired by debt enforcement or given in payment and other assets available for sale, at a net value of RON 44,704 thousand, structured as follows: buildings RON 17,003 thousand, lands RON 7,678 thousand, equipment RON 6,096 thousand, vehicles RON 13,926 thousand and furniture RON 0 thousand (2023: RON 24,715 thousand, structured as follows: buildings RON 18,834 thousand, lands RON 5,881 thousand, equipment RON 0 thousand, vehicles RON 0 thousand and furniture RON 0 thousand).

The inventories and related items of the Group and the Bank, during financial year 2024, include tangible assets reclassified as non-current assets held for sale, at a net value of RON 31,097 thousand structured as equipment RON 0 thousand, vehicles RON 0 thousand and buildings RON 31,097 thousand (2023: RON 6,220 thousand structured as equipment RON 1,745 thousand, vehicles RON 4,475 thousand and buildings RON 0 thousand).

32. Deposits from banks

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Sight demand	688,183	497,386	662,005	509,707
Term deposits	262,972	537,227	511,773	572,059
Total	**951,155**	**1,034,613**	**1,173,778**	**1,081,766**

33. Deposits from customers

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Current accounts	80,616,609	69,999,127	73,448,427	67,447,241
Sight demand	1,490,483	953,695	1,045,586	739,327
Term deposits	84,417,244	66,019,978	75,233,217	65,215,377
Collateral deposits	1,344,930	1,080,154	1,058,024	1,041,405
Total	**167,869,266**	**138,052,954**	**150,785,254**	**134,443,350**

33. Deposits from customers *(continued)*

Deposits from customers can be also analyzed as follows:

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Retail	108,514,223	88,572,664	98,028,750	86,293,705
Companies	59,355,043	49,480,290	52,756,504	48,149,645
Total	**167,869,266**	**138,052,954**	**150,785,254**	**134,443,350**

The table below presents the deposits from customers, split by economic sector concentration:

	Group		*Bank*	
Sector	**2024**	**2023**	**2024**	**2023**
Retail customers	64.64%	64.16%	65.00%	64.19%
Services	9.03%	8.69%	8.40%	8.57%
Trading	5.72%	5.75%	5.68%	5.64%
Constructions	3.57%	3.51%	3.63%	3.55%
Manufacturing	3.33%	3.61%	3.24%	3.59%
Transportation	2.05%	2.10%	2.15%	2.05%
Financial and insurance activities	2.99%	3.08%	3.62%	3.42%
Telecommunications	0.25%	0.33%	0.22%	0.29%
Agriculture	1.08%	1.20%	1.08%	1.22%
Energy	1.25%	1.51%	1.11%	1.45%
Healthcare	1.24%	1.19%	1.29%	1.18%
Real estate	1.77%	1.58%	1.62%	1.57%
Public administrations	0.07%	0.08%	0.07%	0.08%
Mining	0.34%	0.63%	0.23%	0.65%
Education	0.87%	0.88%	0.84%	0.88%
Other	0.40%	0.35%	0.35%	0.32%
Self-employed	1.39%	1.34%	1.46%	1.34%
Government institutions	0.01%	0.01%	0.01%	0.01%
Total	**100%**	**100%**	**100%**	**100%**

33. Deposits from customers *(continued)*

In RON thousand	*Group*		*Bank*	
Sector	**2024**	**2023**	**2024**	**2023**
Retail customers	108,514,223	88,572,664	98,028,750	86,293,705
Services	15,158,683	11,995,209	12,666,541	11,527,705
Trading	9,597,030	7,945,568	8,562,523	7,581,372
Constructions	5,995,955	4,840,554	5,478,047	4,766,807
Manufacturing	5,592,151	4,982,662	4,880,248	4,820,117
Transportation	3,448,440	2,906,663	3,236,309	2,755,514
Financial and insurance activities	5,011,710	4,251,640	5,451,396	4,595,258
Telecommunications	426,152	456,852	325,518	391,234
Agriculture	1,807,914	1,649,912	1,631,559	1,640,694
Energy	2,099,043	2,081,541	1,677,962	1,950,231
Healthcare	2,085,574	1,654,308	1,947,929	1,588,613
Real estate	2,966,698	2,181,876	2,438,391	2,111,330
Public administrations	117,162	113,560	109,378	110,302
Mining	567,514	869,100	345,666	868,249
Education	1,455,687	1,219,883	1,270,101	1,185,461
Other	679,232	477,518	523,608	444,867
Self-employed	2,331,369	1,844,387	2,199,305	1,802,862
Government institutions	14,729	9,057	12,023	9,029
Total	**167,869,266**	**138,052,954**	**150,785,254**	**134,443,350**

34. Loans from banks and other financial institutions

In RON thousand	**Group** 2024	**Group** 2023	**Bank** 2024	**Bank** 2023
Loans from public administrations	27,703	33,048	-	-
Loans from commercial banks	686,506	943,981	-	376,530
Romanian banks	686,506	*567,451*	-	-
Foreign banks	-	*376,530*	-	*376,530*
Loans from development banks	939,485	1,240,927	900,339	1,200,214
Repurchase agreements (repo transactions)	201,226	363,251	162,529	363,251
Other funds from financial institutions	144,069	139,026	2,531	3,551
Issued bonds	10,238,727	6,828,334	10,144,092	6,640,249
Total	**12,237,716**	**9,548,567**	**11,209,491**	**8,583,795**

The interest rates for the loans from banks and financial institutions were situated in the following ranges:

	2024		**2023**	
	Minimum	**Maximum**	**Minimum**	**Maximum**
EUR	0.15%	8.88%	0.15%	8.88%
RON	4.60%	Robor 3m+3.3%	0.00%	Robor 3m+3.3%
USD	N/A	N/A	N/A	N/A
MDL	3.00%	6.37%	0.00%	7.46%

The Group and the Bank were in compliance with all financial covenants under the outstanding loan agreements at December 31, 2024 and at December 31, 2023. Due to the acquisition of OTP entities in Romania during 2024, the Bank requested and obtained, before 31 December 2024, waivers for those financial covenants that were exceeded solely due to the acquisition. Such cases are deemed to be of a temporary nature, until the merger date by absorption of OTP Bank Romania S.A. into Banca Transilvania S.A.

The table below summarizes the underlying securities of repo agreements:

In RON thousand	**Group**			
	2024		**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	162,603	162,529	368,480	363,251
Financial assets at amortized cost	38,872	38,697	-	-
Total	**201,475**	**201,226**	**368,480**	**363,251**

34. Loans from banks and other financial institutions *(continued)*

In RON thousand	Bank			
	2024		**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	162,603	162,529	368,480	363,251
Total	**162,603**	**162,529**	**368,480**	**363,251**

35. Subordinated liabilities

The Group and the Bank were in compliance with all financial covenants under the outstanding loan agreements at December 31, 2024 and 2023. Due to the acquisition of OTP entities in Romania during 2024, the Bank requested and obtained, before 31 December 2024, waivers for those financial covenants that were exceeded solely due to the acquisition. Such cases are deemed to be of a temporary nature, until the merger date by absorption of OTP Bank Romania S.A. into Banca Transilvania S.A.

In RON thousand	Group		Bank	
	2024	**2023**	**2024**	**2023**
Loans from development banks and financial institutions	122,959	12,562	-	-
Non-convertible bonds	2,407,576	2,410,656	2,405,137	2,403,652
Total	**2,530,535**	**2,423,218**	**2,405,137**	**2,403,652**

Subordinated debt includes subordinated loans from development banks and financial institutions, as well as non-convertible bonds.

Subordinated loans include the following:

-loan in the amount of MDL 289 million, equivalent of RON 74,376 thousand, contracted in 2024 bearing an interest of Chibor6M+6.5, due in 7 years;

-loan in the amount of MDL 192 million, equivalent of RON 49,445 thousand, contracted in 2024 bearing an interest of Chibor6M+6.25, due in 7 years;

As of December 31, 2023, the Group also had a loan in amount of EUR 2.5 million, equivalent of RON 12,437 thousand, contracted in 2014 bearing an interest of EURIBOR 3M+8.76%, reimbursed in 31.03.2024.

In 2018, Banca Transilvania S.A. issued non-convertible bonds amounting to EUR 285 million, equivalent as at December 31, 2024 to RON 1,417,619 thousand (2023: RON 1,417,761 thousand), bearing an interest of 6M EURIBOR+3.75% p.a. and due in 2028. The nominal value of a bond is EUR 100,000.

In 2023, Banca Transilvania S.A. issued non-convertible bonds amounting to EUR 200 million, equivalent as at December 31, 2024 to RON 994,820 thousand (2023: RON 994,920 thousand), bearing an interest of 6M EURIBOR+6.68% p.a. and due in 2033. The nominal value of a bond is EUR 100,000.

As of December 31, 2023, non-convertible bonds also included bonds issued in 2017 and 2018 by Salt Bank, in amount of EUR 750 thousand, equivalent of RON 3,731 thousand, bearing an interest of 8.5% reimbursed in 18.12.2024.

At Group level, the accrued interest and amortization on subordinated debts is in amount of RON (862) thousand (2023: RON 126 thousand) and at Bank level in amount of RON 0 thousand (2023: RON 0 thousand); for the non-convertible bonds, the accrued interest and amortization for the Group levels to RON (4,862) thousand (2023: RON (5,756) thousand) and for the Bank to RON (7,302) thousand (2023: RON (9,029) thousand).

36. Provisions for other risks and loan commitments

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

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Provisions for loan commitments, financial guarantees and other commitments given	416,485	364,335	346,802	326,004
Provisions for untaken holidays	49,521	37,375	29,094	28,866
Provisions for other employee benefits	232,768	92,956	78,523	48,370
Provisions for litigations, risks and charges (*)	128,664	156,478	45,693	148,299
Total	**827,438**	**651,144**	**500,112**	**551,539**

(*) Provisions for 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, in financial year 2023, were included the provisions related to potential ancillary fiscal obligations related to the SFIA litigation.

37. Other financial liabilities

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Amounts under settlement	3,159,476	1,982,830	2,238,406	1,512,867
Sundry creditors	483,664	456,939	263,358	270,710
Dividends payable	35,090	30,950	35,052	30,950
Other financial liabilities	89,480	50,451	46,075	33,140
Total	**3,767,710**	**2,521,170**	**2,582,891**	**1,847,667**

38. Other non-financial liabilities

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Other taxes payable	191,980	85,056	144,639	62,840
Other non-financial liabilities	120,993	203,001	76,024	109,129
Total	**312,973**	**288,057**	**220,663**	**171,969**

39. Share capital

The statutory share capital of the Bank at December 31, 2024, as recorded with the Trade Register was represented by 916,879,846 ordinary shares with a nominal value of RON 10 each (at December 31, 2023: 798,658,233 shares with a nominal value of RON 10 each). The shareholders structure of the Bank is presented in Note 1.

The capital increase was made out by incorporating the reserves from the statutory profit in amount of RON 1,182,216,130 (2023: RON 910,000,000 by incorporating the reserves constituted from the statutory profit).

In RON thousand	Group 2024	Group 2023	Bank 2024	Bank 2023
Paid share capital recorded to Trade Register	9,168,799	7,986,582	9,168,799	7,986,582
Share capital adjustment to inflation	89,899	89,899	89,899	89,899
Share capital adjustment with unrealized revaluation reserves of tangible assets	(3,398)	(3,398)	(3,398)	(3,398)
Total	**9,255,300**	**8,073,083**	**9,255,300**	**8,073,083**

Notes to the consolidated and separate financial statements

40. Related-party transactions

Entities are considered to be related parties if one of them has the capacity to control the other or to exercise significant influence on the other entity's management process related to financial or operational decisions.

The Group and the Bank are engaged in transactions with related parties, shareholders and key management personnel. All these transactions were carried out under conditions similar to those applicable to third party agreements, in terms of interest rates and collateral clauses. The transactions /balances with subsidiary entities were eliminated from the scope of consolidation, except from excluded subsidiaries from the consolidation perimeter as presented in Note 1.

Transactions with other related parties include transactions with the major shareholders, family members of the key management personnel and companies where they are shareholders while having a relationship with the Bank.

The transactions / balances with related parties are presented below:

	2024				2023		
***Group** - In RON thousand*	**Unconsolidated subsidiaries**	**Key management personnel**	**Other related-parties**	**Total**	**Key management personnel**	**Other related-parties**	**Total**
Assets							
Granted loans	-	12,204	68,530	**80,734**	13,260	81,573	**94,833**
Equity investments	962	-	-	**962**	-	-	**-**
Other assets	430	-	-	**430**	-	-	**-**
Liabilities							
Deposits from customers	34,508	49,054	389,331	**472,893**	56,929	559,437	**616,366**
Loans from credit institutions	-	-	35,594	**35,594**	-	251,460	**251,460**
Debt securities	-	-	502,234	**502,234**	-	514,556	**514,556**
Other liabilities	12,785	-	-	**12,785**	-	-	**-**
Commitments							
Loan commitments and financial guarantees given	-	1,997	28,446	**30,443**	2,504	13,491	**15,995**
Notional value of exchange operations	-	55,688	154,779	**210,467**	30,824	94,119	**124,943**
Statement of profit or loss							
Interest income	2	672	4,678	**5,352**	755	5,417	**6,172**
Interest expense	480	1,424	79,320	**81,224**	1,422	61,665	**63,087**
Fee and commission income	7	15	286	**308**	14	176	**190**
Other income	1,393	-	-	**1,393**	-	-	**-**
Other expenses	770	-	-	**770**	-	-	**-**

Notes to the consolidated and separate financial statements

40. Related-party transactions *(continued)*

***Bank** – In RON thousand*

	2024				2023			
	Subsidiaries	**Key management personnel**	**Other related-parties**	**Total**	**Subsidiaries**	**Key management personnel**	**Other related-parties**	**Total**
Assets								
Correspondent accounts at credit institutions	48	-	-	**48**	147	-	-	**147**
Deposits with credit institutions	714,134	-	-	**714,134**	1,297,057	-	-	**1,297,057**
Granted loans	7,217,556	8,955	67,730	**7,294,241**	3,994,144	9,487	77,320	**4,080,951**
Equity investments	2,643,741	-	-	**2,643,741**	873,300	-	-	**873,300**
Financial assets at amortized cost	-	-	-	**-**	14,883	-	-	**14,883**
Financial assets measured at fair value through other items of comprehensive income – debt instruments	1,645	-	-	**1,645**	11,637	-	-	**11,637**
Financial assets required to be measured at fair value through profit or loss - debt instruments	623,234	-	-	**623,234**	456,702	-	-	**456,702**
Right of use assets	237,453	-	-	**237,453**	225,966	-	-	**225,966**
Other assets	15,103	-	-	**15,103**	6,677	-	-	**6,677**
Liabilities								
Correspondent accounts from credit institutions	4,547	-	-	**4,547**	4,341	-	-	**4,341**
Deposits from customers	1,175,076	33,409	383,683	**1,592,168**	511,882	35,342	548,073	**1,095,297**
Loans from credit institutions	-	-	-	**-**	-	-	152,800	**152,800**
Debt securities	-	-	497,214	**497,214**	-	-	497,127	**497,127**
Lease liabilities	193,497	-	-	**193,497**	177,982	-	-	**177,982**
Other liabilities	4,633	-	-	**4,633**	10,226	-	-	**10,226**
Commitments								
Loan commitments and financial guarantees given	577,640	1,580	28,352	**607,572**	451,742	1,943	9,045	**462,730**
Notional value of exchange operations	1,490,764	32,914	150,655	**1,674,333**	937,890	12,792	84,687	**1,035,369**

Notes to the consolidated and separate financial statements

40. Related-party transactions *(continued)*

Bank – *In RON thousand*

	2024				2023			
	Subsidiaries	**Key management personnel**	**Other related-parties**	**Total**	**Subsidiaries**	**Key management personnel**	**Other related-parties**	**Total**
Statement of profit or loss								
Interest income	366,992	482	4,622	**372,096**	271,730	504	4,936	**277,170**
Interest expense	21,443	861	76,345	**98,649**	13,434	1,092	58,974	**73,500**
Fee and commission income	7,469	10	270	**7,749**	5,004	12	156	**5,172**
Fee and commission expense	18,390	-	-	**18,390**	18,176	-	-	**18,176**
Net gain/loss (-) from financial assets and liabilities held-for-trading	-	-	-	**-**	10	-	-	**10**
Dividend income	16,429	-	-	**16,429**	416	-	-	**416**
Bargain gain	677,476	-	-	**677,476**	-	-	-	**-**
Other income	48,955	-	-	**48,955**	33,092	-	-	**33,092**
Other expenses	32,833	-	-	**32,833**	22,979	-	-	**22,979**

40. Related-party transactions *(continued)*

Transactions with key management personnel

During 2024, the expenses related to the fixed and variable remunerations of the members of the Board of Directors and of the Executive Management of the Group amounted to RON 60,180 thousand (2023: RON 50,332 thousand) and of the Bank amounted to RON 22,969 thousand (2023: RON 18,367 thousand).

Key management personnel at the Group level include: members of the Board of Directors (including the Bank's middle management, who are members of the Boards of Directors of the subsidiaries); members of all the Bank's committees, the Executive Management of the Bank and its subsidiaries and certain members of the Bank's middle management who have a significant impact on the Group's risk profile, according to Delegated Regulation (EU) 923/2021.

Compensation for the key personnel of the Group:

	2024			2023		
In RON thousand	**Total**	**of which social security contributions**	**of which employer contributions to the 3rd Pension Pillar**	**Total**	**of which social security contributions**	**of which employer contributions to the 3rd Pension Pillar**
Short-term employee benefits	**95,351**	22,778	56	**75,061**	17,904	70
Termination benefits	**1,077**	269	-	**853**	213	-
Share based payments	**39,877**	323	-	**40,823**	-	-
Debt instrument-based payments	**145**	36	-	**249**	62	-
Total compensations and benefits	**136,450**	**23,406**	**56**	**116,986**	**18,179**	**70**

Compensation for the key personnel of the Bank:

	2024			2023		
In RON thousand	**Total**	**of which social security contributions**	**of which employer contributions to the 3rd Pension Pillar**	**Total**	**of which social security contributions**	**of which employer contributions to the 3rd Pension Pillar**
Short-term employee benefits	**46,025**	10,986	50	**43,048**	10,459	58
Termination benefits	**123**	31	-	**853**	213	-
Share based payments	**34,041**	-	-	**38,623**	-	-
Total compensations and benefits	**80,189**	**11,017**	**50**	**82,524**	**10,672**	**58**

41. Commitments and contingencies

a) Commitments and contingencies

At any time, the Group and the Bank have outstanding commitments to extend loans. These commitments are in the form of approved limits for credit cards and overdraft facilities. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one month to one year.

The Group provides financial guarantees and letters of credit to guarantee the performance of its customers in relation to third parties. These agreements have fixed limits and generally extend for a period of up to one year. Maturities are not concentrated in a specific period.

The contractual amounts of commitments and contingencies are set out in the following table by categories. The amounts reflected in the table under commitments are presented based on the assumption that they have been fully granted.

41. Commitments and contingencies *(continued)*

a) Commitments and contingencies (continued)

The amounts reflected in the table as guarantees and letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties completely failed to meet the contractual terms and conditions.

	Group		Bank	
In RON thousand	**2024**	**2023**	**2024**	**2023**
Guarantees issued, of which	4,225,114	3,367,190	3,468,916	3,333,926
- *Performance guarantees*	1,088,832	1,216,163	657,882	1,183,356
- *Financial guarantees*	3,136,282	2,151,027	2,811,034	2,150,570
Loan commitments	28,335,877	20,646,286	26,265,158	20,076,945
Total	**32,560,991**	**24,013,476**	**29,734,074**	**23,410,871**

The provisions for loan commitments to customers amounted to RON 416,485 thousand at Group level (2023: RON 364,335 thousand) and at Bank level RON 346,802 thousand (2023: RON 326,004 thousand). Forward agreements represent contractual arrangements to buy or sell a certain financial instrument, at a certain price and at a certain future date.

Outstanding foreign currency transactions at December 31, 2024 were:

Forward transactions					
Transactions with corporate clients:					
Purchases	3,590,000	EUR	equivalent	18,046,531	RON
Purchases	17,650,000	USD	equivalent	81,769,801	RON
Purchases	476,567	RON	equivalent	95,000	EUR
Transactions with banks:					
Purchases	10,715,465	EUR	equivalent	10,000,000	CHF
Purchases	24,091,321	EUR	equivalent	105,000,000	PLN
Purchases	8,000,000	EUR	equivalent	40,240,852	RON
Purchases	37,355,248	EUR	equivalent	40,000,000	USD
Purchases	3,111,710,135	RON	equivalent	613,357,631	EUR
Purchases	80,489,947	RON	equivalent	17,325,000	USD
Purchases	40,000,000	USD	equivalent	37,347,562	EUR

Outstanding foreign currency transactions at December 31, 2023 were:

Forward transactions					
Transactions with corporate clients:					
Purchases	2,610,000	EUR	equivalent	13,113,594	RON
Purchases	6,500,000	USD	equivalent	29,404,192	RON
Purchases	552,720	RON	equivalent	120,000	USD
Transactions with banks:					
Purchases	17,679,564	EUR	equivalent	17,000,000	CHF
Purchases	23,924,586	EUR	equivalent	104,000,000	PLN
Purchases	35,000,000	EUR	equivalent	174,134,250	RON
Purchases	2,000,000	EUR	equivalent	1,737,117	GBP
Purchases	670,000	USD	equivalent	3,089,486	RON
Purchases	630,530,404	RON	equivalent	125,255,605	EUR
Purchases	32,064,084	RON	equivalent	7,050,000	USD
Purchases	25,000,000	CAD	equivalent	17,053,590	EUR

41. Commitments and contingencies *(continued)*

b) Transfer pricing and taxation

The taxation system in Romania has faced multiple changes in the recent years and is in a continuous process of update and improvement. As a consequence, the tax legislation is still subject to various interpretations. In certain cases, the tax authorities may treat certain issues in a different manner, determining the calculation of additional taxes, interest and penalties for delay (the total current rate is of 0.03% per day of delay). In Romania the fiscal year remains open for fiscal audit for 5 years. According to the Bank's management, the tax duties included in these financial statements are appropriate.

The tax legislation in Romania considers the "market value" principle, according to which transactions between related parties must be performed at market value.

The taxpayers involved in related-party transactions must prepare and provide to the Romanian tax authorities the transfer pricing file, upon request. The failure to provide the transfer pricing file or the submission of an incomplete transfer pricing file may lead to penalties for non-compliance; apart from the transfer pricing file, the tax authorities may interpret transactions and circumstances in a manner which is different from the management's interpretation and, consequently, may impose additional tax duties resulting from the adjustment of transfer prices.

The management of the Group and of the Bank considers that no losses should be incurred in the event of a fiscal audit for the verification of transfer prices. However, the impact of potential different interpretations of the tax authorities cannot be accurately estimated. However, the fiscal risk is low because the majority of transactions are between group entities, which are in Romania, without cross-border risk.

c) Other contingent liabilities

As of December 31, 2024, and as at the date of issuance of the financial statements, OTP Bank Romania S.A. was involved in several litigations. Complaints against it are received following the normal activity carried out. The Group's management considers that such complaints do not have a material adverse effect on the Group's financial position or results from future operations.

In 2022, according to the Order of the President of the Competition Council received by OTP Bank Romania S.A. in November 2022, the representatives of the Competition Council started an ex officio/ad-hoc investigation aimed at a potential violation of the regulations on the establishment of the ROBOR reference rates, at the headquarters of the 10 Romanian banks participating in the establishment of the ROBOR.

According to the Competition Law 21/1996, the provisions become applicable in the event of a negative result for which the fine could vary between 0.5% and 10% of the turnover in the year prior to the sanction. The fine depends on the gravity, duration, potential mitigating and aggravating circumstances subject to individualization.

However, until the date of issuance of the financial statements, OTP Bank Romania S.A. has not identified any specific element of non-compliance with competition law and that no report has been issued by the Competition Council, management estimates that there are no potential losses from the result of the ongoing investigation and, therefore no provision should be recognised.

In 2024, OTP Bank Romania S.A. received a report from the National Authority for Consumer Protection ("ANPC") in which it was found, in essence, that the consumer protection legislation regarding some loans granted between 2004 and 2010 was not complied with, as regards:

- informing consumers about how to calculate the variable interest rate;
- the contractual clause regarding the administration fee;
- informing consumers about the currency risk of loans in Swiss francs.

c) Other contingent liabilities (continued)

OTP Bank Romania S.A. judicially challenged the minutes and decisions of the ANPC and the Competition Council, and their effects, including the application of the sanctions established by the ANPC, were suspended, under the law, until the final judgment of the dispute.

In September 2024, Banca Transilvania S.A. received a report from the National Authority for Consumer Protection ("ANPC") in which it was found, in essence, that the consumer protection legislation regarding some loans granted between 2004 and 2010 was not complied with, regarding the implementation of the provisions of GEO no. 50/2010 for loans that had a fixed margin in the composition of the interest. ANPC considered that the upward change in the interest margin for the application of PUG no. 50/2010, for some of these loans, was not legal.

Banca Transilvania S.A. has judicially challenged the report issued by ANPC, there are solid arguments for the annulment of this report, and its effect, including the application of sanctions established by ANPC, has been suspended, under the law, until the final judgment of the dispute.

The need for a provision is assessed when a resource outflow is likely or another event is considered likely. Therefore, based on the internal legal assessment, supported by an external legal analysis, which indicates that the overall probability of winning the case is greater than 75%, and given that the probability of losing the dispute is lower than the probability of winning, no provision is required.

42. 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 4,554,834 thousand (2023: RON 2,889,718 thousand) and on the weighted average number of ordinary shares outstanding during the year of 915,991,107 (2023 recalculated: 915,590,742 shares).

The diluted earnings per share for 2024, took into consideration the adjusted consolidated net profit of RON 4,554,834 thousand (2023: RON 2,889,718 thousand) attributable to the ordinary shareholders of the parent company and the weighted average number of outstanding diluted ordinary shares.

For 2023-2024, the amount of convertible bonds was 0, in this case the diluted net profit attributable to the shareholders is equal with the net profit of the Group and the earning per diluted share is the same as the earning per ordinary share. The weighted average number of diluted shares was determined as the sum of the weighted average number of ordinary shares and the number of shares which would have been issued upon the conversion of all potential dilutive shares into ordinary shares.

On December 31, 2024 and December 31, 2023, the Bank no longer held convertible bonds, the number of diluted outstanding shares being the same as the weighted average number of shares, and the diluted earnings per share being the same as the basic earnings per share.

	Group	
	2024	**2023**
Ordinary shares issued as at January 1	798,658,233	707,658,233
The impact of shares issued as of January 1	118,221,613	91,000,000
The impact of the shares repurchased during the year	(888,739)	(1,289,104)
Retroactive adjustment of the weighted average number of shares outstanding on 31.12.2023	-	118,221,613
Weighted average number of shares as at December 31	**915,991,107**	**915,590,742**
The number of shares that may be issued upon the conversion of bonds into shares	-	-
Weighted average number of diluted shares as at December 31	**915,991,107**	**915,590,742**

43. Derivatives

The structure of the derivative instruments held by the Group and by the Bank as at December 31, 2024 is the following:

	Group			Bank		
In RON thousand	**Fair value of Assets**	**Fair value Liabilities**	**Notional**	**Fair value of Assets**	**Fair value Liabilities**	**Notional**
Interest rate swaps	80,093	173,013	6,922,590	77,455	171,805	6,626,572
Currency swaps	62,244	43,825	1,840,417	62,244	43,825	1,840,417
Exchange rate forward agreements	30,693	18,484	5,157,775	15,873	19,653	3,826,106
Total derivative financial instruments	**173,030**	**235,322**	**13,920,782**	**155,572**	**235,283**	**12,293,095**

The structure of the derivative instruments held by the Group and by the Bank as at December 31, 2023 is the following:

	Group			Bank		
In RON thousand	**Fair value of Assets**	**Fair value Liabilities**	**Notional**	**Fair value of Assets**	**Fair value Liabilities**	**Notional**
Interest rate swaps	63,122	69,291	3,604,555	63,122	69,291	3,604,555
Currency swaps	55,824	15,532	945,174	55,824	15,532	945,174
Exchange rate forward agreements	5,871	3,986	1,176,357	5,871	3,986	1,176,357
Total derivative financial instruments	**124,817**	**88,809**	**5,726,086**	**124,817**	**88,809**	**5,726,086**

44. Reconciliation of liabilities resulting from financial activities

The changes of the liabilities resulting from the Group's financial activities carried out in 2024 and 2023 are presented below:

				Non-monetary changes		
Group 2024 *In RON thousand*	**January 1, 2024**	**Receipts**	**Payments**	**Registration of receivables taken from acquisitions**	**Foreign exchange variation**	**December 31, 2024**
Long-term loans, including subordinated debt (*)	11,385,261	4,055,962	(1,148,832)	35,445	(2,067)	14,325,769

(*) the receipts are reconciled with the cash flow related to the financing activity, and the payments are not reconciled with the flow related to the financing activity due to the payment of loans taken over for OTP Bank S.A. and OTP Leasing IFN S.A. from the former shareholder

				Non-monetary changes		
Group 2023 *In RON thousand*	**January 1, 2023**	**Receipts**	**Payments**	**Registration of receivables taken from acquisitions**	**Foreign exchange variation**	**December 31, 2023**
Long-term loans, including subordinated debt (*)	4,768,965	7,652,789	(1,095,799)	-	59,306	11,385,261

The chan ges of the liabilities resulting from the Bank's financial activities carried out in 2024 and 2023 are presented below:

Bank 2024 *In RON thousand*	**January 1, 2024**	**Receipts**	**Payments**	**Foreign exchange variation**	**December 31, 2024**
Long-term loans, including subordinated debt (*)	10,410,122	3,481,870	(674,446)	793	13,218,339

Bank 2023 *In RON thousand*	**January 1, 2023**	**Receipts**	**Payments**	**Foreign exchange variation**	**December 31, 2023**
Long-term loans, including subordinated debt (*)	3,467,972	7,375,314	(488,624)	55,460	10,410,122

(*) payments and receipts are reconciled with the cash flow related to the financing activity

45. Current tax liability

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

	Group		Bank	
In RON thousand	**31-12-2024**	**31-12-2023**	**31-12-2024**	**31-12-2023**
Current tax liability	215,042	130,294	184,341	139,690
Assets tax related to fiscal uncertainties	-	26,410	-	26,410
Total	**215,042**	**103,884**	**184,341**	**113,280**

46. Business combinations

a) Acquisition of BCR Chisinau S.A.

On January 15, 2024, Victoriabank S.A. acquired 100% of the share package in BCR Chisinau 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 Chisinau S.A..
This acquisition enables the Group to significantly strengthen its existing market position in the Republic of Moldova.

In the period of 12 months until December 31, 2024 BCR Chisinau S.A. contributed with a gain of RON 3.7 million to the Group's results. For simplification purposes the gain considered to the group results include also the period from January 1 untill January 15, 2024.

Total contribution of BCR Chisinau S.A. to the profit of the Group since the aquistion until the reporting date is presented below:

	In RON thousand
Net interest income	27,317
Net fee and commission income	1,440
Operating income	10,079
Operating expenses	(34,251)
Income tax expense (-)	(874)
Total	3,711

The consideration transferred

The fair value of the transferred consideration is RON 57,145 thousand and was paid in cash on the acquisition date. No capital instruments were issued as part of the acquisition of BCR Chisinau S.A..

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 for BCR Chisinau S.A.:

RON thousand	**Accounting Value**	**Adjustments**	**Fair Value**
Cash, cash equivalents and bank deposits	274,281	2,691	276,972
Loans and advances granted to customers, *out of which:*	297,895	(940)	296,955
- Gross book value	308,327	(11,372)	296,955
- Expected credit loss	(10,432)	10,432	-
Tangible and intangible fixed assets, investment property and assets related to the right of use	5,760	1,840	7,600
Other assets	179,840	4,403	184,243
Deposits from customers	(513,467)	(1,686)	(515,153)
Loans from banks	(22,034)	-	(22,034)
Other debts	(40,002)	1,408	(38,594)
Total net assets acquired	**182,273**	**7,716**	**189,989**

46. Business combinations *(continued)*

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;
- **Loans from banks and financial institutions:** adjustments were made to reflect the difference between contractual and market interest rates;

Bargain gain

The gain from the acquisition of BCR Chisinau S.A. in amount of RON 132,844 thousand does not constitute a taxable transfer for the difference between the market price of the transferred assets and liabilities and their tax value.

The *Bargain gain* was determined as the difference between the consideration paid (in amount of RON 57,145 thousand) and the fair value of the assets and liabilities of BCR Chisinau S.A. on the date of taking control (in amount of RON 189,989 thousand). The amount is recognised in Statement of Profit or loss under the line “Bargain gain”.

Costs related to the acquisition and integration of BCR Chisinau S.A.

The costs related to the acquisition are the costs incurred by the Group with the business combination. These costs include: costs of intermediation, advisory, legal, accounting, valuation and other professional or consulting services, as well as general administrative costs generated within the integration process.

The costs related to the acquisition and integration of BCR Chisinau S.A amounted to RON 2,330 thousand, amounts that are included in the Profit or Loss Account under “Other operating expenses” and “Personnel expenses”.

b) Acquisition of OTP Group

On July 30, 2024, Banca Transilvania S.A. acquired 100% of the shares in OTP Bank Romania S.A.. According to the transaction, Banca Transilvania Financial Group also acquired the shares of other companies owned by OTP group in Romania, respectively OTP Leasing Romania IFN S.A., OTP Factoring SRL, OTP Advisors SRL, OTP Consulting Romania SfRL, Rea Project One Company SRL and Govcka Project Company SRL.. Starting with October 2024, the Group has control in OTP Asset Management S.A.I S.A..

This acquisition enables the Group to significantly strengthen its existing market position in Romania.

In the period of 5 months until December 31, 2024, OTP group companies, except from OTP Asset Management SAI S.A., contributed with a profit of RON 55.65 million to the Group's results. In the period of 3 months until December 31, 2024 OTP Asset Management S.A.I S.A. contributed with a profit of RON 0.96 million to the Group's results. Total contribution of OTP Goup to the profit of the Group since the aquistion until the reporting date is presented below:

	In RON thousand
Net interest income	484,365
Net fee and commission income	39,316
Operating income	67,304
Operating expenses	(530,148)
Income tax expense (-)	(4,234)
Total	56,603

46. Business combinations *(continued)*

If the acquisition had taken place on January 1, 2024, the management estimates that the contribution of OTP Group to the consolidated profit would have been of RON 129.05 million.

This estimation is based on the assumption that preliminary fair value adjustments registered on the acquisition date would have been the same if the acquisition had taken place on January 1, 2024.

The consideration transferred

The fair value of the transferred consideration is RON 1,722,307 thousand and was paid in cash on the acquisition date. No capital instruments were issued as part of the acquisition of OTP Bank Romania S.A. or in case of the other OTP group companies.

The table below summarizes the amounts recognized at the acquisition date in respect of the assets acquired and liabilities assumed for the purchased entities from OTP Group:

In RON thousand	**Accounting Value**	**Adjustments**	**Fair Value**
Cash, cash equivalents and bank deposits	4,516,338	-	4,516,338
Investment portfolio at amortised cost	1,399,836	(105,788)	1,294,048
Loans and advances granted to customers, *out of which:*	12,230,139	(59,960)	12,170,179
- Gross book value	12,979,154	(808,975)	12,170,179
- Expected credit loss	(749,013)	749,013	-
Finance lease receivables, *out of which:*	856,541	(9,513)	847,028
- *Gross book value*	900,942	(53,913)	847,029
- *Expected credit loss*	(44,401)	44,401	-
Tangible and intangible fixed assets, investment property and assets related to the right of use	263,658	(29,874)	233,784
Other assets	311,827	14,191	326,018
Deposits from banks	(281,392)	-	(281,392)
Deposits from customers	(12,965,531)	(1,079)	(12,966,610)
Borrowings	(3,294,831)	-	(3,294,831)
Other debts	(458,799)	19,365	(439,434)
Total net assets acquired	**2,577,786**	**(172,658)**	**2,405,128**

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;
- **Investment portfolio:** 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.

46. Business combinations *(continued)*

Bargain gain

The gain from the acquisition of OTP Bank Romania S.A. and the other OTP group companies in amount of RON 682,821 thousand does not constitute a taxable transfer for the difference between the market price of the transferred assets and liabilities and their tax value. The *Bargain gain* was determined as the difference between the consideration paid (in amount of RON 1,722,307 thousand) and the part of the fair value of the assets and liabilities of OTP group companies on the date of taking control (in amount of RON 2,405,128 thousand). The amount is recognised in Statement of Profit or loss under the line “Bargain gain”.

Costs related to the acquisition and integration of OTP Group

The costs related to the acquisition are the costs incurred by the Group with the business combination. These costs include: costs of intermediation, advisory, legal, accounting, valuation and other professional or consulting services, as well as general administrative costs generated within the integration process.

The costs related to the acquisition and integration of OTP Group amounted to RON 158,695 thousand, amounts that are included in the Profit or Loss Account under “Other operating expenses” and “Personnel expenses”. The integration costs for the period 2025 – 2026 are estimated to reach the amount of 68,600 thousand.

The Group acquired through Fondul Imobiliar de Investitii Alternative BT Property, 100% of the shares in BTP Store Hub Turda S.R.L. in May 2024, 100% of the shares in BTP Store Hub Oradea S.R.L. in October 2024 and 100% of the shares in Inter Terra S.R.L. in December 2024 and it has no material impact on the financial position and performance of the Group.

47. Events after the reporting period

Banca Transilvania Group has completed three mergers as of February 28, 2025, thus, Banca Transilvania S.A. has merged with OTP Bank Romania S.A. and BT Building S.R.L., and Victoriabank S.A. has merged with BCR Chisinau S.A.. Through the two bank mergers, Banca Transilvania Group strengthens its position on the banking markets in Romania and Republic of Moldova.

Until January 31, 2025, all data, records and documents related to Fondul de Pensii Facultative BRD Medio were transferred from BRD Societate de Administrare a Fondurilor de Pensii Private S.A. to BT Pensii Societate de Administrare a Fondurilor de Pensii Facultative S.A., and on February 7, 2025, the request for definitive authorization to take over the management of Fondul de Pensii Facultative BRD Medio was sent to Financial Supervisory Authority.

The financial statements were approved by the Board of Directors on March 21, 2025 and were signed on behalf of the Board.

Horia Ciorcilă	George Călinescu
Chairman	*Deputy CEO - CFO*