

**Banca Transilvania S.A.**

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS**

**As at June 30, 2019**

# **Banca Transilvania S.A.**

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# Banca Transilvania S.A.

## Interim Consolidated and Separate Statement of Profit or Loss

For the six-month period ended June 30

		Group		Bank	
	Notes	2019 RON thousand	2018 RON thousand	2019 RON thousand	2018 RON thousand
Interest income		1,778,524	1,438,015	1,565,140	1,141,350
Interest expense		(265,586)	(161,518)	(234,048)	(129,633)
<b>Net interest income</b>	5	<b>1,512,938</b>	<b>1,276,497</b>	<b>1,331,092</b>	<b>1,011,717</b>
Fee and commission income		542,230	462,820	476,263	387,713
Fee and commission expense		(145,119)	(100,944)	(128,137)	(85,138)
<b>Net fee and commission income</b>	6	<b>397,111</b>	<b>361,876</b>	<b>348,126</b>	<b>302,575</b>
Net trading income	7	191,227	96,357	151,001	107,076
Net loss from financial assets measured at fair value through comprehensive income	8	30,888	(2,606)	30,860	(2,930)
Net loss from financial assets which are required to be measured at fair value through profit or loss	9	78,374	12,624	63,383	(19,936)
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(109,247)	(36,900)	(107,615)	(34,646)
Other operating income	11	82,521	408,228	64,269	59,730
<b>Operating income</b>		<b>2,183,812</b>	<b>2,116,076</b>	<b>1,881,116</b>	<b>1,423,586</b>
Net expense (-) / income from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	12	(50,650)	87,870	(3,782)	181,926
Personnel expenses	13	(522,894)	(477,248)	(458,435)	(397,163)
Depreciation and amortization		(149,798)	(83,050)	(137,812)	(51,729)
Other operating expenses	14	(322,164)	(528,505)	(266,627)	(258,840)
<b>Operating expenses</b>		<b>(1,045,506)</b>	<b>(1,000,933)</b>	<b>(866,656)</b>	<b>(525,806)</b>
Bargain gain		-	111,552	-	-
<b>Profit before income tax</b>		<b>1,138,306</b>	<b>1,226,695</b>	<b>1,014,460</b>	<b>897,780</b>
Income tax expense	15	(195,949)	(362,092)	(166,465)	(235,074)
<b>Profit for the period</b>		<b>942,357</b>	<b>864,603</b>	<b>847,995</b>	<b>662,706</b>
<b>Profit of the Group attributable to:</b>					
Equity holders of the Bank		906,191	853,807	-	-
Non-controlling interests		36,166	10,796	-	-
<b>Profit for the period</b>		<b>942,357</b>	<b>864,603</b>	<b>847,995</b>	<b>662,706</b>

# Banca Transilvania S.A.

## Interim Consolidated and Separate Statement of Other Items of Comprehensive Income

*For the six-month period ended June 30*

	Notes	Group		Bank	
		2019 RON thousand	2018 RON thousand	2019 RON thousand	2018 RON thousand
<b>Profit for the period</b>		<b>942,357</b>	<b>864,603</b>	<b>847,995</b>	<b>662,706</b>
<b>Items that cannot be reclassified as profit or loss, net of tax</b>		<b>(20,902)</b>	<b>103</b>	<b>(439)</b>	<b>73</b>
Other elements of comprehensive income		(24,870)	193	(510)	87
Tax related to items that cannot be classified as comprehensive income		3,968	(90)	71	(14)
<b>Items which are or may be reclassified as profit or loss</b>					
<b>Fair value reserve (financial assets measured through other items of comprehensive income), of which:</b>		<b>353,213</b>	<b>(397,428)</b>	<b>353,063</b>	<b>(415,934)</b>
Net gain from transactions with financial assets measured through other items of comprehensive income, transferred to profit or loss account		(78,374)	2,606	(30,860)	2,930
Fair value changes of financial assets measured through other items of comprehensive income		431,587	(400,034)	383,923	(418,864)
<b>Income tax directly booked to other items of comprehensive income</b>		<b>(56,538)</b>	<b>63,822</b>	<b>(56,522)</b>	<b>66,701</b>
<b>Total comprehensive income for the period</b>		<b>1,218,130</b>	<b>531,100</b>	<b>1,144,097</b>	<b>313,546</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank		1,181,964	520,305	-	-
Non-controlling interest		36,166	10,796	-	-
<b>Total comprehensive income for the period</b>		<b>1,218,130</b>	<b>531,101</b>	<b>1,144,097</b>	<b>313,546</b>
<b>Basic earnings per share</b>		<b>0.1744</b>	<b>0.1650</b>	-	-
<b>Diluted earnings per share</b>		<b>0.1740</b>	<b>0.1648</b>	-	-

The financial statements were approved by the Board of Directors on August 09, 2019 and were signed on its behalf by:

Ömer Tetik  
Chief Executive Officer

George Călinescu  
Deputy Chief Executive Officer

# Banca Transilvania S.A.

## Interim Consolidated and Separate Statement of Financial Position

	Notes	Group		Bank	
		30-06-2019	31-12-2018	30-06-2019	31-12-2018
		RON	RON	RON	RON
		thousand	thousand	thousand	thousand
<b>Assets</b>					
Cash and cash equivalents with the National Bank	16	11,648,252	10,322,121	10,641,713	9,083,471
Derivatives	42	6,929	3,066	6,929	3,066
Financial assets held for trading and measured at fair value through profit or loss	18	199,089	210,461	14,797	12,582
Financial assets which are required to be measured at fair value through profit or loss	18	551,594	456,127	695,604	609,638
Financial assets measured at fair value through other items of comprehensive income	21	19,832,456	21,374,708	19,820,422	21,363,908
- of which pledged securities (repo agreements)		87,377	248,798	87,377	248,798
Financial assets at amortized cost - of which:		47,769,815	44,392,876	44,723,125	41,598,554
- Placements with banks	17	5,464,517	4,650,137	4,732,235	4,000,416
- Loans and advances to customers	19	38,169,118	36,796,502	37,709,488	36,355,974
- Finance lease receivables	20	1,096,700	1,020,582	-	-
- Debt instruments		2,074,337	1,082,418	1,357,614	431,099
- Other financial assets	25	965,143	843,237	923,788	811,065
Equity investments		-	-	537,677	537,677
Property and equipment, investment property	22	643,343	593,903	508,124	482,321
Right-of-use assets	23	456,311	-	433,247	-
Intangible assets	22	287,201	283,219	257,245	253,847
Goodwill	22	4,295	4,295	-	-
Deferred tax assets		-	73,920	-	48,687
Other non-financial assets	26	166,015	182,058	99,416	125,163
<b>Total assets</b>		<b>81,565,300</b>	<b>77,896,754</b>	<b>77,738,299</b>	<b>74,118,914</b>

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

	Notes	Group		Bank	
		30-06-2019	31-12-2018	30-06-2019	31-12-2018
		RON	RON	RON	RON
		thousand	thousand	thousand	thousand
<b>Liabilities</b>					
Deposits from banks	27	249,286	195,348	260,443	207,608
Deposits from customers	28	67,380,562	65,160,466	64,857,337	62,522,369
Loans from banks and other financial institutions	29	1,544,051	1,703,551	1,043,636	1,185,556
Subordinated liabilities	30	1,681,641	1,655,377	1,677,894	1,651,518
Current tax liability	24	109,086	40,953	106,760	43,935
Deferred tax liabilities	24	736	-	9,016	-
Provisions for other risks and loan commitments	31	463,717	472,722	441,995	444,673
Held-for-trading financial liabilities		10,515	4,226	10,515	4,226
Finance lease financial liabilities	32	454,692	-	430,988	-
Other financial liabilities	33	1,247,015	648,846	1,059,606	532,941
Other non-financial liabilities	34	130,286	133,415	105,549	114,872
		<b>73,271,587</b>	<b>70,014,904</b>	<b>70,003,739</b>	<b>66,707,698</b>
Financial liabilities to holders of fund units		19,147	1,777	-	-
<b>Total liabilities</b>		<b>73,290,734</b>	<b>70,016,681</b>	<b>70,003,739</b>	<b>66,707,698</b>
<b>Equity</b>					
Share capital	35	4,901,594	4,898,982	4,901,594	4,898,982
Treasury shares		(15,287)	(38,558)	-	(23,271)
Share premiums		27,643	28,381	28,396	28,381
Retained earnings		2,286,523	2,257,065	2,076,958	2,075,470
Revaluation reserves from tangible and intangible assets		17,264	17,847	20,139	20,722
Reserves on financial assets measured at fair value through other items of comprehensive income	36	133,834	(162,841)	133,936	(162,605)
Other reserves		591,403	586,660	573,537	573,537
		<b>7,942,974</b>	<b>7,587,536</b>	<b>7,734,560</b>	<b>7,411,216</b>
Non-controlling interest		331,592	292,537	-	-
<b>Total equity</b>		<b>8,274,566</b>	<b>7,880,073</b>	<b>7,734,560</b>	<b>7,411,216</b>
<b>Total liabilities and equity</b>		<b>81,565,300</b>	<b>77,896,754</b>	<b>77,738,299</b>	<b>74,118,914</b>

Ömer Tetik  
Chief Executive Officer

George Călinescu  
Deputy Chief Executive Officer

# Banca Transilvania S.A.

## Interim Consolidated Statement of Changes in Equity

For the six-month period ended June 30 2019

Group

Attributable to the equity holders of the Bank

In RON thousand

Note:	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
<b>Balance as at January 01, 2019</b>	<b>4,898,982</b>	<b>(38,558)</b>	<b>28,381</b>	<b>17,847</b>	<b>(162,841)</b>	<b>586,660</b>	<b>2,257,065</b>	<b>7,587,536</b>	<b>292,537</b>	<b>7,880,073</b>
<b>Statement of comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	906,191	906,191	36,166	942,357
<b>Other comprehensive income, net of income tax</b>										
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	296,675	-	-	296,675	-	296,675
Retained earnings from revaluation reserves	-	-	-	(583)	-	-	583	-	-	-
Distribution to statutory reserves	-	-	-	-	-	4,743	(4,743)	-	-	-
Other items of comprehensive income, net of tax	-	-	-	-	-	-	(20,902)	(20,902)	-	(20,902)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>(583)</b>	<b>296,675</b>	<b>4,743</b>	<b>881,129</b>	<b>1,181,964</b>	<b>36,166</b>	<b>1,218,130</b>
<b>Contributions of/distributions to the shareholders</b>										
Increase in share capital through the conversion of debt	2,602	-	-	-	-	-	(2,602)	-	-	-
Increase in share capital through the conversion of debt	10	-	15	-	-	-	-	25	-	25
SOP 2019 Scheme	-	-	-	-	-	-	42,750	42,750	-	42,750
Acquisition of treasury shares	-	(44,910)	-	-	-	-	-	(44,910)	-	(44,910)
Payments of treasury shares	-	68,181	-	-	-	-	(68,181)	-	-	-
Dividends distributed to shareholders	-	-	-	-	-	-	(818,566)	(818,566)	-	(818,566)
Other adjustments	-	-	(753)	-	-	-	(5,072)	(5,825)	2,889	(2,936)
<b>Total contributions of/distributions to the shareholders</b>	<b>2,612</b>	<b>23,271</b>	<b>(738)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(851,671)</b>	<b>(826,526)</b>	<b>2,889</b>	<b>(823,637)</b>
<b>Balance as at June 30, 2019</b>	<b>4,901,594</b>	<b>(15,287)</b>	<b>27,643</b>	<b>17,264</b>	<b>133,834</b>	<b>591,403</b>	<b>2,286,523</b>	<b>7,942,974</b>	<b>331,592</b>	<b>8,274,566</b>

# Banca Transilvania S.A.

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

For the year ended December 31, 2018

Group	Attributable to the equity holders of the Bank										
	Note:	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
In RON thousand											
Balance at December 31, 2017		4,427,940	(47,427)	28,381	17,524	(6,247)	502,487	2,202,764	7,125,422	14,690	7,140,112
Adoption of new standards		-	-	-	-	(93,815)	-	(32,386)	(126,201)	-	(126,201)
Balance as at January 1, 2018		4,427,940	(47,427)	28,381	17,524	(100,062)	502,487	2,170,378	6,999,221	14,690	7,013,911
Statement of comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	1,249,740	1,249,740	10,940	1,260,680
Other comprehensive income, net of income tax											
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	42	-	-	-	-	(62,779)	-	-	(62,779)	-	(62,779)
Revaluation of property and equipment, net of income tax	41	-	-	-	1,878	-	-	-	1,878	-	1,878
Retained earnings from revaluation reserves	41	-	-	-	(1,555)	-	-	1,555	-	-	-
Distribution to statutory reserves		-	-	-	-	-	84,173	(84,173)	-	-	-
Other items of comprehensive income, net of tax	40	-	-	-	-	-	-	120	120	-	120
Total comprehensive income for the period		-	-	-	323	(62,779)	84,173	1,167,242	1,188,959	10,940	1,199,899
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of profit reserves	38	471,042	-	-	-	-	-	(471,042)	-	-	-
Acquisition of treasury shares	39	-	(48,686)	-	-	-	-	-	(48,686)	-	(48,686)
Payments of treasury shares	39	-	57,555	-	-	-	-	(57,555)	-	-	-
Dividends distributed to shareholders		-	-	-	-	-	-	(610,000)	(610,000)	-	(610,000)
Retained earnings as a result of the weighted average cost for assets measured at fair value through the comprehensive income		-	-	-	-	-	-	(14,069)	(14,069)	-	(14,069)
Reserves from the conversion of shares held by minority shareholders upon the merger		-	-	-	-	-	-	6,334	6,334	-	6,334
SOP 2018 Scheme		-	-	-	-	-	-	66,736	66,736	-	66,736
Other adjustments	40							(959)	(959)	266,907	265,948
Total contributions of/distributions to the shareholders		471,042	8,869	-	-	-	-	(1,080,555)	(600,644)	266,907	(333,737)
Balance at December 31, 2018		4,898,982	(38,558)	28,381	17,847	(162,841)	586,660	2,257,065	7,587,536	292,537	7,880,073

The explanatory notes to the financial statements from page 11 to page 84 are an integral part of these financial statements.



# Banca Transilvania S.A.

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

For the six-month period ended June 30, 2019

<i>Bank</i>	Attributable to the equity holders of the Bank								
	Note:	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
<i>In RON thousand</i>									
Previously reported balance as at December 31,2018		4,898,982	(23,271)	28,381	20,722	(162,605)	573,537	2,075,470	7,411,216
Adoption of new standards									
Balance as at January 1, 2019		4,898,982	(23,271)	28,381	20,722	(162,605)	573,537	2,075,470	7,411,216
Statement of comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	847,995	847,995
Other comprehensive income, net of income tax									
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	36	-	-	-	-	296,541	-	-	296,541
Retained earnings from revaluation reserves		-	-	-	(583)	-	-	583	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(439)	(439)
Statement of comprehensive income for the period									
		-	-	-	(583)	296,541	-	848,139	1,144,097
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of merger reserves	35	2,602	-	-	-	-	-	(2,602)	-
Increase in share capital through the conversion of debt SOP 2019 Scheme	35	10	-	15	-	-	-	-	25
		-	-	-	-	-	-	42,750	42,750
Acquisition of treasury shares		-	(44,910)	-	-	-	-	-	(44,910)
Payments of treasury shares to the employees			68,181	-	-	-	-	(68,181)	-
Retained earnings as a result of the weighted average cost for assets measured at fair value through the comprehensive income									
Dividends distributed to shareholders		-	-	-	-	-	-	(818,567)	(818,567)
Other adjustments		-	-	-	-	-	-	(51)	(51)
Total contributions of/distributions to the shareholders		2,612	23,271	15	-	-	-	(846,651)	(820,753)
Balance as at June 30, 2019		4,901,594	-	28,396	20,139	133,936	573,537	2,076,958	7,734,560

# Banca Transilvania S.A.

## Interim Separate Statement of Changes in Equity (continued)

For the year ended December 31, 2018

<i>Bank</i>	Attributable to the equity holders of the Bank								
	Note:	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
<i>In RON thousand</i>									
Previously reported balance as at December 31, 2017		4,427,940	(32,140)	28,381	20,416	52,176	491,414	1,981,886	6,970,073
Adoption of new standards		-	-	-	-	(152,002)	-	34,487	(117,515)
Balance as at January 1, 2018		4,427,940	(32,140)	28,381	20,416	(99,826)	491,414	2,016,373	6,852,558
Statement of comprehensive income for the period		-	-	-	-	-	-	1,219,391	1,219,391
Profit for the period									
Other comprehensive income, net of income tax									
Loss (-) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	41	-	-	-	-	(62,779)	-	-	(62,779)
Revaluation of property and equipment, net of income tax	41	-	-	-	1,861	-	-	-	1,861
Retained earnings from revaluation reserves	41	-	-	-	(1,555)	-	-	1,555	-
Distribution to statutory reserves	43	-	-	-	-	-	82,123	(82,123)	-
Other items of comprehensive income, net of tax	40	-	-	-	-	-	-	37	37
Statement of comprehensive income for the period		-	-	-	306	(62,779)	82,123	1,138,860	1,158,510
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of profit reserves	38	471,042	-	-	-	-	-	(471,042)	-
Reserves from the conversion of shares held by minority shareholders upon the merger	38	-	-	-	-	-	-	6,334	6,334
SOP 2018 Scheme	40							66,736	66,736
Acquisition of treasury shares	39	-	(48,686)	-	-	-	-	-	(48,686)
Payments of treasury shares to the employees	39	-	57,555	-	-	-	-	(57,555)	-
Retained earnings as a result of the weighted average cost for assets measured at fair value through the comprehensive income		-	-	-	-	-	-	(14,750)	(14,750)
Dividends distributed to shareholders	39	-	-	-	-	-	-	(610,000)	(610,000)
Other adjustments	40	-	-	-	-	-	-	514	514
Total contributions of/distributions to the shareholders		471,042	8,869	-	-	-		(1,079,763)	(599,852)
Balance at December 31, 2018		4,898,982	(23,271)	28,381	20,722	(162,605)	573,537	2,075,470	7,411,216

The explanatory notes to the financial statements from page 11 to page 84 are an integral part of these financial statements.

# Interim Consolidated and Separate Statement of Cash Flows treasury

For the six-month period ended June 30

In RON thousand	Note:	Group		Bank	
		2019	2018	2019	2018
<b>Cash flow from operating activities</b>					
Profit for the period		<b>942,357</b>	<b>864,603</b>	<b>847,995</b>	<b>662,706</b>
<b>Adjustments for:</b>					
Depreciation and amortization		149,798	83,050	137,812	51,729
Impairment allowance and write-offs of financial assets, provisions for other risks and loan commitments		164,090	156,063	116,994	45,385
Adjustment of financial assets at fair value through profit or loss		(78,374)	(12,624)	(63,383)	(19,936)
Income tax expense	15	195,949	362,092	166,465	235,074
Interest income		(1,778,524)	(1,438,015)	(1,565,140)	(1,141,350)
Interest expense		265,586	161,518	234,048	129,633
Other allowances		(176,394)	217,818	(123,184)	(120,218)
<b>Net profit adjusted with non-monetary elements</b>		<b>(315,512)</b>	<b>394,505</b>	<b>(248,393)</b>	<b>(156,977)</b>
<b>Changes in operating assets and liabilities(*)</b>					
Change in placements with banks		(1,359,728)	417,602	(1,255,999)	(469,611)
Change in loans and advances to customers		(1,378,263)	(1,799,242)	(1,423,954)	(1,474,574)
Change in finance lease receivables		(55,112)	(115,816)	-	-
Change in financial assets at fair value through profit or loss		(17,093)	(459,115)	(22,583)	18,900
Change in financial assets held for trading and measured at fair value through profit or loss		(3,863)	(7,701)	(3,863)	(6,200)
Change in equity instruments		21,741	24,900	(2,215)	9,082
Change in debt instruments		(10,369)	(49,344)	-	-
Change in other financial assets		(141,983)	(410,103)	(131,313)	(74,830)
Change in other assets		(15,225)	(67,730)	(18,309)	(13,919)
Change in deposits from customers		2,162,753	4,208,371	2,316,337	1,603,737
Change in deposits from banks		53,445	484,076	52,816	434,190
Change in held-for-trading financial liabilities		6,289	8,957	6,289	7,181
Change in redeemed claims		(158,753)	494,975	(158,753)	494,975
Change in other financial liabilities		586,769	(494,323)	515,350	(21,558)
Change in other liabilities		14,241	282,020	(9,631)	29,575
Income tax paid/recovered		(63,662)	-	(57,665)	-
Interest received		1,533,353	1,255,908	1,329,169	990,132
Interest paid		(238,168)	(152,135)	(211,357)	(114,208)
<b>Net cash from operating activities</b>		<b>620,860</b>	<b>4,015,805</b>	<b>675,926</b>	<b>1,255,895</b>

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

For the six-month period ended June 30

<i>In RON thousand</i>	<b>Note:</b>	<b>Group</b>		<b>Bank</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flow used in investment activities</b>					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(5,826,273)	(9,704,284)	(5,823,998)	(7,866,955)
Sale of financial assets measured at fair value through other items of comprehensive income		7,676,517	5,426,892	7,675,419	5,362,121
Net acquisitions of property and equipment		(77,041)	(35,269)	(42,238)	(28,318)
Net acquisitions intangible assets		(83,536)	(73,550)	(44,994)	(45,934)
Proceeds from disposal of property and equipment and intangible assets		1,877	12,427	1,679	487
Instalment payments for right-of-use assets		(57,174)	-	(57,174)	-
Acquisition of equity investments		-	1,586,094	-	(1,026,373)
Dividends collected	11	3,150	3,513	10,635	18,066
Interest received		454,940	128,261	454,864	128,180
<b>Net cash flow used in investment activities</b>		<b>2,092,460</b>	<b>(2,655,916)</b>	<b>2,174,193</b>	<b>(3,458,726)</b>
Gross proceeds from loans from banks and other financial institutions		50,339	227,942	47,569	46,399
Gross payments from loans from banks and other financial institutions		(89,603)	(118,967)	(44,376)	(44,445)
Gross proceeds from subordinated loans from banks and other financial institutions		-	1,326,305	-	1,326,305
Gross payments from subordinated loans from banks and other financial institutions		-	-	-	-
Dividend payments		(812,164)	(605,387)	(812,164)	(605,387)
Payments for treasury shares		(39,988)	(25,415)	(39,988)	(25,415)
Interest paid		(50,130)	(36,576)	(41,130)	(16,428)
<b>Net cash flow from / (used in) financing activities</b>		<b>(941,546)</b>	<b>797,902</b>	<b>(890,089)</b>	<b>681,029</b>

(\*) Changes in operating assets and liabilities only include the effect of net treasury flows, the non-monetary effect of the merger being eliminated

<i>In RON thousand</i>	<b>Note:</b>	<b>Group</b>		<b>Bank</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
The impact of exchange rate variations on cash and cash equivalents		122,982	22,261	107,605	22,249
Net increase in cash and cash equivalents		1,648,792	2,105,530	1,852,425	(1,544,051)
Cash and cash equivalents at the National Bank as at January 1		15,156,390	11,430,864	13,292,860	11,399,941
<b>Cash and cash equivalents as at June 30</b>	<b>16</b>	<b>16,928,164</b>	<b>13,558,655</b>	<b>15,252,890</b>	<b>9,878,139</b>

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

### **1. Reporting entity and basis of preparation**

#### **a) Reporting entity**

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

Banca Transilvania S.A. (the “Parent company”, “BT”) is a joint-stock company incorporated in Romania. The Bank started its activity as a banking institution in 1993 and is licensed by the National Bank of Romania (“BNR”, the “Central Bank”) to conduct banking activities. The Bank started its activity in 1994 and its main operations involve banking services for legal entities and individuals. Banca Transilvania Group (the “Group”) includes the Parent company and its subsidiaries, based in Romania and in the Republic of Moldova. The interim condensed consolidated and separate financial statements as at June 30, 2019 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. and Victoriabank S.A.; leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., ERB Retail Services IFN S.A., BT Direct IFN S.A., BT Microfinanțare IFN S.A. and BT Leasing MD S.R.L.; asset management through BT Asset Management S.A.I S.A. Additionally, the Bank controls two investment funds that it also includes in the consolidation basis.

In November 2017, Banca Transilvania S.A. announced its initiative to invest in the Republic of Moldova and received in the following period the acquisition approval from the Romanian and Moldovan supervisory authorities - the National Bank of Romania, the National Bank of Moldova and the Competition Council of the Republic of Moldova. On January 19, 2018, Banca Transilvania S.A. became a shareholder of Victoriabank S.A., the third largest bank in the Republic of Moldova, holding together with the EBRD a stake of more than 66% in this financial institution.

Between 14 February and 24 April 2018, Banca Transilvania S.A. made a mandatory public offering to take over the shares issued by Victoriabank S.A., in accordance with the Moldovan capital market legislation; the offering was addressed exclusively to the current minority shareholders of Victoriabank S.A.

The objective of the tender offer was the acquisition of the remaining 8,308,673 shares issued by Victoriabank S.A., representing 33.23% of the total number of nominal ordinary shares with voting rights, in accordance with the approval of the National Commission for Financial Markets in the Republic of Moldova.

After the completion of the public offering and the appointment of the representatives of the new shareholder in the management committee and the Board of Directors of Victoriabank S.A., Banca Transilvania took control of the bank starting from April 2018.

On November 24, 2017, the Group signed the agreement for the acquisition of the majority stake (99.14675%) held by Eurobank Group in Bancpost S.A. According to the transaction, Banca Transilvania Financial Group also acquired all equity investments in the Eurobank Group subsidiaries located in Romania, notably ERB Retail Services IFN S.A. and ERB Leasing IFN S.A., the next stage being that of obtaining the transaction approvals from the Competition Council and the National Bank of Romania. The Group took control over these entities on April 3, 2018.

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

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

#### **a) Reporting entity (*continued*)**

At the end of June 2018, the Group lost control of BT Operational Leasing S.A., by selling the entire stake held in this subsidiary.

Following this transaction, the Group derecognized the assets and liabilities of the subsidiary at the date of the loss of control, as well as any non-controlling interests.

The incomes and expenses recorded by BT Operational Leasing S.A. from the beginning of the year until June 30, 2018 remained included in the profit of the Group as at December 31, 2018.

The fair value of the consideration received following this transaction amounted to RON 28,299 thousand, being subject to adjustment depending on the fulfillment of contractual conditions by both parties.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 53 branches, 427 agencies, 22 work units, 7 healthcare division units, 2 private banking agencies in Romania and Italy and 1 regional office located in Bucharest (December 31, 2018: 54 branches, 435 agencies, 20 work units, 7 healthcare division units, 2 private banking agencies in Romania and Italy and 1 regional office located in Bucharest).

The Bank's number of active employees as at June 30, 2019 was 9,479 (December 31, 2018: 9,014 employees).

The Bank's number of active employees as at June 30, 2019 was 7,734 (December 31, 2018: 7,355 employees).

The registered address of the Bank is Str. George Barițiu nr. 8, Cluj-Napoca, Romania.

The ownership structure of the Bank is presented below:

	<b>30-06-2019</b>	<b>30-06-2018</b>
The European Bank for Reconstruction and Development ("EBRD")	8.59%	8.60%
Romanian individuals	21.06%	19.92%
Romanian companies	43.00%	35.57%
Foreign individuals	1.22%	1.11%
Foreign companies	26.13%	34.80%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

Subsidiary	Field of activity	Percentage of direct and indirect stake 30-06-2019	Percentage of direct and indirect stake 31-12-2018
Victoriabank S.A.	financial and banking activities and investments subject to license	44.63%	44.63%
BT Capital Partners S.A.	Investments	99.59%	99.59%
BT Leasing Transilvania IFN S.A.	leasing	100.00%	100.00%
BT Investments S.R.L.	Investments	100.00%	100.00%
	other lending activities - consumer finance		
ERB Retail Services IFN S.A.	through credit cards	100.00%	100.00%
BT Direct IFN S.A.	consumer loans	100.00%	100.00%
BT Building S.R.L.	Investments	100.00%	100.00%
BT Asset Management SAI. S.A.	Asset management	80.00%	80.00%
BT Solution Agent de Asigurare S.R.L.	Insurance broker	99.95%	99.95%
BT Asiom Agent de Asigurare S.R.L.	Insurance broker	99.95%	99.95%
BT Safe Agent de Asigurare S.R.L.	Insurance broker	99.99%	99.99%
BT Intermedieri Agent de Asigurare S.R.L.	Insurance broker	99.99%	99.99%
BT Leasing MD SRL	leasing	100.00%	100.00%
BT Microfinanțare IFN S.A.	consumer loans	100.00%	100.00%
Improvement Credit Collection S.R.L	activities of collection agents and credit reporting bureaus	100.00%	100.00%
	Manufacture of other basic organic chemicals		
Sinteza S.A.		51.77%	51.47%
	Manufacture of basic pharmaceutical products		
Chimprod S.R.L.		51.65%	51.35%

## b) Declaration of conformity

The interim condensed consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IAS 34 "Interim Financial Reporting", effective as at the Group's and Bank's interim reporting date, June 30, 2019.

They do not include all the information required for a complete set of financial statements in accordance with the International Financial Reporting Standard ("IFRS") endorsed by the European Union. However, certain notes are included in order to explain the events and transactions that are significant in order to understand the changes in the Bank's and the Group's financial position and performance as of the last annual separate and consolidated financial statements as at and for the year ended December 31, 2018.

Financial information for the period ended June 30 are not audited.

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

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

#### **c) Basis of measurement**

The interim condensed 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 property and equipment and investment property, and excepting those with respect to which the fair value cannot be determined reliably.

#### **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 functional currency of the entities within the Group is the Romanian leu "RON", "EUR" and the Moldovan leu "MDL". The separate and consolidated financial statements are presented in Romanian lei "RON", rounded to the nearest thousand.

The exchange rates for the major foreign currencies were:

<b>Currency</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>Fluctuation %</b>
Euro (EUR)	1: RON 4.7351	1: RON 4.6639	1.53%
American dollar (USD)	1: RON 4.1587	1: RON 4.0736	2.09%

#### **e) Use of estimates and judgements**

The preparation of the interim condensed consolidated and separate financial statements in accordance with the IAS 34 "Interim Financial Reporting", as endorsed by the European Union implies that the management uses estimations and judgements that affect the application of accounting policies, as well as the reported value of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical data and various other factors that are believed to be relevant under the given circumstances, the result of which forms the basis of the judgements used in assessing the carrying value of the assets and liabilities for which no other evaluation sources are available. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis.

The review of the accounting estimates are recognized in the period in which the estimate is reviewed, if the review affects only that period, or in the period of the review and future periods if the review affects both current and future periods.

The Group and the Bank make estimates and assumptions that affect the amounts of assets and liabilities reported within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the given circumstances.

#### **i) Impairment losses on loans and advances to customers**

The Group and the Bank review their loan and finance lease receivables portfolio in order to assess the impairment thereof, at least bi-annually (on a monthly basis for the Bank). 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.



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

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

#### **e) Use of estimates and judgements (*continued*)**

##### **(i) Impairment losses on loans and advances to customers (*continued*)**

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 market conditions on the individual/collective assessment of impairment losses on loans and advances to customers. Hence, the Group and the Bank have estimated the impairment loss for loans and advances to customers and receivables from finance lease based on the internal methodology and assessed that no further provision for impairment losses is required except as already provided for in the consolidated financial statements.

Individually significant assets are assessed and monitored individually, regardless of the stage allocation, determined using the automated criteria. Thus, a specialized team of experts uses professional judgement to assess the unlikelihood to pay and determine the scenarios used to compute the ECL.

##### **(ii) Anticipated individual fiscal solutions ("AIFS")**

The Bank requested the Romanian fiscal authorities to issue an official opinion on the fiscal treatment of the VBRO bargain gain ("AIFS"). The Bank proposed the consideration of the bargain gain as non-taxable income by taking into account all the arguments presented above.

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 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.

The file is before the High Court of Cassation and Justice which rejected the Bank's request to change the first court term in the appeal. Therefore, if no structural changes are foreseen to allow a faster judgement of causes, we need to stay with the scheduled term of June 9, 2020. The Bank considers that the case has great chances to obtain a favorable resolution, given the strong arguments that have been admitted by the Court of Appeal Cluj. However, the tax approach on this matter remains uncertain and if the Bank does not obtain a favorable resolution in court, the Bank will have to consider the bargain gain as taxable income and may incur potential penalties, if applicable.

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

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

#### **e) Use of estimates and judgements (*continued*)**

##### **(ii) Anticipated individual fiscal solutions (“AIFS”) (*continued*)**

In 2018, following the acquisition of Bancpost on April 3, 2018 and the subsequent merger of December 31, 2018, the Bank recorded a bargain gain of RON 71,830 thousand which was booked as non-taxable income, similar to the bargain gain related to the acquisition of VBRO. The bargain gain related to the Bancpost was determined based on the acquisition price allocation report prepared by a team of independent advisers and appraisers who identified the assets and liabilities taken over from Bancpost in accordance with IFRS 3 and established their fair value as at March 31, 2018.

##### **(iii) Risk provisions for abusive clauses**

The Bank reviews its assumptions used in the calculation of provisions for abusive clauses based on recent historical data (new litigations against the Bank initiated in the last year and the positive or negative outcome of the litigations closed in the same period) on a yearly basis. In June 30, 2019 financial statements the Bank took into consideration the significant uncertainties existing upon the completion of such statements, but also other potential mitigating factors; therefore a part of this provision outstanding as at December 31, 2018 was reversed in the 2018 income statement.

### **2. Significant accounting policies**

The significant accounting methods and policies applied by the Bank and the Group entities in these interim condensed consolidated and separate financial statements are the ones also applied in the Consolidated and separate financial statements as at and for the fiscal year ended December 31, 2018.

The Group and the Bank adopted IFRS 16 (“IFRS 16”) as of the transition date 1 January 2019.

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Bank has chosen to use the optional exceptions provided by IFRS 16 standard in respect of asset classification. The effect of such exceptions allowed by IFRS 16 in respect of the asset value and the tenor of the agreement without buy-back option amounts to RON 15.078 thousand.

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

### **3. Segment reporting**

The Group segment reporting is compliant with the management requirements. The business segments are presented in a manner which is consistent with the internal reporting documentation submitted to the Leaders' Committee. The Leaders' Committee, with the assistance of the Board of Directors, is responsible for the allocation of resources and the assessment of the business segments' performance, being considered as an operational decision making factor.

The reporting format is based on the internal management reporting format. All items of assets and liabilities, incomes and expenses are allocated to the business segments either directly or based on reasonable criteria established by the management.

For a proper reporting of the Group's results per operating segments, a preliminary analysis of clients was conducted for the Victoriabank subsidiary, in order to determine their classification according to the Group's standards. The segment "Leasing and loans to non-banking financial institutions" includes the leasing and consumer finance companies, as described in Note 1. The remaining non-banking subsidiaries are included in the segment "Other-Group". The "Removals & Adjustments" segment comprises intra-group operations.

The business segments are organized and managed separately, depending on the nature of products and services provided, each segment being specialized on certain products and operating on different markets.

An business segment is a component of the Group and of the Bank:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- The operating results of which are reviewed regularly by the entity's decision maker in order to make decisions about resources to be allocated to the segment and to assess its performance;
- For which distinct financial information is available.

2017 was the year when the Bank and the Group operated changes to their reporting segments in order to efficiently deliver dedicated services to company clients. Thus, business models were refined with respect to Large Corporate clients (annual turnover over RON 100 million) and Mid Corporate clients (annual turnover between RON 9 million and RON 100 million). In addition, the specialization in relation to the business needs of the SME entrepreneurs is reflected in a differentiated approach with respect to the Micro Business segment (companies with an annual turnover up to RON 2 million) and the SME segment (companies with an annual turnover between RON 2 million and RON 9 million). The reporting segment changes involved specialized teams, customized products, and dedicated interaction patterns, 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 100 million, as well as legal entities created to serve a particular function (SPV), public entities and financial institutions included in this category based on specific classification criteria. The companies in this category usually have specific and sophisticated needs. Through its centralized and customized approach, the Bank seeks to ensure high operational efficiency, a prompt assessment of the specific needs of this type of clients in order to offer the appropriate customized solutions, but also an in-depth perspective of the risk profile in order to maintain a high quality loan portfolio.

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

### **3. 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 („MidCo”):*** The Group and the Bank include in this category mainly the companies with an annual turnover between 9 and 100 million RON. By setting such value thresholds in the classification of MidCo clients, the Bank is able to address the most frequent requests coming from this category of clients: tailored financing solutions, access to a wide range of banking services, pricing based on financial performance, dedicated and flexible relationship management, operational agility. Depending on the activity type, the customized approach related to customers is supported by two existent specializations, notably Agribusiness and Healthcare.

The MidCo segment includes also entities operating in the public sector, financial institutions or legal entities serving particular functions, included in this category based on specific classification criteria. The Bank offers a full 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 2 and 9 million RON. These are companies that have undergone the incipient growth stages and whose business activity requires further attention. Consequently, the needs of such companies become more specific, with priority for financing.

***Micro Business clients*** – company customers with an annual turnover up to 2 million RON. This category comprises the largest number of companies and the most diverse types of entities, such as limited liability companies, freelancers, sole proprietorships, etc.

The business lifespan (many such clients are fresh companies), the entrepreneur's expertise and the market on which the company operates generate certain needs that the Group and the Bank attempt to serve through product and service packages dedicated to this category of customers, which have become a hallmark in the banking sector over the years.

Lending products are accessed more frequently as the Micro or SME business takes shape: loans for working capital or investments, letters of guarantee, EU project co-financing, credit cards, leasing, invoice discounting or factoring.

Another important category of products refers to general operations, incoming and outgoing payments, cheques, promissory notes, FX operations, salary payment agreements or bancassurance services. Increased attention is given to the digitalization of our products and services, our clients showing more and more interest in internet & mobile banking, e-commerce, last generation POSs and the integration of financial data in the proprietary accounting systems.

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

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

**Retail customers** The Group and the Bank provide individuals with a wide range of banking products and services, including loans (consumer loans, car purchase loans, personal need loans and mortgage loans), savings and deposit accounts, payment services and securities trading.

**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.

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 and BT Leasing Moldova financial lease operations linked to the Group; the impact of the two entities on the balance sheet and income statement is minor. 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 June 30, 2019 and June 30, 2018, the Bank or the Group did not record income exceeding 10% of total income in relation to a single customer.

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

### 3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of financial position and the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the periods ended at June 30, 2019, and comparative data for December 31, 2018:

#### Business segments as at June 30, 2019

<i>In RON thousand - June 30, 2019</i>	<b>Large Corporate</b>	<b>Mid Corporate</b>	<b>SME</b>	<b>Micro</b>	<b>Retail</b>	<b>Treasury</b>	<b>Leasing and consumer loans granted by non-banking financial institutions</b>	<b>Other - Group</b>	<b>Removals &amp; adjustments</b>	<b>Total</b>
Gross loans	7,158,625	6,358,591	2,357,405	3,172,052	22,011,197	-	2,020,038	20,212	(1,195,964)	41,902,156
Provisions for principal	(797,306)	(604,061)	(159,331)	(199,891)	(805,132)	-	(187,513)	(2,629)	119,525	(2,636,338)
Loans net of provisions	6,361,319	5,754,530	2,198,074	2,972,161	21,206,065	-	1,832,525	17,583	(1,076,439)	39,265,818
Portfolio of Debt instruments and Equity instruments, net of provisions	-	-	-	-	-	22,632,700	-	237,213	(205,508)	22,664,405
Treasury and inter-bank operations	-	-	-	-	-	16,985,082	52,731	248,490	(173,534)	17,112,769
Intangible assets	73,480	137,470	75,855	125,482	395,990	17,384	7,274	105,325	(3,421)	934,839
Right-of-use assets	41,594	68,354	39,248	71,031	218,705	9,265	8,167	3,116	(3,169)	456,311
Other assets	312,770	170,010	57,439	65,976	463,497	-	27,320	631,988	(597,842)	1,131,158
<b>Total assets</b>	<b>6,789,163</b>	<b>6,130,364</b>	<b>2,370,616</b>	<b>3,234,650</b>	<b>22,284,257</b>	<b>39,644,431</b>	<b>1,928,017</b>	<b>1,243,715</b>	<b>(2,059,913)</b>	<b>81,565,300</b>
Deposits from customers and current accounts	4,244,135	5,011,084	2,882,682	8,169,352	47,231,559	260,443	1,453	2,035	(172,895)	67,629,848
Loans from banks and other financial institutions	81,872	414,965	170,381	199,143	94,306	88,166	1,519,263	59,351	(1,083,396)	1,544,051
Subordinated liabilities	-	-	-	-	-	1,677,894	-	-	3,747	1,681,641
Finance lease financial liabilities	78,068	71,393	25,602	33,868	237,871	489	8,315	2,402	(3,316)	454,692
Other liabilities	350,590	283,603	86,541	113,956	942,371	2,821	45,382	185,036	(29,798)	1,980,502
<b>Total liabilities</b>	<b>4,754,665</b>	<b>5,781,045</b>	<b>3,165,206</b>	<b>8,516,319</b>	<b>48,506,107</b>	<b>2,029,813</b>	<b>1,574,413</b>	<b>248,824</b>	<b>(1,285,658)</b>	<b>73,290,734</b>
Equity and related items	-	-	-	-	-	-	353,604	8,322,594	(401,632)	8,274,566
<b>Total liabilities and equity</b>	<b>4,754,665</b>	<b>5,781,045</b>	<b>3,165,206</b>	<b>8,516,319</b>	<b>48,506,107</b>	<b>2,029,813</b>	<b>1,928,017</b>	<b>8,571,418</b>	<b>(1,687,290)</b>	<b>81,565,300</b>

The explanatory notes to the financial statements from page 11 to page 84 are an integral part of these financial statements.

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

### 3. Segment reporting (continued)

#### Business segments as at December 31, 2018

<i>In RON thousand Group, as at December 31, 2018</i>	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non- banking financial institutions	Other - Group	Removals & adjustments	Total
Gross loans	6,911,155	6,006,138	2,148,978	3,093,737	21,407,190	-	1,844,100	12,823	(933,729)	40,490,392
Provisions for principal	(783,065)	(549,445)	(118,549)	(192,892)	(860,463)	-	(186,466)	(460)	18,032	(2,673,308)
Loans net of provisions	6,128,090	5,456,693	2,030,429	2,900,845	20,546,727	-	1,657,634	12,363	(915,697)	37,817,084
Portfolio of Debt instruments and Equity instruments, net of provisions	-	-	-	-	-	23,126,543	-	229,699	(229,462)	23,126,780
Treasury and inter-bank operations	-	-	-	-	-	14,914,717	70,880	155,875	(169,214)	14,972,258
Intangible assets	80,349	95,451	79,729	107,648	392,893	29,651	7,221	88,799	(324)	881,417
Other assets	311,729	167,280	55,766	69,765	423,643	-	41,401	619,086	(589,455)	1,099,215
<b>Total assets</b>	<b>6,520,168</b>	<b>5,719,424</b>	<b>2,165,924</b>	<b>3,078,258</b>	<b>21,363,263</b>	<b>38,070,911</b>	<b>1,777,136</b>	<b>1,105,822</b>	<b>(1,904,152)</b>	<b>77,896,754</b>
Deposits from customers and current accounts	5,306,139	5,512,831	3,046,256	8,109,460	43,341,868	216,320	1,453	2,314	(180,827)	65,355,814
Loans from banks and other financial institutions	72,340	439,890	186,365	202,062	46,431	246,598	1,397,568	42,822	(930,525)	1,703,551
Subordinated liabilities	-	-	-	-	-	1,651,518	-	-	3,859	1,655,377
Other liabilities	230,156	193,019	52,365	69,301	605,295	2,524	46,548	114,180	(11,449)	1,301,939
<b>Total liabilities</b>	<b>5,608,635</b>	<b>6,145,740</b>	<b>3,284,986</b>	<b>8,380,823</b>	<b>43,993,594</b>	<b>2,116,960</b>	<b>1,445,569</b>	<b>159,316</b>	<b>(1,118,942)</b>	<b>70,016,681</b>
Equity and related items	-	-	-	-	-	-	-	7,880,073	-	7,880,073
<b>Total liabilities and equity</b>	<b>5,608,635</b>	<b>6,145,740</b>	<b>3,284,986</b>	<b>8,380,823</b>	<b>43,993,594</b>	<b>2,116,960</b>	<b>1,445,569</b>	<b>8,039,389</b>	<b>(1,118,942)</b>	<b>77,896,754</b>

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

### 3. Segment reporting (continued)

#### Business segments as at June 30, 2019

<i>In RON thousand Group - June 30, 2019</i>	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non- banking financial institutions	Other - Group	Removals & adjustments	Total
Net interest income	49,119	133,208	83,429	161,698	593,705	95,783	125,452	269,775	769	<b>1,512,938</b>
Net commission income	26,173	60,373	34,729	121,529	130,885	(1,676)	3,293	23,730	(1,925)	<b>397,111</b>
Net trading income	4,177	16,626	13,207	29,977	50,320	55,186	3,251	18,478	5	<b>191,227</b>
Net loss (-) / gain from financial assets measured through comprehensive income	-	-	-	-	-	15,766	-	15,122	-	<b>30,888</b>
Net loss (-) / Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	77,346	-	1,028	-	<b>78,374</b>
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(9,133)	(9,300)	(3,527)	(13,925)	(73,362)	-	-	-	-	<b>(109,247)</b>
Other operating income	10,941	7,195	3,301	2,303	40,225	113	8,058	25,543	(15,158)	<b>82,521</b>
<b>Total income</b>	<b>81,277</b>	<b>208,102</b>	<b>131,139</b>	<b>301,582</b>	<b>741,773</b>	<b>242,518</b>	<b>140,054</b>	<b>353,676</b>	<b>(16,309)</b>	<b>2,183,812</b>
Personnel expenses	(36,412)	(87,052)	(43,583)	(89,617)	(196,999)	(8,713)	(21,623)	(38,916)	21	<b>(522,894)</b>
Other operating expenses	(25,123)	(35,110)	(35,054)	(31,089)	(116,508)	(14,774)	(28,087)	(42,206)	5,787	<b>(322,164)</b>
Depreciation and amortization	(13,094)	(27,792)	(11,131)	(21,962)	(68,248)	(2,931)	(3,100)	(2,039)	499	<b>(149,798)</b>
<b>Total Expenses</b>	<b>(74,629)</b>	<b>(149,954)</b>	<b>(89,768)</b>	<b>(142,668)</b>	<b>(381,755)</b>	<b>(26,418)</b>	<b>(52,810)</b>	<b>(83,161)</b>	<b>6,307</b>	<b>(994,856)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>6,648</b>	<b>58,148</b>	<b>41,371</b>	<b>158,914</b>	<b>360,018</b>	<b>216,100</b>	<b>87,244</b>	<b>270,515</b>	<b>(10,002)</b>	<b>1,188,956</b>



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

### 3. Segment reporting (continued)

#### Business segments as at June 30, 2018

<i>In RON thousand Group - June 30, 2018</i>	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Removals & adjustments	Total
Net interest income	59,655	117,959	51,660	121,946	428,651	131,661	66,097	299,811	(943)	1,276,497
Net commission income	25,429	51,541	29,555	116,072	116,802	(839)	4,693	25,051	(6,428)	361,876
Net trading income	3,208	13,007	11,033	24,436	40,757	22,552	(109)	(18,671)	144	96,357
Income (loss) from financial assets available-for-sale	-	-	-	-	-	-	-	-	-	-
Net loss (-) / gain from financial assets measured through comprehensive income	-	-	-	-	-	(1,310)	-	(2,000)	704	(2,606)
Net gain / loss (-) from financial assets which are required to be measured through profit or loss	-	-	-	-	-	(21,422)	-	8,475	25,571	12,624
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(3,875)	(4,249)	(1,075)	(4,490)	(23,211)	-	-	-	-	(36,900)
Other operating income	9,843	9,113	4,582	4,721	33,064	412	9,141	360,061	(22,709)	408,228
<b>Total income</b>	<b>94,260</b>	<b>187,371</b>	<b>95,755</b>	<b>262,685</b>	<b>596,063</b>	<b>131,054</b>	<b>79,822</b>	<b>672,727</b>	<b>(3,661)</b>	<b>2,116,076</b>
Personnel expenses	(53,661)	(69,138)	(38,748)	(66,131)	(214,801)	(5,270)	(15,956)	(13,543)	-	(477,248)
Depreciation and amortization	(6,344)	(8,347)	(4,044)	(7,600)	(31,600)	(2,049)	(1,145)	(21,921)	-	(83,050)
Other expenses	(31,242)	(37,383)	(19,241)	(35,938)	(167,291)	(4,499)	(21,010)	(219,199)	7,298	(528,505)
<b>Total Expenses</b>	<b>(91,247)</b>	<b>(114,868)</b>	<b>(62,033)</b>	<b>(109,669)</b>	<b>(413,692)</b>	<b>(11,818)</b>	<b>(38,111)</b>	<b>(254,663)</b>	<b>7,298</b>	<b>(1,088,803)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>3,013</b>	<b>72,503</b>	<b>33,722</b>	<b>153,016</b>	<b>182,371</b>	<b>119,236</b>	<b>41,711</b>	<b>418,064</b>	<b>3,637</b>	<b>1,027,273</b>

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

### **4. Fair value of financial assets and liabilities**

The Group and the Bank measure the fair value of financial instruments by using the following fair value hierarchy:

#### ***Level 1 in the fair value hierarchy***

The fair value of financial assets and liabilities included in Level 1 in the fair value hierarchy is determined based on quoted prices in active markets for identical assets or liabilities. Quoted prices that are being applied must be readily and regularly available from an exchange or active index/market location and prices must represent actual and regularly occurring market transactions on an arm's length basis.

#### ***Level 2 in the fair value hierarchy***

The fair value of financial assets and liabilities included in Level 2 in the fair value hierarchy is determined by using evaluation methods which contain observable market data when market prices are not available. Level 2 evaluations generally use observable market parameters, such as interest rates and yield curves observable at commonly quoted intervals, 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**

At level 1 in the fair value hierarchy, the Bank and the Group 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, except for the bonds issued by Municipalities.

At level 2 in the fair value hierarchy, the Bank and the Group 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, issued by Municipalities; and in the category of liabilities: derivatives classified as financial liabilities held for trading.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 4. Fair value of financial assets and liabilities (*continued*)

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

At level 3 in the fair value hierarchy, the Bank and the Group included in the category of assets: equity instruments valued at cost, fixed assets and investment property.

The table below presents the financial instruments measured at fair value in the statement of financial position, at the end of the reporting period, by fair value levels:

<i>Group - In RON thousand</i>	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
<b>June 30, 2019</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>199,089</b>	-	-	<b>199,089</b>
- Equity instruments	90,740	-	-	90,740
- Debt instruments	108,349	-	-	108,349
<b>Derivatives</b>	-	6,929	-	6,929
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>19,785,893</b>	<b>981</b>	<b>45,582</b>	<b>19,832,456</b>
- Equity instruments	-	-	16,833	16,833
- Debt instruments	19,785,893	981	-	19,786,874
- Loans and advances	-	-	28,749	28,749
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>551,594</b>	-	-	<b>551,594</b>
- Equity instruments	209,287	-	-	209,287
- Debt instruments	342,307	-	-	342,307
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>20,536,576</b>	<b>7,910</b>	<b>45,582</b>	<b>20,590,068</b>
<b>Non-financial assets at fair value</b>				
- Property and equipment, investment property	-	-	643,343	643,343
<b>Total assets measured at fair value in the statement of financial position</b>	<b>20,536,576</b>	<b>7,910</b>	<b>688,925</b>	<b>21,233,411</b>
<b>Held-for-trading financial liabilities</b>	-	<b>10,515</b>	-	<b>10,515</b>
<b>December 31, 2018</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>210,461</b>	-	-	<b>210,461</b>
- Equity instruments	112,481	-	-	112,481
- Debt instruments	97,980	-	-	97,980
<b>Derivatives</b>	-	<b>3,066</b>	-	<b>3,066</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>21,356,323</b>	<b>1,013</b>	<b>17,372</b>	<b>21,374,708</b>
- Equity instruments	-	-	17,372	17,372
- Debt instruments	21,356,323	1,013	-	21,357,336
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>456,127</b>	-	-	<b>456,127</b>
- Equity instruments	155,261	-	-	155,261
- Debt instruments	300,866	-	-	300,866
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>22,022,911</b>	<b>4,079</b>	<b>17,372</b>	<b>22,044,362</b>
<b>Non-financial assets at fair value</b>				
- Property and equipment and investment property	-	-	593,903	593,903
<b>Total assets measured at fair value in the statement of financial position</b>	<b>22,022,911</b>	<b>4,079</b>	<b>611,275</b>	<b>22,638,265</b>
<b>Held-for-trading financial liabilities</b>	-	<b>4,226</b>	-	<b>4,226</b>

The explanatory notes to the financial statements from page 11 to page 84 are an integral part of these financial statements.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 4. Fair value of financial assets and liabilities (continued)

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

Bank - In RON thousand	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
<b>June 30, 2019</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>14,797</b>	<b>-</b>	<b>-</b>	<b>14,797</b>
- Equity instruments	14,797	-	-	14,797
<b>Derivatives</b>	<b>-</b>	<b>6,929</b>	<b>-</b>	<b>6,929</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>19,778,962</b>	<b>981</b>	<b>40,479</b>	<b>19,820,422</b>
- Equity instruments	-	-	11,730	11,730
- Debt instruments	19,778,962	981	-	19,779,943
- Loans and advances	-	-	28,749	28,749
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>695,604</b>	<b>-</b>	<b>-</b>	<b>695,604</b>
- Equity instruments	129,397	-	-	129,397
- Debt instruments	566,207	-	-	566,207
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>20,489,363</b>	<b>7,910</b>	<b>40,479</b>	<b>20,537,752</b>
<b>Non-financial assets at fair value</b>	<b>-</b>	<b>-</b>	<b>508,124</b>	<b>508,124</b>
- Property and equipment, investment property	-	-	508,124	508,124
<b>Total assets measured at fair value in the statement of financial position</b>	<b>20,489,363</b>	<b>7,910</b>	<b>548,603</b>	<b>21,045,876</b>
<b>Held-for-trading financial liabilities</b>	<b>-</b>	<b>10,515</b>	<b>-</b>	<b>10,515</b>
<b>December 31, 2018</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>12,582</b>	<b>-</b>	<b>-</b>	<b>12,582</b>
- Equity instruments	12,582	-	-	12,582
<b>Derivatives</b>	<b>-</b>	<b>3,066</b>	<b>-</b>	<b>3,066</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>21,350,490</b>	<b>1,013</b>	<b>12,405</b>	<b>21,363,908</b>
- Equity instruments	-	-	12,405	12,405
- Debt instruments	21,350,490	1,013	-	21,351,503
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>609,638</b>	<b>-</b>	<b>-</b>	<b>609,638</b>
- Equity instruments	96,422	-	-	96,422
- Debt instruments	513,216	-	-	513,216
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>21,972,710</b>	<b>4,079</b>	<b>12,405</b>	<b>21,989,194</b>
<b>Non-financial assets at fair value</b>	<b>-</b>	<b>-</b>	<b>482,321</b>	<b>482,321</b>
- Property and equipment and investment property	-	-	482,321	482,321
<b>Total assets measured at fair value in the statement of financial position</b>	<b>21,972,710</b>	<b>4,079</b>	<b>494,726</b>	<b>22,471,515</b>
<b>Held-for-trading financial liabilities</b>	<b>-</b>	<b>4,226</b>	<b>-</b>	<b>4,226</b>

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

### 4. Fair value of financial assets and liabilities (*continued*)

#### ii) Financial instruments not carried at fair value

At level 2 in the fair value hierarchy, the Bank and the Group included in the category of assets that are not held at fair value: placements with banks, except securities classified as loans and receivables (which do not have an active market), loans and advances and finance lease receivables; and in the category of liabilities: deposits from banks and from customers.

At level 3 in the fair value hierarchy, the Bank and the Group included in the category of assets: financial assets measured at amortized cost - debt instruments and other financial assets; and in the category of liabilities: loans from banks and other financial institutions, subordinated loans and other financial liabilities.

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at June 30, 2019:

RON thousand	Note:	Group					Bank				
		Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
<b>Assets</b>											
Placements with banks	17	5,464,517	5,464,517	-	5,464,517	-	4,732,235	4,732,235	-	4,732,235	-
Loans and advances to customers	19	38,169,118	38,023,704	-	38,023,704	-	37,709,488	37,554,808	-	37,554,808	-
Finance lease receivables	20	1,096,700	1,086,222	-	1,086,222	-	-	-	-	-	-
Financial assets at amortized cost - debt instruments		2,074,337	2,074,337	-	-	2,074,337	1,357,614	1,357,614	-	-	1,357,614
Other financial assets	25	965,143	965,143	-	-	965,143	923,788	923,788	-	-	923,788
<b>Total assets</b>		<b>47,769,815</b>	<b>47,613,923</b>	<b>-</b>	<b>44,574,443</b>	<b>3,039,480</b>	<b>44,723,125</b>	<b>44,568,445</b>	<b>-</b>	<b>42,287,043</b>	<b>2,281,402</b>
<b>Liabilities</b>											
Deposits from banks	27	249,286	249,286	-	249,286	-	260,443	260,443	-	260,443	-
Deposits from customers	28	67,380,562	67,341,601	-	67,341,601	-	64,857,337	64,818,376	-	64,818,376	-
Loans from banks and other financial institutions	29	1,544,051	1,544,051	-	-	1,544,051	1,043,636	1,043,636	-	-	1,043,636
Subordinated liabilities	30	1,681,641	1,681,641	-	-	1,681,641	1,677,894	1,677,894	-	-	1,677,894
Other financial liabilities	33	1,247,015	1,247,015	-	-	1,247,015	1,059,606	1,059,606	-	-	1,059,606
<b>Total liabilities</b>		<b>72,102,555</b>	<b>72,063,594</b>	<b>-</b>	<b>67,590,887</b>	<b>4,472,707</b>	<b>68,898,916</b>	<b>68,859,955</b>	<b>-</b>	<b>65,078,819</b>	<b>3,781,136</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 4. Fair value of financial assets and liabilities (continued)

### ii) Financial instruments not carried at fair value (continued)

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at December 31, 2018:

RON thousand	Note:	Group						Bank			
		Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
ASSETS											
Placements with banks	17	4,650,137	4,650,137	-	4,650,137	-	4,000,416	4,000,416	-	4,000,416	-
Loans and advances to customers	19	36,796,502	37,478,141	-	37,478,141	-	36,355,974	37,039,088		37,039,088	-
Finance lease receivables	20	1,020,582	1,018,546	-	1,018,546	-	-	-	-	-	-
Financial assets at amortized cost - debt instruments		1,082,418	1,082,418	-	-	1,082,418	431,099	431,099	-	-	431,099
Other financial assets	25	843,237	843,237	-	-	843,237	811,065	811,065	-	-	811,065
TOTAL ASSETS		44,392,876	45,072,479	-	43,146,824	1,925,655	41,598,554	42,281,668	-	41,039,504	1,242,164
LIABILITIES											
Deposits from banks	27	195,348	195,348	-	195,348	-	207,608	207,608	-	207,608	-
Deposits from customers	28	65,160,466	65,139,870	-	65,139,870	-	62,522,369	62,501,773	-	62,501,773	-
Loans from banks and other financial institutions	29	1,703,551	1,703,551	-	-	1,703,551	1,185,556	1,185,556	-	-	1,185,556
Subordinated liabilities	30	1,655,377	1,655,377	-	-	1,655,377	1,651,518	1,651,518	-	-	1,651,518
Other financial liabilities	33	648,846	648,846	-	-	648,846	532,941	532,941	-	-	532,941
TOTAL LIABILITIES		69,363,588	69,342,992	-	65,335,218	4,007,774	66,099,992	66,079,396	-	62,709,381	3,370,015

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 5. Net interest income

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
<b><i>Interest income related to financial assets measured at amortized cost</i></b>	<b>1,556,190</b>	<b>1,262,249</b>	<b>1,342,892</b>	<b>977,759</b>
- Cash and cash equivalents with the National Bank	16,815	9,366	6,089	3,002
- Placements with banks	25,998	14,493	24,146	11,929
- Loans and advances to customers	1,410,923	1,170,296	1,298,378	951,184
- Finance lease receivables	65,397	40,560	-	-
- Debt instruments	28,415	21,540	6,450	5,651
- Other financial assets	8,642	5,994	7,829	5,993
<b><i>Interest income related to financial assets measured at fair value through other items of comprehensive income</i></b>	<b>222,334</b>	<b>175,766</b>	<b>222,248</b>	<b>163,591</b>
- Debt instruments	222,334	175,766	222,248	163,591
<b>Total interest income</b>	<b>1,778,524</b>	<b>1,438,015</b>	<b>1,565,140</b>	<b>1,141,350</b>
<b><i>Interest expense related to financial liabilities measured at amortized cost</i></b>	<b>265,586</b>	<b>161,518</b>	<b>234,048</b>	<b>129,633</b>
- Cash and cash equivalents with the National Bank	13,978	97	13,978	97
- Deposits from banks	5,882	9,080	5,002	8,201
- Deposits from customers	194,571	124,776	172,172	101,196
- Loans from banks and other financial institutions	50,166	27,559	42,023	20,139
- Finance lease receivables	989	6	873	-
<b>Total interest expense</b>	<b>265,586</b>	<b>161,518</b>	<b>234,048</b>	<b>129,633</b>
<b>Net interest income</b>	<b>1,512,938</b>	<b>1,276,497</b>	<b>1,331,092</b>	<b>1,011,717</b>

(i) Interest income for the period ended at June 30, 2019 includes the net interest income on impaired financial assets amounting RON 108,278 thousand (June 30, 2018: RON 80,680 thousand) for the Group and RON 90,855 thousand (June 30, 2018: RON 75,229 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.

## 6. Net fee and commission income

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
<b>Fee and commission income</b>				
Commissions from treasury and inter-bank	51,840	33,726	51,840	33,622
Client transactions	462,188	399,034	398,000	332,310
Lending activity (i)	26,515	22,853	26,203	21,690
Finance lease management	567	558	-	-
Other fee and commission income	1,120	6,649	220	91
<b>Total fee and commission income</b>	<b>542,230</b>	<b>462,820</b>	<b>476,263</b>	<b>387,713</b>
<b>Fee and commission expense</b>				
Commissions from treasury and inter-bank	81,875	56,425	81,789	53,389
Client transactions	51,722	35,690	27,890	19,728
Lending activity (i)	10,007	8,091	16,782	11,182
Other fees and commissions	1,515	738	1,676	839
<b>Fee and commission expenses</b>	<b>145,119</b>	<b>100,944</b>	<b>128,137</b>	<b>85,138</b>
<b>Net fee and commission income</b>	<b>397,111</b>	<b>361,876</b>	<b>348,126</b>	<b>302,575</b>

(i) Lending-related fees include loan restructuring fees, prepayment fees, guarantee assessment and amendment fees, commitment fees, debt recovery fees.

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

### **7. Net trading income**

	<b>Group</b>		<b>Bank</b>	
<i>In RON thousand</i>	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
Net income from foreign exchange transactions	150,927	114,504	134,026	105,903
Net income/(expense) from derivatives	(2,019)	(9,562)	(2,019)	(220)
Net income/ (expense) from financial assets held-for-trading	22,044	(21,236)	3,688	(2,399)
Net income / (expense) from foreign exchange position revaluation	20,275	12,651	15,306	3,792
<b>Net trading income</b>	<b>191,227</b>	<b>96,357</b>	<b>151,001</b>	<b>107,076</b>

### **8. Net loss (-) from the sale of financial assets measured at fair value through other items of comprehensive income**

	<b>Group</b>		<b>Bank</b>	
<i>In RON thousand</i>	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
Income from the sale of financial assets measured at fair value through other items of comprehensive income	35,562	12,269	35,534	11,899
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(4,674)	(14,875)	(4,674)	(14,829)
<b>Net loss (-) from the sale of financial assets measured at fair value through other items of comprehensive income</b>	<b>30,888</b>	<b>(2,606)</b>	<b>30,860</b>	<b>(2,930)</b>

### **9. Net loss (-) from financial assets which are required to be measured at fair value through profit or loss**

	<b>Group</b>		<b>Bank</b>	
<i>In RON thousand</i>	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
Losses from financial assets which are required to be measured at fair value through profit or loss	(66,622)	(89,564)	(77,773)	(128,544)
Income from financial assets which are required to be measured at fair value through profit or loss	144,996	102,188	141,156	108,608
<b>Net loss (-) from financial assets which are required to be measured at fair value through profit or loss</b>	<b>78,374</b>	<b>12,624</b>	<b>63,383</b>	<b>(19,936)</b>

### **10. Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund**

The deposits of individuals and of certain types of legal entities, including small and medium enterprises, are secured up to a certain limit (EUR 100,000) by the Deposit Guarantee Fund (the "Fund") according to the legislation in force (Law no. 311/2015 regarding deposit guarantee schemes and the Deposit Guarantee Fund and Law no. 312/2015 regarding the recovery and resolution of credit institutions and investment firms).



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

### **10. Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund (*continued*)**

The banks in Romania are obliged to pay a non-refundable amount to the Deposit Guarantee Fund, in order to insure customer deposits in the event of bank insolvency and an annual contribution to the Banking Resolution Fund.

The impact of the breakdown of the annual contribution to the two funds, as reflected in the separate and consolidated statement of financial position, is the following:

	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
Contribution to the Bank Deposit Guarantee Fund	85,123	22,181	83,491	20,484
Bank Resolution Fund	24,124	14,719	24,124	14,162
<b>Total</b>	<b>109,247</b>	<b>36,900</b>	<b>107,615</b>	<b>34,646</b>

Starting from 2015, the Group has applied the IFRIC 21 provisions on "Taxes", according to which the contribution to the Fund represents a tax that has to be fully registered upon the occurrence of the event causing the obligation of tax payment.

### **11. Other operating income**

	<b>Group</b>		<b>Bank</b>	
<i>In RON thousand</i>	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
Dividend income	3,150	3,513	10,635	18,066
Income from e-commerce transactions	4,410	1,870	4,410	1,870
Income from operational lease	-	32,089	-	-
Income from insurance intermediation	31,748	24,950	27,805	21,244
Income from the sale of finished products	15,162	11,075	-	-
Income from VISA, MASTERCARD, WU services	8,112	7,245	8,112	7,245
Other operating income (i)	19,939	327,486	13,307	11,305
<b>Total</b>	<b>82,521</b>	<b>408,228</b>	<b>64,269</b>	<b>59,730</b>

(i) The category "Other operating income" includes the following types of income: debt recoveries related to closed accounts, cash at hand differences, income from recovered legal expenses, marketing bonuses, other recoveries from operating expenses.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 12. Net expense / income from impairment allowance, expected losses on assets, provisions for other risks and loan commitments

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
Net impairment allowance on assets (i)	155,007	227,662	124,951	124,778
Loans written off	20,854	3,944	10	50
Finance lease receivables written off	8,862	4,346	-	-
Provisions for other risks and loan commitments	(9,881)	(79,889)	(7,967)	(79,443)
Recoveries from loans written off	(113,440)	(236,783)	(113,212)	(227,311)
Recoveries from finance lease receivables written off	(10,752)	(7,150)	-	-
<b>Net expense / income from impairment allowance, expected losses on assets, provisions for other risks and loan commitments</b>	<b>50,650</b>	<b>(87,870)</b>	<b>3,782</b>	<b>(181,926)</b>

(i) Impairment losses on assets include the following:

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
Loans and advances to customers	147,948	203,455	125,984	125,017
Treasury and inter-bank operations	(2,872)	2,592	18	(18)
Finance lease receivables	19,162	11,730	-	-
Investment securities	(323)	558	(246)	(2)
Other financial assets	(813)	2,462	(180)	572
Other non-financial assets	(8,095)	1,300	(625)	(791)
Property and equipment and intangible assets	-	5,565	-	-
<b>Net impairment allowance on assets</b>	<b>155,007</b>	<b>227,662</b>	<b>124,951</b>	<b>124,778</b>

## 13. Personnel expenses

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2019</b>	<b>30-06-2018</b>	<b>30-06-2019</b>	<b>30-06-2018</b>
Gross salaries (starting from 2019 and including contributions)	430,547	393,622	377,806	320,775
Social protection contribution	19,214	13,792	12,930	9,607
Share payments to employees	37,828	41,221	37,828	41,221
3rd Pension Pillar	3,719	3,431	3,479	3,246
Other staff expenses	23,342	21,168	20,807	18,003
Net expenses with provisions for overdue vacations and other provisions	8,244	4,014	5,585	4,311
<b>Total</b>	<b>522,894</b>	<b>477,248</b>	<b>458,435</b>	<b>397,163</b>

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

### **13. Personnel expenses (continued)**

The employer's expenses related to the share-based payments are included in the wages and salaries and amounted to RON 37,828 thousand in 2019 (June 30, 2018: RON 41,221 thousand), both for the Group and the Bank. In 2019, the Bank granted shares to employees.

The Bank established a Stock Option Plan, by which its employees may exercise the right and option to purchase a number of shares issued by the Bank.

Vesting conditions for 2020 related to SOP 2019:

- Achievement of performance and prudential indicators during 2019;
- 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 option right (31.05.2019) and when exercising such right (starting from 01.06.2020);

Contractual vesting period for the shares granted for the year 2019 through SOP:

- Release after 01.06.2020;
- Deferral period for the identified personnel - 3-5 years, 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 2019, by a maximum of +/-15.00% regulated by the Bucharest Stock Exchange, would be of RON +/- 12,573 thousand.

The movement in transactions relating to share-based payments during 2019 and 2018 is presented below:

	<b>30-06-2019</b>	<b>31-12-2018</b>
<b>Balance as at January 1</b>	<b>30,848</b>	<b>21,666</b>
Rights granted during the year	68,181	57,471
Rights exercised during the year	-	-
Expense with employee benefits in the form of share-based payments	42,750	66,653
<b>Closing balance at the end of period</b>	<b>5,417</b>	<b>30,848</b>

30,035,756 shares were granted to employees and board members in 2019; during the year 2018, a number of 25,018,125 shares was granted to the employees and board members:

<b>Granting date</b>	<b>Number of shares</b>	<b>Contractual vesting period</b>	<b>Vesting conditions</b>
Shares granted to employees for the year 2018	28,993,566	With immediate release on 31 May 2019	Achievement of performance and prudential indicators during 2018. 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.
	1,042,190	Deferral by trust agreement for 3-5 years	

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 14. Other operating expenses

<i>In RON thousand</i>	Group		Bank	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
Rent and operating lease expense	13,645	63,677	12,437	50,206
Repairs and maintenance expenses	84,385	65,822	79,989	50,134
Advertising, marketing, entertainment and sponsorship expenses	44,541	40,231	41,103	36,753
Mail, telecommunication and SMS traffic expenses	20,764	18,737	18,184	15,262
Materials and stationery expenses	38,969	39,784	26,230	29,263
Other professional fees, including legal expenses	11,185	19,602	10,623	19,356
Expenses regarding movable and immovable assets resulting from debt enforcement	581	1,243	366	941
Electricity and heating	12,859	10,993	10,275	7,332
Business travel, transportation and temporary relocation expenses	13,906	10,822	12,649	9,683
Insurance costs	9,877	7,686	9,048	6,696
Taxes and fees	7,122	127,214	5,784	7,282
Security and protection	5,573	8,386	4,393	4,731
Expenses related to archiving services	8,294	6,621	8,021	6,045
Expenses related to database queries from the Trade Register and the Credit Bureau	2,583	2,114	2,326	2,004
Expenses with foreclosed assets	2,455	2,263	1,970	1,862
Audit, advisory and other services provided by the independent auditor	3,066	2,269	2,205	827
Expenses from the sale of leased goods	7,381	8,583	-	-
Other operating expenses	34,978	92,458	21,024	10,463
<b>Total other operating expenses</b>	<b>322,164</b>	<b>528,505</b>	<b>266,627</b>	<b>258,840</b>

## 15. Income tax expense

<i>In RON thousand</i>	Group		Bank	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
<b>Gross Profit</b>	<b>1,138,306</b>	<b>1,226,695</b>	<b>1,014,460</b>	<b>897,780</b>
<b>Statutory tax rate (2019: 16%; 2018: 16%)</b>	<b>(182,129)</b>	<b>(196,271)</b>	<b>(162,314)</b>	<b>(143,645)</b>
<b>Fiscal effect of income tax on the following elements:</b>	<b>(13,820)</b>	<b>(165,821)</b>	<b>(4,151)</b>	<b>(91,429)</b>
- Non-taxable income	29,979	123,970	29,092	32,296
- Non-deductible expense	(62,280)	(204,127)	(51,150)	(34,689)
- Tax deductions	21,560	18,299	21,087	14,622
- Income related items	(3,079)	(103,963)	(3,180)	(103,658)
<b>Income tax expense</b>	<b>(195,949)</b>	<b>(362,092)</b>	<b>(166,465)</b>	<b>(235,074)</b>

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****15. Income tax expense (*continued*)**

The tax impact is generated by the following elements:

- Non-taxable income include mainly the dividend income obtained from Romanian legal entities and the income resulting from non-deductible provision reversal, income from mergers and acquisitions;
- Non-deductible expenses include amounts such as provision expenses, sponsorship expenses, accounting amortization expenses and other non-deductible operating expenses provided by the law;
- Tax deductions are related to the deductions obtained from tax amortization, statutory reserve and tax credits;
- Income-related items include transactions in connection with the assignment of receivables, the impact of the expected credit loss according to IFRS 9, tax reserves and fair value adjustments from mergers and acquisitions.;
- Expense-related items including the impact of the expected credit loss according to IFRS 9, tax reserves and fair value adjustments from mergers and acquisitions.

In accordance with the law wording “Net losses arising from assignment of receivables, calculated as the difference between the assignment price and value of the assigned receivables, are deductible up to 30%. If the assignee assigns the receivables, the net losses are calculated as the difference between assignment price and the acquisition cost of the receivables. For receivables assigned by credit institutions, partially or fully covered by expected credit loss allowances, or reflected in off-balance sheet accounts and then assigned, the difference between the value of the assigned receivable and the assignment price is taxed as an item similar to revenues, up to a limit of 70%.

The tax effect has been booked by the Group as current profit tax in total amount of RON 19,635 thousand.

The amendments of the Fiscal Code entered into force on March 26, 2018, changing the tax treatment of receivables. For receivables assigned by credit institutions, partially or fully covered by expected credit loss allowances, or reflected in off-balance sheet accounts and then assigned, the difference between the value of the assigned receivable and the assignment price is taxed as an item similar to revenues, up to a limit of 70%.

In 2018, the Bank sold its non-performing loan portfolio to third parties, whereby most of these receivables had already been reflected in off-balance sheet accounts at the time of the sale.

**16. Cash and cash equivalents at the National Bank**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Minimum reserve requirement	9,005,903	8,068,610	8,225,425	7,091,495
Cash on hand and other values	2,642,349	2,253,511	2,416,288	1,991,976
<b>Total</b>	<b>11,648,252</b>	<b>10,322,121</b>	<b>10,641,713</b>	<b>9,083,471</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 16. Cash and cash equivalents at the National Bank (*continued*)

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

<i>In RON thousand</i>	<b>Note:</b>	<b>Group</b>		<b>Bank</b>	
		<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Cash and cash equivalents with the National Bank (*)	19	11,646,441	10,320,727	10,641,631	9,084,112
Placements with banks - maturity below 3 months		5,094,412	3,775,656	4,423,948	3,148,741
Reverse-repo transactions		187,311	340,416	187,311	340,416
Financial assets with maturity below 3 months		-	719,591	-	719,591
<b>Cash and cash equivalents in the cash flow statement</b>		<b>16,928,164</b>	<b>15,156,390</b>	<b>15,252,890</b>	<b>13,292,860</b>

(\*) At Group level, the cash and cash equivalents with the National Bank do not include the attached receivables in amount of RON 1,811 thousand (December 31, 2018: RON 1,394 thousand) and at Bank level RON 82 thousand (December 31, 2018: RON -641 thousand)

## 17. Placements with banks

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Current accounts with other banks	3,335,218	1,851,092	2,733,664	1,229,191
Sight and term deposits with other banks	1,844,880	2,302,364	1,714,152	2,274,544
Reverse repo transactions	187,369	340,573	187,369	340,573
Loans and advances to credit institutions	97,050	156,108	97,050	156,108
<b>Total</b>	<b>5,464,517</b>	<b>4,650,137</b>	<b>4,732,235</b>	<b>4,000,416</b>

For the period ended June 30, 2019, the placements with banks included reverse-repo securities and term deposits with maturity up to 3 months, which are also included in the separate and consolidated statement of cash flows, as follows: reverse-repo in amount of RON 187,311 thousand and deposits in amount of RON 5,094,412 thousand at Group level, and reverse-repo of RON 187,311 thousand and deposits in amount of RON 4,423,948 thousand at Bank level (December 31, 2018: repo in amount of RON 340,416 thousand and deposits in amount of RON 3,775,656 thousand at Group level and reverse-repo in amount of RON 340,416 thousand and deposits in amount of RON 3,148,741 thousand at Bank level).

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

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****18. Financial assets at fair value through profit or loss*****a) Held-for-trading financial assets measured at fair value through profit or loss***

The structure of financial assets held-for-trading and measured at fair value through profit or loss is presented in the table below:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Equity instruments	90,740	112,481	14,797	12,582
Debt instruments	108,349	97,980	-	-
<b>Total</b>	<b>199,089</b>	<b>210,461</b>	<b>14,797</b>	<b>12,582</b>

For the period ended June 30, 2019, the Group held shares listed on the Bucharest Stock Exchange and the main stock exchanges in Europe.

For the period ended June 30, 2019, the Group owned significant investments amounting to RON 74,594 thousand in the following entities: SIF Moldova S.A., SIF Transilvania S.A. and DIGI Communications N.V. (December 31, 2018: RON 86,984 thousand in SIF Moldova S.A., SIF Muntenia SA and SIF Banat Crisana S.A..

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

The structure of financial assets which are required to be measured at fair value through profit or loss is presented in the table below:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Equity instruments	209,287	155,261	129,397	96,422
Debt instruments	342,307	300,866	566,207	513,216
<b>Total</b>	<b>551,594</b>	<b>456,127</b>	<b>695,604</b>	<b>609,638</b>

As of January 1, 2018, the Group and the Bank included the stake in VISA Inc., the investments in fund units and investment certificates in the category of financial assets which are required to be measured at fair value through profit or loss.

Before the enforcement of IFRS 9, the VISA shares and fund units used to be classified as financial assets available for sale.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 19. Loans and advances to customers

The Group's and Bank's commercial lending is concentrated on Romanian companies and individuals. The risk distribution of the credit portfolio per sectors, as at June 30, 2019 and December 31, 2018, is the following:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Retail	22,443,099	21,825,521	21,771,999	21,209,725
Trading	4,463,961	4,247,521	4,238,613	4,049,847
Production	3,808,609	3,869,729	3,717,497	3,786,753
Real estate	1,548,463	1,472,655	1,541,563	1,453,526
Financial institutions	552,828	500,157	1,516,361	1,325,500
Agriculture	1,529,914	1,556,437	1,455,163	1,457,691
Services	1,495,627	1,432,118	1,418,248	1,364,544
Constructions	1,393,235	1,228,121	1,353,982	1,193,435
Transportation	1,185,282	1,109,071	1,105,220	1,031,394
Self-employed	712,034	654,809	597,631	592,968
Others	715,032	607,735	564,981	543,043
Energy	319,187	196,946	318,046	195,167
Telecommunications	304,133	428,913	264,387	360,878
Mining	110,568	107,816	109,102	105,914
Chemical industry	68,906	65,618	75,738	71,618
Government institutions	55,392	64,567	50,501	58,733
Fishing	14,682	14,534	14,407	14,371
<b>Total loans and advances to customers before impairment allowance (*)</b>	<b>40,720,952</b>	<b>39,382,268</b>	<b>40,113,439</b>	<b>38,815,107</b>
Allowances for impairment losses on loans	(2,551,834)	(2,585,766)	(2,403,951)	(2,459,133)
<b>Total loans and advances to customers, net of impairment allowance</b>	<b>38,169,118</b>	<b>36,796,502</b>	<b>37,709,488</b>	<b>36,355,974</b>

(\*)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 valuation report.

The structure of the credit portfolio of the Bank and the Group as at June 30, 2019 and December 31, 2018 is the following:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Corporate	12,349,840	11,987,524	13,080,880	12,604,496
Small and medium enterprises	5,495,146	5,242,713	5,260,563	5,000,886
Consumer loans and card loans granted to retail customers	10,866,214	10,580,685	10,727,545	10,452,319
Mortgage loans	11,107,261	10,787,269	11,009,453	10,718,169
Loans granted by non-banking financial institutions	845,867	732,015	-	-
Other	56,624	52,062	34,998	39,237
<b>Total loans and advances to customers before impairment allowance (*)</b>	<b>40,720,952</b>	<b>39,382,268</b>	<b>40,113,439</b>	<b>38,815,107</b>
Allowances for impairment losses on loans	(2,551,834)	(2,585,766)	(2,403,951)	(2,459,133)
<b>Total loans and advances to customers net of impairment allowance (*)</b>	<b>38,169,118</b>	<b>36,796,502</b>	<b>37,709,488</b>	<b>36,355,974</b>



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

### 19. Loans and advances to customers (*continued*)

The movement in impairment allowances on loans and advances to customers at **Group level as at June 30, 2019** was the following:

	Allowances for expected credit losses on loans and advances to customers with respect to which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances to customers with respect to 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)	Total
<b>Opening balance as at January 1, 2019</b>	<b>(455,278)</b>	<b>(573,328)</b>	<b>(1,557,160)</b>	<b>(2,585,766)</b>
Increase due to issue or acquisition	(138,028)	(81,152)	(204,249)	<b>(423,429)</b>
Decrease due to derecognition	72,626	82,492	171,842	<b>326,960</b>
Increase or decrease due to the change in credit risk (net) and transfers	24,473	47,057	(172,727)	<b>(101,197)</b>
Increase or decrease due to changes without derecognition (net)	29,967	6,889	(37,778)	<b>(992)</b>
Decrease of impairment allowances due to write-offs	57	4,626	237,707	<b>242,390</b>
Other allowances	(1,385)	(1,802)	(6,683)	<b>(9,870)</b>
<b>Closing balance as at June 30, 2019</b>	<b>(467,568)</b>	<b>(515,218)</b>	<b>(1,569,048)</b>	<b>(2,551,834)</b>

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

### 19. Loans and advances to customers (*continued*)

The movement in impairment allowances on loans and advances to customers at **Bank level as at June 30, 2019** was the following:

	Allowances for expected credit losses on loans and advances to customers with respect to which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances to customers with respect to 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)	Total
<b>Opening balance as at January 1, 2019</b>	<b>(458,348)</b>	<b>(522,048)</b>	<b>(1,478,737)</b>	<b>(2,459,133)</b>
Increase due to issue or acquisition	(139,278)	(61,841)	(202,818)	(403,937)
Decrease due to derecognition	72,893	82,720	171,313	326,926
Increase or decrease due to the change in credit risk (net) and transfers	23,882	39,661	(162,187)	(98,644)
Increase or decrease due to changes without derecognition (net)	26,330	3,454	(27,131)	2,653
Decrease of impairment allowances due to write-offs	57	4,626	237,707	242,390
Other allowances	(1,436)	(1,884)	(10,886)	(14,206)
<b>Closing balance as at June 30, 2019</b>	<b>(475,900)</b>	<b>(455,312)</b>	<b>(1,472,739)</b>	<b>(2,403,951)</b>

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

### 19. Loans and advances to customers (*continued*)

The movement in impairment allowances on loans and advances to customers at **Group level as at June 30, 2018** was the following:

	Allowances for expected credit losses on loans and advances to customers with respect to which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances to customers with respect to 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)	Total
<b>Opening balance as at January 1, 2018</b>	<b>(241,062)</b>	<b>(360,000)</b>	<b>(1,386,177)</b>	<b>(1,987,239)</b>
Increase due to issue or acquisition	(127,685)	(39,928)	(214,840)	(382,453)
Decrease due to derecognition	36,996	35,021	144,726	216,743
Increase or decrease due to the change in credit risk (net) and transfers	7,173	(1,052)	(105,346)	(99,225)
Increase or decrease due to changes without derecognition (net)	(42,724)	20,346	25,793	3,415
Decrease of impairment allowances due to write-offs	243	34,588	71,340	106,171
Other allowances	(59)	(383)	(981)	(1,423)
<b>Closing balance as at June 30, 2018</b>	<b>(367,118)</b>	<b>(311,408)</b>	<b>(1,465,485)</b>	<b>(2,144,011)</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 19. Loans and advances to customers (*continued*)

The movement in impairment allowances on loans and advances to customers at **Bank level as at June 30, 2018** was the following:

	Allowances for expected credit losses on loans and advances to customers with respect to which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances to customers with respect to 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)	Total
<b>Opening balance as at January 1, 2018</b>	<b>(250,646)</b>	<b>(337,688)</b>	<b>(1,356,754)</b>	<b>(1,945,088)</b>
Increase due to issue or acquisition	(120,368)	(27,539)	(186,184)	<b>(334,091)</b>
Decrease due to derecognition	38,113	33,607	144,725	<b>216,445</b>
Increase or decrease due to the change in credit risk (net) and transfers	7,185	(3,404)	(88,599)	<b>(84,818)</b>
Increase or decrease due to changes without derecognition (net)	(41,455)	22,805	31,987	<b>13,337</b>
Decrease of impairment allowances due to write-offs	243	34,588	71,340	<b>106,171</b>
Other allowances	(60)	(383)	(981)	<b>(1,424)</b>
<b>Closing balance as at June 30, 2018</b>	<b>(366,988)</b>	<b>(278,014)</b>	<b>(1,384,466)</b>	<b>(2,029,468)</b>

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****20. Finance lease receivables**

The Group acts as a lessor under finance lease agreements, concluded mainly for financing motor vehicles and equipment. The lease agreements are denominated in EUR, RON and MDL and typically run for a period between 2 and 5 years, with the transfer of ownership over the leased assets upon the termination of the lease agreement. Interest is charged over the period of lease, based on fixed interest rates.

The lease receivables are secured by the underlying assets and by other collateral. The breakdown of finance lease receivables according to their maturity is presented below:

<i>In RON thousand</i>	<b>30-06-2019</b>	<b>31-12-2018</b>
Finance lease receivables with maturity below 1 year, gross	524,152	490,862
Finance lease receivables with maturity between 1-5 years, gross	760,006	721,636
<b>Total finance lease receivables, gross</b>	<b>1,284,158</b>	<b>1,212,498</b>
Future interest related to finance lease receivables	(102,954)	(104,374)
<b>Total finance lease receivables, net of future interest</b>	<b>1,181,204</b>	<b>1,108,124</b>
Impairment allowances for finance lease receivables	(84,504)	(87,542)
<b>Total finance lease receivables</b>	<b>1,096,700</b>	<b>1,020,582</b>

The lease contracts are generated and managed through BT Leasing Transilvania IFN S.A. and BT Leasing Moldova S.R.L.

Impairment allowances for finance lease receivables are further analyzed as follows:

<i>In RON thousand</i>	<b>30-06-2019</b>	<b>31-12-2018</b>
Balance at the beginning of the year	(87,542)	(54,522)
Net provision charges	(19,162)	(32,201)
Provisions for finance lease receivables written off	22,202	9,867
Recognition of expected credit losses (ECL) in accordance with IFRS 9	-	(7,357)
Others (mergers and acquisitions, deconsolidation, exchange rate differences)	(2)	(3,329)
<b>Balance at the end of the period</b>	<b>(84,504)</b>	<b>(87,542)</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 21. Investment securities

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
<b>Debt instruments, of which</b>	<b>19,786,874</b>	<b>21,357,336</b>	<b>19,779,943</b>	<b>21,351,503</b>
- Central administrations	19,106,788	21,081,359	19,099,857	21,075,526
- Credit institutions	498,759	248,842	498,759	248,842
- Other financial companies	181,327	-	181,327	-
- Bonds issued by non-financial institutions	-	27,135	-	27,135
<b>Equity instruments, of which:</b>	<b>16,833</b>	<b>17,372</b>	<b>11,730</b>	<b>12,405</b>
- Other financial companies	12,699	13,241	11,730	12,405
- Bonds issued by non-financial institutions	4,134	4,131	-	-
<b>Loans and advances to customers</b>	<b>28,749</b>	<b>-</b>	<b>28,749</b>	<b>-</b>
- Central administrations	28,749	-	28,749	-
<b>Total</b>	<b>19,832,456</b>	<b>21,374,708</b>	<b>19,820,422</b>	<b>21,363,908</b>

The evolution of securities in the category “Financial assets measured at fair value through other items of comprehensive income” is presented in the table below:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
<b>As at January 1</b>	<b>21,374,708</b>	<b>15,821,300</b>	<b>21,363,908</b>	<b>16,032,612</b>
Restatement IFRS 9	-	4,037	-	3,983
Reclassification IFRS 9	-	(375,541)	-	(601,366)
Acquisitions	5,826,273	12,662,334	5,823,998	12,656,309
Sales and repurchases	(7,676,517)	(6,462,084)	(7,675,419)	(6,452,309)
Coupon and amortization in P&L during the period	222,334	397,276	222,248	397,109
Coupon collected at term during the period	(454,940)	(675,618)	(454,864)	(675,464)
Gain/(Loss) from the measurement at fair value	353,398	(78,371)	353,261	(78,341)
Exchange rate differences	187,200	81,375	187,290	81,375
<b>Total</b>	<b>19,832,456</b>	<b>21,374,708</b>	<b>19,820,422</b>	<b>21,363,908</b>

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

In the period ended on June 30, 2019, the Group classified as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 2,074,337 thousand, and the Bank bonds in amount of RON 1,357,614 thousand (December 31, 2018: RON 1,082,418 thousand for the Group and RON 431,099 thousand for the Bank).

The movement of securities in the category of financial assets measured at amortized cost - debt instruments is presented in the table below:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
<b>As at January 1</b>	<b>1,082,418</b>	<b>222,792</b>	<b>431,099</b>	<b>222,792</b>
Acquisitions	5,453,956	13,421,435	1,016,969	290,151
Sales and repurchases	(4,453,571)	(12,600,659)	(89,025)	(82,899)
Coupon and amortization in P&L during the period	28,415	57,167	6,450	11,875
Coupon collected at term during the period	(12,516)	(14,084)	(9,112)	(11,624)
Recognition of expected credit losses (ECL) in accordance with IFRS 9	333	(5,932)	12	(65)
Exchange rate differences	(24,698)	1,699	1,221	869
<b>Total</b>	<b>2,074,337</b>	<b>1,082,418</b>	<b>1,357,614</b>	<b>431,099</b>

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

### **22. Tangible assets and investment property and intangible assets (including goodwill)**

For the six-month period ended June 30, 2019, the Group acquired tangible assets in amount of RON 96,143 thousand, of which RON 65,987 thousand belongs to Banca Transilvania S.A.

The net carrying amount of tangible assets and investment property at the end of this period amounts to RON 643,343 thousand for the Group (December 31, 2018: RON 593,903 thousand), and RON 508,124 thousand for the Bank (December 31, 2018: RON 482,321 thousand).

For the six-month period ended June 30, 2019, the Group acquired intangible assets in amount of RON 49,599 thousand, of which RON 44,994 thousand belongs to Banca Transilvania S.A.

The net carrying amount of intangible assets (goodwill included) at the end of this period amounts to RON 291,496 thousand for the Group (December 31, 2018: RON 287,514 thousand), and RON 257,245 thousand for the Bank (December 31, 2018: RON 253,847 thousand).

The depreciation and amortization expense related to tangible and intangible assets for the Group at the end of the 6-month period ended June 30, 2019 amounts to RON 87,333 thousand (June 30, 2018: RON 83,050 thousand), of which the amortization expense related to tangible and intangible assets for the Bank is RON 80,283 (June 30, 2018: RON 51,729 thousand).

### **23. Right-of-use assets**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Right-of-use assets	516,598	-	489,566	-
Amortization of right-of-use assets	(60,287)	-	(56,319)	-
<b>Total</b>	<b>456,311</b>	<b>-</b>	<b>433,247</b>	<b>-</b>

The depreciation expense related to the rights of use (ROU) assets for the Group at the end of the 6-month period ended June 30, 2019 amounts to RON 62,465 thousand (June 30, 2018: RON 0 thousand), of which the amortization expense related to tangible and intangible assets for the Bank is RON 57,529 (June 30, 2018: RON 0 thousand).

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

### 24. Deferred tax assets and liabilities

Deferred tax assets/liabilities at **Group** level, for the **period ended June 30, 2019**:

<i>In RON thousand</i>	<b>December 31, 2018</b>	<b>Business combinations</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other items of comprehensive income</b>	<b>Recognized directly in shareholders' equity</b>	<b>June 30, 2019</b>
<b>Tax effect of temporary deductible /(taxable) differences (including tax losses carried forward), resulting from:</b>						
Financial assets from interbank operations	303	-	(303)	-	-	-
Loans and receivables	8,873	-	1,978	(83)	(13)	10,755
Financial assets measured at fair value through other items of comprehensive income	31,766	-	2	(56,434)	-	(24,666)
Financial assets at amortized cost	1	-	(101)	-	-	(100)
Financial assets at fair value through profit or loss	(725)	-	(2,854)	-	-	(3,579)
Other assets	12,044	-	(8,336)	(12)	(153)	3,543
Property and equipment and intangible assets	(11,520)	-	1,742	14	4	(9,760)
Provisions and other liabilities	27,190	-	(4,143)	27	(3)	23,071
Tax losses carried forward	5,988	-	(5,988)	-	-	-
<b>Deferred tax assets and liabilities</b>	<b>73,920</b>	<b>-</b>	<b>(18,003)</b>	<b>(56,488)</b>	<b>(165)</b>	<b>(736)</b>
Recognition of deferred tax asset	92,461	-	(7,680)	4,816	88	89,685
Recognition of deferred tax liability	(18,541)	-	(10,323)	(61,304)	(253)	(90,421)
<b>Deferred tax assets and liabilities</b>	<b>73,920</b>	<b>-</b>	<b>(18,003)</b>	<b>(56,488)</b>	<b>(165)</b>	<b>(736)</b>



# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 24. Deferred tax assets and liabilities (*continued*)

Deferred tax assets/liabilities at **Bank** level, for the **period ended June 30, 2019**:

<i>In RON thousand</i>	<b>December 31, 2018</b>	<b>Business combinations</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other items of comprehensive income</b>	<b>Recognized directly in shareholders' equity</b>	<b>June 30, 2019</b>
<b>Tax effect of temporary deductible /(taxable) differences (including tax losses carried forward), resulting from:</b>						
Financial assets from interbank operations	-	-	-	-	-	-
Loans and receivables	-	-	-	(108)	-	(108)
Financial assets available-for-sale	-	-	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	31,701	-	-	(56,419)	-	(24,718)
Financial assets at amortized cost	-	-	(100)	-	-	(100)
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Other assets	769	-	-	-	75	844
Tangible and intangible assets	(8,260)	-	861	-	2	(7,397)
Provisions and liabilities	24,477	-	(2,014)	-	-	22,463
Tax losses carried forward	-	-	-	-	-	-
<b>Deferred tax assets and liabilities</b>	<b>48,687</b>	<b>-</b>	<b>(1,253)</b>	<b>(56,527)</b>	<b>77</b>	<b>(9,016)</b>
Recognition of deferred tax asset	56,946	-	5,833	4,791	106	67,676
Recognition of deferred tax liability	(8,259)	-	(7,086)	(61,318)	(29)	(76,692)
<b>Deferred tax assets and liabilities</b>	<b>48,687</b>	<b>-</b>	<b>(1,253)</b>	<b>(56,527)</b>	<b>77</b>	<b>(9,016)</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 24. Deferred tax assets and liabilities (*continued*)

Deferred tax assets/liabilities at **Group** level, as at **December 31, 2018**:

<i>In RON thousand</i>	<b>December 31, 2017</b>	<b>Business combinations</b>	<b>IFRS 9 restatements</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other items of comprehensive income</b>	<b>Recognized directly in shareholders' equity</b>	<b>December 31, 2018</b>
<b>Tax effect of temporary deductible /(taxable) differences (including tax losses carried forward), resulting from:</b>							
Financial assets from interbank operations	-	6,342	-	(6,053)	-	14	303
Loans and receivables	1,764	27,653	2,581	(44,008)	(565)	21,448	8,873
Financial assets available-for-sale	1,349	-	(31,100)	-	29,751	-	-
Financial assets measured at fair value through other items of comprehensive income	-	7,318	19,651	(5,731)	10,389	139	31,766
Financial assets at amortized cost	-	532	-	(533)	-	2	1
Financial assets at fair value through profit or loss	60	(11,171)	11,449	27,992	696	(29,751)	(725)
Other assets	621	6,467	-	4,756	(47)	247	12,044
Property and equipment and intangible assets	(3,243)	(3,938)	4	(3,989)	(354)	-	(11,520)
Provisions and other liabilities	12,773	14,708	(52)	(237)	-	(2)	27,190
Tax losses carried forward	173,821	6,550	-	(174,383)	-	-	5,988
<b>Deferred tax assets and liabilities</b>	<b>187,145</b>	<b>54,461</b>	<b>2,533</b>	<b>(202,186)</b>	<b>39,870</b>	<b>(7,903)</b>	<b>73,920</b>
Recognition of deferred tax asset	200,326	45,944	22,342	(186,312)	9,777	384	92,461
Recognition of deferred tax liability	(13,181)	8,517	(19,809)	(15,874)	30,093	(8,287)	(18,541)
<b>Deferred tax assets and liabilities</b>	<b>187,145</b>	<b>54,461</b>	<b>2,533</b>	<b>(202,186)</b>	<b>39,870</b>	<b>(7,903)</b>	<b>73,920</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 24. Deferred tax assets and liabilities (*continued*)

Deferred tax assets/liabilities at **Bank** level, as at **December 31, 2018**:

<i>In RON thousand</i>	<b>December 31, 2017</b>	<b>Business combinations</b>	<b>IFRS 9 restateme nts</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other items of comprehensive income</b>	<b>Recognized directly in shareholders' equity</b>	<b>December 31, 2018</b>
<b>Tax effect of temporary deductible /(taxable) differences (including tax losses carried forward), resulting from:</b>							
Financial assets from interbank operations	-	(7)	-	(7)	-	14	-
Loans and receivables	-	23,632	-	(45,081)	-	21,449	-
Financial assets available-for-sale	(9,938)	-	(19,813)	-	29,751	-	-
Financial assets measured at fair value through other items of comprehensive income	-	7,318	19,813	(5,938)	10,368	140	31,701
Financial assets at amortized cost	-	-	-	(2)	-	2	-
Financial assets at fair value through profit or loss	-	(5,281)	-	34,336	696	(29,751)	-
Other assets	534	494	-	(262)	3	-	769
Tangible and intangible assets	(3,219)	(3,944)	-	(741)	(356)	-	(8,260)
Provisions and liabilities	12,045	12,280	-	152	-	-	24,477
Tax losses carried forward	173,821	-	-	(173,821)	-	-	-
<b>Deferred tax assets and liabilities</b>	<b>173,243</b>	<b>34,492</b>	<b>-</b>	<b>(191,364)</b>	<b>40,462</b>	<b>(8,146)</b>	<b>48,687</b>
Recognition of deferred tax asset	186,400	20,091	19,813	(179,868)	10,371	139	56,946
Recognition of deferred tax liability	(13,157)	14,401	(19,813)	(11,496)	30,091	(8,285)	(8,259)
<b>Deferred tax assets and liabilities</b>	<b>173,243</b>	<b>34,492</b>	<b>-</b>	<b>(191,364)</b>	<b>40,462</b>	<b>(8,146)</b>	<b>48,687</b>

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

### **25. Other financial assets**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06- 2019</b>	<b>31-12-2018</b>
Amounts under settlement	352,309	197,565	333,379	187,724
Non-recourse factoring	193,956	203,958	193,956	203,958
Sundry debtors and advances for non-current assets	378,606	399,255	353,485	369,471
Instruments received for collection	52,605	50,052	52,605	50,052
Other financial assets	1,318	11,851	610	10,575
Impairment allowance for other financial assets	(13,651)	(19,444)	(10,247)	(10,715)
<b>Total</b>	<b>965,143</b>	<b>843,237</b>	<b>923,788</b>	<b>811,065</b>

As at June 30, 2019, out of RON 965,143 thousand (December 31, 2018: RON 843,237 thousand), the Group's other impaired financial assets amounted to RON 71,687 thousand (December 31, 2018: RON 72,434 thousand).

As at June 30, 2019, out of RON 923,788 thousand (December 31, 2018: RON 811,065 thousand), the Bank's other impaired financial assets amounted to RON 4,897 thousand (December 31, 2018: RON 5,042 thousand).

### **26. Other non-financial assets**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06- 2019</b>	<b>31-12- 2018</b>
Inventories and similar assets	190,831	204,611	76,470	80,898
Accrued expenses	42,804	58,969	35,959	53,674
VAT and other taxes to be received	11,844	12,994	1,624	6,871
Other non-financial assets	3,094	1,456	1,550	532
Impairment allowance for other non-financial assets	(82,558)	(95,972)	(16,187)	(16,812)
<b>Total</b>	<b>166,015</b>	<b>182,058</b>	<b>99,416</b>	<b>125,163</b>

As at June 30, 2019, the Group and the Bank included in the category of "Inventories and related items" tangible assets which were reclassified as fixed assets available-for-sale in amount of RON 17,497 thousand (30.06.2018: RON 20,419 thousand) and the management is close to the final stage of negotiation for their sale.

### **27. Deposits from banks**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06- 2019</b>	<b>31-12- 2018</b>
Sight deposits	121,912	58,424	133,069	70,684
Term deposits	127,374	136,924	127,374	136,924
<b>Total</b>	<b>249,286</b>	<b>195,348</b>	<b>260,443</b>	<b>207,608</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 28. Deposits from customers

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Current accounts	33,915,883	31,797,142	32,636,076	30,446,054
Sight deposits	698,625	786,103	456,691	560,404
Term deposits	32,188,266	31,982,351	31,208,184	30,941,481
Collateral deposits	577,788	594,870	556,386	574,430
<b>Total</b>	<b>67,380,562</b>	<b>65,160,466</b>	<b>64,857,337</b>	<b>62,522,369</b>

Deposits from customers can be also analyzed as follows:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Retail	47,233,022	43,334,901	45,558,501	41,665,151
Companies	20,147,540	21,825,565	19,298,836	20,857,218
<b>Total</b>	<b>67,380,562</b>	<b>65,160,466</b>	<b>64,857,337</b>	<b>62,522,369</b>

## 29. Loans from banks and other financial institutions

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Loans from government entities	5,197	8,131	-	-
Loans from commercial banks	269,211	280,994	-	-
<i>Romanian banks</i>	<i>253,424</i>	<i>275,577</i>	-	-
<i>Foreign banks</i>	<i>15,787</i>	<i>5,417</i>	-	-
Loans from development banks	1,003,134	988,611	920,234	893,348
Repurchase agreements (repo transactions)	88,166	246,598	88,166	246,598
Other funds from financial institutions	178,343	179,217	35,236	45,610
<b>Total</b>	<b>1,544,051</b>	<b>1,703,551</b>	<b>1,043,636</b>	<b>1,185,556</b>

The interest rates for the loans from banks and financial institutions were situated in the following ranges:

	<b>30-06-2019</b>		<b>31-12-2018</b>	
	Minimum	Maximum	Minimum	Maximum
EUR	0.00%	3.80%	0.00%	4.15%
RON	0.00%	6.23%	0.00%	6.33%
USD	3.31%	3.45%	3.03%	3.11%
MDL	3.50%	3.50%	5.68%	6.88%

As at June 30, 2019 and December 31, 2018, the Bank and the Group observed the financial indicators stipulated in the loan agreements signed with creditors.

The table below summarizes the underlying securities of repo agreements:

<i>In RON thousand</i>	<b>Group</b>				<b>Bank</b>			
	<b>30-06-2019</b>		<b>31-12-2018</b>		<b>30-06-2019</b>		<b>31-12-2018</b>	
	<b>Carrying amount</b>		<b>Carrying amount</b>		<b>Carrying amount</b>		<b>Carrying amount</b>	
	<b>Transferre</b>	<b>Related</b>	<b>Transferre</b>	<b>Related</b>	<b>Transferre</b>	<b>Related</b>	<b>Transferre</b>	<b>Related</b>
	<b>d assets</b>	<b>liabiliti</b>	<b>d assets</b>	<b>liabiliti</b>	<b>d assets</b>	<b>liabiliti</b>	<b>d assets</b>	<b>liabiliti</b>
	<b>es</b>	<b>es</b>	<b>es</b>	<b>es</b>	<b>es</b>	<b>es</b>	<b>es</b>	<b>es</b>
	87,377	88,166	248,798	246,598	87,377	88,166	248,798	246,598
<b>Total</b>	<b>87,377</b>	<b>88,166</b>	<b>248,798</b>	<b>246,598</b>	<b>87,377</b>	<b>88,166</b>	<b>248,798</b>	<b>246,598</b>

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

### **30. Subordinated liabilities**

As at June 30, 2019 and December 31, 2018, the Bank and the Group observed the financial indicators stipulated in the subordinated loan agreements signed with creditors.

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Loans from development banks and financial institutions	286,053	280,713	286,053	280,713
Non-convertible bounds	1,347,423	1,327,182	1,343,676	1,323,323
Convertible Bonds	48,165	47,482	48,165	47,482
<b>Total</b>	<b>1,681,641</b>	<b>1,655,377</b>	<b>1,677,894</b>	<b>1,651,518</b>

### **31. Provisions for other risks and loan commitments**

The following items are included under Provisions for other risks and loan commitments:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Provisions for loan commitments, financial guarantees and other commitments given	176,356	166,430	166,119	154,654
Provisions for employee benefits as compensated absences	35,228	20,910	34,459	19,499
Provisions for other employee benefits	23,169	36,223	19,265	28,571
Provisions for non-performing loans, risks and charges (*)	228,964	249,159	222,152	241,949
<b>Total</b>	<b>463,717</b>	<b>472,722</b>	<b>441,995</b>	<b>444,673</b>

(\*)Provisions for risks and charges primarily include provisions for litigation and other risks taken after the merger with Volksbank Romania SA. and Bancpost S.A..

### **32. Liabilities from financial lease with tangible assets**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Liabilities from financial lease with tangible assets	454,637	-	430,933	-
Related liabilities	55	-	55	-
<b>Total</b>	<b>454,692</b>	<b>-</b>	<b>430,988</b>	<b>-</b>

### **33. Other financial liabilities**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Amounts under settlement	1,117,204	507,831	964,229	426,695
Sundry creditors	79,352	81,518	50,031	50,628
Other financial liabilities	50,459	59,497	45,346	55,618
<b>Total</b>	<b>1,247,015</b>	<b>648,846</b>	<b>1,059,606</b>	<b>532,941</b>

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

### **34. Other non-financial liabilities**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Other taxes payable	51,181	60,433	47,025	67,642
Other non-financial liabilities	79,105	72,982	58,524	47,230
<b>Total</b>	<b>130,286</b>	<b>133,415</b>	<b>105,549</b>	<b>114,872</b>

### **35. Share capital**

The statutory share capital of the Bank at June 30, 2019, as recorded with the Trade Register was represented by 4,815,093,171 ordinary shares with a nominal value of RON 1 each (December 31, 2018: 4,812,481,064 shares with a nominal value of RON 1 each). The shareholders structure of the Bank is presented in Note 1.

The share capital increase took place by incorporating the reserves from the merger with Bancpost in amount of RON 2,602,278 and from the conversion o bonds in amount of RON 9,829, as registered with the Trade Register in 2019.

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Paid share capital recorded with the Trade Register	4,815,093	4,812,481	4,815,093	4,812,481
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)
<b>Total</b>	<b>4,901,594</b>	<b>4,898,982</b>	<b>4,901,594</b>	<b>4,898,982</b>

### **36. Reserves from financial assets measured at fair value through other items of comprehensive income**

Reserves from financial assets measured at fair value through other items of comprehensive income as at June 30, 2019 and December 31, 2018:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
<b>Previously reported balance December 31, 2018</b>	<b>(162,841)</b>	<b>(6,247)</b>	<b>(162,605)</b>	<b>52,176</b>
Adoption of new standards	-	(93,815)	-	(152,002)
<b>Balance as at January 1, 2019</b>	<b>(162,841)</b>	<b>(100,062)</b>	<b>(162,605)</b>	<b>(99,826)</b>
Fair value profit/(loss) recognized in equity on debt instruments	353,213	(75,307)	353,063	(75,298)
Deferred tax	(56,538)	12,528	(56,522)	12,519
<b>Total</b>	<b>133,834</b>	<b>(162,841)</b>	<b>133,936</b>	<b>(162,605)</b>

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

### 37. 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.

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 subsidiary entities are presented below:

<i>Group - In RON thousand</i>	<b>30-06-2019</b>			<b>31-12-2018</b>		
	<b>Key management personnel</b>	<b>Other related-parties</b>	<b>Total</b>	<b>Key management personnel</b>	<b>Other related-</b>	<b>Total</b>
<b>Assets</b>						
Granted loans - net amount	13,932	54,037	<b>67,969</b>	15,379	49,090	<b>64,469</b>
Allowances for impairment losses on loans	(330)	(4,808)	<b>(5,138)</b>	(408)	(4,484)	<b>(4,892)</b>
<b>Liabilities</b>						
Deposits from customers	40,189	249,404	<b>289,593</b>	28,826	117,494	<b>146,320</b>
Loans from financial institutions	-	140,808	<b>140,808</b>	-	171,921	<b>171,921</b>
Debt securities	-	493,731	<b>493,731</b>	-	490,163	<b>490,163</b>
<b>Commitments</b>						
Loan commitments and financial guarantees	3,490	6,673	<b>10,163</b>	3,363	15,208	<b>18,571</b>
Notional value of exchange operations	13,300	57,229	<b>70,529</b>	29,369	118,526	<b>147,895</b>
<b>Statement of profit or loss</b>						
	<b>30-06-2019</b>			<b>30-06-2018</b>		
Interest income	351	2,284	<b>2,635</b>	365	1,481	<b>1,846</b>
Interest expense	82	11,488	<b>11,570</b>	65	2,886	<b>2,951</b>
Fee and commission income	6	93	<b>99</b>	7	49	<b>56</b>
Fee and commission expense	-	-	<b>-</b>	-	35	<b>35</b>

The explanatory notes to the financial statements from page 11 to page 84 are an integral part of these financial statements.



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

### 37. Related-party transactions (*continued*)

*Bank – In RON thousand*

	30-06-2019				31-12-2018			
	Subsidiaries	Key management personnel	Other related-parties	Total	Subsidiaries	Key management personnel	Other related-parties	Total
<b>Assets</b>								
Correspondent accounts at credit institutions	1,305	-	-	<b>1,305</b>	1,167	-	-	<b>1,167</b>
Granted loans - net amount	1,066,374	11,379	53,687	<b>1,131,440</b>	911,634	13,281	48,360	<b>973,275</b>
Allowances for impairment losses on loans	(16,646)	(320)	(4,806)	<b>(21,772)</b>	(18,030)	(312)	(4,469)	<b>(22,811)</b>
Equity investments	537,677	-	-	<b>537,677</b>	121,239	-	-	<b>121,239</b>
Financial assets measured at fair value through other items of comprehensive income – debt instruments	4,610	-	-	<b>4,610</b>	4,610	-	-	<b>4,610</b>
Financial assets required to be measured at fair value through profit or loss - debt instruments	197,919	-	-	<b>197,919</b>	178,756	-	-	<b>178,756</b>
Other assets	3,071	-	-	<b>3,071</b>	1,420	-	-	<b>1,420</b>
<b>Liabilities</b>								
Correspondent accounts at credit institutions	19,911	-	-	<b>19,911</b>	20,972	-	-	<b>20,972</b>
Deposits from customers	151,871	32,927	231,848	<b>416,646</b>	161,026	21,743	92,511	<b>275,280</b>
Loans from financial institutions	-	-	114,775	<b>114,775</b>	-	-	76,658	<b>76,658</b>
Debt securities	-	-	493,731	<b>493,731</b>	-	-	486,304	<b>486,304</b>
Other liabilities	1,686	-	-	<b>1,686</b>	2,875	-	-	<b>2,875</b>
<b>Commitments</b>								
Loan commitments and financial guarantees given	679,102	3,063	6,553	<b>688,718</b>	318,655	2,756	15,024	<b>336,435</b>
Notional value of exchange operations	117,439	11,541	56,853	<b>185,833</b>	128,873	19,085	117,295	<b>265,253</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 37. Related-party transactions (*continued*)

**Bank – In RON thousand (*continued*)**

	30-06-2019				30-06-2018			
	Subsidiaries	Key management personnel	Other related-parties	Total	Subsidiaries	Key management personnel	Other related-parties	Total
<b>Statement of profit or loss</b>								
Interest income	18,056	290	2,280	<b>20,626</b>	10,791	237	1,477	<b>12,505</b>
Interest expense	914	66	10,683	<b>11,663</b>	815	55	2,072	<b>2,942</b>
Fee and commission income	1,630	4	81	<b>1,715</b>	3,328	4	42	<b>3,374</b>
Fee and commission expense	6,935	-	-	<b>6,935</b>	3,471	-	-	<b>3,471</b>
Loss from financial assets and liabilities held-for-trading	(2)	-	-	<b>(2)</b>	(11)	-	-	<b>(11)</b>
Dividend income	7,719	-	-	<b>7,719</b>	16,000	-	-	<b>16,000</b>
Other income	7,310	-	-	<b>7,310</b>	3,585	-	-	<b>3,585</b>
Other expenses	1,082	-	-	<b>1,082</b>	4,546	-	-	<b>4,546</b>

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

### 37. Related-party transactions (*continued*)

#### Transactions with key management personnel

As at the end of June 30, 2019, 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 14,993 thousand (June 30, 2018: RON 16,063 thousand) and of the Bank amounted to RON 8,207 thousand (June 30, 2018: RON 8,586 thousand).

Compensation for the key personnel of the **Group**:

	30-06-2019			30-06-2018		
	Total	of which social security contributi ons	of which employer contributio ns to the 3rd Pension Pillar	Total	of which social security contributi ons	of which employer contributio ns to the 3rd Pension Pillar
<i>In RON thousand</i>						
Short-term employee benefits	24,737	5,567	23	28,193	6,792	17
Bonuses upon the termination of the employment contract	-	-	-	262	16	-
Share based payments	28,146	-	-	17,770	-	-
Debt instrument-based payments	191	38	-	-	-	-
<b>Total compensations and benefits</b>	<b>53,074</b>	<b>5,605</b>	<b>23</b>	<b>46,225</b>	<b>6,808</b>	<b>17</b>

Compensation for the key personnel of the **Bank**:

	30-06-2019			30-06-2018		
	Total	of which social security contributio ns	of which employer contributio ns to the 3rd Pension Pillar	Total	of which social security contributio ns	of which employer contributio ns to the 3rd Pension Pillar
<i>In RON thousand</i>						
Short-term employee benefits	18,074	4,514	20	13,934	3,474	17
Share based payments	27,338	-	-	17,452	-	-
<b>Total compensations and benefits</b>	<b>45,412</b>	<b>4,514</b>	<b>20</b>	<b>31,386</b>	<b>3,474</b>	<b>17</b>

### 38. 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.

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

### **38. 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.

	<b>Group</b>		<b>Bank</b>	
<i>In RON thousand</i>	<b>30-06-2019</b>	<b>31-12-2018</b>	<b>30-06-2019</b>	<b>31-12-2018</b>
Guarantees issued, of which	1,677,376	1,716,345	1,651,867	1,701,370
- <i>Performance bonds</i>	451,211	471,864	451,211	471,864
- <i>Financial liabilities</i>	1,226,165	1,244,481	1,200,656	1,229,506
Loan commitments	9,393,775	9,189,311	9,349,489	8,809,899
<b>Total</b>	<b>11,071,151</b>	<b>10,905,656</b>	<b>11,001,356</b>	<b>10,511,269</b>

The provisions for loan commitments to customers were in amount of RON 176,356 thousand, at Group level (December 31, 2018: RON 166,430 thousand) and at Bank level RON 166,119 thousand (December 31, 2018: RON 154,654 thousand).

#### *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 0.05% 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. The impact may be significant as concerns the Bank's financial position and/or operations.

#### *c) Tax on assets*

GEO 19/2019 entered into force beginning with 2019 financial year and regulates the method of computation of the tax on assets imposed to the banking institutions.

The legislative changes according to the Ordinance 114/2018, stipulate the tax on assets payment by the bank depending on the market share.

<b>Market risk;</b>	<b>Tax on assets</b>
< 1%	0.2 % per year
≥ 1%	0.4 % per year

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

### **38. Commitments and contingencies (*continued*)**

#### *c) Tax on assets (continued)*

The tax on assets is applied on the outstanding net financial assets of the credit institution as of the end of the semester/year the tax is due for, out of which the following financial assets are excluded:

- a) cash;
- b) Net cash balances with central banks, from which non-performing exposure is excluded;
- c) non-performing exposure at net value;
- b) deb securities issues by public administrations at net value, from which non-performing exposure is excluded;
- e) loans and advances granted to public administrations, at net value, from which non-performing exposure is excluded;
- e) loans granted by the credit institutions to the non- governmental sector, collateral bearing received from the central public administrations at net value, from which non-performing exposure is excluded;
- g) loans granted to the credit institutions, attached receivables, at net value, from which non-performing exposure is excluded; deposits with credit institutions, attached receivables and amounts to be amortized, at net value, from which non-performing exposure is excluded; correspondent accounts with credit institutions (nostro accounts) and attached receivables at net value, from which non-performing exposure is excluded; reverse repos and sell/buy back bonds, attached receivables and amounts to be amortized, at net value, from which non-performing exposure is excluded

Furthermore, the new Ordinance introduces mechanisms to reduce the tax on assets, calculated and due for the end of the year. Thus, the credit institutions could apply a reduction in the value of the due tax up to 50% if they obtain:

- a growth of the financial intermediation, by increasing loan balance
- a diminishment of the interest margin.

The tax on assets is computed at the end of the semester and as of the end of the year and it fall due as follows:

- tax on assets for the first semester – up to 25 August of the year for which the tax is due for;
- tax on assets for the entire year (including rectifications to the first semester) – up to 25 August of the following year after the year the tax is due for.

The tax on assets is capped to the accounting profit recorded by a credit institution, before the deduction of the tax on assets, as of the end of the semester / year the tax is due for. The credit institutions that record accounting loss before computing the tax on assets are not subject to the taxation at the end of the semester/year for which the tax is due.

From the perspective of income tax, the legislative changes to the GEO 114/2018 maintain the deductibility provisions of the banking tax when determining the taxable profits.

As regards the accounting treatment for reflecting the obligations arising from the tax on assets, the executive management of the Bank took into considerations both the provisions of IAS 37 Provisions, contingent assets and liabilities that regulates the Bank's obligation to pay the tax on assets and the provisions of IFRIC 21 Levies that is applicable due to the fact that the tax is imposed by the Government in accordance with issued legislation (IFRIC 21.4).

Debt recognition for the tax on banking assets is achieved when the event is generated committing to the payment of the tax on assets. The bank determined that this event is registered as holding of financial assets, as at December 31, (the end of the calendar year) The level of the banking assets is relevant, for the purpose of tax computation, only at the reference dates, that is June 30 and December 31.

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****38. Commitments and contingencies (continued)***c) Tax on assets (continued)*

Consequently, the events that commits to the payment of the tax on assets does not appears gradually during the year, thus, the related expenses is not split on a monthly basis. Moreover, as concerns the payment of an estimated level of the tax, based on the financial assets as of June 30, 2019, the due date of the payment does not influence the date on which the obligation must be recognized, as the event that generates the tax obligation is relevant for the recognition of liability and not the due date of the payment (i.e. as of June 30, 2019 there was no current obligation in respect of the tax on assets). Thus, the tax on the financial assets computed by the Bank as of the reference date June 30, 2019 is considered as down payment, following to be regularized as of December 31, 2019, according to the final level of the determined tax. As of December 31, 2019 the Bank will record as expense the integral amount due in respect of tax on financial assets, determined as of that reference date.

In 2019, the banking tax for the first semester amounting to RON 90,502 thousand will be due up to 25 August 2019 and, subsequently, rectified based on the amount of the banking tax determined for the entire year until 25 August 2020. Also, until the same date, the tax for the first semester of 2020 will be paid as well.

Should the Bank record the amount of the tax on assets for the 6 month-period ended on June 30, 2019, the net profit as of this date would decrease from RON 847,995 million from to RON 809,984 million, considering a proportional computation for the level of the preliminary tax on assets as of the reference date June 30, 2019.

**39. 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 906,191 thousand (June 30, 2018: RON 853,807 thousand) and on the weighted average number of ordinary shares outstanding during the year of 5,195,634,048 (June 30, 2018 recalculated: 5,174,254,166 shares).

The diluted earnings per share take into consideration the adjusted consolidated net profit of RON 907.609 thousand (June 30, 2018: RON 855.608 thousand) attributable to the ordinary shareholders of the parent company and the weighted average number of outstanding diluted ordinary shares. The adjusted consolidated net profit was determined by adjusting the base profit with the interest paid on bonds in 2019, in amount of RON 1,418 thousand (June 30, 2018: RON 1,800 thousand).

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.

The weighted average of diluted shares outstanding as at June 30, 2019 was determined as a ratio between the outstanding bonds in amount of RON 46,864,629 at the conversion price of 2.2648, resulting a number of 20,692,612 shares (June 30, 2018: 18,303,992 shares)

	<b>Group</b>	
	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Ordinary shares issued as at 1 January	<b>4,812,481,064</b>	<b>4,341,439,404</b>
The impact of shares issued as of 1 January	403,432,571	471,041,660
The impact of the shares repurchased during the year	(20,279,587)	(39,051,652)
The retroactive adjustment of the weighted average number of outstanding shares as at December 31, 2018	-	400,824,754
<b>Weighted average number of shares</b>	<b>5,195,634,048</b>	<b>5,174,254,166</b>
The number of shares that may be issued upon the conversion of bonds into shares	20,692,613	18,303,992
<b>Weighted average number of diluted shares</b>	<b>5,216,326,661</b>	<b>5,192,558,158</b>

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

### **40. Capital management**

The Bank's Board of Directors approves the conceptual design of the internal process for the assessment of the capital adequacy to risks, at least the scope, methodology and general objectives, and establishes the strategy regarding the planning of the capital, own funds and the capital adequacy to risks in Banca Transilvania S.A..

The Board of Directors makes decisions regarding the directions to be followed within the capital adequacy process, establishes the main projects in the field to be implemented, as well as the main objectives to be met for the best control of the correlation of the risks to which the Bank is exposed and the necessary shareholders' equity required to cover them and the development of sound risk management systems. The National Bank of Romania monitors capital requirements both at the Bank and at the Group level.

Capital adequacy is determined according to the Regulation (EU) No 575/2013 of the European Parliament and of the Council and requires a minimum mandatory own funds level of:

- 4.5 % for core tier 1 own funds;
- 6.0 % for tier 1 own funds;
- 8.0 % for total own funds.

Likewise, pursuant to the regulated approaches for the determination of the minimum capital requirements and the EU Regulation 575/2013 corroborated with the provisions of the NBR Regulation 5/2013 and considering the capital buffers required by the NBR, the Group and the Bank maintain:

- a capital preservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2018-December 31, 2018;  
a capital preservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2018-December 31, 2018;
- an O-SII buffer of 2% of the total risk weighted exposures;
- a systemic risk buffer of 2% of the total value of the risk-weighted exposures (buffer imposed starting with the adequacy ratio calculated for June 30, 2018).

### ***Own funds adequacy***

The Bank and the Group 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 Bank and the Group comply with the above regulations, the level of the capital adequacy ratio exceeding the minimum mandatory requirements imposed by the law.

As at June 30, 2019 and December 31, 2018, the Group and the Bank complied with all the capital adequacy requirements.

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;

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

### **40. Capital management (*continued*)**

The Group manages its capital base in a flexible manner, by monitoring regulatory capital requirements, by anticipating the adequate adjustments required for the achievement of its objectives as well as by optimizing the structure of assets and shareholders' equity.

The planning and monitoring activity takes into consideration the total own funds, on the one hand and the requirements of own funds, on the other hand.

The level and the requirements of own funds as at **June 30, 2019** and **December 31, 2018** are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
<i>In RON thousand</i>				
Tier 1 own funds	6,862,470	6,743,708	6,721,839	6,525,411
Tier 2 own funds	1,591,672	1,603,616	1,591,672	1,603,616
<b>Total own funds</b>	<b>8,454,142</b>	<b>8,347,324</b>	<b>8,313,511</b>	<b>8,129,027</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
<i>In %</i>				
Core tier one ratio	14.00	14.63	15.06	15.70
Tier 1 ratio	14.00	14.63	15.06	15.70
CAR	17.25	18.11	18.63	19.56

*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 period ended on June 30, 2019 and on December 31, 2018. Regulatory capital as at June 30, 2019 and December 31, 2018 was calculated according to the IFRS standards endorsed by the European Union.*



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

### **41. Restatement of comparative figures of 2018**

In accordance with IAS 1 “Presentation of Financial Statements”, if an entity has made a restatement, it is required to submit the reclassification of comparative values of the previous year.

When necessary, comparative figures have been reclassified in order to be in line with the changes from the current period presentation. These changes were made as a response to the revaluations performed by the Group’s and the Bank’s management for the most accurate presentation thereof.

The Bank’s management has taken into account the nature of the abovementioned restatements, and, in particular, the fact that it is limited to the reclassification of financial position items, with no impact on total assets, total liabilities and shareholders’ equity, as well as the reclassification of cash flow and equity items.

In order to facilitate the understanding of these financial statements, the table below lists the reported figures, reclassifications and adjusted values in the consolidated statement of cash flow and in the consolidated and individual shareholders’ equity financial position.

- i) The restatement of the comparative figures of the consolidated and separate statement of cash flows is presented below:

Description	Reported statement of cash flows	Reclassification /Adjustments	Adjusted statement of cash flows
<b>Profit for the period</b>	<b>864,603</b>	-	<b>864,603</b>
Adjustments for:			
Interest income	(1,437,217)	(798)	(1,438,015)
Other allowances	220,533	798	221,331
<b>Net profit adjusted with non-monetary elements</b>	<b>398,018</b>	-	<b>398,018</b>
<b>Cash flow from/ (used for) the operating activities</b>			
Change in placements with banks	(91,001)	508,603	417,602
<b>Net cash flow from operating activity</b>	<b>3,510,715</b>	<b>508,603</b>	<b>4,019,318</b>
<b>Cash flow from/ (used for) investment activities</b>			
Financial assets at amortized cost - debt instruments	508,603	(508,603)	0
<b>Net cash flow used in investment activities</b>	<b>(2,150,826)</b>	<b>(508,603)</b>	<b>(2,659,429)</b>
<b>Cash flow from/ (used for) the financing activities</b>			
<b>Net cash flow from the financing activity</b>	<b>767,902</b>	-	<b>767,902</b>

In 2019, the Group and the Bank made the following reclassifications which impacted the comparative figures of the Consolidated statement of cash flows of 2018:

- Correction of „Interest income” in the “Consolidated Cash Flow Statement” in order to be identic with „The interim consolidated and individual statement of the profit or loss”;
- The reclassification of the financial assets measured at amortized cost - debt instruments, from “Net cash used in the investment activity” for the position “Deposits modification with banks”, related “Net cash used in the operating activity”.

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

### 41. Restatement of comparative figures of 2018 *(continued)*

- ii) The comparative figures of own funds for the Group and for the Bank after the approval of dividend distribution by the General Meeting of Shareholders dated 25 April 2019 are presented below:

<i>RON thousand - December 31, 2018</i>		<b>Group</b>		<b>Bank</b>		
<b>Description</b>	<b>Reported own funds</b>	<b>Adjustments</b>	<b>Adjusted own funds</b>	<b>Reported own funds</b>	<b>Adjustments</b>	<b>Adjusted own funds</b>
Tier 1 capital	7,562,274	(818,566)	6,743,708	7,343,977	(818,566)	6,525,411
Tier 2 capital	1,603,616	-	1,603,616	1,603,616	-	1,603,616
<b>Total own funds</b>	<b>9,165,890</b>	<b>(818,566)</b>	<b>8,347,324</b>	<b>8,947,593</b>	<b>(818,566)</b>	<b>8,129,027</b>

As a result of the approval of the 2018 Financial statements, the General Meeting of Shareholders of 24 April 2019 approved the distribution of cash dividends to the shareholders in amount of RON 818,566 thousand. This amount generated the adjustment of own funds for the year 2018, both at separate, as well as at consolidated level, in accordance with legal provisions, subsequent to the publishing of the Consolidated and separate financial statements for 2018.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 42. Derivatives

The structure of the derivative instruments held by the **Group** and by the **Bank** as at **June 30, 2019** is the following:

<i>In RON thousand</i>	<b>Group</b>			<b>Bank</b>		
	<b>Fair value of Assets</b>	<b>Fair value Liabilities</b>	<b>Notional</b>	<b>Fair value of Assets</b>	<b>Fair value Liabilities</b>	<b>Notional</b>
Interest rate swaps	928	2,959	280,129	928	2,959	280,129
Exchange rate forward agreements	6,001	7,556	901,066	6,001	7,556	901,066
<b>Total derivative financial instruments</b>	<b>6,929</b>	<b>10,515</b>	<b>1,181,195</b>	<b>6,929</b>	<b>10,515</b>	<b>1,181,195</b>

The structure of the derivative instruments held by the **Group** and by the **Bank** as at **December 31, 2018** is the following:

<i>In RON thousand</i>	<b>Group</b>			<b>Bank</b>		
	<b>Fair value of Assets</b>	<b>Fair value Liabilities</b>	<b>Notional</b>	<b>Fair value of Assets</b>	<b>Fair value Liabilities</b>	<b>Notional</b>
Interest rate swaps	409	594	187,654	409	594	187,654
Currency swaps	-	-	-	-	-	-
Exchange rate forward agreements	2,657	3,632	803,658	2,657	3,632	803,658
<b>Total derivative financial instruments</b>	<b>3,066</b>	<b>4,226</b>	<b>991,312</b>	<b>3,066</b>	<b>4,226</b>	<b>991,312</b>

### Forward agreements

Forward agreements represent contractual arrangements to buy or sell a certain financial instrument, at a certain price and at a certain future date. Forward agreements are customized contracts traded on an unregulated market.

### Swap agreements

Swaps are contracts between two parties to exchange cash flows over time based on the specified notional amounts. Swaps can be linked to interest rates, stock indices, foreign exchange rates, etc.

Interest rate swaps are contracts that the Group and the Bank sign with other financial institutions, by which the Group and the Bank either receive or pay a variable interest rate in exchange for a fixed interest rate. Payment flows are usually set off, the remaining amount being paid only by one of the parties.

As concerns exchange rate swaps, the Group and the Bank pay a certain amount in a specific currency and receive a specific amount in another currency. Exchange rate swaps are settled on a mutual basis in most of the cases.

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

### 43. Credit risk management

The Group and the Bank use risk grades for loans both individually and collectively assessed. According to the Group's and the Bank's policies, a loan can be assigned a corresponding risk grade based on a 6-level classification: very low risk, low risk, moderate risk, sensitive risk, high risk and the highest risk for non-performing loans (default).

The classification of loans into groups is mainly based on the client scoring systems of the Group and Bank.

The exposures to credit risk for loans and advances to customers and finance lease receivables **at Group level, as at June 30, 2019** are presented in the tables below:

At amortized cost	Assets with respect to which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets with respect to 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 Group June 2019
Loans in RON - retail customers < 5 years	6,493,398	446,582	283,901	22,131	7,246,012
Loans in RON - retail customers > 5 years	9,347,742	591,658	166,287	22,908	10,128,595
Loans in FCY - retail customers < 5 years	289,602	89,769	58,662	16,213	454,246
Loans in FCY - retail customers > 5 years	3,238,172	968,931	363,271	109,357	4,679,731
<b>Total Retail loans</b>	<b>19,368,914</b>	<b>2,096,940</b>	<b>872,121</b>	<b>170,609</b>	<b>22,508,584</b>
Loans in RON - company customers < 5 years	8,179,206	2,045,495	1,248,594	69,580	11,542,875
Loans in RON - company customers > 5 years	1,836,405	321,932	95,973	28,051	2,282,361
Loans in FCY - company customers < 5 years	2,180,473	878,889	333,069	226,703	3,619,134
Loans in FCY - company customers > 5 years	1,702,781	215,866	18,364	12,191	1,949,202
<b>Total loans to companies</b>	<b>13,898,865</b>	<b>3,462,182</b>	<b>1,696,000</b>	<b>336,525</b>	<b>19,393,572</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>33,267,779</b>	<b>5,559,122</b>	<b>2,568,121</b>	<b>507,134</b>	<b>41,902,156</b>
<b>Allowances for impairment losses on loans</b>	<b>(467,569)</b>	<b>(521,953)</b>	<b>(1,519,736)</b>	<b>(127,080)</b>	<b>(2,636,338)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>32,800,210</b>	<b>5,037,169</b>	<b>1,048,385</b>	<b>380,054</b>	<b>39,265,818</b>

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

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

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	Total Group June 2019	Loans and leasing facilities to individuals					Loans and leasing facilities to companies				
		<i>Total Individuals</i>	in RON		in FCY		<i>Total companies</i>	in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Very low risk	10,500,484	7,055,695	2,709,807	3,322,579	59,302	964,007	3,444,789	2,078,580	681,000	341,496	343,713
Low risk	17,765,877	11,173,230	3,515,176	5,533,887	218,961	1,905,206	6,592,647	3,739,457	762,853	1,176,963	913,374
Moderate risk	4,377,590	779,748	190,823	346,794	7,060	235,071	3,597,842	2,180,662	359,315	630,307	427,558
Sensitive risk	623,828	360,241	77,592	144,482	4,279	133,888	263,587	180,507	33,237	31,707	18,136
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>33,267,779</b>	<b>19,368,914</b>	<b>6,493,398</b>	<b>9,347,742</b>	<b>289,602</b>	<b>3,238,172</b>	<b>13,898,865</b>	<b>8,179,206</b>	<b>1,836,405</b>	<b>2,180,473</b>	<b>1,702,781</b>
Allowances for impairment losses on loans and lease receivables	(467,569)	(85,245)	(72,984)	(6,962)	(593)	(4,706)	(382,324)	(256,698)	(29,365)	(65,013)	(31,248)
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>32,800,210</b>	<b>19,283,669</b>	<b>6,420,414</b>	<b>9,340,780</b>	<b>289,009</b>	<b>3,233,466</b>	<b>13,516,541</b>	<b>7,922,508</b>	<b>1,807,040</b>	<b>2,115,460</b>	<b>1,671,533</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	Total Group June 2019	Loans and leasing facilities to individuals						Loans to companies			
		Total Individual s	in RON		in FCY		Total companies	in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
0 days	32,322,751	18,544,662	6,255,625	8,987,569	275,293	3,026,175	13,778,089	8,126,975	1,791,477	2,161,048	1,698,589
1-15 days	791,817	691,866	193,544	307,604	12,508	178,210	99,951	39,364	37,837	19,030	3,720
15-30 days	153,211	132,386	44,229	52,569	1,801	33,787	20,825	12,867	7,091	395	472
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>33,267,779</b>	<b>19,368,914</b>	<b>6,493,398</b>	<b>9,347,742</b>	<b>289,602</b>	<b>3,238,172</b>	<b>13,898,865</b>	<b>8,179,206</b>	<b>1,836,405</b>	<b>2,180,473</b>	<b>1,702,781</b>
Allowances for impairment losses on loans and lease receivables	(467,569)	(85,245)	(72,984)	(6,962)	(593)	(4,706)	(382,324)	(256,698)	(29,365)	(65,013)	(31,248)
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>32,800,210</b>	<b>19,283,669</b>	<b>6,420,414</b>	<b>9,340,780</b>	<b>289,009</b>	<b>3,233,466</b>	<b>13,516,541</b>	<b>7,922,508</b>	<b>1,807,040</b>	<b>2,115,460</b>	<b>1,671,533</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	Total Group June 2019	Loans and leasing facilities to individuals					Loans and leasing facilities to companies				
		Total Individuals	in RON		in FCY		Total companies	in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Low-moderate risk	3,333,170	911,756	209,799	205,966	68,326	427,665	2,421,414	1,263,307	213,504	792,964	151,639
Sensitive risk	1,249,925	731,859	160,483	237,916	15,743	317,717	518,066	355,223	65,748	51,546	45,549
High risk	1,026,528	491,097	80,585	155,315	6,634	248,563	535,431	430,217	45,205	38,945	21,064
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>5,609,623</b>	<b>2,134,712</b>	<b>450,867</b>	<b>599,197</b>	<b>90,703</b>	<b>993,945</b>	<b>3,474,911</b>	<b>2,048,747</b>	<b>324,457</b>	<b>883,455</b>	<b>218,252</b>
Allowances for impairment losses on loans and lease receivables	(530,410)	(263,045)	(150,291)	(41,886)	(3,594)	(67,274)	(267,365)	(223,289)	(15,686)	(23,903)	(4,487)
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>5,079,213</b>	<b>1,871,667</b>	<b>300,576</b>	<b>557,311</b>	<b>87,109</b>	<b>926,671</b>	<b>3,207,546</b>	<b>1,825,458</b>	<b>308,771</b>	<b>859,552</b>	<b>213,765</b>

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	Total Group June 2019	Loans and leasing facilities to individuals					Loans to companies				
		Total Individuals	in RON		in FCY		Total companies	in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
0-30 days	5,179,882	1,813,230	372,470	483,858	81,165	875,737	3,366,652	1,985,237	313,951	851,801	215,663
30-60 days	305,795	242,953	50,653	90,874	7,592	93,834	62,842	32,500	6,339	22,289	1,714
60-90 days	123,946	78,529	27,744	24,465	1,946	24,374	45,417	31,010	4,167	9,365	875
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>5,609,623</b>	<b>2,134,712</b>	<b>450,867</b>	<b>599,197</b>	<b>90,703</b>	<b>993,945</b>	<b>3,474,911</b>	<b>2,048,747</b>	<b>324,457</b>	<b>883,455</b>	<b>218,252</b>
Allowances for impairment losses on loans and lease receivables	(530,410)	(263,045)	(150,291)	(41,886)	(3,594)	(67,274)	(267,365)	(223,289)	(15,686)	(23,903)	(4,487)
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>5,079,213</b>	<b>1,871,667</b>	<b>300,576</b>	<b>557,311</b>	<b>87,109</b>	<b>926,671</b>	<b>3,207,546</b>	<b>1,825,458</b>	<b>308,771</b>	<b>859,552</b>	<b>213,765</b>

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

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

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3 and POCI	Total Group June 2019	Loans and leasing facilities to individuals					Loans and leasing facilities to companies				
		<i>Total Individuals</i>	in RON		in FCY		<i>Total companies</i>	in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Non-default	98,772	6,183	4,636	26	1,316	205	92,589	41,494	598	47,889	2,608
Default	2,925,982	998,775	297,111	181,630	72,625	447,409	1,927,207	1,273,428	120,901	507,317	25,561
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>3,024,754</b>	<b>1,004,958</b>	<b>301,747</b>	<b>181,656</b>	<b>73,941</b>	<b>447,614</b>	<b>2,019,796</b>	<b>1,314,922</b>	<b>121,499</b>	<b>555,206</b>	<b>28,169</b>
Allowances for impairment losses on loans and lease receivables	(1,638,359)	(550,490)	(239,193)	(84,242)	(30,671)	(196,384)	(1,087,869)	(763,981)	(49,635)	(262,728)	(11,525)
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>1,386,395</b>	<b>454,468</b>	<b>62,554</b>	<b>97,414</b>	<b>43,270</b>	<b>251,230</b>	<b>931,927</b>	<b>550,941</b>	<b>71,864</b>	<b>292,478</b>	<b>16,644</b>



# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers and finance lease receivables **at Group level, as at December 31, 2018** are presented in the tables below:

At amortized cost	Assets with respect to which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets with respect to 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
Loans in RON - retail customers < 5 years	5,845,950	233,495	199,709	31,073	6,310,227
Loans in RON - retail customers > 5 years	9,125,116	582,187	171,594	22,014	9,900,911
Loans in FCY - company customers < 5 years	169,584	28,245	111,141	14,661	323,631
Loans in FCY - retail customers > 5 years	3,597,659	1,205,497	443,428	105,049	5,351,633
<b>Total loans and advances, lease receivables to customers before impairment allowance - retail loans</b>	<b>18,738,309</b>	<b>2,049,424</b>	<b>925,872</b>	<b>172,797</b>	<b>21,886,402</b>
Loans in RON - company customers < 5 years	7,613,483	1,686,538	1,154,607	88,040	10,542,668
Loans in RON - company customers > 5 years	1,785,978	398,983	78,193	28,199	2,291,353
Loans in FCY - company customers < 5 years	1,793,331	149,274	50,759	267,591	2,260,955
Loans in FCY - company customers > 5 years	1,644,478	1,546,123	306,718	11,695	3,509,014
<b>Total loans and advances, lease receivables to customers before impairment allowance to companies</b>	<b>12,837,270</b>	<b>3,780,918</b>	<b>1,590,277</b>	<b>395,525</b>	<b>18,603,990</b>
<b>Total loans and advances, lease receivables to customers to customers before impairment allowance</b>	<b>31,575,579</b>	<b>5,830,342</b>	<b>2,516,149</b>	<b>568,322</b>	<b>40,490,392</b>
<b>Allowances for impairment losses on loans</b>	<b>(455,275)</b>	<b>(583,721)</b>	<b>(1,634,156)</b>	<b>(156)</b>	<b>(2,673,308)</b>
<b>Total loans and advances, lease receivables to customers net of impairment allowance and advances, lease receivables to customers</b>	<b>31,120,304</b>	<b>5,246,621</b>	<b>881,993</b>	<b>568,166</b>	<b>37,817,084</b>

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

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

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	Total Group 2018	Loans and leasing facilities to individuals						Loans and leasing facilities to companies			
		Total Individual s	in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years	Total companie s	< 5 years	> 5 years	< 5 years	> 5 years
Very low risk	8,880,915	6,377,059	2,215,274	3,160,224	54,946	946,615	2,503,856	1,479,959	458,746	314,706	250,445
Low risk	17,345,509	11,225,881	3,394,076	5,474,110	103,837	2,253,858	6,119,628	3,460,715	903,574	763,950	991,389
Moderate risk	4,670,831	759,957	167,237	347,133	6,791	238,796	3,910,874	2,495,564	388,561	639,692	387,057
Sensitive risk	678,324	375,412	69,363	143,649	4,010	158,390	302,912	177,245	35,097	74,983	15,587
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>31,575,579</b>	<b>18,738,309</b>	<b>5,845,950</b>	<b>9,125,116</b>	<b>169,584</b>	<b>3,597,659</b>	<b>12,837,270</b>	<b>7,613,483</b>	<b>1,785,978</b>	<b>1,793,331</b>	<b>1,644,478</b>
Allowances for impairment losses on loans and lease receivables	(455,275)	(83,574)	(68,083)	(7,076)	(844)	(7,571)	(371,701)	(242,254)	(30,191)	(70,380)	(28,876)
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>31,120,304</b>	<b>18,654,735</b>	<b>5,777,867</b>	<b>9,118,040</b>	<b>168,740</b>	<b>3,590,088</b>	<b>12,465,569</b>	<b>7,371,229</b>	<b>1,755,787</b>	<b>1,722,951</b>	<b>1,615,602</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	Total Group 2018	Loans and leasing facilities to individuals						Loans and leasing facilities to companies					
		Total Individual s	in RON		in FCY		Total companies	in RON		in FCY		< 5 years	> 5 years
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years		
0 days	30,487,009	17,762,596	5,600,358	8,692,761	159,203	3,310,274	12,724,413	7,565,423	1,741,901	1,790,854	1,626,235		
1-15 days	845,186	752,977	187,272	336,617	8,350	220,738	92,209	38,589	32,977	2,400	18,243		
15-30 days	243,384	222,736	58,320	95,738	2,031	66,647	20,648	9,471	11,100	77	-		
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>31,575,579</b>	<b>18,738,309</b>	<b>5,845,950</b>	<b>9,125,116</b>	<b>169,584</b>	<b>3,597,659</b>	<b>12,837,270</b>	<b>7,613,483</b>	<b>1,785,978</b>	<b>1,793,331</b>	<b>1,644,478</b>		
Allowances for impairment losses on loans and lease receivables	(455,275)	(83,574)	(68,083)	(7,076)	(844)	(7,571)	(371,701)	(242,254)	(30,191)	(70,380)	(28,876)		
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>31,120,304</b>	<b>18,654,735</b>	<b>5,777,867</b>	<b>9,118,040</b>	<b>168,740</b>	<b>3,590,088</b>	<b>12,465,569</b>	<b>7,371,229</b>	<b>1,755,787</b>	<b>1,722,951</b>	<b>1,615,602</b>		

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	Total Group 2018	Loans and leasing facilities to individuals						Loans and leasing facilities to companies					
		Total Individuals	in RON		in FCY		Total companies	in RON		in FCY		< 5 years	> 5 years
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years		
Low-moderate risk	3,431,374	883,186	33,463	209,691	9,789	630,243	2,548,188	773,253	269,179	78,917	1,426,839		
Sensitive risk	1,455,752	685,888	127,819	218,093	11,948	328,028	769,864	557,991	76,387	50,636	84,850		
High risk	975,167	495,251	72,863	157,949	6,751	257,688	479,916	361,161	55,395	27,352	36,008		
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>5,862,293</b>	<b>2,064,325</b>	<b>234,145</b>	<b>585,733</b>	<b>28,488</b>	<b>1,215,959</b>	<b>3,797,968</b>	<b>1,692,405</b>	<b>400,961</b>	<b>156,905</b>	<b>1,547,697</b>		
Allowances for impairment losses on loans and lease receivables	(588,363)	(270,060)	(131,372)	(42,291)	(3,437)	(92,960)	(318,303)	(268,597)	(16,517)	(24,502)	(8,687)		
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>5,273,930</b>	<b>1,794,265</b>	<b>102,773</b>	<b>543,442</b>	<b>25,051</b>	<b>1,122,999</b>	<b>3,479,665</b>	<b>1,423,808</b>	<b>384,444</b>	<b>132,403</b>	<b>1,539,010</b>		

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	Total Group 2018	Loans and leasing facilities to individuals						Loans and leasing facilities to companies					
		Total Individuals	in RON		in FCY		Total companies	in RON		in FCY		< 5 years	> 5 years
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years		
0-30 days	5,392,528	1,728,601	159,422	473,781	24,904	1,070,494	3,663,927	1,624,614	386,065	153,057	1,500,191		
30-60 days	365,768	254,154	51,380	88,899	2,587	111,288	111,614	55,144	11,984	3,779	40,707		
60-90 days	103,997	81,570	23,343	23,053	997	34,177	22,427	12,647	2,912	69	6,799		
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>5,862,293</b>	<b>2,064,325</b>	<b>234,145</b>	<b>585,733</b>	<b>28,488</b>	<b>1,215,959</b>	<b>3,797,968</b>	<b>1,692,405</b>	<b>400,961</b>	<b>156,905</b>	<b>1,547,697</b>		
Allowances for impairment losses on loans and lease receivables	(588,363)	(270,060)	(131,372)	(42,291)	(3,437)	(92,960)	(318,303)	(268,597)	(16,517)	(24,502)	(8,687)		
<b>Total loans and advances, lease receivables to customers net of impairment allowance</b>	<b>5,273,930</b>	<b>1,794,265</b>	<b>102,773</b>	<b>543,442</b>	<b>25,051</b>	<b>1,122,999</b>	<b>3,479,665</b>	<b>1,423,808</b>	<b>384,444</b>	<b>132,403</b>	<b>1,539,010</b>		

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

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

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3 and POCI	Total Group 2018	Loans and leasing facilities to individuals					Loans and leasing facilities to companies				
		Total Individuals	in RON		in FCY		Total companies	in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Non-default	131,037	8,768	5,032	-	-	3,736	122,269	16,124	593	3,575	101,977
Default	2,921,483	1,075,000	225,100	190,062	125,559	534,279	1,846,483	1,220,656	103,821	307,144	214,862
Total loans and advances, lease receivables to customers before impairment allowance	3,052,520	1,083,768	230,132	190,062	125,559	538,015	1,968,752	1,236,780	104,414	310,719	316,839
Allowances for impairment losses on loans and lease receivables	(1,629,670)	(587,236)	(226,401)	(89,027)	(67,324)	(204,484)	(1,042,434)	(734,926)	(39,194)	(256,060)	(12,254)
Total loans and advances, lease receivables to customers net of impairment allowance	1,422,850	496,532	3,731	101,035	58,235	333,531	926,318	501,854	65,220	54,659	304,585

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at **Bank level**, as at **June 30, 2019**, are presented below:

At amortized cost	Assets with respect to which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets with respect to 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
Loans in RON - retail customers < 5 years	6,318,814	250,708	221,492	16,757	6,807,771
Loans in RON - retail customers > 5 years	9,347,642	591,312	166,239	22,891	10,128,084
Loans in FCY - company customers < 5 years	170,257	28,144	56,009	13,899	268,309
Loans in FCY - retail customers > 5 years	3,132,444	966,209	359,939	109,235	4,567,827
<b>Total loans and advances, lease receivables to customers before impairment allowance - retail loans</b>	<b>18,969,157</b>	<b>1,836,373</b>	<b>803,679</b>	<b>162,782</b>	<b>21,771,991</b>
Loans in RON - company customers < 5 years	8,474,948	1,370,891	1,203,358	69,580	11,118,777
Loans in RON - company customers > 5 years	2,137,425	311,557	95,238	28,051	2,572,271
Loans in FCY - company customers < 5 years	1,991,389	115,124	270,053	59,464	2,436,030
Loans in FCY - company customers > 5 years	2,037,289	146,939	20,569	9,573	2,214,370
<b>Total loans and advances, lease receivables to customers before impairment allowance to companies</b>	<b>14,641,051</b>	<b>1,944,511</b>	<b>1,589,218</b>	<b>166,668</b>	<b>18,341,448</b>
<b>Total loans and advances, lease receivables to customers before impairment allowance</b>	<b>33,610,208</b>	<b>3,780,884</b>	<b>2,392,897</b>	<b>329,450</b>	<b>40,113,439</b>
<b>Allowances for impairment losses on loans</b>	<b>(475,900)</b>	<b>(446,850)</b>	<b>(1,406,047)</b>	<b>(75,154)</b>	<b>(2,403,951)</b>
<b>Total loans and advances, lease receivables to customers net of impairment allowance and advances, lease receivables to customers</b>	<b>33,134,308</b>	<b>3,334,034</b>	<b>986,850</b>	<b>254,296</b>	<b>37,709,488</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The exposures to credit risk for loans and advances to customers **at Bank level**, as at **June 30, 2019**, are presented below:

Gross value of loans and advances to customers, not impaired, Stage 1	Total Bank June 2019	Total Individuals	Loans to individuals in RON		in FCY		Total companies	Loans to companies in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Very low risk	10,879,821	7,055,695	2,709,807	3,322,579	59,302	964,007	3,824,126	2,129,682	950,138	400,593	343,713
Low risk	17,732,203	10,776,707	3,340,602	5,533,787	100,563	1,801,755	6,955,496	3,984,097	794,735	928,782	1,247,882
Moderate risk	4,374,366	776,524	190,823	346,794	6,113	232,794	3,597,842	2,180,662	359,315	630,307	427,558
Sensitive risk	623,818	360,231	77,582	144,482	4,279	133,888	263,587	180,507	33,237	31,707	18,136
<b>Total loans and advances to customers before impairment allowance</b>	<b>33,610,208</b>	<b>18,969,157</b>	<b>6,318,814</b>	<b>9,347,642</b>	<b>170,257</b>	<b>3,132,444</b>	<b>14,641,051</b>	<b>8,474,948</b>	<b>2,137,425</b>	<b>1,991,389</b>	<b>2,037,289</b>
Allowances for impairment losses on loans	(475,900)	(81,674)	(69,632)	(6,960)	(422)	(4,660)	(394,226)	(264,913)	(32,374)	(62,244)	(34,695)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>33,134,308</b>	<b>18,887,483</b>	<b>6,249,182</b>	<b>9,340,682</b>	<b>169,835</b>	<b>3,127,784</b>	<b>14,246,825</b>	<b>8,210,035</b>	<b>2,105,051</b>	<b>1,929,145</b>	<b>2,002,594</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

Gross value of loans and advances to customers, not impaired, Stage 1	Total Bank June 2019	Total Individuals	Loans to individuals				Total companies	Loans to companies			
			in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
0 days	32,707,624	18,172,195	6,096,312	8,987,475	161,635	2,926,773	14,535,429	8,422,717	2,092,497	1,987,118	2,033,097
1-15 days	759,315	674,518	184,985	307,604	7,768	174,161	84,797	39,364	37,837	3,876	3,720
15-30 days	143,269	122,444	37,517	52,563	854	31,510	20,825	12,867	7,091	395	472
Total loans and advances to customers before impairment allowance	33,610,208	18,969,157	6,318,814	9,347,642	170,257	3,132,444	14,641,051	8,474,948	2,137,425	1,991,389	2,037,289
Allowances for impairment losses on loans	(475,900)	(81,674)	(69,632)	(6,960)	(422)	(4,660)	(394,226)	(264,913)	(32,374)	(62,244)	(34,695)
Total loans and advances to customers net of impairment allowance	33,134,308	18,887,483	6,249,182	9,340,682	169,835	3,127,784	14,246,825	8,210,035	2,105,051	1,929,145	2,002,594

Gross value of loans and advances to customers, not impaired, Stage 2	Total Bank June 2019	Total Individuals	Loans to individuals				Total companies	Loans to companies			
			in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Low-moderate risk	1,629,302	674,111	31,482	205,635	11,028	425,966	955,191	611,370	203,128	57,981	82,712
Sensitive risk	1,196,354	708,938	142,927	237,902	11,416	316,693	487,416	340,236	65,748	35,883	45,549
High risk	1,005,731	491,097	80,585	155,315	6,634	248,563	514,634	422,537	45,205	25,828	21,064
Total loans and advances to customers before impairment allowance	3,831,387	1,874,146	254,994	598,852	29,078	991,222	1,957,241	1,374,143	314,081	119,692	149,325
Allowances for impairment losses on loans	(455,312)	(223,360)	(110,774)	(41,852)	(3,467)	(67,267)	(231,952)	(200,634)	(15,395)	(11,715)	(4,208)
Total loans and advances to customers net of impairment allowance	3,376,075	1,650,786	144,220	557,000	25,611	923,955	1,725,289	1,173,509	298,686	107,977	145,117



# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

Gross value of loans and advances to customers, not impaired, Stage 2	Total Bank June 2019	Total Individuals	Loans to individuals				Total companies	Loans to companies			
			in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
0-30 days	3,476,014	1,575,585	194,153	483,527	23,867	874,038	1,900,429	1,333,300	303,575	116,818	146,736
30-60 days	253,469	225,554	37,648	90,860	3,982	93,064	27,915	17,513	6,339	2,349	1,714
60-90 days	101,904	73,007	23,193	24,465	1,229	24,120	28,897	23,330	4,167	525	875
Total loans and advances to customers before impairment allowance	3,831,387	1,874,146	254,994	598,852	29,078	991,222	1,957,241	1,374,143	314,081	119,692	149,325
Allowances for impairment losses on loans	(455,312)	(223,360)	(110,774)	(41,852)	(3,467)	(67,267)	(231,952)	(200,634)	(15,395)	(11,715)	(4,208)
Total loans and advances to customers net of impairment allowance	3,376,075	1,650,786	144,220	557,000	25,611	923,955	1,725,289	1,173,509	298,686	107,977	145,117

Gross value of loans and advances to customers, impaired, Stage 3 and POCI	Total Bank June 2019	Total Individuals	Loans to individuals				Total companies	Loans to companies			
			in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Non-default	29,028	2,356	2,356	-	-	-	26,672	26,672	-	-	-
Default	2,642,816	926,332	231,608	181,591	68,974	444,159	1,716,484	1,243,014	120,764	324,950	27,756
<b>Total loans and advances to customers before impairment allowance</b>	<b>2,671,844</b>	<b>928,688</b>	<b>233,964</b>	<b>181,591</b>	<b>68,974</b>	<b>444,159</b>	<b>1,743,156</b>	<b>1,269,686</b>	<b>120,764</b>	<b>324,950</b>	<b>27,756</b>
Allowances for impairment losses on loans	(1,472,739)	(496,875)	(188,714)	(84,208)	(28,223)	(195,730)	(975,864)	(736,419)	(49,114)	(178,763)	(11,568)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>1,199,105</b>	<b>431,813</b>	<b>45,250</b>	<b>97,383</b>	<b>40,751</b>	<b>248,429</b>	<b>767,292</b>	<b>533,267</b>	<b>71,650</b>	<b>146,187</b>	<b>16,188</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at **Bank** level, as at **December 31, 2018**, are presented below:

At amortized cost	Assets with respect to which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets with respect to 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
Loans in RON - retail customers < 5 years	5,845,950	233,495	211,908	18,883	6,310,236
Loans in RON - retail customers > 5 years	9,125,116	582,187	171,632	21,976	9,900,911
Loans in FCY - company customers < 5 years	169,584	28,245	113,500	12,302	323,631
Loans in FCY - retail customers > 5 years	3,232,368	965,170	372,689	104,720	4,674,947
<b>Total Retail loans</b>	<b>18,373,018</b>	<b>1,809,097</b>	<b>869,729</b>	<b>157,881</b>	<b>21,209,725</b>
Loans in RON - company customers < 5 years	7,972,925	1,686,539	1,155,155	87,478	10,902,097
Loans in RON - company customers > 5 years	2,043,572	398,983	78,193	28,199	2,548,947
Loans in FCY - company customers < 5 years	1,862,903	161,033	252,670	67,763	2,344,369
Loans in FCY - company customers > 5 years	1,591,382	187,967	21,639	8,981	1,809,969
<b>Total loans to companies</b>	<b>13,470,782</b>	<b>2,434,522</b>	<b>1,507,657</b>	<b>192,421</b>	<b>17,605,382</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>31,843,800</b>	<b>4,243,619</b>	<b>2,377,386</b>	<b>350,302</b>	<b>38,815,107</b>
<b>Allowances for impairment losses on loans</b>	<b>(458,348)</b>	<b>(517,631)</b>	<b>(1,430,314)</b>	<b>(52,840)</b>	<b>(2,459,133)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>31,385,452</b>	<b>3,725,988</b>	<b>947,072</b>	<b>297,462</b>	<b>36,355,974</b>

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

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

The exposures to credit risk for loans and advances to customers at **Bank** level, as at **December 31, 2018**, are presented below:

Gross value of loans and advances to customers, not impaired, Stage 1	Total Bank 2018	Total Individual s	Loans to individuals in RON		in FCY		Total companies	Loans to companies in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Very low risk	9,211,330	6,377,059	2,215,274	3,160,224	54,946	946,615	2,834,271	1,520,791	683,558	379,477	250,445
Low risk	17,254,305	10,864,379	3,394,076	5,474,110	103,837	1,892,356	6,389,926	3,779,325	903,557	768,751	938,293
Moderate risk	4,702,389	758,716	167,237	347,133	6,791	237,555	3,943,673	2,495,564	421,360	639,692	387,057
Sensitive risk	675,776	372,864	69,363	143,649	4,010	155,842	302,912	177,245	35,097	74,983	15,587
<b>Total loans and advances to customers before impairment allowance</b>	<b>31,843,800</b>	<b>18,373,018</b>	<b>5,845,950</b>	<b>9,125,116</b>	<b>169,584</b>	<b>3,232,368</b>	<b>13,470,782</b>	<b>7,972,925</b>	<b>2,043,572</b>	<b>1,862,903</b>	<b>1,591,382</b>
Allowances for impairment losses on loans	(458,348)	(79,953)	(65,034)	(7,073)	(399)	(7,447)	(378,395)	(250,906)	(34,660)	(62,116)	(30,713)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>31,385,452</b>	<b>18,293,065</b>	<b>5,780,916</b>	<b>9,118,043</b>	<b>169,185</b>	<b>3,224,921</b>	<b>13,092,387</b>	<b>7,722,019</b>	<b>2,008,912</b>	<b>1,800,787</b>	<b>1,560,669</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

Gross value of loans and advances to customers, not impaired, Stage 1	Total Bank 2018	Total Individuals	Loans to individuals				Total companies	Loans to companies			
			in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
0 days	30,787,460	17,422,030	5,600,358	8,692,761	159,203	2,969,708	13,365,430	7,924,865	1,999,495	1,860,426	1,580,644
1-15 days	820,881	736,177	187,272	336,617	8,350	203,938	84,704	38,589	32,977	2,400	10,738
15-30 days	235,459	214,811	58,320	95,738	2,031	58,722	20,648	9,471	11,100	77	-
Total loans and advances to customers before impairment allowance	31,843,800	18,373,018	5,845,950	9,125,116	169,584	3,232,368	13,470,782	7,972,925	2,043,572	1,862,903	1,591,382
Allowances for impairment losses on loans	(458,348)	(79,953)	(65,034)	(7,073)	(399)	(7,447)	(378,395)	(250,906)	(34,660)	(62,116)	(30,713)
Total loans and advances to customers net of impairment allowance	31,385,452	18,293,065	5,780,916	9,118,043	169,185	3,224,921	13,092,387	7,722,019	2,008,912	1,800,787	1,560,669

Gross value of loans and advances to customers, not impaired, Stage 2	Total Bank 2018	Total Individuals	Loans to individuals				Total companies	Loans to companies			
			in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Low-moderate risk	1,893,579	664,024	33,463	209,691	9,789	411,081	1,229,555	773,253	269,179	88,012	99,111
Sensitive risk	1,410,478	664,737	127,819	218,093	11,948	306,877	745,741	557,992	76,387	50,740	60,622
High risk	968,953	495,237	72,863	157,949	6,751	257,674	473,716	361,161	55,395	27,352	29,808
Total loans and advances to customers before impairment allowance	4,273,010	1,823,998	234,145	585,733	28,488	975,632	2,449,012	1,692,406	400,961	166,104	189,541
Allowances for impairment losses on loans	(522,048)	(235,321)	(96,977)	(42,255)	(3,234)	(92,855)	(286,727)	(248,695)	(16,223)	(14,568)	(7,241)
Total loans and advances to customers net of impairment allowance	3,750,962	1,588,677	137,168	543,478	25,254	882,777	2,162,285	1,443,711	384,738	151,536	182,300

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 43. Credit risk management (continued)

Gross value of loans and advances to customers, not impaired, Stage 2	Total Bank 2018	Total Individuals	Loans to individuals				Total companies	Loans to companies			
			in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
0-30 days	3,854,838	1,509,439	159,422	473,781	24,904	851,332	2,345,399	1,624,615	386,065	162,256	172,463
30-60 days	328,358	241,497	51,380	88,899	2,587	98,631	86,861	55,144	11,984	3,779	15,954
60-90 days	89,814	73,062	23,343	23,053	997	25,669	16,752	12,647	2,912	69	1,124
Total loans and advances to customers before impairment allowance	4,273,010	1,823,998	234,145	585,733	28,488	975,632	2,449,012	1,692,406	400,961	166,104	189,541
Allowances for impairment losses on loans	(522,048)	(235,321)	(96,977)	(42,255)	(3,234)	(92,855)	(286,727)	(248,695)	(16,223)	(14,568)	(7,241)
Total loans and advances to customers net of impairment allowance	3,750,962	1,588,677	137,168	543,478	25,254	882,777	2,162,285	1,443,711	384,738	151,536	182,300

Gross value of loans and advances to customers, impaired, Stage 3 and POCI	Total Bank 2018	Total Individuals	Loans to individuals				Total companies	Loans to companies			
			in RON		in FCY			in RON		in FCY	
			< 5 years	> 5 years	< 5 years	> 5 years		< 5 years	> 5 years	< 5 years	> 5 years
Non-default	25,759	5,031	5,031	-	-	-	20,728	16,124	593	3,575	436
Default	2,672,538	1,007,678	225,110	190,062	125,559	466,947	1,664,860	1,220,642	103,821	311,787	28,610
<b>Total loans and advances to customers before impairment allowance</b>	<b>2,698,297</b>	<b>1,012,709</b>	<b>230,141</b>	<b>190,062</b>	<b>125,559</b>	<b>466,947</b>	<b>1,685,588</b>	<b>1,236,766</b>	<b>104,414</b>	<b>315,362</b>	<b>29,046</b>
Allowances for impairment losses on loans	(1,478,737)	(543,564)	(183,636)	(88,973)	(66,690)	(204,265)	(935,173)	(710,399)	(39,072)	(173,592)	(12,110)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>1,219,560</b>	<b>469,145</b>	<b>46,505</b>	<b>101,089</b>	<b>58,869</b>	<b>262,682</b>	<b>750,415</b>	<b>526,367</b>	<b>65,342</b>	<b>141,770</b>	<b>16,936</b>

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

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

Banca Transilvania increased its share capital with the amount of RON 400,824,754 through the issue of 400,824,754 new shares with a nominal value of RON 1/share. The share capital increase was approved through the Decision of the Extraordinary General Meeting of Shareholders of 24.04.2019.

Following the capital increase completed on August 5, 2019, the Bank's share capital amounts to RON 5,215,917,925.

BT Direct IFN S.A. and ERB Retail Services IFN S.A., consumer loans institutions part of the Banca Transilvania Financial Group, have become the same company starting 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 following the direct acquisition of 100% of its shares from the Eurobank group on April 3, 2018.

Ömer Tetik  
*Chief Executive Officer*

George Călinescu  
*Deputy Chief Executive Officer*