

Banca Transilvania S.A.

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

As at September 30, 2020

Banca Transilvania S.A.

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Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Profit or Loss

For the nine-month period ended September 30

<i>In RON thousand</i>	Notes	Group		Bank	
		2020	2019	2020	2019
Interest income calculated using the effective interest method		2,617,177	2,565,025	2,403,549	2,343,152
Other similar interest income		80,813	128,317	8,477	11,734
Interest expense calculated using the effective interest method		(521,807)	(412,649)	(480,545)	(364,687)
Other similar interest expense		(1,038)	(1,471)	(888)	(1,302)
Net interest income	5	2,175,145	2,279,222	1,930,593	1,988,897
Fee and commission income		828,715	844,705	712,375	739,092
Fee and commission expense		(268,623)	(235,553)	(235,212)	(208,172)
Net fee and commission income	6	560,092	609,152	477,163	530,920
Net trading income	7	227,949	286,562	215,694	235,663
Net income from financial assets measured at fair value through comprehensive income	8	231,188	84,180	231,168	84,132
Net income from financial assets which are required to be measured at fair value through profit or loss	9	49,694	92,279	24,014	93,829
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(73,402)	(110,124)	(69,795)	(107,615)
Other operating income	11	86,802	124,465	77,061	96,941
Operating income		3,257,468	3,365,736	2,885,898	2,922,767
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	12	(557,538)	(40,340)	(542,128)	(13,054)
Personnel expenses	13	(797,418)	(771,993)	(701,350)	(674,637)
Depreciation and amortization		(241,091)	(229,239)	(222,943)	(211,167)
Other operating expenses	14	(450,536)	(479,012)	(381,601)	(395,832)
Operating expenses		(2,046,583)	(1,520,584)	(1,848,022)	(1,294,690)
Profit before income tax		1,210,885	1,845,152	1,037,876	1,628,077
Income tax expense	15	(154,121)	(276,404)	(136,389)	(243,033)
Profit for the period		1,056,764	1,568,748	901,487	1,385,044
Profit of the Group attributable to:					
Equity holders of the Bank		1,021,767	1,520,721	901,487	1,385,044
Non-controlling interests		34,997	48,027	-	-
Profit for the period		1,056,764	1,568,748	901,487	1,385,044

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Other Comprehensive Income

For the nine-month period ended September 30

<i>In RON thousand</i>	Notes	Group		Bank	
		2020	2019	2020	2019
Profit for the period		1,056,764	1,568,748	901,487	1,385,044
Items that cannot be reclassified as profit or loss, net of tax		(6,043)	15,694	(576)	(523)
Translation of financial information of foreign operations to presentation currency		(7,167)	15,904	(658)	(544)
Other elements of comprehensive income		(23)	(69)	(23)	(66)
Tax related to items that will not be classified to profit or loss		1,147	(141)	105	87
Items which are or may be reclassified as profit or loss					
<i>Fair value reserve (financial assets measured through other items of comprehensive income), of which:</i>		169,825	469,597	169,788	469,308
Net income from transactions with financial assets measured through other items of comprehensive income, transferred to profit or loss account		(231,188)	(84,180)	(231,168)	(84,132)
Fair value changes of financial assets measured through other items of comprehensive income		401,013	553,777	400,956	553,440
Income tax directly booked to other items of comprehensive income		(26,958)	(75,148)	(26,954)	(75,112)
Total comprehensive income for the period		1,193,588	1,978,891	1,043,745	1,778,717
Total comprehensive income attributable to:					
Equity holders of the Bank		1,158,591	1,930,864	-	-
Non-controlling interest		34,997	48,027	-	-
Total comprehensive income for the period		1,193,588	1,978,891	1,043,745	1,778,717
Basic earnings per share		0.1786	0.2657	-	-
Diluted earnings per share		0.1784	0.2651	-	-

The financial statements were approved by the Board of Directors on November 12, 2020 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

		Group		Bank	
<i>In RON thousand</i>	Notes	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Assets					
Cash and cash equivalents	16	16,373,372	14,583,143	15,335,413	13,480,195
Derivatives		14,057	4,803	14,057	4,803
Financial assets held for trading and measured at fair value through profit or loss	18	282,076	272,607	16,927	17,509
Financial assets which are required to be measured at fair value through profit or loss	18	1,068,638	877,989	1,342,990	1,148,691
Financial assets measured at fair value through other items of comprehensive income	21	26,021,477	23,658,311	25,995,511	23,637,807
- of which pledged securities (repo agreements)		44,819	-	44,819	-
Financial assets at amortized cost - of which:		53,746,108	49,606,584	51,617,174	47,412,890
- Placements with banks	17	10,171,266	7,775,140	9,586,774	6,995,346
- Loans and advances to customers	19	40,721,165	39,175,404	40,080,315	38,601,915
- Debt instruments	21	1,985,363	1,968,031	1,134,440	1,176,834
- Other financial assets	22	868,314	688,009	815,645	638,795
Finance lease receivables	20	1,204,697	1,178,443	-	-
Equity investments		-	-	497,361	486,360
Investment in Associate		1,693	3,316	-	-
Property and equipment and investment property		834,094	727,526	600,312	575,038
Intangible assets		252,973	235,429	216,637	202,345
Goodwill		18,717	10,478	-	-
Right-of-use assets		387,586	388,025	370,425	366,212
Deferred tax assets		-	16,755	-	-
Other non-financial assets	23	193,076	158,872	107,356	106,225
Total assets		100,398,564	91,722,281	96,114,163	87,438,075

Banca Transilvania S.A.

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

<i>In RON thousand</i>	Notes	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Liabilities					
Financial liabilities held-for-trading		52,751	12,331	52,751	12,331
Deposits from banks	24	362,820	296,138	361,630	304,461
Deposits from customers	25	83,879,454	77,037,060	81,266,157	74,353,723
Loans from banks and other financial institutions	26	1,710,508	1,473,920	1,180,451	895,673
Subordinated liabilities	27	1,693,823	1,700,207	1,690,388	1,696,602
Current tax liability		42,262	42,203	40,917	38,130
Deferred tax liability		12,050	-	38,963	7,899
Provisions for other risks and loan commitments	28	525,580	533,881	502,878	498,457
Lease liabilities		393,332	387,441	375,962	365,931
Other financial liabilities	29	1,794,507	909,100	1,577,474	689,531
Other non-financial liabilities	30	86,269	112,012	62,081	78,894
Total liabilities excluding financial liabilities to holders of fund units		90,553,356	82,504,293	87,149,652	78,941,632
Financial liabilities to holders of fund units		17,715	4,152	-	-
Total liabilities		90,571,071	82,508,445	87,149,652	78,941,632
Equity					
Share capital		5,302,592	5,302,419	5,302,592	5,302,419
Treasury shares		(15,287)	(63,942)	-	(48,655)
Share premiums		31,235	31,016	28,614	28,396
Retained earnings		3,105,318	2,708,300	2,653,983	2,376,845
Revaluation reserves from tangible assets		16,868	17,818	19,760	20,710
Reserves on financial assets measured at fair value through other items of comprehensive income		290,771	147,904	291,668	148,834
Other reserves		690,559	687,727	667,894	667,894
Total equity attributable to equity holders of the Bank		9,422,056	8,831,242	8,964,511	8,496,443
Non-controlling interest		405,437	382,594	-	-
Total equity		9,827,493	9,213,836	8,964,511	8,496,443
Total liabilities and equity		100,398,564	91,722,281	96,114,163	87,438,07

The financial statements were approved by the Board of Directors on November 12, 2020 and were signed on its behalf by:

Ömer Tetik
Chief Executive Officer

George Călinescu
Deputy Chief Executive Officer

Banca Transilvania S.A.

Interim Consolidated Statement of Changes in Equity

For the nine-month period ended September 30, 2020

Group		Attributable to the equity holders of the Bank									
In RON thousand	Notes	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
Balance as at January 01, 2020		5,302,419	-63,942	31,016	17,818	147,904	687,727	2,708,300	8,831,242	382,594	9,213,836
Profit for the period		-	-	-	-	-	-	1,021,767	1,021,767	34,997	1,056,764
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	142,867	-	-	142,867	-	142,867
Retained earnings from revaluation reserves		-	-	-	(950)	-	-	950	-	-	-
Distribution to statutory reserves		-	-	-	-	-	2,832	(2,832)	-	-	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(6,043)	(6,043)	-	(6,043)
Total comprehensive income of the period		-	-	-	(950)	142,867	2,832	1,013,842	1,158,591	34,997	1,193,588
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of debt		173	-	219	-	-	-	-	392	-	392
Acquisition of treasury shares		-	(36,466)	-	-	-	-	-	(36,466)	-	(36,466)
Payments of treasury shares		-	85,121	-	-	-	-	-	85,121	-	85,121
Dividends distributed to shareholders		-	-	-	-	-	-	(600,000)	(600,000)	-	(600,000)
SOP 2020 Scheme		-	-	-	-	-	-	(24,722)	(24,722)	-	(24,722)
Other adjustments		-	-	-	-	-	-	7,898	7,898	(12,154)	(4,256)
Total contributions of/distributions to the shareholders		173	48,655	219	-	-	-	(616,824)	(567,777)	(12,154)	(579,931)
Balance as at September 30, 2020		5,302,592	(15,287)	31,235	16,868	290,771	690,559	3,105,318	9,422,056	405,437	9,827,493

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements.

Banca Transilvania S.A.

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

For the year ended December 31, 2019

Group

Attributable to the equity holders of the Bank

<i>In RON thousand</i>						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
	Notes	Share capital	Treasury shares	Share premiums	Revaluation reserves						
Balance as at 01 January 2019		4,898,982	(38,558)	28,381	17,847	(162,841)	586,660	2,257,065	7,587,536	292,537	7,880,073
Profit for the year		-	-	-	-	-	-	1,781,390	1,781,390	66,503	1,847,893
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	310,745	-	-	310,745	-	310,745
Revaluation of tangible assets, net of tax		-	-	-	1,856	-	-	-	1,856	-	1,856
Retained earnings from revaluation reserves		-	-	-	(1,868)	-	-	1,868	-	-	-
Distribution to statutory reserves		-	-	-	-	-	101,231	(101,231)	-	-	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(8,028)	(8,028)	-	(8,028)
Total comprehensive income for the period		-	-	-	(12)	310,745	101,231	1,673,999	2,085,963	66,503	2,152,466
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of profit reserves		400,825	-	-	-	-	-	(400,825)	-	-	-
Increase in share capital through the conversion of merger reserves		2,602	-	-	-	-	-	(2,602)	-	-	-
Increase in share capital through the conversion of debt		10	-	15	-	-	-	-	25	-	25
Acquisition of treasury shares		-	(93,565)	-	-	-	-	-	(93,565)	-	(93,565)
Payments of treasury shares		-	68,181	-	-	-	-	(68,181)	-	-	-
Dividends distributed to shareholders		-	-	-	-	-	-	(818,566)	(818,566)	-	(818,566)
SOP 2019 Scheme		-	-	-	-	-	-	64,260	64,260	-	64,260
Other adjustments		-	-	2,620	(17)	-	(164)	3,150	5,589	23,554	29,143
Total contributions of/distributions to the shareholders		403,437	(25,384)	2,635	(17)	-	(164)	(1,222,764)	(842,257)	23,554	(818,703)
Balance at December 31, 2019		5,302,419	(63,942)	31,016	17,818	147,904	687,727	2,708,300	8,831,242	382,594	9,213,836

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements.

Banca Transilvania S.A.

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

For the nine-month period ended September 30, 2020

Bank

Attributable to the equity holders of the Bank

In RON thousand

	Notes	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
Balance as at January 1, 2020		5,302,419	(48,655)	28,396	20,710	148,834	667,894	2,376,845	8,496,443
Profit for the period		-	-	-	-	-	-	901,487	901,487
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	142,834	-	-	142,834
Retained earnings from revaluation reserves		-	-	-	(950)	-	-	950	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(576)	(576)
Statement of comprehensive income for the period		-	-	-	(950)	142,834	-	901,861	1,043,745
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of debt	173	-	-	218	-	-	-	-	391
Acquisition of treasury shares	-	(36,466)	-	-	-	-	-	-	(36,466)
Payments of treasury shares to the employees	-	85,121	-	-	-	-	-	-	85,121
Dividends distributed to shareholders								(600,000)	(600,000)
SOP 2020 Scheme	-	-	-	-	-	-	-	(24,723)	(24,723)
Other adjustments	-	-	-	-	-	-	-	-	-
Total contributions of/distributions to the shareholders		173	48,655	218	-	-	-	(624,723)	(575,677)
Balance as at September 30, 2020		5,302,592	-	28,614	19,760	291,668	667,894	2,653,983	8,964,511

Banca Transilvania S.A.

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

For the year ended December 31, 2019

Bank

Attributable to the equity holders of the Bank

<i>In RON thousand</i>	Notes	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
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
Profit for the year		-	-	-	-	-	-	1,620,512	1,620,512
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	311,439	-	-	311,439
Revaluation of property and equipment, net of income tax		-	-	-	1,856	-	-	-	1,856
Retained earnings from revaluation reserves		-	-	-	(1,868)	-	-	1,868	-
Distribution to statutory reserves		-	-	-	-	-	94,357	(94,357)	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(683)	(683)
Statement of comprehensive income for the period		-	-	-	(12)	311,439	94,357	1,527,340	1,933,124
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of profit reserves		400,825	-	-	-	-	-	(400,825)	-
Increase in share capital through the conversion of merger reserves		2,602	-	-	-	-	-	(2,602)	-
Increase in share capital through the conversion of debt		10	-	15	-	-	-	-	25
Acquisition of treasury shares		-	(93,565)	-	-	-	-	-	(93,565)
Payments of treasury shares to the employees		-	68,181	-	-	-	-	(68,181)	-
Dividends distributed to shareholders		-	-	-	-	-	-	(818,566)	(818,566)
SOP 2019 Scheme		-	-	-	-	-	-	64,260	64,260
Other adjustments		-	-	-	-	-	-	(51)	(51)
Total contributions of/distributions to the shareholders		403,437	(25,384)	15	-	-	-	(1,225,965)	(847,897)
Balance at December 31, 2019		5,302,419	(48,655)	28,396	20,710	148,834	667,894	2,376,845	8,496,443

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements.

Interim Consolidated and Separate Statement of Cash Flows

For the nine-month period ended September 30

<i>In RON thousand</i>	Notes	Group		Bank	
		2020	2019	2020	2019
<i>Cash flow from operating activities</i>					
Profit for the period		1,056,764	1,568,748	901,487	1,385,044
<i>Adjustments for:</i>					
Depreciation and amortization		241,091	229,239	222,943	211,167
Impairment allowance and write-offs of financial assets, provisions for other risks and loan commitments		723,603	218,182	700,290	188,397
Adjustment of financial assets at fair value through profit or loss		(49,694)	(92,279)	(24,014)	(93,829)
Income tax expense	15	154,121	276,404	136,389	243,033
Interest income		(2,697,990)	(2,693,342)	(2,412,026)	(2,354,886)
Interest expense		522,845	414,120	481,433	365,989
Other adjustments		(161,381)	34,330	57,011	(130,394)
<i>Net profit adjusted with non-monetary elements</i>		(210,641)	(44,598)	63,513	(185,479)
<i>Changes in operating assets and liabilities</i>					
Change in financial assets at amortized cost and placements with banks		(1,454,041)	(1,906,036)	(1,586,125)	(1,970,396)
Change in loans and advances to customers		(2,083,531)	(2,463,694)	(1,997,057)	(2,396,062)
Change in finance lease receivables		(23,557)	(146,315)	-	-
Change in financial assets at fair value through profit or loss		(140,955)	(55,637)	(170,285)	(110,174)
Change in financial assets held for trading and measured at fair value through profit or loss-derivatives		(9,254)	540	(9,254)	540
Change in financial assets held for trading and measured at fair value through profit or loss -equity instruments		(23,031)	(11,947)	582	(4,502)
Change in financial assets held for trading and measured at fair value through profit or loss - debt instruments		13,562	(15,333)	-	-
Change in other financial assets		(176,278)	14,444	(176,891)	38,548
Change in other assets		(66,642)	(140,151)	(36,562)	(137,340)
Change in deposits from customers		6,821,711	6,225,565	6,891,287	6,205,068
Change in deposits from banks		66,693	201,460	57,181	191,955
Change in held-for-trading financial liabilities		40,420	7,936	40,420	7,936
Change in redeemed claims		44,518	(226,987)	44,518	(226,987)
Change in other financial liabilities		273,877	494,545	276,860	402,183
Change in other liabilities		(25,743)	(40,567)	(16,814)	(57,287)
Income tax paid/recovered		(150,393)	(146,490)	(129,388)	(135,961)
Interest received		2,295,106	2,300,199	1,849,643	1,999,635
Interest paid		(472,981)	(376,776)	(441,446)	(334,831)
<i>Net cash from operating activities</i>		4,718,840	3,670,158	4,660,182	3,286,846

Interim Consolidated and Separate Statement of Cash Flows (continued)

For the nine-month period ended September 30

<i>In RON thousand</i>	Notes	Group		Bank	
		2020	2019	2020	2019
Cash flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(20,280,341)	(9,344,560)	(20,274,842)	(9,332,888)
Sale of financial assets measured at fair value through other items of comprehensive income		17,972,415	10,015,583	17,909,394	10,013,650
Net acquisitions of property and equipment		(179,393)	(151,267)	(92,470)	(104,191)
Net acquisitions intangible assets		(82,372)	(66,631)	(73,862)	(60,001)
Proceeds from disposal of property and equipment and intangible assets		1,830	4,455	712	2,096
Acquisition of equity investments		(23,501)	-	(11,001)	-
Dividends collected	11	2,975	3,055	6,939	10,707
Interest received		725,033	608,002	724,800	618,625
Net cash flow from investment activities		(1,863,354)	1,068,637	(1,810,330)	1,147,998
Gross proceeds from loans from banks and other financial institutions		340,050	82,297	311,976	47,569
Gross payments from loans from banks and other financial institutions		(174,517)	(164,439)	(92,292)	(79,138)
Payments for subordinated loans from banks and financial institutions		(47,918)	(25)	(47,918)	(25)
Instalment payments for right-of-use assets		(95,743)	(95,388)	(88,410)	(87,994)
Dividend payments		(447)	(812,903)	(447)	(812,903)
Payments for treasury shares		(36,466)	(46,124)	(36,466)	(46,124)
Interest paid		(88,302)	(93,401)	(78,168)	(80,641)
Net cash flow from / (used in) financing activities		(103,343)	(1,129,983)	(31,725)	(1,059,256)

<i>In RON thousand</i>	Notes	Group		Bank	
		2020	2019	2020	2019
The impact of exchange rate variations on cash and cash equivalents		135,567	147,376	134,699	147,645
Net increase in cash and cash equivalents		2,616,576	3,461,436	2,683,428	3,227,943
Cash and cash equivalents at the National Bank as at January 1		20,510,000	15,156,390	18,761,413	13,292,860
Cash and cash equivalents as at September 30	16	23,262,143	18,765,202	21,579,540	16,668,448

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 September 30, 2020 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., 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 five investment funds that are included in the consolidation also.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 50 branches, 431 agencies, 18 work units, 7 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest (December 31, 2019: 52 branches, 427 agencies, 20 work units, 7 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest).

The Group’s number of active employees as at September 30, 2020 was 9,880 (December 31, 2019: 9,690 employees).

The Bank’s number of active employees as at September 30, 2020 was 8,275 (December 31, 2019: 7,997 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:

	30-09-2020	30-09-2019
NN Group (*)	9.92%	6.53%
The European Bank for Reconstruction and Development (“EBRD”)	6.89%	8.59%
Romanian individuals	20.86%	20.47%
Romanian companies	48.63%	43.94%
Foreign individuals	1.08%	1.13%
Foreign companies	12.62%	19.34%
Total	100%	100%

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

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

a) Reporting entity (continued)

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

Subsidiary	Field of activity	Percentage of direct and indirect stake 30-09-2020	Percentage of direct and indirect stake 30-12-2019
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%
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	90.00%	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%
VB Investment Holding B.V.	activities of holdings	61.81%	61.81%
Timesafe S.R.L.	Activities of software to order	51.12%	51.12%
Sinteza S.A.	Manufacture of other basic organic chemicals	33.87%	33.87%
BT Pensii S.A. (Certinvest Pensii)	Activities of pension funds (except those in the public social security system)	90.49%	-

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" as endorsed by the European Union, effective as at the Group's and Bank's interim reporting date, September 30, 2020.

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 Group's and the Bank's financial position and performance as of the last annual separate and consolidated financial statements as at and for the year ended December 31, 2019.

Financial information for the periods ended at September 30, are not audited or revised.

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.

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:

Currency	30-09-2020	31-12-2019	Fluctuation %
Euro (EUR)	1: RON 4.8698	1: RON 4.7793	1.89 %
American dollar (USD)	1: RON 4.1617	1: RON 4.2608	-2.33 %

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 and our expectation referring to the future economic condition 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 unlikeliness to pay and determine the scenarios used to compute the ECL.

The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the expected credit losses resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime expected credit losses.

In determining the impairment for expected credit losses, management incorporates forward-looking information, exercises judgement and uses estimates and assumptions as explained below. The estimation of expected credit losses involves forecasting future economic conditions over 3 years. The incorporation of forward-looking elements reflects the expectations of the Bank and involves the creation of scenarios (base case, optimist and pessimist), including an assessment of the probability for each scenario. A large part of the impact on the expected credit losses in Q1-Q3 2020 is resulting from the COVID-19 pandemic referring to changes to the forward-looking information. The macroeconomic scenarios applied have been changed from those applied in Q4 2019, to reflect the worsening of the macroeconomic outlook due to the COVID-19 pandemic. Therefore, scenarios were adjusted so the expected credit losses are now based on a base case scenario that reflects a decline in economic activity in 2020 followed by a significant recovery in 2021, as well as a pessimistic scenario that reflects a recession to a more severe degree, with an assigned probability of 47.5%, considering that the contribution of certain sectors / industries / components in GDP will be lower, and the measures adopted for restarting the economy will not have the maximum expected effect.

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*)

With the new set of scenarios, the base case scenario enters with a probability of 50% (December 31, 2019: 50%), the optimist scenario with a probability of 2.5% (December 31, 2019: 10%) and the pessimist scenario with a probability of 47.5% (December 31, 2019: 40%).

Also, due to the COVID-19 pandemic, management applies supplementary judgement when determining the need for post-model adjustments:

- 1) consider high-risk industries (most clearly affected by the COVID-19) and, consequently, makes supplementary calculations in order to ensure sufficient impairment coverage. The Bank has limited exposure to most of the industries that are highly affected by the COVID-19 pandemic;
- 2) other post-model adjustments are made for portfolios (exposure on specific client type or exposure on specific products) where the credit risk assessment process has identified underestimation of the expected credit losses.

Another factor that determined the increase of volumes of expected losses is the individual analysis of significant exposures, process initiated to capture and better understand the situations and difficulties faced by customers that could affect their ability to meet their obligations. Therefore, the decision was to reduce the significance threshold applied to the exposures for which the individual analysis is dedicated, resulting in a larger number of clients for which an additional overview is requested by the staff of the department involved in the calculation of individual provisions. Taking into account the regulations of The European Banking Authority and The National Bank of Romania, the management will continue to carry out these monitoring exercises in the future, considering that this improves visibility on the increase of credit risk and a better assessment of unlikelihood to pay triggers for customers who are subject to deferred payments, due to legislative and non-legislative moratoriums.

The Group's forbearance practices have been updated to pay particular attention to customers affected by the COVID-19 pandemic. These practices include additional guidance to ensure that COVID-19 concessions are fully complied with The European Banking Authority/ The National Bank of Romania decision on moratoria operations.

In this period, there is no important change in our internal definition considering significance increase in credit risk or in default definition. The impact of the COVID 19 pandemic on total NPL exposures was limited in Q1-Q3 2020, but is expected to increase during the next year.

As mentioned, moratoria program did not have an impact on stage-ing (is not considered a trigger for a significant increase in credit risk). The definition of forbore credit modification was not changed and continues to identify restructuring operation request by clients in financial difficulties who did not access the moratoria program.

Due to the COVID-19 pandemic, the financial markets were very volatile during March 2020 producing short-term challenges in cash-flow management and also significant variations in mark to market.

Bank stands on a very good position of liquidity, therefore the market disruptions didn't had a significant impact on it. In terms of interest rate risk, the pressure was felt on net interest margin due to interest rates levels and the provisions regarding payment moratoria.

The trading book of the Group and the Bank consist of bonds, equities, collective investment units and derivatives, whose valuation was affected by market volatilities, especially in March, but subsequently return to a stabilized trend or quite positive. The most significant part of the trading book is represented by bonds, of which the majority are kept at fair value through other comprehensive income, thus allowing that market-to-market impact to be observable in other comprehensive income and not in Statement of Profit or Loss. Note 4 provides more details on the fair value measurement of financial instruments.

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”)

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.

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.

On June 23, 2020, the High Court of Cassation and Justice ruled in the case file pending. The Bank filed a request for review in order for the case to be retried, which received a term on March 31, 2021.

(iii) Risk provisions for abusive clauses and litigation

The provision for abusive clauses is an estimated amount for potential litigations facing the Bank derived from the retail credit contracts inherited from Volksbank and Bancpost merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years (a show-up ratio) and the loss probability for such cases (calculated as a historical positive versus negative outcome of litigations). The last review for abusive clauses provision has been performed as of September 30, 2020 when the Bank adjusted the provision based on the trend of such new litigations (show-up ratio) and the probability loss estimated at this date.

For other significant litigation and regulatory enforcement matters, the Group believes the possibility of an outflow of funds is more than remote and less than probable but the amount is not reliably estimable, and accordingly such matters are not included in the contingent liability estimates.

Victoria Bank was notified in August 2020 that it is the subject of an investigation by local authorities, nevertheless, until now, with the exception of a seizure on some assets of the company in the amount of 468 million Ron equivalent approved by the court, the information the Bank currently possesses is limited, given the incipient status of this action. The Bank management is unable to present at this moment additional information on this item and will monitor the evolution and make the appropriate disclosures at each reporting date, in accordance with the relevant accounting regulations.

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, 2019.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting

The Group segment reporting is based on components of entity that the management monitors in making decisions. 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.

The segment reporting of the Group is 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.

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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (*continued*)

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 range 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.

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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (*continued*)

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 while at the Group level there is the banking activity of Victoriabank and the financial lease activity of BT Leasing Moldova; however, the impact of these entities on the balance sheet and income statement is not material at Group level. There is no further information regarding the geographical distribution used by the management of the Group and the Bank; therefore it is not presented here

As at September 30, 2020 and September 30, 2019, the Group or the Bank 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 for the periods ended at September 30, 2020, and comparative data for December 31, 2019:

Business segments as at September 30, 2020

Group <i>In RON thousand</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 and finance lease receivables	7,069,753	6,601,536	2,566,826	3,658,993	24,165,841	-	2,371,146	19,976	(1,308,504)	45,145,567
Allowances for impairment losses on loans and finance lease receivables	(724,019)	(713,438)	(198,429)	(339,746)	(989,953)	-	(283,481)	(2,672)	32,033	(3,219,705)
Loans and finance receivables-net Portfolio of Debt instruments and Equity instruments, net of provisions	6,345,734	5,888,098	2,368,397	3,319,247	23,175,888	-	2,087,665	17,304	(1,276,471)	41,925,862
Treasury and inter-bank operations	-	-	-	-	-	29,263,500	-	342,338	(234,227)	29,371,611
Intangible assets	53,290	122,107	71,424	160,391	448,139	18,545	5,293	234,394	(6,106)	1,107,477
Right-of-use assets	24,021	48,125	26,946	71,868	192,286	7,429	5,357	13,724	(2,170)	387,586
Other assets	156,304	164,597	61,053	77,955	543,478	-	30,678	94,136	(66,811)	1,061,390
Total assets	6,579,349	6,222,927	2,527,820	3,629,461	24,359,791	55,709,779	2,195,582	917,877	(1,744,022)	100,398,564
Deposits and current accounts	3,602,779	6,339,364	4,425,157	10,960,935	58,709,017	361,630	-	374	(156,982)	84,242,274
Loans from banks and other financial institutions	43,604	635,379	151,850	168,527	149,071	44,529	1,691,713	162,058	(1,336,223)	1,710,508
Subordinated liabilities	-	-	-	-	-	1,690,388	-	-	3,435	1,693,823
Finance lease financial liabilities	63,627	57,630	24,014	31,804	210,732	494	5,537	1,762	(2,268)	393,332
Other liabilities	438,030	370,648	116,486	163,165	1,227,998	415	43,655	188,783	(18,046)	2,531,134
Total liabilities	4,148,040	7,403,021	4,717,507	11,324,431	60,296,818	2,097,456	1,740,905	352,977	(1,510,084)	90,571,071
Equity and related items	-	-	-	-	-	-	-	9,827,493	-	9,827,493
Total liabilities and equity	4,148,040	7,403,021	4,717,507	11,324,431	60,296,818	2,097,456	1,740,905	10,180,470	(1,510,084)	100,398,564

The explanatory notes to the financial statements from page 11 to page 49 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, 2019

Group <i>In RON thousand</i>	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
Gross loans and finance lease receivables	6,774,788	6,272,447	2,380,233	3,297,010	23,357,648	-	2,277,498	17,415	(1,242,161)	43,134,878
Allowances for impairment losses on loans and finance lease receivables	(786,983)	(542,207)	(149,969)	(230,833)	(844,565)	-	(243,836)	(1,706)	19,068	(2,781,031)
Loans and finance receivables-net	5,987,805	5,730,240	2,230,264	3,066,177	22,513,083	-	2,033,662	15,709	(1,223,093)	40,353,847
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	26,660,227	-	311,207	(189,693)	26,781,741
Treasury and inter-bank operations	-	-	-	-	-	22,251,683	77,253	207,963	(178,616)	22,358,283
Intangible assets	52,100	104,647	91,593	162,546	389,774	16,747	5,311	158,342	(4,311)	976,749
Right-of-use assets	24,542	45,490	34,242	76,233	182,012	7,280	6,190	15,065	(3,029)	388,025
Other assets	126,277	124,280	50,352	60,629	437,560	-	43,634	34,972	(14,068)	863,636
Total assets	6,190,724	6,004,657	2,406,451	3,365,585	23,522,429	48,935,937	2,166,050	743,258	(1,612,810)	91,722,281
Deposits and current accounts	4,951,270	5,759,774	4,010,048	9,751,289	52,731,626	304,461	-	2,036	(177,306)	77,333,198
Loans from banks and other financial institutions	95,032	394,095	158,502	178,110	81,667	-	1,718,326	85,434	(1,237,246)	1,473,920
Subordinated liabilities	-	-	-	-	-	1,696,602	-	-	3,605	1,700,207
Lease liabilities	61,245	56,765	28,500	29,680	205,245	646	6,287	2,175	(3,102)	387,441
Other liabilities	287,186	223,519	72,493	80,740	736,531	585	68,605	160,439	(16,419)	1,613,679
Total liabilities	5,394,733	6,434,153	4,269,543	10,039,819	53,755,069	2,002,294	1,793,218	250,084	(1,430,468)	82,508,445
Equity and related items	-	-	-	-	-	-	-	9,213,836	-	9,213,836
Total liabilities and equity	5,394,733	6,434,153	4,269,543	10,039,819	53,755,069	2,002,294	1,793,218	9,463,920	(1,430,468)	91,722,281

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 the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the periods ended at September 30, 2020, and comparative data for September 30, 2019:

Business segments as at September 30, 2020

Group <i>In RON thousand</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	80,774	134,400	118,149	170,073	728,246	139,824	162,871	639,690	1,118	2,175,145
Net commission income	34,364	72,400	50,162	171,236	186,139	(1,527)	4,323	44,499	(1,504)	560,092
Net trading income	6,544	27,771	25,180	45,908	94,263	48,201	6,028	(25,881)	(65)	227,949
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	117,916	-	113,272	-	231,188
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	52,617	-	(2,923)	-	49,694
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(4,648)	(5,314)	(2,920)	(9,133)	(51,387)	-	-	-	-	(73,402)
Other operating income	11,407	9,779	3,112	1,594	44,021	123	10,182	16,537	(9,953)	86,802
Total income	128,441	239,036	193,683	379,678	1,001,282	357,154	183,404	785,194	(10,404)	3,257,468
Personnel expenses	(45,562)	(120,772)	(67,325)	(134,487)	(311,751)	(14,403)	(32,569)	(70,556)	7	(797,418)
Other operating expenses	(22,691)	(46,283)	(25,503)	(52,934)	(176,739)	(14,689)	(32,264)	(86,916)	7,483	(450,536)
Depreciation and amortization	(13,963)	(29,586)	(17,354)	(45,450)	(116,889)	(4,720)	(4,646)	(9,534)	1,051	(241,091)
Total Expenses	(82,216)	(196,641)	(110,182)	(232,871)	(605,379)	(33,812)	(69,479)	(167,006)	8,541	(1,489,045)
Operating profit before net provision expenses for assets, other risks and commitments	46,225	42,395	83,501	146,807	395,903	323,342	113,925	618,188	(1,863)	1,768,423

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments as at September 30, 2019

Group <i>In RON thousand</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	65,778	167,132	151,926	242,279	893,305	138,130	203,015	416,525	1,132	2,279,222
Net commission income	39,395	88,490	57,604	187,958	197,383	(2,663)	5,293	38,581	(2,889)	609,152
Net trading income	6,791	25,874	21,451	45,432	81,350	72,468	2,629	30,569	(2)	286,562
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	42,955	-	41,225	-	84,180
Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	90,353	-	1,926	-	92,279
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(9,133)	(9,300)	(3,527)	(13,925)	(74,239)	-	-	-	-	(110,124)
Other operating income	14,562	11,099	3,565	2,401	57,544	118	13,724	40,781	(19,329)	124,465
Total income	117,393	283,295	231,019	464,145	1,155,343	341,361	224,661	569,607	(21,088)	3,365,736
Personnel expenses	(50,682)	(133,094)	(72,591)	(130,642)	(279,057)	(13,373)	(33,452)	(59,132)	30	(771,993)
Other operating expenses	(23,873)	(49,713)	(26,177)	(49,802)	(151,647)	(16,064)	(43,684)	(127,034)	8,982	(479,012)
Depreciation and amortization	(15,838)	(32,766)	(17,974)	(43,065)	(102,903)	(4,231)	(4,362)	(8,858)	758	(229,239)
Total Expenses	(90,393)	(215,573)	(116,742)	(223,509)	(533,607)	(33,668)	(81,498)	(195,024)	9,770	(1,480,244)
Operating profit before net provision expenses for assets, other risks and commitments	27,000	67,722	114,277	240,636	621,736	307,693	143,163	374,583	(11,318)	1,885,492

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 Group and the Bank included in the category of assets: equity instruments and debt instruments held at fair value through profit or loss, bonds classified as assets measured at fair value through other items of comprehensive income, except for the bonds issued by Municipalities.

At level 2 in the fair value hierarchy, the Group and the Bank included in the category of assets: derivatives held at fair value through profit or loss, bonds classified as assets measured at fair value through other items of comprehensive income, 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)

The Group and The Bank have included at the level 3 in the fair value hierarchy the following categories of assets: equity instruments measured at fair value through other items of comprehensive income, loans and advances measured at fair value through other items of comprehensive income and debt instruments which are required to be measured at fair value through profit or loss.

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:

Group In RON thousand	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
September 30, 2020				
Financial assets held for trading and measured at fair value through profit or loss, of which:	282,076	-	-	282,076
- Equity instruments	167,071	-	-	167,071
- Debt instruments	115,005	-	-	115,005
Derivatives	-	14,057	-	14,057
Financial assets measured at fair value through other items of comprehensive income	25,958,676	815	61,986	26,021,477
- Equity instruments	-	-	31,877	31,877
- Debt instruments	25,958,676	815	-	25,959,491
- Loans and advances	-	-	30,109	30,109
Financial assets which are required to be measured at fair value through profit or loss, of which:	728,066	61,663	278,909	1,068,638
- Equity instruments	210,217	-	-	210,217
- Debt instruments	517,849	61,663	278,909	858,421
Total financial assets measured at fair value in the statement of financial position	26,968,818	76,535	340,895	27,386,248
Held-for-trading financial liabilities	-	52,751	-	52,751
December 31, 2019				
Financial assets held for trading and measured at fair value through profit or loss, of which:	272,607	-	-	272,607
- Equity instruments	144,040	-	-	144,040
- Debt instruments	128,567	-	-	128,567
Derivatives	-	4,803	-	4,803
Financial assets measured at fair value through other items of comprehensive income	23,602,342	893	55,076	23,658,311
- Equity instruments	-	-	25,053	25,053
- Debt instruments	23,602,342	893	-	23,603,235
- Loans and advances	-	-	30,023	30,023
Financial assets which are required to be measured at fair value through profit or loss, of which:	614,184	-	263,805	877,989
- Equity instruments	143,932	-	-	143,932
- Debt instruments	470,252	-	263,805	734,057
Total assets measured at fair value in the statement of financial position	24,489,133	5,696	318,881	24,813,710
Held-for-trading financial liabilities	-	12,331	-	12,331

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 <i>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
September 30, 2020				
Financial assets held for trading and measured at fair value through profit or loss, of which:	16,927	-	-	16,927
- <i>Equity instruments</i>	16,927	-	-	16,927
Derivatives	-	14,057	-	14,057
Financial assets measured at fair value through other items of comprehensive income	25,950,088	815	44,608	25,995,511
- <i>Equity instruments</i>	-	-	14,499	14,499
- <i>Debt instruments</i>	25,950,088	815	-	25,950,903
- <i>Loans and advances</i>	-	-	30,109	30,109
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,002,418	61,663	278,909	1,342,990
- <i>Equity instruments</i>	209,892	-	-	209,892
- <i>Debt instruments</i>	792,526	61,663	278,909	1,133,098
Total financial assets measured at fair value in the statement of financial position	26,969,433	76,535	323,517	27,369,485
Held-for-trading financial liabilities	-	52,751	-	52,751
December 31, 2019				
Financial assets held for trading and measured at fair value through profit or loss, of which:	17,509	-	-	17,509
- <i>Equity instruments</i>	17,509	-	-	17,509
Derivatives	-	4,803	-	4,803
Financial assets measured at fair value through other items of comprehensive income	23,594,722	893	42,192	23,637,807
- <i>Equity instruments</i>	-	-	12,169	12,169
- <i>Debt instruments</i>	23,594,722	893	-	23,595,615
- <i>Loans and advances</i>	-	-	30,023	30,023
Financial assets which are required to be measured at fair value through profit or loss, of which:	884,886	-	263,805	1,148,691
- <i>Equity instruments</i>	143,535	-	-	143,535
- <i>Debt instruments</i>	741,351	-	263,805	1,005,156
Total financial assets measured at fair value in the statement of financial position	24,497,117	5,696	305,997	24,808,810
Held-for-trading financial liabilities	-	12,331	-	12,331

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 Group and the Bank 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 Group and the Bank 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 September 30, 2020:

In RON thousand	Notes	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	10,171,266	10,171,266	-	10,171,266	-	9,586,774	9,586,774	-	9,586,774	-
Loans and advances to customers	19	40,721,165	40,310,966	-	40,310,966	-	40,080,315	39,665,863	-	39,665,863	-
Finance lease receivables	20	1,204,697	1,205,779	-	1,205,779	-	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	1,985,363	1,991,865	57,789	1,934,076	-	1,134,440	1,134,440	-	1,134,440	-
Other financial assets	22	868,314	868,314	-	-	868,314	815,645	815,645	-	-	815,645
Total assets		54,950,805	54,548,190	57,789	53,622,087	868,314	51,617,174	51,202,722	-	50,387,077	815,645
Liabilities											
Deposits from banks	24	362,820	362,820	-	362,820	-	361,630	361,630	-	361,630	-
Deposits from customers	25	83,879,454	83,914,838	-	83,914,838	-	81,266,157	81,301,541	-	81,301,541	-
Loans from banks and other financial institutions	26	1,710,508	1,710,508	-	-	1,710,508	1,180,451	1,180,451	-	-	1,180,451
Subordinated liabilities	27	1,693,823	1,693,823	-	-	1,693,823	1,690,388	1,690,388	-	-	1,690,388
Lease liabilities		393,332	393,332	-	-	393,332	375,962	375,962	-	-	375,962
Other financial liabilities	29	1,794,507	1,794,507	-	-	1,794,507	1,577,474	1,577,474	-	-	1,577,474
Total liabilities		89,834,444	89,869,828	-	84,277,658	5,592,170	86,452,062	86,487,446	-	81,663,171	4,824,275

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, 2019:

<i>In RON thousand</i>	Notes	Carrying amount	Group			Carrying amount	Bank			
			Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Assets										
Placements with banks	17	7,775,140	7,775,140	-	7,775,140	-	6,995,346	6,995,346	-	6,995,346
Loans and advances to customers	19	39,175,404	39,168,530	-	39,168,530	-	38,601,915	38,411,567	-	38,411,567
Finance lease receivables	20	1,178,443	1,182,447	-	1,182,447	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	1,968,031	1,968,031	-	-	1,968,031	1,176,834	1,176,834	-	1,176,834
Other financial assets	22	688,009	688,009	-	-	688,009	638,795	638,795	-	638,795
Total assets		50,785,027	50,782,157	-	48,126,117	2,656,040	47,412,890	47,222,542	-	45,406,913
Liabilities										
Deposits from banks	24	296,138	296,138	-	296,138	-	304,461	304,461	-	304,461
Deposits from customers	25	77,037,060	77,053,638	-	77,053,638	-	74,353,723	74,370,300	-	74,370,300
Loans from banks and other financial institutions	26	1,473,920	1,473,920	-	-	1,473,920	895,673	895,673	-	895,673
Subordinated liabilities	27	1,700,207	1,700,207	-	-	1,700,207	1,696,602	1,696,602	-	1,696,602
Lease liabilities		387,441	387,441	-	-	387,441	365,931	365,931	-	365,931
Other financial liabilities	29	909,100	909,100	-	-	909,100	689,531	689,531	-	689,531
Total liabilities		81,803,866	81,820,444	-	77,349,776	4,470,668	78,305,921	78,322,498	-	74,674,761

Notes to the Interim Condensed Consolidated and Separate Financial Statements

5. Net interest income

<i>In RON thousand</i>	Group		Bank	
	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Interest income calculated using the effective interest method	2,617,177	2,565,025	2,403,549	2,343,152
- Cash and cash equivalents at AC	12,805	31,459	8,965	14,096
- Placements with banks at AC	81,616	35,326	79,791	32,398
- Loans and advances to customers at AC	1,983,182	2,113,556	1,808,124	1,947,327
- Debt instruments at FVOCI	503,615	339,881	503,347	339,747
- Debt instruments at AC	35,959	44,803	3,322	9,584
Other similar interest income	80,813	128,317	8,477	11,734
- Finance lease receivables	72,336	115,770	-	-
- Non-recourse factoring receivables	8,477	12,547	8,477	11,734
Total interest income	2,697,990	2,693,342	2,412,026	2,354,886
Interest expense related to financial liabilities measured at amortized cost	521,807	412,649	480,545	364,687
- Cash and cash equivalents	41,254	23,568	41,247	23,568
- Deposits from banks	13,112	8,171	11,660	6,860
- Deposits from customers	358,587	305,410	331,157	271,027
- Loans from banks and other financial institutions	108,854	75,500	96,481	63,232
Other similar expense	1,038	1,471	888	1,302
- Lease liabilities	1,038	1,471	888	1,302
Total interest expense	522,845	414,120	481,433	365,989
Net interest income	2,175,145	2,279,222	1,930,593	1,988,897

(i) Interest income for the period ended at September 30, 2020 includes the net interest income on impaired financial assets amounting RON 98,211 thousand (September 30, 2019: RON 173,167 thousand) for the Group and RON 78,644 thousand (September 30, 2019: RON 145,667 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>	Group		Bank	
	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Fee and commission income				
Commissions from treasury and inter-bank operations	95,510	86,356	95,510	86,356
Client transactions	705,893	727,595	592,457	624,582
Lending activity (i)	24,269	28,243	23,913	27,781
Finance lease management	33	908	-	-
Other fee and commission income	3,010	1,603	495	373
Total fee and commission income	828,715	844,705	712,375	739,092
Fee and commission expense				
Commissions from treasury and inter-bank	179,181	155,949	153,321	131,627
Client transactions	71,351	60,350	55,586	47,570
Lending activity (i)	16,437	16,775	24,778	26,312
Other fees and commissions	1,654	2,479	1,527	2,663
Fee and commission expenses	268,623	235,553	235,212	208,172
Net fee and commission income	560,092	609,152	477,163	530,920

(i) Lending-related fees include guarantee assessment and amendment fees.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

7. Net trading income

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Net income from foreign exchange transactions	260,232	241,537	224,981	214,952
Net expense from derivatives	(33,164)	(10,201)	(33,162)	(10,201)
Net (expense)/income from financial assets held-for-trading	(23,680)	35,877	506	5,973
Net income from foreign exchange position revaluation	24,561	19,349	23,369	24,939
Net trading income	227,949	286,562	215,694	235,663

8. Net income from financial assets measured at fair value through comprehensive income

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Income from the sale of financial assets measured at fair value through other items of comprehensive income	235,808	89,253	235,788	89,205
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(4,620)	(5,073)	(4,620)	(5,073)
Net income from financial assets measured at fair value through comprehensive income	231,188	84,180	231,168	84,132

9. Net income from financial assets which are required to be measured at fair value through profit or loss

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Losses from financial assets which are required to be measured at fair value through profit or loss	(141,196)	(97,486)	(236,778)	(111,135)
Income from financial assets which are required to be measured at fair value through profit or loss	190,890	189,765	260,792	204,964
Net income from financial assets which are required to be measured at fair value through profit or loss	49,694	92,279	24,014	93,829

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

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

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Contribution to the Bank Deposit Guarantee Fund	41,246	86,000	39,244	83,491
Bank Resolution Fund	32,156	24,124	30,551	24,124
Total	73,402	110,124	69,795	107,615

Notes to the Interim Condensed Consolidated and Separate Financial Statements

11. Other operating income

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Dividend income	2,975	3,055	6,939	10,707
Income from insurance intermediation	47,453	53,718	36,311	47,811
Income from the sale of finished products	-	19,338	-	-
Income from indemnities, fines and penalties	6,238	8,009	4,959	6,366
Income from VISA, MASTERCARD, WU services	8,863	9,900	8,863	9,900
Other operating income (i)	21,273	30,445	19,989	22,157
Total	86,802	124,465	77,061	96,941

(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.

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

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Net impairment allowance on assets (i)	720,439	183,005	679,456	176,780
Net loss on loans written off	3,980	20,933	1	11
Net loss on finance lease receivables written off	14,161	19,868	-	-
Provisions for other risks and loan commitments	11,750	15,599	20,833	11,606
Recoveries from loans written off	(166,065)	(177,842)	(158,162)	(175,343)
Recoveries from finance lease receivables written off	(26,727)	(21,223)	-	-
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	557,538	40,340	542,128	13,054

(i) Impairment losses on assets include the following:

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Loans and advances to customers	701,145	158,398	681,938	127,649
Treasury and inter-bank operations	94	(2,832)	208	19
Finance lease receivables	19,598	41,612	-	-
Equity investments	-	-	-	51,317
Investment securities	3,644	(499)	1,302	(212)
Other financial assets	3,542	(3,272)	851	(961)
Other non-financial assets	(7,584)	(10,402)	(4,843)	(1,032)
Net impairment allowance on assets	720,439	183,005	679,456	176,780

Notes to the Interim Condensed Consolidated and Separate Financial Statements

13. Personnel expenses

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Gross salaries	697,496	652,464	611,301	564,753
Social protection contribution	29,112	28,900	19,762	19,664
Share payments to employees	43,848	45,953	43,848	45,953
3rd Pension Pillar	8,474	5,572	8,132	5,236
Other staff expenses	37,101	33,919	33,249	30,148
Net (income)/expenses with provisions for overdue vacations and other provisions	(18,613)	5,185	(14,942)	8,883
Total	797,418	771,993	701,350	674,637

14. Other operating expenses

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Rent and operating lease expense	6,511	17,104	5,297	15,355
Repairs and maintenance expenses	118,497	128,106	107,020	117,366
Advertising, marketing, entertainment and sponsorship expenses	59,403	64,400	52,537	58,320
Mail, telecommunication and SMS traffic expenses	39,891	32,228	31,332	27,854
Materials and stationery expenses	50,943	57,264	46,618	40,724
Other professional fees, including legal expenses	13,590	20,918	10,724	18,566
Expenses regarding movable and immovable assets resulting from debt enforcement	3,872	929	3,633	427
Electricity and heating	16,796	18,973	15,427	15,362
Business travel, transportation and temporary relocation expenses	18,367	22,411	17,696	20,481
Insurance costs	16,169	15,291	13,908	14,222
Taxes and fees	18,590	10,502	16,832	8,591
Security and protection	10,444	8,996	9,259	7,404
Expenses related to archiving services	11,963	12,855	11,826	12,521
Expenses related to database queries from the Trade Register and the Credit Bureau	3,884	3,982	3,153	3,470
Expenses with foreclosed assets	4,762	3,110	4,475	2,804
Audit, advisory and other services provided by the independent auditor	4,208	4,507	2,475	3,237
Expenses from the sale of leased goods	5,168	12,139	-	-
Other operating expenses	47,478	45,297	29,389	29,128
Total other operating expenses	450,536	479,012	381,601	395,832

Notes to the Interim Condensed Consolidated and Separate Financial Statements

15. Income tax expense

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	30-09-2019	30-09-2020	30-09-2019
Gross Profit	1,210,885	1,845,152	1,037,876	1,628,077
Statutory tax rate (2020: 16%; 2019: 16%)	(193,742)	(295,224)	(166,060)	(260,492)
Fiscal effect of income tax on the following elements:	43,560	32,479	33,886	17,745
- Non-taxable income	89,440	59,772	71,956	54,949
- Non-deductible expense	(113,280)	(75,352)	(104,786)	(85,013)
- Tax deductions	73,763	52,645	73,079	51,802
- Income related items	(6,363)	(4,586)	(6,363)	(3,993)
Deferred Tax	(3,939)	(13,659)	(4,215)	(286)
Income tax expense	(154,121)	(276,404)	(136,389)	(243,033)

16. Cash and cash equivalents

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Minimum reserve requirement	13,336,673	11,391,107	12,574,041	10,585,716
Cash on hand and other values	3,036,699	3,192,036	2,761,372	2,894,479
Total	16,373,372	14,583,143	15,335,413	13,480,195

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

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09-2020	30-09-2019
Cash and cash equivalents(*)	16,377,990	14,585,012	15,340,149	13,483,651
Placements with banks - maturity below 3 months	6,552,583	5,874,165	6,142,161	5,226,939
Reverse-repo transactions	58,289	50,823	58,289	50,823
Loans and advances to credit institutions with maturity below 3 months	38,941	-	38,941	-
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	147	-	-	-
Financial assets at amortized cost – debt instruments with maturity below 3 months	234,193	-	-	-
Cash and cash equivalents in the cash flow statement	23,262,143	20,510,000	21,579,540	18,761,413

(*) At Group level, the cash and cash equivalents do not include the attached receivables in amount of RON (4,618) thousand (December 31, 2019: RON 1,869 thousand) and at Bank level RON (4,736) thousand (December 31, 2019: RON (3,456) thousand)

Notes to the Interim Condensed Consolidated and Separate Financial Statements**17. Placements with banks**

<i>In RON thousand</i>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Current accounts with other banks	3,594,643	2,589,907	3,192,673	2,040,753
Term deposit at the National Bank	-	1,500,100	-	1,500,100
Sight and term deposits with other banks	6,014,248	3,536,271	5,831,726	3,305,631
Reverse repo transactions	231,258	50,843	231,258	50,843
Loans and advances to credit institutions	331,117	98,019	331,117	98,019
Total	10,171,266	7,775,140	9,586,774	6,995,346

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

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>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Equity instruments	167,071	144,040	16,927	17,509
Debt instruments	115,005	128,567	-	-
Total	282,076	272,607	16,927	17,509

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>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Equity instruments	210,217	143,932	209,892	143,535
Debt instruments	858,412	734,057	1,133,098	1,005,156
Total	1,068,638	877,989	1,342,990	1,148,691

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 structure of the credit portfolio of the Group and the Bank as at September 30, 2020 and December 31, 2019 is the following:

<i>In RON thousand</i>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Corporate	12,369,685	11,812,154	13,267,243	12,710,902
Small and medium enterprises	6,200,551	5,675,248	6,078,804	5,441,946
Consumer loans and card loans granted to retail customers	11,088,545	11,284,102	10,869,630	11,114,320
Mortgage loans	13,070,267	12,041,262	12,778,134	11,835,135
Loans granted by non-banking financial institutions	1,067,944	1,009,922	-	-
Other	50,428	49,697	30,452	32,285
Total loans and advances to customers before impairment allowance (*)	43,847,420	41,872,385	43,024,263	41,134,588
Allowances for impairment losses on loans	(3,126,255)	(2,696,981)	(2,943,948)	(2,532,673)
Total loans and advances to customers net of impairment allowance (*)	40,721,165	39,175,404	40,080,315	38,601,915

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.

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:

In RON thousand

	30-09-2020	31-12-2019
Finance lease receivables with maturity below 1 year, gross	579,683	533,750
Finance lease receivables with maturity between 1-5 years, gross	823,550	836,925
Total finance lease receivables, gross	1,403,233	1,370,675
Future interest related to finance lease receivables	(105,086)	(108,182)
Total finance lease receivables, net of future interest	1,298,147	1,262,493
Impairment allowances for finance lease receivables	(93,450)	(84,050)
Total finance lease receivables	1,204,697	1,178,443

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

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>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Debt instruments, of which	25,959,491	23,603,234	25,950,903	23,595,615
- Central administrations	24,369,621	22,829,923	24,361,033	22,822,304
- Credit institutions	1,165,125	570,875	1,165,125	570,875
- Other financial companies	407,273	185,468	407,273	185,468
- Non-financial institutions	17,472	16,968	17,472	16,968
Equity instruments, of which:	31,877	25,053	14,499	12,168
- Other financial companies	21,462	15,988	14,499	12,168
- Non-financial institutions	10,415	9,065	-	-
Loans and advances to customers	30,109	30,024	30,109	30,024
- Central administrations	30,109	30,024	30,109	30,024
Total	26,021,477	23,658,311	25,995,511	23,637,807

b) Financial assets at amortized cost - debt instruments

In the period ended on September 30, 2020, the Group classified as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 1,985,363 thousand, and the Bank bonds in amount of RON 1,134,440 thousand (December 31, 2019: RON 1,968,031 thousand for the Group and RON 1,176,834 thousand for the Bank).

<i>In RON thousand</i>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Debt instruments, of which	1,985,363	1,968,031	1,134,440	1,176,834
- Central Banks	232,993	359,028	-	-
- Central administrations	601,827	416,603	-	-
- Credit institutions	166,563	226,380	150,459	210,814
- Other financial companies	983,980	966,020	983,981	966,020
Total	1,985,363	1,968,031	1,134,440	1,176,834

Notes to the Interim Condensed Consolidated and Separate Financial Statements

22. Other financial assets

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09- 2020	31-12-2019
Amounts under settlement	156,807	122,275	141,716	106,121
Non-recourse factoring	285,324	192,485	285,324	192,485
Sundry debtors and advances for non-current assets	397,811	338,305	351,121	298,409
Instruments received for collection	49,017	47,366	49,017	47,366
Other financial assets	2,366	7,084	340	5,624
Impairment allowance for other financial assets	(23,011)	(19,506)	(11,873)	(11,210)
Total	868,314	688,009	815,645	638,795

As at September 30, 2020, out of RON 868,314 thousand (December 31, 2019: RON 688,009 thousand), the Group's other impaired financial assets amounted to RON 21,627 thousand (December 31, 2019: RON 18,452 thousand).

As at September 30, 2020, out of RON 815,645 thousand (December 31, 2019: RON 638,795 thousand), the Bank's other impaired financial assets amounted to RON 5,430 thousand (December 31, 2019: RON 4,836 thousand).

23. Other non-financial assets

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09- 2020	31-12-2019
Inventories and similar assets	142,886	164,050	64,061	72,352
Accrued expenses	55,289	48,481	52,413	47,925
VAT and other taxes to be received	8,302	15,161	2,148	1,801
Other non-financial assets	45,441	1,848	108	362
Impairment allowance for other non-financial assets	(58,842)	(70,668)	(11,374)	(16,215)
Total	193,076	158,872	107,356	106,225

24. Deposits from banks

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09- 2020	31-12-2019
Sight deposits	67,599	156,414	66,409	164,737
Term deposits	295,221	139,724	295,221	139,724
Total	362,820	296,138	361,630	304,461

25. Deposits from customers

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Current accounts	48,225,751	40,846,980	46,840,561	39,533,370
Sight deposits	733,907	775,758	456,815	508,064
Term deposits	34,337,124	34,826,540	33,396,177	33,736,032
Collateral deposits	582,672	587,782	572,604	576,257
Total	83,879,454	77,037,060	81,266,157	74,353,723

The explanatory notes to the financial statements from page 11 to page 49 are an integral part of these financial statements. 38

Notes to the Interim Condensed Consolidated and Separate Financial Statements

25. Deposits from customers (continued)

Deposits from customers can be also analyzed as follows:

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09- 2020	31-12-2019
Retail	58,709,137	52,732,367	56,997,814	50,900,304
Companies	25,170,317	24,304,693	24,268,343	23,453,419
Total	83,879,454	77,037,060	81,266,157	74,353,723

26. Loans from banks and other financial institutions

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09- 2020	31-12-2019
Loans from government entities	6,167	4,558	-	-
Loans from commercial banks	128,417	148,511	-	-
- Romanian banks	119,708	136,233	-	-
- Foreign banks	8,709	12,278	-	-
Loans from development banks	1,170,043	945,917	1,115,236	868,972
Repurchase agreements (repo transactions)	44,529	-	44,529	-
Other funds from financial institutions	166,453	184,678	20,686	26,701
Issued bonds	194,899	190,256	-	-
Total	1,710,508	1,473,920	1,180,451	895,673

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at September 30, 2020 and December 31, 2019.

The table below summarizes the underlying securities of repo agreements:

	Group				Bank			
<i>In RON thousand</i>	30/09/2020		31/12/2019		30/09/2020		31/12/2019	
	Carrying amount		Carrying amount		Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities
	44,819	44,529	-	-	44,819	44,529	-	-
Total	44,819	44,529	-	-	44,819	44,529	-	-

27. Subordinated liabilities

As at September 30, 2020 and December 31, 2019, the covenants stipulated in the loan agreements signed with the creditors were met by the Bank and the Group.

	Group		Bank	
<i>In RON thousand</i>	30-09-2020	31-12-2019	30-09- 2020	31-12-2019
Loans from development banks and financial institutions	294,459	291,323	294,459	291,323
Non-convertible bonds	1,399,364	1,360,270	1,395,929	1,356,665
Convertible bonds	-	48,614	-	48,614
Total	1,693,823	1,700,207	1,690,388	1,696,602

Notes to the Interim Condensed Consolidated and Separate Financial Statements

28. 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>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Provisions for loan commitments, financial guarantees and other commitments given	265,075	250,011	264,579	240,020
Provisions for employee benefits as compensated absences	27,903	22,821	24,082	18,658
Provisions for other employee benefits	19,671	42,703	11,021	31,364
Provisions for litigation, other risks and charges (*)	212,931	218,346	203,196	208,415
Total	525,580	533,881	502,878	498,457

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

29. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Amounts under settlement	1,047,739	731,957	875,810	545,270
Sundry creditors	103,096	113,018	64,893	83,670
Dividends Payable	618,853	19,300	618,846	19,294
Other financial liabilities	24,819	44,825	17,925	41,297
Total	1,794,507	909,100	1,577,474	689,531

30. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Other taxes payable	25,463	40,645	20,640	35,631
Other non-financial liabilities	60,806	71,367	41,441	43,263
Total	86,269	112,012	62,081	78,894

Notes to the Interim Condensed Consolidated and Separate Financial Statements**31. 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 1,021,767 thousand (September 30, 2019: RON 1,520,721 thousand) and on the weighted average number of ordinary shares outstanding during the year 5,719,999,492 (September 30, 2019 recalculated: 5,724,212,137 shares).

The diluted earnings per share take into consideration the adjusted consolidated net profit of RON 1,022,339 thousand (September 30, 2019: RON 1,522,854 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 572 thousand (September 30, 2019: RON 2,133 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 September 30, 2020 was determined as a ratio between the outstanding bonds in amount of RON 24,455,313 at the conversion price of 2.2414 resulting a number of 16,910,731 shares (September 30, 2019: 20,762,533 shares)

	Group	
	30-09-2020	30-09-2019
Ordinary shares issued as at 1 January	5,215,917,925	4,812,481,064
The impact of shares issued as of 1 January	521,781,724	403,434,017
The impact of the shares repurchased during the year	(17,700,157)	(13,484,668)
The retroactive adjustment of the weighted average number of outstanding shares as at September 30, 2019	-	521,781,724
Weighted average number of shares	5,719,999,492	5,724,212,137
The number of shares that may be issued upon the conversion of bonds into shares	10,910,731	20,762,533
Weighted average number of diluted shares	5,730,910,223	5,744,974,670

32. 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 Group and at the Bank level.

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

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements**32. Capital management (continued)**

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

- a capital conservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2019-September 30, 2019;
- 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 September 30, 2018).

In calculating the total consolidated capital buffer, the highest value between the O-SII buffer and the systemic risk buffer is added to the capital conservation buffer.

Own funds adequacy

The Group and the Bank use the following calculation methods in order to determine own fund requirements:

- Credit risk: standardized method;
- Market risk: capital requirements with respect to the foreign exchange risk and the trading portfolio are calculated based on the standard method;
- Operational risk: own fund requirements for the coverage of operational risk are calculated according to the base method.

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

As at September 30, 2020 and December 31, 2019, 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;

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 September 30, 2020 and December 31, 2019 are as follows:

<i>In RON thousand</i>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Tier 1 own funds	8,826,857	8,187,882	8,480,618	7,820,620
Tier 2 own funds	1,572,561	1,577,143	1,572,561	1,577,143
Total own funds	10,399,418	9,765,025	10,053,179	9,397,763

Notes to the Interim Condensed Consolidated and Separate Financial Statements**32. Capital management (continued)**

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

<i>In %</i>	Group		Bank	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Core tier one ratio	15.98	15.87	16.88	16.64
Tier 1 ratio	15.98	15.87	16.88	16.64
CAR	18.83	18.93	20.01	20.00

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 December 31, 2019. For the nine-month period ended September 30, 2020, the current profit was not taken into account in the calculation of own funds. Regulatory capital as at September 30, 2020 and December 31, 2019 was calculated according to the IFRS standards endorsed by the European Union.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management

Concentrations of credit risk that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by individual counterparty and by type of customer in relation to the Group's and the Bank's loans and advances, loan commitments, finance lease and guarantees issued.

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

<i>RON thousand</i>	Group		Bank	
	2020	2019	2020	2019
Corporate	12,369,685	11,812,154	13,267,243	12,710,902
Small and medium enterprises	6,200,551	5,675,248	6,078,804	5,441,946
Consumer loans and card loans granted to retail customers	11,088,545	11,284,102	10,869,630	11,114,320
Mortgage loans	13,070,267	12,041,262	12,778,134	11,835,135
Loans and finance lease receivables granted by non-banking financial institutions	2,366,091	2,272,415	-	-
Other	50,428	49,697	30,452	32,285
Total loans and advances to customers and financial lease receivables before impairment allowance	45,145,567	43,134,878	43,024,263	41,134,588
Allowances for impairment losses on loans and financial lease receivables	(3,219,705)	(2,781,031)	(2,943,948)	(2,532,673)
Total loans and advances to customers and financial lease receivables net of impairment allowance	41,925,862	40,353,847	40,080,315	38,601,915

At September 30, 2020, the total irrevocable on-balance and off-balance sheet exposure was of RON 47,310,197 thousand (December 31, 2019: RON 45,568,143 thousand) for the Group and RON 44,636,595 thousand (December 31, 2019: RON 42,981,108 thousand) for the Bank.

The amounts presented above reflect the maximum accounting loss that would be recognized at the reporting date if the customers failed completely to perform their contractual obligations and if any collateral or security proved to be of no value.

The Group and the Bank hold guarantees for loans and advances to customers in the form of pledge over cash deposits, mortgage over property, guarantees and other pledges over equipment and/or receivables. The estimates of fair value are based on the collateral value assessed at the date of lending, except when a loan is individually assessed subsequently. Collateral is generally not held over loans and advances to banks.

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (*continued*)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at September 30, 2020, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2020
<i>In RON thousand</i>					
Corporate	9,102,168	1,998,192	1,062,180	207,145	12,369,685
Small and medium enterprises	4,371,020	1,475,184	311,846	42,501	6,200,551
Consumer loans and card loans granted to retail customers	8,875,292	1,481,248	629,252	102,753	11,088,545
Mortgage loans	12,122,702	705,078	197,557	44,930	13,070,267
Loans and finance lease receivables granted to non-banking financial institutions	236,119	1,863,674	230,336	35,962	2,366,091
Other	150	43,780	3,894	2,604	50,428
Total loans and advances to customers and financial lease receivables before impairment allowance	34,707,451	7,567,156	2,435,065	435,895	45,145,567
Allowances for impairment losses on loans and financial lease receivables	(681,228)	(996,860)	(1,454,106)	(87,511)	(3,219,705)
Total loans and advances to customers and financial lease receivables net of impairment allowance	34,026,223	6,570,296	980,959	348,384	41,925,862

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (*continued*)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at December 31, 2019, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2019
<i>In RON thousand</i>					
Corporate	9,194,198	1,075,464	1,369,239	173,253	11,812,154
Small and medium enterprises	3,973,260	1,318,988	284,370	98,630	5,675,248
Consumer loans and card loans granted to retail customers	9,282,956	1,298,246	596,465	106,435	11,284,102
Mortgage loans	11,157,607	642,478	195,767	45,410	12,041,262
Loans and finance lease receivables granted to non-banking financial institutions	234,932	1,808,898	191,435	37,150	2,272,415
Other	1,598	44,032	3,222	845	49,697
Total loans and advances to customers and financial lease receivables before impairment allowance	33,844,551	6,188,106	2,640,498	461,723	43,134,878
Allowances for impairment losses on loans and financial lease receivables	(453,853)	(625,501)	(1,593,360)	(108,317)	(2,781,031)
Total loans and advances to customers and financial lease receivables net of impairment allowance	33,390,698	5,562,605	1,047,138	353,406	40,353,847

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (*continued*)

The exposures to credit risk for loans and advances to customers at Bank level, as at September 30, 2020, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2020
<i>In RON thousand</i>					
Corporate	10,247,872	1,886,557	1,026,518	106,296	13,267,243
Small and medium enterprises	4,299,815	1,444,111	305,857	29,021	6,078,804
Consumer loans and card loans granted to retail customers	8,673,659	1,476,410	617,331	102,230	10,869,630
Mortgage loans	11,839,561	701,554	192,279	44,740	12,778,134
Other	153	25,981	3,835	483	30,452
Total loans and advances to customers before impairment allowance	35,061,060	5,534,613	2,145,820	282,770	43,024,263
Allowances for impairment losses on loans	(705,870)	(887,072)	(1,302,093)	(48,913)	(2,943,948)
Total loans and advances to customers net of impairment allowance	34,355,190	4,647,541	843,727	233,857	40,080,315

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (*continued*)

The exposures to credit risk for loans and advances to customers at Bank level, as at December 31, 2019, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2019
<i>In RON thousand</i>					
Corporate	10,265,861	964,802	1,365,765	114,474	12,710,902
Small and medium enterprises	3,853,586	1,279,897	276,702	31,761	5,441,946
Consumer loans and card loans granted to retail customers	9,120,517	1,294,998	592,910	105,895	11,114,320
Mortgage loans	10,958,278	639,326	192,485	45,046	11,835,135
Other	1,602	28,890	948	845	32,285
Total loans and advances to customers before impairment allowance	34,199,844	4,207,913	2,428,810	298,021	41,134,588
Allowances for impairment losses on loans	(466,217)	(527,633)	(1,467,871)	(70,952)	(2,532,673)
Total loans and advances to customers net of impairment allowance	33,733,627	3,680,280	960,939	227,069	38,601,915

Notes to the Interim Condensed Consolidated and Separate Financial Statements

34. Events subsequent to the date of the consolidated statement of financial position

Starting with November 9, 2020, the Government of Romania introduced new restrictions in the context of the COVID-19 pandemic regarding the functioning and organization of certain economic activities as well as regarding the freedom of movement of persons. At the time of approval of these financial statements, the effect of these restrictions could not be estimated.

Ömer Tetik
Chief Executive Officer

George Călinescu
Deputy Chief Executive Officer