

Banca Transilvania S.A.

**CONDENSED CONSOLIDATED AND INDIVIDUAL FINANCIAL
STATEMENTS**

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

JUNE 30, 2015

(Free translation)*

** Translator's explanatory note: This translation is provided as a free translation from Romanian,
which is the official and binding version.*

INTERIM REPORT

TABLE OF CONTENTS

Consolidated and Individual Statement of Comprehensive Income	3
Consolidated and Individual Statement of Other Elements of Comprehensive Income	4
Consolidated and Individual Statement of Financial Position	5
Consolidated and Individual Statement of Changes in Equity	6 - 9
Consolidated and Individual Statement of Cash Flows	10 - 11
Notes to the Condensed Consolidated and Individual Financial Statements	12 - 35

Banca Transilvania S.A.

Consolidated and Individual Statement of Comprehensive Income

For the six-month period ended June 30, 2015

	Notes	Group		Bank	
		Unaudited(*)	Unaudited(*)	Unaudited(*)	Unaudited(*)
		30-06-2015	30-06-2014	30-06-2015	30-06-2014
		RON thousand	RON thousand	RON thousand	RON thousand
Interest income		905,589	914,989	769,174	894,828
Interest expense		(263,832)	(327,785)	(247,137)	(325,863)
Net interest income	4	641,757	587,204	522,037	568,965
Fee and commission income		279,294	237,605	260,848	230,743
Fee and commission expense		(49,546)	(37,877)	(49,943)	(37,424)
Net fee and commission income	5	229,748	199,728	210,905	193,319
Net trading income		60,330	48,971	69,824	56,155
Net income from sale of available for sale financial instruments	6	200,286	107,854	200,490	107,575
Contribution to Bank Deposit Guarantee Fund	7	(95,216)	(73,152)	(80,944)	(73,152)
Other operating income		61,003	28,759	43,145	17,124
Operating income		1,097,908	899,364	965,457	869,986
Net income/expense from impairment losses on assets, other liabilities and loan commitments	8	237,873	(257,718)	(254,806)	(256,273)
Personnel expenses	9	(292,663)	(226,369)	(244,467)	(216,258)
Amortization	18	(40,911)	(33,596)	(26,942)	(29,685)
Other operating expenses	10	(248,902)	(165,930)	(212,935)	(158,230)
Operating expenses		(344,603)	(683,613)	(739,150)	(660,446)
Gain from acquisition	20	1,564,480	-	-	-
Profit before income tax		2,317,785	215,751	226,307	209,540
Income tax expense	11	(38,816)	(29,046)	(36,099)	(28,506)
Net profit for the period		2,278,969	186,705	190,208	181,034
Profit attributable to:					
Shareholders of the Bank		2,278,104	185,950	190,208	181,034
Non-controlling interests		865	755	-	-
Net profit for the period		2,278,969	186,705	190,208	181,034
Basic earnings per share	29	0.7528	0.0707	0.0629	0.0688
Diluted earnings per share	29	0.7485	0.0707	0.0629	0.0688

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Consolidated and Individual Statement of Other Elements of Comprehensive Income

For the period ended June 30

Notes	Group		Bank	
	Unaudited (*)	Unaudited (*)	Unaudited (*)	Unaudited (*)
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
	RON thousand	RON thousand	RON thousand	RON thousand
Net profit for the period	2,278,969	186,705	190,208	181,034
Items which may never be reclassified to profit or loss	(649)	-	(297)	308
Increases/decreases from revaluation of tangible assets, net of tax	-	-	-	-
Other items of comprehensive income	(649)	26	(297)	308
Items which are or may be reclassified to profit or loss				
Fair value reserves (financial instruments available for sale), net of tax, of which:				
Net income from sale of available for sale financial instruments transferred to statement of comprehensive income	(179,943)	(123,589)	(179,924)	(103,604)
Fair value changes to available for sale financial instruments, net of tax	(93,962)	273,842	(91,716)	246,289
Total comprehensive income for the period	2,004,415	336,984	(81,729)	324,027
Total comprehensive income attributable to:				
Shareholders of the Bank	2,003,531	334,715	-	-
Non-controlling interests	884	2,269	-	-
Total comprehensive income for the period	2,004,415	336,984	(81,729)	324,027

Ömer Tetik
General Director

George Călinescu
Deputy General Director

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Consolidated and Individual Statement of Financial Position

As at June 30, 2015

	Notes	Group		Bank	
		Unaudited(*)		Unaudited(*)	
		30-06-2015	31-12-2014	30-06-2015	31-12-2014
		RON thousand	RON thousand	RON thousand	RON thousand
Assets					
Cash and cash equivalents	12	4,118,608	4,234,181	3,500,575	4,225,966
Plasamente with banks	13	4,012,905	2,387,058	4,386,091	2,378,906
Financial assets at fair value through profit or loss	14	206,414	143,931	52,729	52,311
Loans and advances to customers (net)	15	24,224,498	17,418,689	19,861,307	17,517,192
Net finance lease investments	16	262,262	244,274	-	-
Investment securities available for sale	17	11,054,095	10,771,835	9,823,356	10,852,865
Investment in equity		-	-	432,811	74,856
Tangible assets	18	410,157	339,721	281,772	289,662
Intangible assets	18	81,144	72,240	66,237	70,466
Goodwill		376	376	-	-
Other assets	19	292,453	183,622	196,322	157,288
Total assets		44,662,912	35,795,927	38,601,200	35,619,512
Liabilities					
Deposits from banks	21	270,815	133,348	833,046	133,348
Deposits from customers	22	35,600,323	29,994,916	31,917,049	30,045,502
Borrowings from banks and other financial institutions	23	1,481,691	1,052,687	1,335,430	949,053
Other subordinated liabilities	24	407,243	394,743	407,164	394,658
Deferred tax liabilities		2,198	41,040	4,658	43,716
Other liabilities	25	1,084,059	368,046	473,067	351,274
Total liabilities excluding financial liabilities to holders of fund units		38,846,329	31,984,780	34,970,414	31,917,551
Financial liabilities to holders of fund units		21,899	13,884	-	-
Total liabilities		38,868,228	31,998,664	34,970,414	31,917,551
Equity					
Share capital	26	2,695,125	2,695,125	2,695,125	2,695,125
Treasury shares		(19,394)	(21,253)	(217)	(10,468)
Share premiums		38,873	38,873	38,873	38,873
Retained earnings		2,866,257	597,213	681,120	490,160
Revaluation reserve		26,226	27,000	27,106	27,852
Other reserves		182,553	456,138	188,779	460,419
Total equity attributable to shareholders of the Bank		5,789,640	3,793,096	3,630,786	3,701,961
Non-controlling interests		5,044	4,167	-	-
Total equity		5,794,684	3,797,263	3,630,786	3,701,961
Total liabilities and equity		44,662,912	35,795,927	38,601,200	35,619,512

Ömer Tetik
General Director

George Călinescu
Deputy General Director

(*) Unaudited /Unreviewed by the financial auditor

5

The explanatory notes to the consolidated and individual financial statements from pages 12 to 35 form an integral part to these consolidated and individual financial statements.

Banca Transilvania S.A.

Individual statement of changes in equity

For the period ended June 30

In RON thousand

	Share capital	Share premiums	Treasury shares	Revaluation reserves	Other reserves	Retained earnings	Total
Balance as at December 31, 2014							
Total comprehensive income for the period	2,695,125	38,873	(10,468)	27,852	460,419	490,160	3,701,961
Net profit for the period	-	-	-	-	-	190,208	190,208
Other comprehensive income, net de tax							
Transfer from revaluation surplus to retained earnings from tangible assets	-	-	-	(746)	-	746	-
Gains / (losses) from changes in fair value of financial assets available for sale (net of tax)	-	-	-	-	(271,640)	-	(271,640)
Other items of comprehensive income	-	-	-	-	-	(297)	(297)
Total comprehensive income for the period	-	-	-	(746)	(271,640)	190,657	(81,729)
Contributions and distributions to shareholders							
Acquisition of treasury shares	-	-	(21,581)	-	-	-	(21,581)
Share-based payments	-	-	31,832	-	-	303	32,135
Total contributions and distributions to shareholders	-	-	10,251	-	-	303	10,554
Balance as at June 30, 2015 Unaudited (*)	2,695,125	38,873	(217)	27,106	188,779	681,120	3,630,786

(*) Unaudited /Unreviewed by the financial auditor

The explanatory notes to the consolidated and individual financial statements from pages 12 to 35 form an integral part to these consolidated and individual financial statements.

Banca Transilvania S.A.

Individual statement of changes in equity

For the year ended December 31

In RON thousand

	Share capital	Share premiums	Treasury shares	Revaluation reserves	Other reserves	Retained earnings	Total
Balance as at December 31, 2013	2,292,937	-	(818)	28,997	331,335	430,043	3,082,494
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	-	434,330	434,330
Other comprehensive income, net of tax							
Transfer from revaluation surplus to retained earnings from tangible assets	-	-	-	(1,592)	-	1,592	-
Revaluation reserve for tangible assets, net of tax	-	-	-	447	-	-	447
Gains / (losses) from changes in fair value of financial assets available for sale (net of tax)	-	-	-	-	103,832	-	103,832
Other items of comprehensive income	-	-	-	-	-	304	304
Total comprehensive income for the year	-	-	-	(1,145)	103,832	436,226	538,913
Contributions and distributions to shareholders							
Increase in share capital through conversion of reserves from the profit	352,743	-	-	-	-	(352,743)	-
Increase in share capital through conversion of liabilities in shares	49,445	38,873	-	-	-	-	88,318
Acquisitions of treasury shares	-	-	(27,817)	-	-	-	(27,817)
Distribution to statutory reserves	-	-	-	-	25,252	(25,252)	-
Share-based payments	-	-	18,167	-	-	1,886	20,053
Total contributions and distributions to shareholders	402,188	38,873	(9,650)	-	25,252	(376,109)	80,554
Balance as at December 31, 2014	2,695,125	38,873	(10,468)	27,852	460,419	490,160	3,701,961

(*) Unaudited /Unreviewed by the financial auditor

The explanatory notes to the consolidated and individual financial statements from pages 12 to 35 form an integral part to these consolidated and individual financial statements.

Banca Transilvania S.A.

Consolidated statement of changes in equity

For the period ended June 30

Attributable to the shareholders of the Bank

In RON thousand

	Share capital	Share premiums	Treasury shares	Revaluation reserves	Other reserves	Retained earnings	Non-controlling interests	Total
Balance as at December 31, 2014	2,695,125	(21,253)	38,873	27,000	456,138	597,213	4,167	3,797,263
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	2,278,104	865	2,278,969
Other comprehensive income, net de tax								
Transfer from revaluation surplus to retained earnings	-	-	-	(774)	-	774	-	-
Gains from changes in fair value of financial assets available for sale (net of tax)	-	-	-	-	(273,905)	-	-	(273,905)
Other items of comprehensive income	-	-	-	-	-	(649)	-	(649)
Total comprehensive income for the period	-	-	-	(774)	(273,905)	2,278,229	865	2,004,415
Contributions and distributions to shareholders								
Distribution to statutory reserves	-	-	-	-	320	(320)	-	-
Acquisitions of treasury shares	-	(26,044)	-	-	-	-	-	(26,044)
Non-controlling interests	-	-	-	-	-	-	12	12
Share-based payments	-	27,903	-	-	-	-	-	27,903
Other changes	-	-	-	-	-	(8,865)	-	(8,865)
Total contributions / distributions to shareholders	-	1,859	-	-	320	(9,185)	12	(6,994)
Balance as at June 30, 2015 Unaudited (*)	2,695,125	(19,394)	38,873	26,226	182,553	2,866,257	5,044	5,794,684

(*) Unaudited /Unreviewed by the financial auditor

The explanatory notes to the consolidated and individual financial statements from pages 12 to 35 form an integral part to these consolidated and individual financial statements.

Banca Transilvania S.A.

Consolidated statement of changes in equity

For the year ended December 31

Attributable to the shareholders of the Bank

In RON thousand

	Share capital	Share premiums	Treasury shares	Revaluation reserves	Other reserves	Retained earnings	Non-controlling interests	Total
Balance as at December 31, 2013	2,292,937	(1,075)	-	30,218	327,692	530,372	2,649	3,182,793
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	-	441,085	1,368	442,453
Other comprehensive income, net of tax								
Transfer from revaluation surplus to retained earnings	-	-	-	(1,592)	-	1,592	-	-
Gains from changes in fair value of financial assets available for sale (net of tax)	-	-	-	-	102,075	-	-	102,075
Revaluation reserve for tangible assets, net of tax	-	-	-	(1,626)	-	-	-	(1,626)
Other items of comprehensive income	-	-	-	-	-	1,372	-	1,372
Total comprehensive income for the year	-	-	-	(3,218)	102,075	444,049	1,368	544,274
Contributions and distributions to shareholders								
Increase in share capital through conversion of reserves from profit	352,743	-	-	-	-	(352,743)	-	-
Increase in share capital through conversion of liabilities	49,445	-	38,873	-	-	-	-	88,318
Distribution to statutory reserves	-	-	-	-	26,371	(26,371)	-	-
Acquisitions of treasury shares	-	(38,345)	-	-	-	-	-	(38,345)
Non-controlling interests	-	-	-	-	-	-	150	150
Share-based payments	-	18,167	-	-	-	1,906	-	20,073
Total contributions / distributions to shareholders	402,188	(20,178)	38,873	-	26,371	(377,208)	150	70,196
Balance as at December 31, 2014	2,695,125	(21,253)	38,873	27,000	456,138	597,213	4,167	3,797,263

(*) Unaudited /Unreviewed by the financial auditor

The explanatory notes to the consolidated and individual financial statements from pages 12 to 35 form an integral part to these consolidated and individual financial statements.

Banca Transilvania S.A.

Consolidated and individual statement of cash flows

For the period ended June 30

In RON thousand	Notes	Group		Bank	
		Unaudited(*) 30-06-2015	Unaudited(*) 30-06-2014	Unaudited(*) 30-06-2015	Unaudited(*) 30-06-2014
Cash flow from / (used in) operating activity					
Net profit for the period		2,278,969	186,705	190,208	181,034
Adjustments for:					
Amortization / depreciation	18	40,911	33,596	26,942	29,685
Impairments allowance and write-offs of financial assets, other liabilities and loan commitments	8	(237,873)	257,718	254,806	256,273
Adjustment of financial assets at fair value through profit or loss		(6,181)	11,976	(541)	4,163
Income tax expense	11	38,816	29,046	36,099	28,506
Other adjustments		1,299,803	51,999	95,280	35,718
Net profit adjusted with non-monetary items		3,414,445	571,040	602,794	535,379
Change in investment securities		(695,012)	(1,057,233)	604,657	(1,089,636)
Change in placement with banks		338,160	(95,834)	(1,780,587)	(95,833)
Change in loans and advances to customers		(7,199,088)	(962,329)	(2,586,139)	(964,255)
Change in net lease investments		(14,312)	5,807	-	-
Change in financial assets at fair value through profit or loss		(56,302)	(66,091)	123	(45,579)
Change in other assets		(229,535)	(75,435)	(51,675)	(38,044)
Change in deposits from customers		5,605,710	1,139,389	1,895,793	1,139,890
Change in deposits from banks		137,463	(265,714)	699,666	(265,714)
Change in other liabilities		321,314	163,600	190,388	167,514
Income tax paid		(96,752)	(35,531)	(95,927)	(40,094)
Net cash from/ (used in) operating activity		<u>1,526,091</u>	<u>(678,331)</u>	<u>(520,907)</u>	<u>(696,372)</u>
Net acquisitions of tangible and intangible assets		(117,520)	(36,174)	(13,094)	(25,087)
Acquisitions of shares		(357,955)	-	(357,955)	(900)
Dividends received		593	159	593	159
Net cash flow from/(used in) investment activity		<u>(474,882)</u>	<u>(36,015)</u>	<u>(370,456)</u>	<u>(25,828)</u>
Net proceeds /(payments) from borrowings from banks and other financial institutions, subordinated liabilities and debt securities issued, net of payments		454,208	487,585	411,611	482,116
Proceeds / payments for treasury shares		(26,044)	(31,107)	(17,575)	(17,348)
Net cash flow used in financing activity		<u>428,164</u>	<u>456,478</u>	<u>394,036</u>	<u>464,768</u>

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Consolidated and individual statement of cash flows *(continued)*

For the period ended June 30

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i> 30-06-2015	<i>Unaudited(*)</i> 30-06-2014	<i>Unaudited(*)</i> 30-06-2015	<i>Unaudited(*)</i> 30-06-2014
Net increase / (decrease) in cash and cash equivalents	1,479,373	(257,868)	(497,327)	(257,432)
Cash and cash equivalents at January 1	6,398,180	5,732,615	6,381,816	5,726,957
Cash and cash equivalents at December 31	7,877,553	5,474,747	5,884,489	5,469,525

Reconciliation of cash and cash equivalents with the consolidated and individual statement of financial position as at June 30

<i>In RON thousand</i>	Note	Group		Bank	
		<i>Unaudited(*)</i> 30-06-2015	<i>Unaudited(*)</i> 30-06-2014	<i>Unaudited(*)</i> 30-06-2015	<i>Unaudited(*)</i> 30-06-2014
Cash and cash equivalents	12	4,118,608	3,989,084	3,500,575	3,986,259
Placements with banks, less than 3 months maturity		3,759,352	1,486,394	2,384,259	1,484,034
Less accrued interest		(407)	(731)	(345)	(768)
Cash and cash equivalents in the cash flow statement		7,877,553	5,474,747	5,884,489	5,469,525

Cash flows from operating activities include:

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i> 30-06-2015	<i>Unaudited(*)</i> 30-06-2014	<i>Unaudited(*)</i> 30-06-2015	<i>Unaudited(*)</i> 30-06-2014
Interest collected	888,869	933,800	885,009	913,217
Interest paid	264,584	368,434	271,906	366,549

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

1. Reporting entity and basis of presentation

a) Reporting entity

Banca Transilvania S.A (“Bank”) is a corporation registered in Romania. The bank commenced its activity as a bank in 1993, being licensed by the National Bank of Romania to conduct banking activities. The bank started its activity in 1994 and the services performed relate to banking operations for legal entities and private individuals.

The Group Banca Transilvania (“Group”) comprises the parent-bank, Banca Transilvania S.A., and its subsidiaries based in Romania and Moldova. The consolidated and individual financial statements of the bank as at June 30, 2015 include Banca Transilvania S.A (“Parent-company” or “BT”) and its subsidiaries (hereinafter “Group”).

The Group operates in the following lines of business: banking, which is performed by Banca Transilvania S.A. (“Bank”) and Volksbank Romania S.A., leasing and consumer loans, which are conducted mainly by BT Leasing Transilvania IFN S.A., BT Operational Leasing S.A., BT Direct IFN S.A. and BT Leasing MD S.R.L., asset management, which is carried out by BT Asset Management S.A.I.S.A. Furthermore, the Bank has control in 2 investment funds which are also consolidated through the global consolidation method.

On 10 december 2014 the Group signed the share purchase agreement for 100% of the shares of Volksbank Romania SA, after which there was a period of waiting for the approvals from the Competition Council and National Bank of Romania in order to close the transaction. The Group took control over Volksbank Romania SA on 7 April 2015 (see note 21). The consolidated statement of comprehensive income includes the revenues and expenses of Volksbank at individual level, for the period between the date of acquisition (April 7, 2015) and June 30, 2015, which are adjusted for consolidation purposes in order to reflect the differences in fair value according to the preliminary evaluation report not reflected in the individual statements.

The Bank operates through its registered office located in Cluj-Napoca 60 branches, 440 agencies, 31 working points, 9 divisions of doctors and 1 regional center located in Bucharest (2014: 60 branches, 438 agencies, 31 working points, 9 divisions of doctors and 1 regional center located in Bucharest).

In 2013 the Bank opened a branch in Italy, which started its activity from operational point of view in 2014.

The number of active employees of the Group at June 30, 2015 was 7,933 employees (December 31, 2014: 6,576 employees).

The number of active employees of the Bank at June 30, 2015 was 6,366 employees (December 31, 2014: 6,236 employees).

The head-office of the Bank is 8 Baritiu Street, Cluj-Napoca, Romania.

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

1. Reporting entity and basis of presentation (continued)

a) Reporting entity (continued)

The ownership structure of the Bank is the following:

	June 30, 2015	December 31, 2014
European Bank for Reconstruction and Development (“EBRD”)	14.33%	14.33%
Romanian private individuals	16.94%	17.70%
Romanian companies	32.76%	31.30%
Foreign private individuals	1.93%	2.00%
Foreign companies	34.04%	34.67%
Total	100%	100%

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

b) Statement of compliance

The interim condensed consolidated and individual financial statements of the Bank and the Group as at June 30, 2015 have been prepared in accordance with IAS 34 “Interim financial reporting”, as endorsed by the European Union. They do not include all the information necessary for a complete set of financial statement in compliance with the Financial Reporting Standards (“IFRS”), as ratified by the European Union. However, certain explanatory notes are included in order to explain the events and the transactions that are significant to the understanding of the changes in the financial position and performance of the Bank and the Group since the last consolidated and individual financial statements as at and for the year ended December 31, 2014.

c) Basis of measurement

The *interim condensed* consolidated and individual financial statements have been prepared on a fair value basis: financial assets and liabilities at fair value through profit or loss, whereas available for sale financial instruments through reserves, except those for which a reliable measurement of fair value is not available.

Other financial assets and liabilities, as well as non-financial assets and liabilities are presented at amortized cost, revaluated amount or historical cost. Non-current assets available for sale are presented at the lower level between the net book value and the fair value, less the cost of sale.

The Bank’s investments in subsidiaries and associated entities are accounted for at cost in the individual financial statements, in accordance with IAS 27 “Consolidated and Individual Financial Statements”.

d) Functional and presentation currency

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 consolidated and individual financial statements are presented in Romanian lei “RON”, which is the Group’s and the Bank’s functional and presentation currency, rounded to the nearest thousand.

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

1. Reporting entity and basis of presentation (continued)

d) Functional and presentation currency (continued)

The exchange rates of the major currencies were the following:

Currency	June 30, 2015	December 31, 2014	Variation %
Euro (EUR)	1: LEU 4.4735	1: LEU 4.4821	-0.02%
US Dollar (USD)	1: LEU 3.9969	1: LEU 3.6868	8.42%

e) Use of estimates and significant judgments

The preparation of the interim consolidated and individual financial statements in accordance with IFRS as endorsed by the European Union implies that the management uses estimations and judgments that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses.

The significant accounting methods and policies have been consistently applied by the Group and the Bank during the financial years presented in these consolidated and individual financial statements.

2. Significant accounting policies

With the exception of the details below the accounting policies applied by the Bank and its Group entities in these stand alone and consolidated interim financial statements are the same to those condensed applied in the stand alone and consolidated financial statements as at December 31, 2014.

IFRIC 21 “Levies”

IFRIC 21 is an interpretation by IASB of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. IAS 37 establishes the criteria for recognition of a debt, one of this being that an entity has a present obligation as a result of a past event (known as obligating event). The interpretation clarifies that the event that generates the obligation to pay a tax contribution is the activity described in the relevant legislation that triggers the payment of the tax.

The Group applied IFRIC 21 “ Levies ” starting with the year 2015 and the impact in the income statement and the statement of financial position is presented in Note 7.

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

3. Individual financial assets and liabilities

Accounting classifications and fair values

<i>In RON thousand</i>	Notes	Financial assets at fair value through profit or loss	Financial assets held up to maturity	Loans and advances and net lease investments	Financial assets available for sale	Amortized cost	Total accounting value	Fair value
June 30, 2015 Unaudited (*)								
Financial assets								
Cash and cash equivalents	12	-	-	-	-	3,500,575	3,500,575	3,500,575
Placements with banks	13	-	-	-	-	4,386,091	4,386,091	4,386,091
Financial assets at fair value through profit or loss	14	52,729	-	-	-	-	52,729	52,729
Loans and advances to customers	15	-	-	19,861,307	-	-	19,861,307	20,282,517
Net lease investment	16	-	-	-	-	-	-	-
Investment securities	17	-	-	-	9,823,356	-	9,823,356	9,823,356
Total financial assets		52,729	-	19,861,307	9,823,356	7,886,666	37,624,058	38,045,268
Financial liabilities								
Deposits from banks	21	-	-	-	-	833,046	833,046	833,046
Deposits from customers	22	-	-	-	-	31,917,049	31,917,049	31,965,944
Borrowings from banks and other financial institutions	23	-	-	-	-	1,335,430	1,335,430	1,335,430
Other subordinated liability	24	-	-	-	-	407,164	407,164	407,164
Total financial liabilities		-	-	-	-	34,492,689	34,492,689	34,541,584

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

3. Individual financial assets and liabilities (continued)

Accounting classifications and fair values

<i>In RON thousand</i>	Notes	Financial assets at fair value through profit or loss	Financial assets held up to maturity	Loans and advances and net lease investments	Financial assets available for sale	Amortized cost	Total accounting value	Fair value
December 31, 2014								
Financial assets								
Cash and cash equivalents	12	-	-	-	-	4,225,966	4,225,966	4,225,966
Placements with banks	13	-	-	-	-	2,378,906	2,378,906	2,378,906
Financial assets at fair value through profit or loss	14	52,311	-	-	-	-	52,311	52,311
Loans and advances to customers	15	-	-	17,517,192	-	-	17,517,192	17,882,269
Net lease investment	16	-	-	-	-	-	-	-
Investment securities	17	-	-	-	10,852,865	-	10,852,865	10,852,865
Total financial assets		52,311	-	17,517,192	10,852,865	6,604,872	35,027,240	35,392,317
Financial liabilities								
Deposits from banks	21	-	-	-	-	133,348	133,348	133,348
Deposits from customers	22	-	-	-	-	30,045,502	30,045,502	30,059,842
Borrowings from banks and other financial institutions	23	-	-	-	-	949,053	949,053	949,053
Other subordinated liability	24	-	-	-	-	394,658	394,658	394,658
Total financial liabilities		-	-	-	-	31,522,561	31,522,561	31,536,901

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

3. Consolidated financial assets and liabilities

Accounting classifications and fair values

<i>In RON thousand</i>	Notes	Financial assets at fair value through profit or loss	Financial assets held up to maturity	Loans and advances and net lease investments	Financial assets available for sale	Amortized cost	Total accounting value	Fair value
June 30, 2015 Unaudited (*)								
Active financiare								
Cash and cash equivalents	12	-	-	-	-	4,118,608	4,118,608	4,118,608
Placements with banks	13	-	-	-	-	4,012,905	4,012,905	4,012,905
Financial assets at fair value through profit or loss	14	206,414	-	-	-	-	206,414	206,414
Loans and advances to customers	15	-	-	24,224,498	-	-	24,224,498	24,645,708
Net lease investment	16	-	-	262,262	-	-	262,262	262,262
Investment securities	17	-	-	-	11,054,095	-	11,054,095	11,054,095
Total financial assets		206,414	-	24,486,760	11,054,095	8,131,513	43,878,782	44,299,992
Financial liabilities								
Deposits from banks	21	-	-	-	-	270,815	270,815	270,815
Deposits from customers	22	-	-	-	-	35,600,323	35,600,323	35,649,218
Borrowings from banks and other financial institutions	23	-	-	-	-	1,481,691	1,481,691	1,481,691
Other subordinated liability	24	-	-	-	-	407,243	407,243	407,243
Total financial liabilities		-	-	-	-	37,760,072	37,760,072	37,808,967

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

3. Consolidated financial assets and liabilities (continued)

Accounting classifications and fair values

<i>In RON thousand</i>	Notes	Financial assets at fair value through profit or loss	Financial assets held up to maturity	Loans and advances and net lease investments	Financial assets available for sale	Amortized cost	Total accounting value	Fair value
December 31, 2014								
Active financiare								
Cash and cash equivalents	12	-	-	-	-	4,234,181	4,234,181	4,234,181
Placements with banks	13	-	-	-	-	2,387,058	2,387,058	2,387,058
Financial assets at fair value through profit or loss	14	143,931	-	-	-	-	143,931	143,931
Loans and advances to customers	15	-	-	17,418,689	-	-	17,418,689	17,790,541
Net lease investment	16	-	-	244,274	-	-	244,274	244,274
Investment securities	17	-	-	-	10,771,835	-	10,771,835	10,771,835
Total financial assets		143,931	-	17,662,963	10,771,835	6,621,239	35,199,968	35,571,820
Financial liabilities								
Deposits from banks	21	-	-	-	-	133,348	133,348	133,348
Deposits from customers	22	-	-	-	-	29,994,916	29,994,916	30,009,256
Borrowings from banks and other financial institutions	23	-	-	-	-	1,052,687	1,052,687	1,052,687
Other subordinated liability	24	-	-	-	-	394,743	394,743	394,743
Total financial liabilities		-	-	-	-	31,575,694	31,575,694	31,590,034

Notes to the condensed consolidated and individual financial statements

4. Net interest income

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Interest income				
Loans and advances to customers	754,890	710,518	639,962	708,859
Current accounts at banks	5,316	9,225	4,750	9,217
Investment securities available for sale	118,527	169,973	109,812	169,972
Placements with banks	9,100	6,814	14,650	6,780
Net lease investments	17,756	18,459	-	-
<i>Total interest income</i>	<i>905,589</i>	<i>914,989</i>	<i>769,174</i>	<i>894,828</i>
Interest expense				
Deposits from customers	241,241	300,588	227,512	301,319
Borrowings from banks and other financial institutions	22,413	24,445	19,311	21,840
Deposits from banks	119	2,704	314	2,704
Net lease investments	59	48	-	-
<i>Total interest expense</i>	<i>263,832</i>	<i>327,785</i>	<i>247,137</i>	<i>325,863</i>
Net interest income	641,757	587,204	522,037	568,965

5. Net fee and commission income

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Fee and commission income				
Transactions	257,514	218,325	239,967	211,567
Loans management, factoring and guarantees issuance	21,561	19,144	20,868	19,155
Finance lease management	165	115	-	-
Other fee and commission income	54	21	13	21
<i>Total fee and commission income</i>	<i>279,294</i>	<i>237,605</i>	<i>260,848</i>	<i>230,743</i>
Fee and commission expense				
Bank commissions	38,897	32,956	38,634	32,869
Transactions	9,594	4,921	6,444	3,822
Loan commissions	1,055	733	4,865	733
<i>Total fee and commission expense</i>	<i>49,546</i>	<i>37,877</i>	<i>49,943</i>	<i>37,424</i>
Net fee and commission income	229,748	199,728	210,905	193,319

(*) Unaudited /Unreviewed by the financial auditor

Notes to the condensed consolidated and individual financial statements

6. Net gain from sale of financial instruments available for sale

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Income from sale of financial instruments available for sale	274,599	150,406	273,784	150,127
Loss from sale of financial instruments available for sale	(74,313)	(42,552)	(73,294)	(42,552)
Total	200,286	107,854	200,490	107,575

7. Contribution to Bank Deposit Guarantee Fund

The deposits of private individuals and of certain legal entities, including small and medium enterprises, are guaranteed up to a certain ceiling (100,000 EUR) by the Bank Deposit Guarantee Fund (“Fund”) in accordance with the legislation in force (Government Ordinance no. 39/1996 regarding the functioning of the Bank Deposit Guarantee Fund).

Banks in Romania are obliged to pay a grant amount to BDGF (“Bank Deposit Guarantee Fund”), as guarantee of customer deposits in case of insolvency of a credit institution.

Starting with January 1, 2015, the Group applied, both for the first 6 months as retroactively, the stipulations of IFRIC 21 “Levies”, through which this contribution to the Fund corresponds to the definition of a tax that must be registered at the moment of event which generates the tax payment obligation.

Before 1 January 2015 the Group recorded the contribution to BDGF as payment in advance and deferred the impact in the profit and loss account over the year.

The impact of IFRIC 21 “Levies” in the profit and loss account and in the consolidated and individual statement of financial position is the following:

<i>Contribution to Bank Deposit Guarantee Fund</i>	Group		Bank	
	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>	<i>Unaudited (*)</i>
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Before IFRIC 21	(45,234)	(36,554)	(40,472)	(36,554)
After IFRIC 21	(95,216)	(73,152)	(80,944)	(73,152)
Impact	(49,982)	(36,598)	(40,472)	(36,598)

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

8. Net expense from impairment losses on assets, other liabilities and loan commitments

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Net impairment losses (i)	252,311	259,421	250,628	253,201
Loans and net lease investments written-off	15,197	3,528	35	30
Loan commitments and other recoveries (**)	(497,467)	3,043	4,143	3,042
Recoveries of loans and net lease investments written-off	(7,914)	(8,274)	-	-
Net expense from impairment losses on assets, other liabilities and loan commitments	(237,873)	257,718	254,806	256,273

(i) Impairment losses on assets include the following:

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Loans and advances to customers (**)	251,846	254,613	251,330	253,268
Net lease investments	(7,848)	5,421	-	-
Investment securities	-	-	(700)	-
Other assets	(1,441)	(610)	(2)	(67)
Property and equipment	9,754	(3)	-	-
Net impairment losses	252,311	259,421	250,628	253,201

(**) The positions “Loan commitments and other recoveries” and “Loans and advances to customers” mainly includes the preliminary effect of the differences in fair value estimates of the loan portfolio of Volksbank Romania S.A.

9. Personnel expenses

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Wages and salaries	215,725	161,030	168,452	152,458
Contribution to social security	32,572	34,459	25,836	32,643
Employee bonuses	38,112	26,605	38,112	26,605
Other expenses related to personnel	10,739	9,680	10,252	9,950
Contribution to health fund	13,376	9,905	10,708	9,447
Contribution to unemployment fund	1,615	1,197	1,310	1,154
Employee net provisions	(19,476)	(16,507)	(10,203)	(15,999)
Total	292,663	226,369	244,467	216,258

Banca Transilvania granted in 2015 a number of 13,998,453 (in 2014: 10,553,469) shares to employees and directors.

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

10. Other operating expenses

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Operating lease (rent)	48,294	42,127	42,347	42,605
Repairs and maintenance	37,580	29,868	29,757	29,310
Materials and consumables	14,110	15,275	15,403	13,942
Post and telecommunications	12,098	11,013	10,138	10,598
Advertising and promotional expenses	10,025	12,463	13,073	12,232
Travel, security and protection expenses	10,967	14,260	9,788	14,085
Taxes	12,087	1,965	11,122	3,582
Electricity and heating	9,802	8,519	8,018	8,203
Legal, advisory and consulting expenses	38,110	2,517	38,059	2,430
Other operating expenses	55,829	27,923	35,230	21,243
Total	248,902	165,930	212,935	158,230

11. Income tax expense

Income tax at June 30, 2015 comprises current tax and deferred tax. Income tax is recognized in the result for the period or in equity if related to equity items.

Current tax is the expected tax payable on the profit for the period, using tax rates applied at the date of the condensed consolidated and individual financial statements, of the financial position and any adjustments relating to prior periods. The adjustments that influence the tax base of current tax are: non-deductible expenses, non-taxable income, expenses similar items, respectively income and tax deductions similar.

Expense similar items include prudential filters that are “positive differences between prudential value adjustments / expected losses determined based on methodologies applicable starting with the financial year 2012, and the adjustments for depreciation determined under IFRS, corresponding to financial assets covered by those methodologies, within the limits of which they are deducted from own funds under applicable prudential regulations.

From fiscal point of view, prudential filters are deducted in the calculation of current tax, and their reduction or cancellation is taxed in the order of their registration. On June 30, 2015, prudential filters were determined, following legislative changes, as 60% of the difference referred to in the previous paragraph.

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

11. Income tax expense (continued)

The deferred tax asset generated by the tax losses of Volksbank Romania S.A. was not recognized until the reporting date considering the interpretation of IAS 12 "Income tax" regarding the recognition of deferred tax assets resulting from business mergers, correlated with tax legislation in Romania.

Moreover, the applied accounting policy took into account the significant uncertainties regarding the tax treatment of the gain from acquisition and replenishment of reserves previously deducted by Volksbank Romania (recognition of deferred tax asset related to the loss of Volksbank Romania S.A. is not part of accounting at acquisition date).

On publication of the interim financial statements, discussions with the representatives of the Ministry of Finance have already started in order to clarify the above mentioned tax treatments.

Income tax expenses of the Bank and the Group are as follows:

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i> 30-06-2015	<i>Unaudited (*)</i> 30-06-2014	<i>Unaudited (*)</i> 30-06-2015	<i>Unaudited (*)</i> 30-06-2014
Current tax expense at 16% (2014: 16%) of taxable profits determined in accordance with Romanian law	25,413	24,296	23,417	23,169
Deferred tax expense	13,403	4,750	12,682	5,337
Total income tax expense	38,816	29,046	36,099	28,506

12. Cash and cash equivalents

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i> 30-06-2015	31-12-2014	<i>Unaudited(*)</i> 30-06-2015	31-12-2014
Minimum mandatory reserve	3,223,124	3,532,691	2,791,794	3,532,691
Cash on hand and other valuables	698,599	594,719	569,733	594,692
Current accounts with other banks	196,885	106,771	139,048	98,583
Total	4,118,608	4,234,181	3,500,575	4,225,966

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

13. Placements with banks

	Group		Bank	
	<i>Unaudited(*)</i> 30-06-2015	31-12-2014	<i>Unaudited(*)</i> 30-06-2015	31-12-2014
<i>In RON thousand</i>				
Sight and term deposits with other banks	3,197,551	1,965,092	1,819,552	1,956,940
Reverse repo transactions	564,707	199,427	564,707	199,427
Loans and advances to banks	250,647	222,539	2,001,832	222,539
Total	4,012,905	2,387,058	4,386,091	2,378,906

14. Financial assets at fair value through profit and loss

	Group		Bank	
	<i>Unaudited(*)</i> 30-06-2015	31-12-2014	<i>Unaudited(*)</i> 30-06-2015	31-12-2014
<i>In RON thousand</i>				
<i>Trading assets</i>	206,414	143,931	52,729	52,311
Total	206,414	143,931	52,729	52,311

All shares in listed companies are listed on Bucharest Stock Exchange.

15. Loans and advances to customers

The Group's commercial lending activity is concentrated on Romanian legal entities and private individuals. Concentration of loans and advances to customers by industry as at 30 June 2015 and 31 December 2014 is the following:

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

15. Loans and advances to customers (continued)

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i> 30-06-2015	31-12-2014	<i>Unaudited(*)</i> 30-06-2015	31-12-2014
Private individuals	12,970,094	7,558,389	9,431,878	7,466,730
Manufacturing	3,323,080	3,074,527	2,989,359	3,055,764
Trading	3,274,820	3,058,965	2,975,933	3,000,739
Construction	1,274,604	1,103,869	1,219,482	1,103,769
Agriculture	1,154,044	991,294	1,110,962	990,603
Services	1,082,214	976,374	1,008,295	975,249
Real estate	777,064	639,061	592,906	638,891
Transport	726,119	663,946	693,787	663,740
Free lancers	539,603	483,982	517,125	483,982
Energy industry	431,775	398,773	405,955	398,773
Others	423,389	389,413	324,021	389,445
Chemical industry	298,275	295,369	296,315	295,369
Mining industry	172,447	175,806	171,545	175,806
Telecommunications	168,617	73,601	154,731	73,601
Financial institutions	147,803	97,573	333,449	279,322
Governmental bodies	35,057	18,965	17,831	18,965
Fishing industry	11,227	9,242	11,222	9,242
Total loans and advances to customers before impairment allowance	26,810,232	20,009,149	22,254,796	20,019,990
Impairment losses on loans	(2,585,734)	(2,590,460)	(2,393,489)	(2,502,798)
Total loans and advances to customers, net of impairment losses	24,224,498	17,418,689	19,861,307	17,517,192

Movement in impairment losses on loans and advances to customers:

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i> 30-06-2015	31-12-2014	<i>Unaudited(*)</i> 30-06-2015	31-12-2014
Balance at January 1	2,590,460	2,576,125	2,502,798	2,493,059
Net impairment expense (note 13)	345,960	658,268	251,330	653,190
Impairment allowances on written off loans	(440,962)	(797,145)	(440,846)	(796,663)
Effect of adjustments on the interest income for impaired loans (note 8)	77,708	139,545	71,156	139,545
FX gain/loss	12,568	13,667	9,051	13,667
Balance for the period	2,585,734	2,590,460	2,393,489	2,502,798

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

16. Net lease investments

The Group acts as a lessor under finance lease, mainly for financing motor vehicles and equipment. The lease agreements are denominated in EUR, RON and MDL and typically run for a period between two and five years, with transfer of ownership of the leased asset at the end of the lease term. Interest is charged over the period of the lease based on fixed interest rates. The lease receivables are secured by the underlying assets and by other collateral. The breakdown of investments in leases according to their maturity is presented below:

<i>In RON thousand</i>	Group	
	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>
	30.06.2015	31.12. 2014
Total net lease investments	327,709	322,973
Impairment allowances	(65,447)	(78,699)
Total net lease investments	262,262	244,274

The lease contracts are generated and managed through BT Leasing Transilvania IFN S.A., BT Leasing Moldova S.R.L., and BT Operational Leasing S.A. Net lease investments include also consumer loans granted by the Group through BT Direct IFN S.A.

The provision for net lease investments can be detailed as follows:

<i>In RON thousand</i>	Group	
	<i>Unaudited(*)</i>	<i>Unaudited(*)</i>
	30.06.2015	30.06.2015
Balance at the beginning of the year	78,699	69,529
Net impairment provision expense	(7,848)	17,047
Written – off lease investment provision	(5,404)	(7,874)
FX gain/loss		(3)
Balance at the end of the year	65,447	78,699

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

17. Investment securities

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited (*)</i>		<i>Unaudited (*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
<u>Investment securities available-for-sale</u> <u>Unlisted securities and other fixed income</u> <u>instruments:</u>				
Treasury securities issued by the Romanian Government, of which:	7,935,100	7,878,702	6,689,482	7,878,702
- discount certificates	598,487	41,898	388,119	41,898
- coupon certificates	31,816	33,694	31,816	33,694
- benchmark bonds (RON)	6,476,738	7,245,046	5,765,178	7,245,046
- treasury certificates with coupon (EUR)	828,059	558,064	504,369	558,064
EURO bonds issued by Romanian Government on external markets	2,286,372	2,014,285	2,239,483	2,014,285
USD bonds issued by Romanian Government on external markets	423,729	626,052	423,729	626,052
Bonds, of which	187,364	60,285	159,693	60,285
- issued by Bucharest Municipality	149,624	50,203	149,624	50,203
- issued by Alba Iulia Municipality	517	544	517	544
- issued by Republic of Montenegro	9,552	9,538	9,552	9,538
- issued by Transelectrica	27,671	-	-	-
<i>Listed shares</i>	87	84	-	-
<i>Fund units</i>	179,657	151,159	270,256	232,316
<i>Certificates of participation</i>	38,651	39,520	38,651	39,520
Equity investments measured at cost, out of which:	3,135	1,748	2,062	1,705
<i>Gross value</i>	3,143	1,756	2,062	1,705
<i>Impairment allowances</i>	(8)	(8)	-	-
Total investment securities available- for-sale	11,054,095	10,771,835	9,823,356	10,852,865

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

18. Tangible and intangible assets

During the 6 months ended June 30, 2015, the Group acquired tangible assets amounting to RON thousand 112,502 of which RON thousand 21,427 related to Banca Transilvania and RON thousand 69,083 related to tangible assets at fair value from acquisition of Volksbank.

Net book value of tangible assets at the end of this period at Group level amounts to RON thousand 410,157, and the one related to the Bank is in amount of RON thousand 281,772.

During the 6 months ended June 30, 2015, the Group acquired intangible assets amounting to RON thousand 24,606, of which RON thousand 6,210 related to Banca Transilvania and RON thousand 17,884 related to intangible assets at fair value from acquisition of Volksbank.

Net book value of intangible assets at the end of this period at Group level amounts to RON thousand 81,144, and the one related to the Bank is in amount of RON thousand 66,237.

Group amortization expense for tangible and intangible assets at the end of the 6 months ended June 30, 2015, amounts to RON thousand 40,911 (of which Volksbank related tangible and intangible assets amounting to RON thousand 7,760, related to the bank in amount of RON thousand 26,942).

19. Other assets

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited (*)</i>		<i>Unaudited (*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Amounts under settlement	22,789	27,108	24,531	22,897
Inventories	130,345	59,303	41,473	39,489
Prepayments	29,398	20,421	17,541	19,783
Sundry debtors	69,507	34,622	51,284	28,843
Values received from cashing	57,251	44,626	57,003	44,626
VAT receivable	15,617	3,778	7,301	732
Other assets	11,386	10,352	323	4,043
Impairment allowance	(43,840)	(16,588)	(3,134)	(3,134)
Total	292,453	183,622	196,322	157,288

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

20. Acquisition of Volksbank Romania S.A.

On 10 december 2014 the Group signed the share purchase agreement for 100% of the shares of Volksbank Romania SA, after which there was a period of waiting for the approvals from the Competition Council and National Bank of Romania in order to close the transaction. The Group took control over Volksbank Romania SA on 7 April 2015.

In the three months to June 30, 2015, Volksbank Romania S.A. contributed with a profit of RON Mio 509 to Group results. If the acquisition had occurred on January 1, 2015, the management estimates that there would have been a contribution to the consolidated profit in amount of RON Mio 519. This estimate is based on the assumption that the preliminary adjustments of fair value recorded at the date of acquisition would have been the same if the acquisition had occurred on January 1, 2015.

Consideration transferred

The fair value of the consideration transferred is RON Mio 358 and was paid entirely at acquisition date. Of this amount, EUR Mio 58 (RON Mio 259 at June 30, 2015) were transferred to an escrow account to cover certain risks that could materialize in a time horizon of approximately one year from acquisition date. No equity instruments were issued as part of the acquisition of Volksbank Romania.

Transactions recognized separately

On acquisition, the Group repaid to the former shareholders of Volksbank Romania S.A. the amount of financing granted: EUR Mio 451 and CHF Mio 206.

Assets acquired and liabilities assumed

The table below summarizes the amounts recognized at acquisition date in terms of assets acquired and liabilities assumed (before transfer operation of financing granted to former shareholders):

<i>In RON Mio</i>	Balance at acquisition
Cash, cash equivalents and placements with banks	2,533
Securities	1,606
Loans and advances granted to customers (net)	5,327
Tangible and intangible assets	87
Other assets	236
Deposits from banks	(29)
Deposits from customers	(4,368)
Borrowings from banks	(2,857)
Other liabilities	(613)
Total net assets acquired	1,922

At the date of acquisition, loans to customers have a contractual value of RON Mio 8,839, of which an amount of RON Mio 3,512 is estimated that will not be collected.

Fair value provisional accounting

In accordance with the IFRS (IFRS 3 “Business Combinations”) on June 30, 2015, the initial accounting for the acquisition of Volksbank Romania is incomplete for certain balance sheet items. Thus, the interim consolidated financial statements for the six-month period ended June 30, 2015 include provisional values for the loan portfolio held by Volksbank Romania at individual level.

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

20. Acquisition of Volksbank Romania S.A. (continued)

Fair value provisional accounting (continued)

IFRS 3 allows for an assessment period, which cannot exceed one year from the date of control. During the assessment period (which cannot exceed one year from date of purchase), provisional amounts recognized at acquisition date will be retrospectively adjusted on completion of the evaluation report prepared by an independent appraiser for the assets and liabilities of Volksbank Romania S.A. at acquisition date. The Group will continue to review this value during the measurement.

The Group used for the purpose of reporting as at the end of 30 June 2015 a preliminary valuation report prepared by PWC Romania.

Gain from acquisition

The Group results for the six-month period ended June 30, 2015 include the gain from the acquisition of Volksbank Romania S.A. in amount of RON thousand 1,564.

The gain from the acquisition was determined as the difference between the transferred consideration (acquisition price of shares in amount of RON Mio 358) and the fair value of the assets and liabilities of Volksbank Romania S.A. on takeover (amounting to RON Mio 1,922).

21. Deposits from banks

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>		<i>Unaudited(*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Sight deposits	218,214	22,389	630,417	22,389
Term deposits	52,601	110,959	202,629	110,959
Total	270,815	133,348	833,046	133,348

22. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>		<i>Unaudited(*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Current accounts	8,435,220	6,988,569	7,859,961	7,007,704
Sight deposits	584,705	161,016	162,169	161,017
Term deposits	26,047,064	22,368,677	23,413,393	22,405,425
Collateral deposits	533,334	476,654	481,526	471,356
Total	35,600,323	29,994,916	31,917,049	30,045,502

Deposits from customers can also be analyzed as follows:

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>		<i>Unaudited(*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Private individuals	22,459,017	18,612,097	20,203,409	18,595,406
Legal entities	13,141,306	11,382,819	11,713,640	11,450,096
Total	35,600,323	29,994,916	31,917,049	30,045,502

(*) Unaudited /Unreviewed by the financial auditor

30

The explanatory notes to the consolidated and individual financial statements from pages 12 to 35 form an integral part to these consolidated and individual financial statements.

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

23. Borrowings from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>		<i>Unaudited(*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Borrowings from commercial banks	100,112	64,555	-	-
Borrowings from development banks	288,740	359,498	242,591	320,419
Repurchase agreements	968,012	503,321	968,012	503,321
Other funds from financial institutions	124,827	125,313	124,827	125,313
Total	1,481,691	1,052,687	1,335,430	949,053

24. Other subordinated liabilities

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>		<i>Unaudited(*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Loans from financial institutions	361,517	348,872	361,517	348,871
Convertible bonds	45,726	45,871	45,647	45,787
Total	407,243	394,743	407,164	394,658

Subordinated liabilities consist of three loans in EUR totaling EUR Mio 45, equiv. of RON thousand 201,308 (2014: EUR Mio 45, equiv. of RON thousand 201,695), and one loan in USD in amount of USD Mio 40, equiv. of RON thousand 159,876 (2014: USD Mio 40, equiv. of RON thousand 147,472)

In 2013 Banca Transilvania S.A. issued convertible bonds worth EUR Mio 30, equiv. of RON thousand 134,541 at EURIBOR6M + 6,25%, maturing in 2020. On June 30, 2015 the amount of convertible bonds was EUR 9,927,762, equiv. of RON thousand 44,412.

25. Other liabilities

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>		<i>Unaudited(*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Amounts under settlement	415,838	156,540	337,371	155,060
Other fees payable	25,418	86,299	18,727	84,669
Sundry creditors	44,820	25,766	23,162	16,711
Other liabilities	75,995	47,429	50,198	45,210
Provisions (i)	521,988	52,012	43,609	49,624
Total	1,084,059	368,046	473,067	351,274

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

25. Other liabilities (continued)

(i) The amounts included in “Provisions” are presented as follows:

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited(*)</i>		<i>Unaudited(*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Provisions for loan commitments	34,568	23,921	27,812	23,921
Provisions for employee benefits as compensated absences	5,663	1,213	500	500
Provisions for other employee benefits	26,776	26,149	15,000	25,203
Other provisions	454,981	729	297	-
Total	521,988	52,012	43,609	49,624

26. Share capital

The share capital of the Bank at June 30, 2015 consisted of 2,608,623,861 ordinary shares with a nominal value of RON 1 each (December 31, 2014: 2,608,623,861 shares of nominal value of RON 1 each). The shareholding structure is presented in Note 1.

27. Related parties transactions

During the 1st semester of 2015, the following transactions were carried out with the related parties:

<i>Unaudited Group(*)</i> <i>In RON thousand</i>	30-06-2015		31-12-2014	
	Management key personnel	Other Related parties	Management key personnel	Other Related parties
Assets				
Loans	16,634	9,283	68,754	33,521
Liabilities				
Current accounts, deposits	16,124	59,848	26,110	127,731
Borrowings	-	259,950	-	317,862
Subordinated debt	-	160,174	-	147,278
Subordinated securities	-	45,726	-	20,250
Commitments given	2,208	4,302	5,554	3,126
Commitments received	-	-	-	-
Statement of comprehensive income				
Interest and commission income	389	386	3,783	3,711
Interest and commission expense	124	12,022	592	20,572
Other income	-	-	-	-
Other expenses	-	-	-	-

(*) Unaudited /Unreviewed by the financial auditor

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

28. Commitments and contingencies

At any time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved limit loans 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.

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited (*)</i>		<i>Unaudited (*)</i>	
	30-06-2015	31-12-2014	30-06-2015	31-12-2014
Guarantees issued	1,970,959	2,030,581	1,861,725	2,035,632
Loan commitments	4,088,807	3,629,719	3,845,022	3,738,607
Total	6,059,766	5,660,300	5,706,747	5,774,239

Commitments to customers were provisioned at Group level in amount of RON thousand 34,568 as at June 30, 2015 (December 31, 2014: RON thousand 23,921), and at Bank level in amount of RON thousand 27,812 (December 31, 2014: RON thousand 23,921).

29. Earnings per share

The calculation of basic earnings per share (basic or diluted) is based on net profit attributable to ordinary shareholders of RON thousand 190,208 (at June 30, 2014: RON thousand 181,034) at individual level and RON thousand 2,278,104 (at June 30, 2014: RON thousand 185.950) at consolidated level, and the weighted average number of ordinary shares outstanding during the year, as follows:

	Group		Bank	
	<i>Unaudited (*)</i>		<i>Unaudited (*)</i>	
	30-06-2015	30-06-2014	30-06-2015	30-06-2014
Ordinary shares issued at January 1	2,608,623,861	2,206,436,324	2,608,623,861	2,206,436,324
Effect of shares issued at June 30	417,379,818	425,175,243	417,379,818	425,175,243
Weighted average number of shares as at June 30	3,026,003,679	2,631,611,567	3,026,003,679	2,631,611,567

The earning per share reflects the increase of capital registered in July 2015 in amount of RON 417,379,818 (after the reporting period but before the authorization of the financial statements).

(*) Unaudited /Unreviewed by the financial auditor

Notes to the condensed consolidated and individual financial statements**30. Share capital management**

On June 30, 2014 the calculation of own funds was made based on Regulation no. 575/2013 of the European Parliament and Council of June 26, 2013 regarding prudential requirements for credit institutions and investments firms and the amendment of (EU) Regulation no. 648/2012, and on the provisions of NBR Regulation no. 5/20.12.2013 on prudential requirements for credit institutions.

In accordance with the legal regulations in force regarding capital adequacy, the own funds of the Bank and Group include:

- Tier I own funds, comprising mainly subscribed and paid up capital, share premiums, eligible reserves, minus: the value of intangible assets, own shares and 50% of prudential filters;
- Tier II own funds, comprising the eligible value of subordinated loans minus 50% of prudential filters.

Starting with 2014 the Bank applies the (EU) Regulation no. 575/2013 in order to determine the minimum capital requirements, and adopted:

- the standard method regarding the treatment of credit risk according to (EU) Regulation no. 575/2013 for the calculation of minimum capital requirements for position risk, currency risk and commodity risk;
- the base method regarding the minimum capital requirements for operational risk in accordance with (EU) Regulation no. 575/2013.

The Group's and Bank's own funds, as well as the capital requirements at June 30, 2015 and December 31, 2014, in accordance with the regulations in force, are as follows:

<i>In RON thousand</i>	Group		Bank	
	<i>Unaudited (*)</i> 30.06.2015	31.12.2014	<i>Unaudited (*)</i> 30.06.2015	31.12.2014
Tier I capital	3,216,965	3,351,606	3,174,848	3,243,828
Tier II capital	300,205	373,532	334,479	373,036
Total capital of the Group	3,517,170	3,725,138	3,509,327	3,616,864
Value of credit risk exposures	19,784,318	14,740,681	15,856,688	14,554,687
Market value and freight risk exposures	3,545,983	3,449,587	3,370,475	3,399,351
Value of operational risk exposures	3,495,554	3,061,304	3,333,266	2,913,934
Total exposure risk	26,825,855	21,251,572	22,560,429	20,867,972

Note: The calculation of Bank's own funds does not include the result for the period ended June 30, 2015, and it includes the Bank's result for the year ended December 31, 2014.

Notes to the condensed consolidated and individual financial statements

31. Subsequent events after the date of consolidated and individual statement of financial position

In July 2015, there was registered a share capital increase in amount of RON 417.379.818 as a result of the approval and authorizations received from the Financial Supervision Authority.

Ömer Tetik
General Director

George Călinescu
Deputy General Director