

**Banca Transilvania S.A.**

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS**

**As at June 30, 2021**

# **Banca Transilvania S.A.**

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**Interim Consolidated and Separate Statement of Profit or Loss**

<i>RON thousand</i>	Notes	Group				Bank			
		3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Interest income calculated using the effective interest method		888,007	1,754,907	887,412	1,761,762	815,412	1,613,819	815,690	1,621,956
Other interest like income		29,157	56,815	24,395	52,098	2,592	4,764	2,339	5,099
Interest expense calculated using the effective interest method		(137,803)	(282,058)	(196,205)	(360,095)	(125,273)	(258,255)	(182,786)	(331,402)
Other interest like expense		(328)	(649)	(343)	(729)	(1,675)	(3,351)	(293)	(624)
<b>Net interest income</b>	5	<b>779,033</b>	<b>1,529,015</b>	<b>715,259</b>	<b>1,453,036</b>	<b>691,056</b>	<b>1,356,977</b>	<b>634,950</b>	<b>1,295,029</b>
Fee and commission income		345,202	654,149	252,291	525,444	297,955	562,773	216,329	452,317
Fee and commission expense		(111,471)	(207,161)	(84,761)	(173,616)	(97,074)	(180,605)	(73,834)	(152,567)
<b>Net fee and commission income</b>	6	<b>233,731</b>	<b>446,988</b>	<b>167,530</b>	<b>351,828</b>	<b>200,881</b>	<b>382,168</b>	<b>142,495</b>	<b>299,750</b>
Net trading income	7	115,817	261,620	67,890	127,639	107,890	203,823	85,750	138,720
Net gain from financial assets measured at fair value through other items of comprehensive income	8	57,108	129,350	40,560	137,337	55,160	127,389	40,554	137,324
Net gain from financial assets which are required to be measured at fair value through profit and loss	9	31,544	54,679	135,467	34,595	37,806	93,140	105,379	1,448
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(3,151)	(88,376)	(1,306)	(72,751)	-	(82,022)	-	(69,795)
Other operating income	11	35,999	76,735	35,942	64,210	53,627	88,431	32,205	55,689
<b>Operating income</b>		<b>1,250,081</b>	<b>2,410,011</b>	<b>1,161,342</b>	<b>2,095,894</b>	<b>1,146,420</b>	<b>2,169,906</b>	<b>1,041,333</b>	<b>1,858,165</b>

**Interim Consolidated and Separate Statement of Profit or Loss (continued)**

<i>RON thousand</i>	Notes	Group				Bank			
		3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Expenses (-) from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	12	(259,453)	(113,051)	(247,955)	(299,260)	(265,066)	(120,672)	(232,080)	(273,056)
Personnel expenses	13	(337,265)	(650,715)	(254,870)	(545,503)	(301,273)	(580,562)	(224,554)	(482,450)
Depreciation and amortization		(88,449)	(178,035)	(80,509)	(158,784)	(86,033)	(173,815)	(74,317)	(146,796)
Other operating expenses	14	(153,440)	(303,928)	(132,950)	(297,064)	(130,970)	(258,721)	(113,344)	(255,307)
<b>Operating expenses</b>		<b>(838,607)</b>	<b>(1,245,729)</b>	<b>(716,284)</b>	<b>(1,300,611)</b>	<b>(783,342)</b>	<b>(1,133,770)</b>	<b>(644,295)</b>	<b>(1,157,609)</b>
<b>Profit before income tax</b>		<b>411,474</b>	<b>1,164,282</b>	<b>445,058</b>	<b>795,283</b>	<b>363,078</b>	<b>1,036,136</b>	<b>397,038</b>	<b>700,556</b>
Income tax expense (-)	15	(52,310)	(148,790)	(58,936)	(105,220)	(43,306)	(135,101)	(50,620)	(93,143)
<b>Net profit for the year</b>		<b>359,164</b>	<b>1,015,492</b>	<b>386,122</b>	<b>690,063</b>	<b>319,772</b>	<b>901,035</b>	<b>346,418</b>	<b>607,413</b>
<b>Net Profit of the Group attributable to:</b>									
Equity holders of the Bank		350,387	1,001,218	375,558	670,238	319,772	901,035	346,418	607,413
Non-controlling interests		8,777	14,274	10,564	19,825	-	-	-	-
<b>Net profit for the year</b>		<b>359,164</b>	<b>1,015,492</b>	<b>386,122</b>	<b>690,063</b>	<b>319,772</b>	<b>901,035</b>	<b>346,418</b>	<b>607,413</b>

## Interim Consolidated and Separate Statement of Other Comprehensive Income

RON thousand	Notes	Group				Bank			
		3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
<b>Net Profit for the period</b>		<b>359,164</b>	<b>1,015,492</b>	<b>386,122</b>	<b>690,063</b>	<b>319,772</b>	<b>901,035</b>	<b>346,418</b>	<b>607,413</b>
<b>Items that will not be reclassified as profit or loss, net of tax</b>		<b>(819)</b>	<b>(819)</b>	<b>(23)</b>	<b>(23)</b>	<b>(815)</b>	<b>(815)</b>	<b>(23)</b>	<b>(23)</b>
Other elements of comprehensive income		(819)	(819)	(23)	(23)	(815)	(815)	(23)	(23)
<b>Items which are or may be reclassified to profit or loss</b>		<b>(137,199)</b>	<b>(193,267)</b>	<b>308,589</b>	<b>(51,887)</b>	<b>(133,779)</b>	<b>(198,224)</b>	<b>286,669</b>	<b>(53,111)</b>
<b>Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:</b>		<b>(156,589)</b>	<b>(233,267)</b>	<b>341,312</b>	<b>(62,976)</b>	<b>(159,266)</b>	<b>(235,927)</b>	<b>341,241</b>	<b>(62,968)</b>
Net gain / loss (-) from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit and loss account		(57,108)	(129,350)	(40,560)	(137,337)	(55,160)	(127,389)	(40,554)	(137,324)
Fair value changes of financial assets measured at fair value through other items of comprehensive income		(99,481)	(103,917)	381,872	74,361	(104,106)	(108,538)	381,795	74,356
<b>Translation of financial information of foreign operations to presentation currency</b>		<b>(6,732)</b>	<b>2,840</b>	<b>21,969</b>	<b>1,005</b>	<b>17</b>	<b>(399)</b>	<b>(122)</b>	<b>(458)</b>
<b>Income tax on items which are or may be reclassified to profit or loss</b>		<b>26,122</b>	<b>37,160</b>	<b>(54,692)</b>	<b>10,084</b>	<b>25,469</b>	<b>38,102</b>	<b>(54,450)</b>	<b>10,315</b>
<b>Total comprehensive income for the period</b>		<b>221,146</b>	<b>821,406</b>	<b>694,688</b>	<b>638,153</b>	<b>185,177</b>	<b>701,996</b>	<b>633,064</b>	<b>554,279</b>
<b>Total comprehensive income attributable to:</b>									
Equity holders of the Bank		212,369	807,132	684,124	618,328	185,177	701,996	633,065	554,280
Non-controlling interest		8,777	14,274	10,564	19,825	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>221,146</b>	<b>821,406</b>	<b>694,688</b>	<b>638,153</b>	<b>185,177</b>	<b>701,996</b>	<b>633,064</b>	<b>554,279</b>
<b>Basic earnings per share</b>		<b>0.0556</b>	<b>0.1588</b>	<b>0.0597</b>	<b>0.1066</b>				
<b>Diluted earnings per share</b>		<b>0.0556</b>	<b>0.1588</b>	<b>0.0597</b>	<b>0.1065</b>				

The financial statements were approved by the Board of Directors on August 18, 2021 and were signed on its behalf by:

Ömer TETIK  
Chief Executive Officer

George CĂLINESCU  
Deputy Chief Executive Office

# Banca Transilvania S.A.

## Interim Consolidated and Separate Statement of Financial Position

<i>In RON thousand</i>	<b>Not</b>	<b>Group</b>		<b>Bank</b>	
		<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
		<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
		<b>thousand</b>	<b>thousand</b>	<b>thousand</b>	<b>thousand</b>
<b>Assets</b>					
Cash and current accounts with Central Banks	16	18,756,408	22,133,211	17,723,512	20,978,633
Derivatives	40	19,173	22,090	19,173	22,090
Financial assets held for trading and measured at fair value through profit and loss	18	403,695	346,472	22,681	17,572
Non-trading financial assets mandatorily at fair value through profit or loss	18	1,087,727	1,085,714	1,402,435	1,349,673
Financial assets measured at fair value through other items of comprehensive income	21	40,036,201	30,877,177	40,009,436	30,850,770
- of which pledged securities (repo agreements)		224,563	83,798	224,563	83,798
Financial assets at amortized cost					
- of which:		51,867,556	49,966,032	49,533,737	47,922,311
- Placements with banks	17	6,349,808	7,223,277	5,715,614	6,636,395
- Loans and advances to customers	19	43,075,675	40,892,544	42,657,734	40,363,909
- Debt instruments	21	1,340,216	990,106	161,589	160,874
- Other financial assets	25	1,101,857	860,105	998,800	761,133
Finance lease receivables	20	1,303,615	1,227,716	-	-
Investments in subsidiaries		-	-	511,690	499,690
Investment in associates		1,927	1,502	-	-
Property and equipment and investment property		959,689	904,297	633,866	619,041
Intangible assets		320,558	305,205	283,698	268,651
Goodwill		22,424	16,319	-	-
Right-of-use assets		420,284	448,852	666,743	708,505
Current tax receivables		-	9,654	-	8,585
Deferred tax assets		4,606	-	-	-
Other non-financial assets	26	134,034	148,156	105,147	109,464
<b>Total assets</b>		<b>115,337,897</b>	<b>107,492,397</b>	<b>110,912,118</b>	<b>103,354,985</b>

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

<i>In RON thousand</i>	<i>Notes</i>	<b>Group</b>		<b>Bank</b>	
		<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
		<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
<b>Liabilities</b>		<b>thousand</b>	<b>thousand</b>	<b>thousand</b>	<b>thousand</b>
Derivatives		28,037	34,817	28,037	34,817
Deposits from banks	27	770,462	318,944	763,242	311,822
Deposits from customers	28	97,165,845	90,942,415	94,406,315	88,297,146
Loans from banks and other financial institutions	29	1,675,101	1,691,668	1,261,760	1,176,066
Subordinated liabilities	30	1,692,882	1,667,761	1,689,738	1,664,464
Current tax liability		106,722	-	103,070	-
Deferred tax liability		-	55,015	31,430	85,665
Provisions for other risks and loan commitments	31	622,436	615,952	589,204	589,237
Lease liabilities		429,311	454,792	675,130	709,269
Other financial liabilities	32	1,432,280	1,161,789	1,045,550	907,681
Other non-financial liabilities	33	98,033	86,359	71,118	55,949
<b>Total liabilities excluding financial liabilities to holders of fund units</b>		<b>104,021,109</b>	<b>97,029,512</b>	<b>100,664,594</b>	<b>93,832,116</b>
Financial liabilities to holders of fund units		77,186	48,527	-	-
<b>Total liabilities</b>		<b>104,098,295</b>	<b>97,078,039</b>	<b>100,664,594</b>	<b>93,832,116</b>
<b>Equity</b>					
Share capital	34	5,824,201	5,824,201	5,824,201	5,824,201
Treasury shares		(73,437)	(15,287)	(58,150)	-
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		3,936,656	2,858,479	3,354,471	2,366,533
Revaluation reserves from tangible assets		38,381	45,625	41,273	48,517
Reserves on financial assets measured at fair value through other items of comprehensive income		321,681	517,335	320,669	518,558
Other reserves		761,035	759,715	736,446	736,446
<b>Total equity attributable to equity holders of the Bank</b>		<b>10,839,752</b>	<b>10,021,303</b>	<b>10,247,524</b>	<b>9,522,869</b>
Non-controlling interest		399,850	393,055	-	-
<b>Total equity</b>		<b>11,239,602</b>	<b>10,414,358</b>	<b>10,247,524</b>	<b>9,522,869</b>
<b>Total liabilities and equity</b>		<b>115,337,897</b>	<b>107,492,397</b>	<b>110,912,118</b>	<b>103,354,985</b>

The financial statements were approved by the Board of Directors on August 18, 2021 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 three-month period ended June 30, 2021

Group <i>In RON thousand</i>	Attributable to the equity holders of the Bank								Non-controlling interest	Total
	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		
<b>Balance as at 01 January 2021</b>	<b>5,824,201</b>	<b>(15,287)</b>	<b>31,235</b>	<b>45,625</b>	<b>517,335</b>	<b>759,715</b>	<b>2,858,479</b>	<b>10,021,303</b>	<b>393,055</b>	<b>10,414,358</b>
Profit for the period	-	-	-	-	-	-	1,001,218	1,001,218	14,274	1,015,492
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	(195,654)	-	-	(195,654)	-	(195,654)
Retained earnings from revaluation reserves	-	-	-	(7,244)	-	-	7,244	-	-	-
Distribution to statutory reserves	-	-	-	-	-	1,320	(1,320)	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	2,387	2,387	-	2,387
Other adjustments	-	-	-	-	-	-	(819)	(819)	-	(819)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,244)</b>	<b>(195,654)</b>	<b>1320</b>	<b>1,008,710</b>	<b>807,132</b>	<b>14,274</b>	<b>821,406</b>
<b>Contributions of/distributions to the shareholders</b>										
Acquisition of treasury shares	-	(58,150)	-	-	-	-	-	(58,150)	-	(58,150)
SOP 2021 Scheme	-	-	-	-	-	-	80,809	80,809	-	80,809
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	(22,851)	(22,851)	-	(22,851)
Other adjustments	-	-	-	-	-	-	11,509	11,509	(7,479)	4,030
<b>Total contributions of/distributions to the shareholders</b>	<b>-</b>	<b>(58,150)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,467</b>	<b>11,317</b>	<b>(7,479)</b>	<b>3,838</b>
<b>Balance as at 30 June 2021</b>	<b>5,824,201</b>	<b>(73,437)</b>	<b>31,235</b>	<b>38,381</b>	<b>321,681</b>	<b>761,035</b>	<b>3,936,656</b>	<b>10,839,752</b>	<b>399,850</b>	<b>11,239,602</b>

The explanatory notes to the financial statements from page 11 to page 82 are an integral part of these financial statements.



# Banca Transilvania S.A.

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

For the six-month period ended June 30 2020

Group	Attributable to the equity holders of the Bank										
	Note:	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
In RON thousand											
Balance 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		-	-	-	-	-	-	670,238	670,238	19,825	690,063
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(52,731)	-	-	(52,731)	-	(52,731)
Retained earnings from revaluation reserves		-	-	-	(651)	-	-	651	-	-	-
Distribution to statutory reserves		-	-	-	-	-	2,058	(2,058)	-	-	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	821	821	-	821
Total comprehensive income of the period		-	-	-	(651)	(52,731)	2,058	669,652	618,328	19,825	638,153
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 2019 use		-	-	-	-	-	-	(26,927)	(26,927)	-	(26,927)
Other adjustments		-	-	-	-	-	-	6,353	6,353	(1,304)	5,049
Total contributions of/distributions to the shareholders		173	48,655	219	-	-	-	(620,574)	(571,527)	(1,304)	(572,831)
Balance as at June 30, 2020		5,302,592	(15,287)	31,235	17,167	95,173	689,785	2,757,378	8,878,043	401,115	9,279,158

The explanatory notes to the financial statements from page 11 to page 82 are an integral part of these financial statements.

# Banca Transilvania S.A.

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

*For the three-month period ended June 30, 2021*

Bank	Notes	Attributable to the equity holders of the Bank							Total
		Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	
<i>In RON thousand</i>									
<b>Balance as at 01 January 2021</b>		<b>5,824,201</b>	<b>-</b>	<b>28,614</b>	<b>48,517</b>	<b>518,558</b>	<b>736,446</b>	<b>2,366,533</b>	<b>9,522,869</b>
Profit for the period		-	-	-	-	-	-	901,035	<b>901,035</b>
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(197,889)	-	-	<b>(197,889)</b>
Retained earnings from revaluation reserves		-	-	-	(7,244)	-	-	7,244	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(1,150)	<b>(1,150)</b>
<b>Statement of comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,244)</b>	<b>(197,889)</b>	<b>-</b>	<b>907,129</b>	<b>701,996</b>
<b>Contributions of/distributions to the shareholders</b>									
Acquisition of treasury shares		-	(58,150)	-	-	-	-	-	<b>(58,150)</b>
SOP 2020 Scheme		-	-	-	-	-	-	80,809	<b>80,809</b>
<b>Total contributions of/distributions to the shareholders</b>		<b>-</b>	<b>(58,150)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,809</b>	<b>22,659</b>
<b>Balance as at 30 June 2021</b>		<b>5,824,201</b>	<b>(58,150)</b>	<b>28,614</b>	<b>41,273</b>	<b>320,669</b>	<b>736,446</b>	<b>3,354,471</b>	<b>10,247,524</b>

# Banca Transilvania S.A.

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

*For the six-month period ended June 30, 2020*

Bank	Attributable to the equity holders of the Bank								
	Note:	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
In RON thousand									
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		-	-	-	-	-	-	607,413	607,413
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(52,726)	-	-	(52,726)
Retained earnings from revaluation reserves		-	-	-	(651)	-	-	651	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(408)	(408)
Statement of comprehensive income for the period		-	-	-	(651)	(52,726)	-	607,656	554,279
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 2019 use		-	-	-	-	-	-	(26,927)	(26,927)
Other adjustments		-	-	-	-	-	-	-	-
Total contributions of/distributions to the shareholders		173	48,655	218	-	-	-	(626,927)	(577,881)
Balance as at June 30, 2020		5,302,592	-	28,614	20,059	96,108	667,894	2,357,574	8,472,841

## Interim Consolidated and Separate Statement of Cash Flows

For the six-month period ended June 30

In RON thousand	Note	Group		Bank	
		30-06-2021	30-06-2020	30-06-2021	30-06-2020
<b>Cash-flow from operating activities</b>					
Profit for the period		<b>1,015,492</b>	<b>690,063</b>	<b>901,035</b>	<b>607,413</b>
<b>Adjustments for:</b>					
Depreciation and amortization		178,035	158,784	173,815	146,796
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		255,646	400,027	260,272	370,813
Adjustment of financial assets at fair value through profit and loss		(54,679)	(34,595)	(93,140)	(1,448)
Income tax expense		148,790	105,220	135,101	93,143
Interest income		(1,811,722)	(1,813,860)	(1,618,583)	(1,627,055)
Interest expense		282,707	360,824	261,606	332,026
Other adjustments		53,766	112,462	(81,022)	31,345
<b>Net profit adjusted with non-monetary elements</b>		<b>68,035</b>	<b>(21,075)</b>	<b>(60,916)</b>	<b>(46,967)</b>
<b>Changes in operating assets and liabilities(*)</b>					
Change in financial assets at amortized cost and placements with banks		443,972	(771,490)	682,329	(914,698)
Change in loans and advances to customers		(2,486,290)	(639,431)	(2,602,999)	(580,432)
Change in finance lease receivables		(68,699)	(180)	-	-
Change in financial assets at fair value through profit or loss		52,666	(142,374)	40,378	(142,351)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		2,917	(9,390)	2,917	(9,390)
Change in equity instruments		(41,637)	(1,944)	(5,109)	1,087
Changes in debt instruments		(15,586)	19,997	-	-
Change in other financial assets		(254,101)	20,031	(257,405)	20,857
Change in other assets		(15,580)	(34,433)	(43,985)	(45,993)
Change in deposits from customers		6,226,543	2,917,320	6,112,163	2,735,488
Change in deposits from banks		451,506	106,718	451,408	107,315
Change in financial liabilities held-for-trading		(6,781)	21,952	(6,780)	21,952
Change in repo operations		142,742	2,523,832	142,742	2,523,831
Change in other financial liabilities		265,887	228,637	134,034	233,213
Change in other liabilities		11,675	11,055	15,169	7,140
Income tax (paid)/recovered		(52,503)	(91,589)	(39,579)	(80,529)
Interest received		1,310,781	1,590,917	1,241,610	1,234,937
Interest paid		(234,194)	(354,848)	(225,886)	(331,485)
<b>Net cash-flow from operating activities</b>		<b>5,801,353</b>	<b>5,373,705</b>	<b>5,580,091</b>	<b>4,733,975</b>

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

For the Six-month period ended June 30

<i>In RON thousand</i>	Notes	Group	Bank		
		30-06-2021	30-06-2020	30-06-2021	30-06-2020
<b>Cash-flow used in investment activities</b>					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(19,263,931)	(20,551,314)	(19,242,487)	(14,746,919)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		10,068,822	17,648,597	10,047,445	12,054,993
Net acquisitions of property and equipment		(102,844)	(127,165)	(50,063)	(56,133)
Net acquisitions intangible assets		(67,618)	(64,282)	(64,060)	(50,724)
Proceeds from disposal of property and equipment and intangible assets		1,260	760	1,092	512
Acquisition of equity investments		(12,000)	(12,500)	(12,000)	-
Dividends collected	11	3,218	2,896	25,055	2,900
Interest received		460,717	410,512	458,080	437,363
<b>Net cash-flow used in investment activities</b>		<b>(8,912,376)</b>	<b>(2,692,496)</b>	<b>(8,836,938)</b>	<b>(2,358,008)</b>
<b>Cash-flow from financing activities</b>					
Gross proceeds from loans from banks and other financial institutions		48,237	326,741	-	311,976
Gross payments from loans from banks and other financial institutions		(223,775)	(121,978)	(69,532)	(68,807)
Gross payments from subordinated loans from banks and other financial institutions		-	(47,918)	-	(47,918)
Repayment of the principal portion of the lease liabilities		(63,976)	(63,432)	(69,381)	(57,782)
Dividend payments		(723)	(313)	(723)	(313)
Payments for treasury shares		(58,150)	(36,466)	(58,150)	(36,466)
Interest paid		(43,409)	(46,660)	(38,226)	(39,490)
<b>Net cash-flow from / (used in) financing activities</b>		<b>(341,796)</b>	<b>9,974</b>	<b>(236,012)</b>	<b>61,200</b>

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

In RON thousand	Group		Bank	
	30-06-2021	30-06-2020	30-06-2021	30-06-2020
<b>Cash and cash equivalents at January 1</b>	<b>26,649,622</b>	<b>20,510,000</b>	<b>24,802,742</b>	<b>18,761,413</b>
The impact of exchange rate variations on cash and cash equivalents	46,479	130,971	45,569	130,712
Net increase/decrease (-) in cash and cash equivalents	(3,499,298)	2,560,212	(3,538,428)	2,306,455
<b>Cash and cash equivalents as at June 30</b>	<b>23,196,803</b>	<b>23,201,183</b>	<b>21,309,883</b>	<b>21,198,580</b>

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

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

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

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

Banca Transilvania S.A. (the “Parent company”, “BT”) is a joint-stock company registered in Romania. The Bank started its activity as a banking institution in 1993 and is licensed by the National Bank of Romania (“BNR”, the “Central Bank”) to conduct banking activities. The Bank started its activity in 1994 and its main operations involve banking services for legal entities and individuals. Banca Transilvania Group (the “Group”) includes the Parent company and its subsidiaries, based in Romania and in the Republic of Moldova. The consolidated and separate financial statements as of 30 June 2021 include 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. brokerage and investments through BT Capital Partners S.A. and pension funds management BT Pensii S.A. Additionally, the Bank also has control over five investment funds it consolidates.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 47 branches, 432 agencies, 19 work units, 7 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest (2020: 50 branches, 431 agencies, 21 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 30 June 2021 was 10,066 (December 30, 2020: 10,009 employees).

The Bank’s number of active employees as at 30 June 2021 was 8,429 (December 30, 2020: 8,359 employees).

The registered address of the Bank is 30-36 Calea Dorobantilor, Cluj-Napoca, Romania.

The ownership structure of the Bank is presented below:

	<b>30-06-2021</b>	<b>30-06-2020</b>
NN Group (*)	10.15%	10.06%
The European Bank for Reconstruction and Development (“EBRD”)	6.87%	7.93%
Romanian individuals	20.00%	20.51%
Romanian companies	40.90%	39.31%
Foreign individuals	1.05%	1.07%
Foreign companies	21.03%	21.12%
<b>Total</b>	<b>100%</b>	<b>100%</b>

(\*) NN Group N.V. and the pension funds managed by NN Pensii SAFAP S.A. and NN Asigurări de Viață S.A.

The Bank’s shares are listed on the Bucharest Stock Exchange and are traded under the ticker 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 30-06-2021	Percentage of direct and indirect stake 31-12-2020
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	100.00%	90.00%
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	61.82%	61.82%
BT Pensii S.A.	Activities of pension funds (except those in the public social security system)	100.00%	90.49%
Timesafe S.R.L.	Activities of software to order	51.12%	51.12%
Sinteza S.A.(*)	Manufacture of other basic organic chemicals	31.12%	33.87%

(\*) The Group lost control of this subsidiary in October 2019, thus becoming an associate.

### 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, June, 2021.

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 of and for the year ended December 31, 2020.

Financial information for the periods of 6 months and 3 months, respectively, ended at June 30, 2021 is unaudited. Financial information for the 6-months period ended June 30, 2020 is unaudited. Financial information for the 3 months period ended June 30, 2020 is unaudited and not reviewed.

## 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 statement 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 interim condensed consolidated and separate financial statements are presented in Romanian lei "RON", rounded to the nearest thousand.

The exchange rates for the major foreign currencies were:

Currency	30-06-2021	31-12-2020	Fluctuation %
Euro (EUR)	1: RON 4.9267	1:RON 4.8694	1.18 %
American dollar (USD)	1: RON 4.1425	1: RON 3.9660	4.45 %

#### e) Use of estimates and judgements

The preparation of the interim condensed consolidated and separate statement 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 considered 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 are frequently reviewing (mostly monthly) the loan and finance lease receivables portfolio in order to assess the impairment. In determining whether an impairment loss should be recorded, the Group and the Bank make judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows related to a portfolio of loans and finance lease, before such decrease can be identified with respect to an individual loan/lease investment in that portfolio.



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

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

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.

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 Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario.

The macroeconomic scenarios applied are changed from those applied in Q4 2020, to reflect positive macroeconomic outlook even if COVID 19 pandemic was not terminated and new risks are arising.

Usually, the Bank uses 3 types of scenarios: main / central scenario (that is most probable to happen), optimistic scenario and pessimistic scenario (which is not necessarily a crisis scenario). Scenario weights are determined by a statistical analysis but also by an expert opinion, considering the possible results of each scenario.

## 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)*

The weights percentages allocated to the scenarios used by the Bank on June 30, 2021 are: 70 % (31 december 2020: 50%) on central scenario, 20 % (31 december 2020: 45%) on pessimistic scenario and 10% (31 december 2020 5%) on the optimistic one.

Optimistic scenario – Macro indicators	<b>2021</b>	<b>2022</b>	<b>2023</b>
Real PIB (% each year)	5.5	7.0	7.1
Unemployment rate (%)	4.8	4.5	4.5
Inflation (%)	2.3	2.3	2.4
ROBOR 3M (%)	0.8	2.0	2.0
EURIBOR 3M (%)	(0.6)	(0.6)	(0.4)
Central scenario - Macro indicators	<b>2021</b>	<b>2022</b>	<b>2023</b>
Real PIB (% each year)	5.1	4.0	4.4
Unemployment rate (%)	5.4	4.9	4.6
Inflation (%)	2.6	2.6	2.6
ROBOR 3M (%)	1,6	2.3	2.3
EURIBOR 3M (%)	(0.5)	(0.5)	(0.4)
Pessimistic scenario - Macro indicators	<b>2021</b>	<b>2022</b>	<b>2023</b>
Real PIB (% each year)	2.0	3.1	3.2
Unemployment rate (%)	5.7	5.7	5.7
Inflation (%)	2.7	2.7	2.7
ROBOR 3M (%)	1.7	2,4	2.4
EURIBOR 3M (%)	(0.4)	(0.4)	(0.3)

For comparison, macroeconomic indicators used at the end of 2020, for the central scenario are:

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Real PIB (% each year)	4,5	5,1	4,1
Unemployment rate (%)	5,7	5,7	5,6
Inflation (%)	2,5	2,8	2,8
ROBOR 3M (%)	1,8	1,8	1,8
EURIBOR 3M (%)	(0.5)	(0.5)	(0.5)

Also, due to the still uncertain developments and impact of the COVID-19 pandemic, management continued to apply its own value judgements considering a series of post-model adjustments necessary in order to adopt a conservative position in line also with the expectations provided by the banking supervisors.

The main consideration and maintaining of the introduction of post-model adjustments is the fact that the prediction provided by internal rating assessment models can be affected by aid measures provided by governments, significantly influencing the default rate, in the sense of delaying its appearance.

## **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)***

The internal analyzes that determined additional adjustments were based on the available information. In this respect, we mention the public centralized information, referring to the companies that requested certificates in the state of emergency, attesting that they faced difficulties, various analyzes of the public institutions (including the N.B.R.), information collected from customers.

At the same time, considering information from the Bank's own databases, we also examined and evaluate the post moratoria behaviour of the clients who applied for payment deferral program. All this has led to the consideration of some sectors as being more sensitive/affected by pandemic crisis, product portfolios with higher associated credit risk and type of customers with low quality ratings, which could be affected to a greater extent by current events.

Borrowers could request during 2020, the postponement of rates and interest until the end of 2020. Based on Romanian legislation OUG 37/2020, the government granted to certain categories of debtors, individuals or companies, the possibility to request the suspension of the payment of the due installments related to the loans representing installments of capital, interest and commissions, for up to 9 months, but not more than December 31, 2020. This facility benefited borrowers with outstanding loans, for which the Bank did not denounce the contract (and especially, for companies not entered into an insolvency state). The facility could only be granted for loans that did not have overdues or the debtors had paid these arrears until the date of requesting the suspension of the payment obligation and was granted before March 2020. In 2021, the moratorium program was extended (legislation: GEO no. 227/2020), in the sense that the government prolonged the possibility of accessing the deferral of payments until March 15, 2021, up to a maximum of 9 months for each loan subject to moratoria. Therefore, for instance, if a borrower benefited in 2020 from the deferral of installments for 6 months (GEO no. 227/2020), he was able to request this facility for its loans, in 2021, for a period of only 3 months.

During 2021, over 1,200 individuals and companies benefited from the extension of the legislative facilities related to the deferral of installments, with a gross carrying amount of RON 80.9 million as of June 30, 2021 (on June 30, 2020, a number of over 33,700 individuals and companies benefited, having a gross book value of RON 4,779.3 million).

The Group's forbearance practices have been updated during 2020 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 EBA/ NBR decision on moratoria operations respectively it is considered that the operations will not automatically generate a stricter classification of exposures (should not be considered as an automatic trigger, but should be considered in correlation with other risk indicators), and the Group should develop and strengthen its own mechanisms to identify in early stages, increase of credit risk and unlikeliness to pay situation.

As mentioned, moratoria program did not have an impact on staging (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.

## **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*)**

Compared to the same period of the last year, the financial markets have not experienced the same volatility, therefore there have been no significant variations in market to market and no challenges in managing cash flows. The government securities market reacted to the evolutions of the international and domestic macro-financial climate, the yields registering a positive trend, which generated a decrease of the reserves registered from the marking to the market.

The Bank and the Group have a very good liquidity position, which is why market movements do not have significant influences on the Bank's and Group's position. In terms of interest rate risk, compared to the same period of the last year, net interest margins returned to a stable trend.

The trading portfolio of the Group and the Bank consists of government securities and bonds, shares, mutual fund units and derivatives, the valuation of which is affected by market volatility. The most significant part of the trading book is represented by government securities and bonds, most of which are held at fair value through other comprehensive income, thus allowing the impact of the market to be reflected in other comprehensive income and not in the consolidated and individual interim statement of profit or loss.

##### **(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, calculating a lower tax debt with the amount of RON thousand 264,096.

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 considered the bargain gain as non-taxable income for the calculation of the comprehensive income from June 30, 2021, based on solid arguments such as:

- Non-correlation of the fiscal legislation with the accounting legislation: The Fiscal Code does not contain specific provisions regarding the merger of two or several taxpayers that apply IFRS as the basis for accounting and the fiscal legislation is not correlated with the accounting legislation;
- Starting 1 Jan 2016, in the Rewritten Fiscal Code, the provisions for domestic mergers were updated and harmonized also in line with Directive 2009/133/EC and in this respect, clearly the intention of the lawmaker was that the specific taxation rules (taking in account the tax neutrality of the merger) should prevail over the general taxation rules.
- The merger with VBRO was based on sound economic grounds (it was not undertaken for certain fiscal benefits). The merger should be neutral from a tax point of view i.e. the bargain gain should not be taxable.
- The fiscal treatment should be balanced: considering the opposite case, whereby the purchase price is higher than the value of acquired identifiable assets and liabilities, a positive goodwill would have been recorded, which, as per Romanian fiscal legislation is not to be amortized for fiscal purposes and hence does not have any fiscal impact;
- Avoidance of double taxation;
- European jurisprudence – which stipulates that the EU legislation should prevail when the fiscal legislation of a member state is unclear or lacks specific provisions.

## **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 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, admitting ANAF's appeal against the sentence of the Cluj Court of Appeal, quashed the first instance decision, retried the case and in retrial rejected the action filed by Banca Transilvania as unfounded.

Based on the information made available by the High Court of Cassation and Justice once the reasoning of the judgment of June 23, 2020 was published, the Bank filed a request for review of this decision, for which a first appearance took place on March 31, 2021. Based on legal proceedings initiated by the Bank, the High Court of Cassation and Justice scheduled the next appearance for September 15, 2021. Depending on the result of this approach, the Bank will subsequently decide which and if other actions will be necessary in this case.

The Bank has not recognized a provision in this case but will monitor the evolution of the topic at each reporting date, in accordance with the relevant provisions of the accounting regulations.

##### **(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 June 30, 2021 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.

##### **(iv) Other significant litigation**

The Bank's subsidiary, Victoria Bank SA, was notified on July 6, 2020 that it is being investigated in a case instrumented by the Prosecutor's Office of the Republic of Moldova, and on August 6, 2020, a precautionary seizure was placed on some of the subsidiary's assets. In order to cover the claims in the file - amounting to approximately RON 440 million in equivalent.

Given the nature of the case and the legal limitations related to the investigation, the Bank and its subsidiary possesses limited information about this case, by also considering the lawyers' analysis of the content of the indictment related to these investigations. Given the stage of the investigation, that relates to a period before the Bank was a shareholder of the subsidiary, the Bank and the Group did not recognize a provision for this case, but will monitor the evolution of the topic at each reporting date, in accordance with the relevant provisions of the accounting regulations.

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

The Bank and the Group will monitor the evolution of the topics at each reporting date, in accordance with the relevant provisions of the accounting regulations.

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

### 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, 2020, except for the following standards, amendments to the existing standards that were adopted by the Group and the Bank as of January 1, 2021.

- ***Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)***

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be a justed, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods.

- ***IFRS 16 Leases-COVID19 Related Rent Concessions (Amendment)***

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

### 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.

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

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

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.

A 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.

***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.

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

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

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.

**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

For periods of 6 months ended at June 30, 2021 and June 30, 2020, 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 June 30, 2021, and comparative data for December 31, 2020:

#### Business segments as at June 30, 2021

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	7,460,995	6,897,492	2,943,966	3,651,992	26,213,121	-	2,633,574	8,210	(1,637,801)	48,171,549
<i>Allowances for impairment losses on loans and finance lease receivables</i>	<i>(734,264)</i>	<i>(739,026)</i>	<i>(331,792)</i>	<i>(475,777)</i>	<i>(1,270,858)</i>	-	<i>(297,992)</i>	<i>(1,897)</i>	59,347	<b>(3,792,259)</b>
Loans and finance receivables-net	6,726,731	6,158,466	2,612,174	3,176,215	24,942,263	-	2,335,582	6,313	(1,578,454)	44,379,290
Portfolio of Debt instruments and Equity instruments, net of provisions	-	-	-	-	-	42,663,179	-	459,314	(235,481)	42,887,012
Treasury and inter-bank operations	-	-	-	-	-	24,903,262	45,976	424,684	(267,706)	25,106,216
Intangible assets	66,572	138,050	75,586	171,772	500,878	24,987	7,816	327,717	(8,780)	1,304,598
Right-of-use assets	28,739	54,302	28,655	74,154	207,614	10,042	6,472	16,138	(5,832)	420,284
Other assets	186,218	186,261	77,731	90,736	660,616	-	57,385	84,602	(103,052)	1,240,497
<b>Total assets</b>	<b>7,008,260</b>	<b>6,537,079</b>	<b>2,794,146</b>	<b>3,512,877</b>	<b>26,311,371</b>	<b>67,601,470</b>	<b>2,453,231</b>	<b>1,318,768</b>	<b>(2,199,305)</b>	<b>115,337,897</b>
Deposits and current accounts	6,232,138	7,307,061	5,157,829	12,834,025	65,862,724	764,402	-	49,387	(271,259)	97,936,307
Loans from banks and other financial institutions	48,071	607,642	120,847	137,015	139,314	226,320	1,821,630	237,423	(1,663,161)	1,675,101
Subordinated liabilities	-	-	-	-	-	1,689,738	-	-	3,144	1,692,882
Finance lease financial liabilities	67,817	62,506	28,128	32,831	232,510	618	6,684	4,108	(5,891)	429,311
Other liabilities	460,229	284,323	98,282	125,353	959,389	834	72,293	418,616	(54,625)	2,364,694
<b>Total liabilities</b>	<b>6,808,255</b>	<b>8,261,532</b>	<b>5,405,086</b>	<b>13,129,224</b>	<b>67,193,937</b>	<b>2,681,912</b>	<b>1,900,607</b>	<b>709,534</b>	<b>(1,991,792)</b>	<b>104,098,295</b>
Equity and related items	-	-	-	-	-	-	-	11,239,602	-	11,239,602
<b>Total liabilities and equity</b>	<b>6,808,255</b>	<b>8,261,532</b>	<b>5,405,086</b>	<b>13,129,224</b>	<b>67,193,937</b>	<b>2,681,912</b>	<b>1,900,607</b>	<b>11,949,136</b>	<b>(1,991,792)</b>	<b>115,337,897</b>

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

### 3. Segment reporting (continued)

*Business segments as at December 31, 2020*

Group In RON thousand

	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
Gross loans and finance lease receivables	7,024,155	6,734,327	2,663,702	3,609,606	24,527,003	-	2,450,243	6,255	(1,396,733)	<b>45,618,558</b>
Provisions for principal Loans and finance lease receivables net of provisions	(765,340)	(770,768)	(249,906)	(410,067)	(1,057,664)	-	(293,705)	(1,877)	51,029	<b>(3,498,298)</b>
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	6,258,815	5,963,559	2,413,796	3,199,539	23,469,339	-	2,156,538	4,378	(1,345,704)	<b>42,120,260</b>
Treasury and inter-bank operations	-	-	-	-	-	33,144,340	-	414,278	(237,059)	<b>33,321,559</b>
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	29,188,356	48,986	243,295	(124,149)	<b>29,356,488</b>
Right-of-use assets	57,034	138,923	72,658	164,021	482,583	21,949	8,080	289,031	(6,956)	<b>1,227,323</b>
Other assets	27,702	55,831	29,112	79,667	226,937	9,607	6,573	17,513	(4,090)	<b>448,852</b>
<b>Total assets</b>	<b>144,596</b>	<b>166,129</b>	<b>60,035</b>	<b>72,576</b>	<b>530,653</b>	<b>-</b>	<b>24,065</b>	<b>88,463</b>	<b>(68,602)</b>	<b>1,017,915</b>
Deposits from customers and current accounts	4,474,760	6,983,527	4,936,113	12,732,126	61,940,642	314,837	-	1,902	(122,548)	<b>91,261,359</b>
Loans from banks and other financial institutions	42,291	613,906	142,557	162,108	147,647	83,564	1,722,445	200,310	(1,423,160)	<b>1,691,668</b>
Subordinated liabilities	-	-	-	-	-	1,664,463	-	-	3,298	<b>1,667,761</b>
Lease liabilities	72,079	68,685	28,360	35,912	244,405	454	6,754	2,302	(4,159)	<b>454,792</b>
Other liabilities	372,251	292,662	83,099	106,312	866,374	536	44,236	262,956	(25,967)	<b>2,002,459</b>
<b>Total liabilities</b>	<b>4,961,381</b>	<b>7,958,780</b>	<b>5,190,129</b>	<b>13,036,458</b>	<b>63,199,068</b>	<b>2,063,854</b>	<b>1,773,435</b>	<b>467,470</b>	<b>(1,572,536)</b>	<b>97,078,039</b>
Equity and related items	-	-	-	-	-	-	-	10,414,358	-	<b>10,414,358</b>
<b>Total liabilities and equity</b>	<b>4,961,381</b>	<b>7,958,780</b>	<b>5,190,129</b>	<b>13,036,458</b>	<b>63,199,068</b>	<b>2,063,854</b>	<b>1,773,435</b>	<b>10,881,828</b>	<b>(1,572,536)</b>	<b>107,492,397</b>

## 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 June 30, 2021, and comparative data for June 30, 2020:

#### Business segments as at June 30, 2021

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	91,759	126,579	69,171	113,074	492,113	170,252	119,017	343,736	3,314	<b>1,529,015</b>
Net commission income	29,961	58,015	37,312	133,624	149,142	(1,143)	5,655	35,867	(1,445)	<b>446,988</b>
Net trading income	5,051	19,785	19,644	39,053	75,587	60,137	4,331	34,883	3,149	<b>261,620</b>
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	64,995	-	64,350	5	<b>129,350</b>
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	51,000	-	3,679	-	<b>54,679</b>
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(4,155)	(7,832)	(4,876)	(11,806)	(59,707)	-	-	-	-	<b>(88,376)</b>
Other operating income	13,211	12,576	5,526	5,445	45,822	125	6,042	7,303	(19,315)	<b>76,735</b>
<b>Total income</b>	<b>135,827</b>	<b>209,123</b>	<b>126,777</b>	<b>279,390</b>	<b>702,957</b>	<b>345,366</b>	<b>135,045</b>	<b>489,818</b>	<b>(14,292)</b>	<b>2,410,011</b>
Personnel expenses	(38,082)	(95,978)	(51,140)	(103,827)	(263,297)	(13,292)	(26,578)	(58,521)	-	<b>(650,715)</b>
Other operating expenses	(13,495)	(28,782)	(16,502)	(35,110)	(128,581)	(9,817)	(21,146)	(56,217)	5,722	<b>(303,928)</b>
Depreciation and amortization	(12,224)	(23,369)	(13,293)	(33,289)	(91,376)	(4,256)	(3,297)	(6,958)	10,027	<b>(178,035)</b>
<b>Total Expenses</b>	<b>(63,801)</b>	<b>(148,129)</b>	<b>(80,935)</b>	<b>(172,226)</b>	<b>(483,254)</b>	<b>(27,365)</b>	<b>(51,021)</b>	<b>(121,696)</b>	<b>15,749</b>	<b>(1,132,678)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>72,026</b>	<b>60,994</b>	<b>45,842</b>	<b>107,164</b>	<b>219,703</b>	<b>318,001</b>	<b>84,024</b>	<b>368,122</b>	<b>1,457</b>	<b>1,277,333</b>

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

### 3. Segment reporting (continued)

Business segments as at June 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	51,473	91,999	73,989	112,894	487,937	88,879	105,746	439,326	793	1,453,036
Net commission income	20,851	46,675	31,615	108,491	115,667	(994)	2,769	28,171	(1,417)	351,828
Net trading income	4,474	17,697	16,090	28,749	58,462	32,958	3,837	(34,633)	5	127,639
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	70,048	-	67,289	-	137,337
Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	38,020	-	(3,425)	-	34,595
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(4,648)	(5,314)	(2,920)	(9,133)	(50,736)	-	-	-	-	(72,751)
Other operating income	7,386	6,477	2,017	710	35,115	82	6,176	12,922	(6,675)	64,210
<b>Total income</b>	<b>79,536</b>	<b>157,534</b>	<b>120,791</b>	<b>241,711</b>	<b>646,445</b>	<b>228,993</b>	<b>118,528</b>	<b>509,650</b>	<b>(7,294)</b>	<b>2,095,894</b>
Personnel expenses	(31,125)	(84,355)	(46,072)	(93,704)	(212,853)	(9,752)	(19,938)	(47,711)	7	(545,503)
Other operating expenses	(15,416)	(31,351)	(15,711)	(34,735)	(108,804)	(9,874)	(19,580)	(67,240)	5,647	(297,064)
Depreciation and amortization	(8,962)	(19,622)	(11,304)	(30,763)	(76,056)	(3,114)	(3,243)	(6,418)	698	(158,784)
<b>Total Expenses</b>	<b>(55,503)</b>	<b>(135,328)</b>	<b>(73,087)</b>	<b>(159,202)</b>	<b>(397,713)</b>	<b>(22,740)</b>	<b>(42,761)</b>	<b>(121,369)</b>	<b>6,352</b>	<b>(1,001,351)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>24,033</b>	<b>22,206</b>	<b>47,704</b>	<b>82,509</b>	<b>248,732</b>	<b>206,253</b>	<b>75,767</b>	<b>388,281</b>	<b>(942)</b>	<b>1,094,543</b>

## 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 3-month period ended at June 30, 2021, and comparative data for 3-month period ended June 30, 2020:

#### *Business segments for the 3-month period ended June 30, 2021*

<b>Group</b> <i>In RON thousand</i>	<b>Large Corporate</b>	<b>Mid Corporate</b>	<b>SME</b>	<b>Micro</b>	<b>Retail</b>	<b>Treasury</b>	<b>Leasing and consumer loans granted by non- banking financial institutions</b>	<b>Other - Group</b>	<b>Removals &amp; adjustments</b>	<b>Total</b>
Net interest income	55,564	64,694	32,077	56,696	249,664	92,710	60,738	165,047	1,843	<b>779,033</b>
Net commission income	16,064	31,251	19,716	68,768	78,454	-700	2,831	18,153	(806)	<b>233,731</b>
Net trading income	2,697	10,469	10,418	20,389	40,963	31,135	1,336	(1,602)	12	<b>115,817</b>
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	28,151	-	28,958	(1)	<b>57,108</b>
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	30,429	-	1,115	-	<b>31,544</b>
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	-	(1,321)	(14)	29	(1,845)	-	-	-	-	<b>(3,151)</b>
Other operating income	8,131	7,460	5,125	5,334	24,739	125	3,034	(7,383)	(10,566)	<b>35,999</b>
<b>Total income</b>	<b>82,456</b>	<b>112,553</b>	<b>67,322</b>	<b>151,216</b>	<b>391,975</b>	<b>181,850</b>	<b>67,939</b>	<b>204,288</b>	<b>(9,518)</b>	<b>1,250,081</b>
Personnel expenses	(19,377)	(50,034)	(26,999)	(54,728)	(134,822)	(7,261)	(14,141)	(29,903)	-	<b>(337,265)</b>
Other operating expenses	(7,101)	(14,945)	(8,121)	(17,326)	(63,830)	(5,018)	(10,032)	(30,223)	3,156	<b>(153,440)</b>
Depreciation and amortization	(6,300)	(11,652)	(6,540)	(16,449)	(45,093)	(2,141)	(1,633)	(3,652)	5,011	<b>(88,449)</b>
<b>Total Expenses</b>	<b>(32,778)</b>	<b>(76,631)</b>	<b>(41,660)</b>	<b>(88,503)</b>	<b>(243,745)</b>	<b>(14,420)</b>	<b>(25,806)</b>	<b>(63,778)</b>	<b>8,167</b>	<b>(579,154)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>49,678</b>	<b>35,922</b>	<b>25,662</b>	<b>62,713</b>	<b>148,230</b>	<b>167,430</b>	<b>42,133</b>	<b>140,510</b>	<b>(1,351)</b>	<b>670,927</b>

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

### 3. Segment reporting (continued)

*Business segments for the 3-month period ended June 30, 2020*

<b>Group</b> <i>In RON thousand</i>	<b>Large Corporate</b>	<b>Mid Corporate</b>	<b>SME</b>	<b>Micro</b>	<b>Retail</b>	<b>Treasury</b>	<b>Leasing and consumer loans granted by non- banking financial institutions</b>	<b>Other - Group</b>	<b>Removals &amp; adjustments</b>	<b>Total</b>
Net interest income	29,927	37,789	47,727	55,059	241,131	53,285	51,279	198,640	422	<b>715,259</b>
Net commission income	9,536	21,830	15,196	52,277	55,019	(353)	1,276	13,204	(455)	<b>167,530</b>
Net trading income	1,965	8,274	7,754	13,795	25,799	35,793	638	(26,113)	(15)	<b>67,890</b>
Net gain from financial assets measured through comprehensive income		--	-	-	-	20,689	-	19,871	-	<b>40,560</b>
Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	133,463	-	2,004	-	<b>135,467</b>
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	-	83	83	-	(1,472)	-	-	-	-	<b>(1,306)</b>
Other operating income	4,851	4,207	1,620	625	19,406	82	3,207	5,126	(3,182)	<b>35,942</b>
<b>Total income</b>	<b>46,279</b>	<b>72,183</b>	<b>72,380</b>	<b>121,756</b>	<b>339,883</b>	<b>242,959</b>	<b>56,400</b>	<b>212,732</b>	<b>(3,230)</b>	<b>1,161,342</b>
Personnel expenses	(14,290)	(38,242)	(20,981)	(43,576)	(100,442)	(4,480)	(9,180)	(23,679)	-	<b>(254,870)</b>
Other operating expenses	(6,872)	(14,098)	(7,430)	(16,611)	(51,658)	(5,157)	(9,247)	(24,444)	2,567	<b>(132,950)</b>
Depreciation and amortization	(4,614)	(9,793)	(5,639)	(15,544)	(38,861)	(1,571)	(1,661)	(3,176)	350	<b>(80,509)</b>
<b>Total Expenses</b>	<b>(25,776)</b>	<b>(62,133)</b>	<b>(34,050)</b>	<b>(75,731)</b>	<b>(190,961)</b>	<b>(11,208)</b>	<b>(20,088)</b>	<b>(51,299)</b>	<b>2,918</b>	<b>(468,328)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>20,503</b>	<b>10,050</b>	<b>38,330</b>	<b>46,025</b>	<b>148,922</b>	<b>231,751</b>	<b>36,312</b>	<b>161,433</b>	<b>(312)</b>	<b>693,014</b>

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

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

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

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

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

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

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

<b>Group</b> <i>In RON thousand</i>	<b>Level 1 - Quoted market prices in active markets</b>	<b>Level 2 - Valuation techniques – observable inputs</b>	<b>Level 3 - Valuation techniques – unobservable inputs</b>	<b>Total</b>
<b>June 30, 2021</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>403,695</b>	-	-	<b>403,695</b>
- Equity instruments	267,774	-	-	267,774
- Debt instruments	135,921	-	-	135,921
<b>Derivatives</b>		<b>19,173</b>		<b>19,173</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>39,853,650</b>	<b>675</b>	<b>181,876</b>	<b>40,036,201</b>
- Equity instruments	-	-	36,305	36,305
- Debt instruments	39,853,650	675	115,869	39,970,194
- Loans and advances	-	-	29,702	29,702
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>796,609</b>	<b>10,200</b>	<b>280,918</b>	<b>1,087,727</b>
- Equity instruments	240,709	-	-	240,709
- Debt instruments	555,900	10,200	280,918	847,018
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>41,053,954</b>	<b>30,048</b>	<b>462,794</b>	<b>41,527,623</b>
<b>Held-for-trading financial liabilities</b>	-	<b>28,037</b>	-	<b>28,037</b>
<b>December 31, 2020</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>346,472</b>	-	-	<b>346,472</b>
- Equity instruments	226,137	-	-	226,137
- Debt instruments	120,335	-	-	120,335
<b>Derivatives</b>	-	<b>22,090</b>	-	<b>22,090</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>30,812,897</b>	<b>755</b>	<b>63,525</b>	<b>30,877,177</b>
- Equity instruments	-	-	32,687	32,687
- Debt instruments	30,812,897	755	-	30,813,652
- Loans and advances	-	-	30,838	30,838
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>745,920</b>	<b>62,226</b>	<b>277,568</b>	<b>1,085,714</b>
- Equity instruments	217,564	-	-	217,564
- Debt instruments	528,356	62,226	277,568	868,150
<b>Total assets measured at fair value in the statement of financial position</b>	<b>31,905,289</b>	<b>85,071</b>	<b>341,093</b>	<b>32,331,453</b>
<b>Held-for-trading financial liabilities</b>	-	<b>34,817</b>	-	<b>34,817</b>



# 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	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
<i>In RON thousand</i>				
<b>June 30, 2021</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>22,681</b>	-	-	<b>22,681</b>
- Equity instruments	22,681	-	-	22,681
<b>Derivatives</b>	-	<b>19,173</b>	-	<b>19,173</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>39,847,479</b>	<b>675</b>	<b>161,282</b>	<b>40,009,436</b>
- Equity instruments	-	-	15,711	15,711
- Debt instruments	39,847,479	675	115,869	39,964,023
- Loans and advances	-	-	29,702	29,702
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>1,111,317</b>	<b>10,200</b>	<b>280,918</b>	<b>1,402,435</b>
- Equity instruments	240,272	-	-	240,272
- Debt instruments	871,045	10,200	280,918	1,162,163
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>40,981,477</b>	<b>30,048</b>	<b>442,200</b>	<b>41,453,725</b>
<b>Held-for-trading financial liabilities</b>	-	<b>28,037</b>	-	<b>28,037</b>
<b>December 31, 2020</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>17,572</b>	-	-	<b>17,572</b>
- Equity instruments	17,572	-	-	17,572
<b>Derivatives</b>	-	<b>22,090</b>	-	<b>22,090</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>30,804,361</b>	<b>755</b>	<b>45,654</b>	<b>30,850,770</b>
- Equity instruments	-	-	14,816	14,816
- Debt instruments	30,804,361	755	-	30,805,116
- Loans and advances	-	-	30,838	30,838
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>1,009,879</b>	<b>62,226</b>	<b>277,568</b>	<b>1,349,673</b>
- Equity instruments	217,192	-	-	217,192
- Debt instruments	792,687	62,226	277,568	1,132,481
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>31,831,812</b>	<b>85,071</b>	<b>323,222</b>	<b>32,240,105</b>
<b>Held-for-trading financial liabilities</b>	-	<b>34,817</b>	-	<b>34,817</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

At level 1 in the fair value hierarchy, the Bank and the Group included in the category of assets that are not held at fair value: financial assets at amortized cost - debt instruments, represented by bonds issued by central administrations and credit institutions.

At level 2 in the fair value hierarchy, the Bank and the Group included in the category of assets that are not held at fair value: placements with banks, financial assets measured at amortized cost - debt instruments and in the category of liabilities: deposits from banks and from customers.

At level 3 in the fair value hierarchy, the Bank and the Group included in the category of assets: loans and advances and finance lease receivables and other financial assets; and in the category of liabilities: loans from banks and other financial institutions, subordinated loans and other financial liabilities.

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at June 30, 2021:

In RON thousand	Notes	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				Level 1	Fair value hierarchy Level 2	Level 3			Level 1	Fair value hierarchy Level 2	Level 3
Assets											
Placements with banks	17	6,349,808	6,349,808	-	6,349,808	-	5,715,614	5,715,614	-	5,715,614	-
Loans and advances to customers	19	43,075,675	42,994,633	-	-	42,994,633	42,657,734	42,578,497	-	-	42,578,497
Finance lease receivables	20	1,303,615	1,304,843	-	-	1,304,843	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	1,340,216	1,354,837	69,187	1,285,650	-	161,589	165,729	-	165,729	-
Other financial assets	25	1,101,857	1,101,857	-	-	1,101,857	998,800	998,800	-	-	998,800
Total assets		53,171,171	53,105,978	69,187	7,635,458	45,401,333	49,533,737	49,458,640	-	5,881,343	43,577,297
Liabilities											
Deposits from banks	27	770,462	770,462	-	770,462	-	763,242	763,242	-	763,242	-
Deposits from customers	28	97,165,845	97,211,942	-	97,211,942	-	94,406,315	94,450,874	-	94,450,874	-
Loans from banks and other financial institutions	29	1,675,101	1,675,101	-	-	1,675,101	1,261,760	1,261,760	-	-	1,261,760
Subordinated liabilities	30	1,692,882	1,692,882	-	-	1,692,882	1,689,738	1,689,738	-	-	1,689,738
Lease liabilities		429,311	429,311	-	-	429,311	675,130	675,130	-	-	675,130
Other financial liabilities	32	1,432,280	1,432,280	-	-	1,432,280	1,045,550	1,045,550	-	-	1,045,550
Total liabilities		103,165,881	103,211,978	-	97,982,404	5,229,574	99,841,735	99,886,294	-	95,214,116	4,672,178

## 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, 2020:

RON thousand	Note	Group						Bank			
		Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
<b>Assets</b>											
Placements with banks	17	7,223,277	7,223,277	-	7,223,277	-	6,636,395	6,636,395	-	6,636,395	-
Loans and advances to customers	19	40,892,544	40,692,694	-	-	40,692,694	40,363,909	40,185,867	-	-	40,185,867
Finance lease receivables	20	1,227,716	1,230,658	-	-	1,230,658	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	990,106	1,004,961	58,212	946,749	-	160,874	166,258	-	166,258	-
Other financial assets	25	860,105	860,105	-	-	860,105	761,133	761,133	-	-	761,133
<b>Total assets</b>		<b>51,193,748</b>	<b>51,011,695</b>	<b>58,212</b>	<b>8,170,026</b>	<b>42,783,457</b>	<b>47,922,311</b>	<b>47,749,653</b>	<b>-</b>	<b>6,802,653</b>	<b>40,947,000</b>
<b>Liabilities</b>											
Deposits from banks	27	318,944	318,944	-	318,944	-	311,822	311,822	-	311,822	-
Deposits from customers	28	90,942,415	90,946,555	-	90,946,555	-	88,297,146	88,316,041	-	88,316,041	-
Loans from banks and other financial institutions	29	1,691,668	1,691,902	-	-	1,691,902	1,176,066	1,176,300	-	-	1,176,300
Subordinated liabilities	30	1,667,761	1,667,761	-	-	1,667,761	1,664,464	1,664,464	-	-	1,664,464
Lease liabilities		454,792	454,792	-	-	454,792	709,269	709,269	-	-	709,269
Other financial liabilities	32	1,161,789	1,161,789	-	-	1,161,789	907,681	907,681	-	-	907,681
<b>Total liabilities</b>		<b>96,237,369</b>	<b>96,241,743</b>	<b>-</b>	<b>91,265,499</b>	<b>4,976,244</b>	<b>93,066,448</b>	<b>93,085,577</b>	<b>-</b>	<b>88,627,863</b>	<b>4,457,714</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 5. Net interest income

	Group				Bank			
	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
<i>In RON thousand</i>								
<b>Interest income calculated using the effective interest method</b>	<b>888,007</b>	<b>1,754,907</b>	<b>887,412</b>	<b>1,761,762</b>	<b>815,412</b>	<b>1,613,819</b>	<b>815,690</b>	<b>1,621,956</b>
- Cash and cash equivalents at AC	1,078	3,127	1,716	11,163	922	2,802	1,396	7,743
- Placements with banks at AC	9,488	23,268	43,185	67,165	9,270	22,804	42,616	65,785
- Loans and advances to customers at AC	654,755	1,297,919	651,718	1,334,984	595,001	1,180,320	591,167	1,222,185
- Debt instruments at FVOCI	209,377	406,130	179,501	324,217	209,203	405,881	179,411	324,043
- Debt instruments at AC	13,309	24,463	11,292	24,233	1,016	2,012	1,100	2,200
<b>Other similar interest income</b>	<b>29,157</b>	<b>56,815</b>	<b>24,395</b>	<b>52,098</b>	<b>2,592</b>	<b>4,764</b>	<b>2,339</b>	<b>5,099</b>
- Finance lease receivables	26,565	52,051	22,056	46,999	-	-	-	-
- Non-recourse factoring receivables	2,592	4,764	2,339	5,099	2,592	4,764	2,339	5,099
<b>Total interest income</b>	<b>917,164</b>	<b>1,811,722</b>	<b>911,807</b>	<b>1,813,860</b>	<b>818,004</b>	<b>1,618,583</b>	<b>818,029</b>	<b>1,627,055</b>
<b>Interest expense related to financial liabilities measured at amortized cost</b>	<b>137,803</b>	<b>282,058</b>	<b>196,205</b>	<b>360,095</b>	<b>125,273</b>	<b>258,255</b>	<b>182,786</b>	<b>331,402</b>
- Cash and cash equivalents	11,338	22,426	14,864	26,628	11,338	22,426	14,864	26,628
- Deposits from banks	2,000	4,888	4,930	9,347	1,678	4,223	4,364	8,281
- Deposits from customers	98,053	203,221	120,477	242,041	89,383	187,007	111,885	222,941
- Loans from banks and other financial institutions	26,412	51,523	55,934	82,079	22,874	44,599	51,673	73,552
<b>Other similar expense</b>	<b>328</b>	<b>649</b>	<b>343</b>	<b>729</b>	<b>1,675</b>	<b>3,351</b>	<b>293</b>	<b>624</b>
- Lease liabilities	328	649	343	729	1,675	3,351	293	624
<b>Total interest expense</b>	<b>138,131</b>	<b>282,707</b>	<b>196,548</b>	<b>360,824</b>	<b>126,948</b>	<b>261,606</b>	<b>183,079</b>	<b>332,026</b>
<b>Net interest income</b>	<b>779,033</b>	<b>1,529,015</b>	<b>715,259</b>	<b>1,453,036</b>	<b>691,056</b>	<b>1,356,977</b>	<b>634,950</b>	<b>1,295,029</b>

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.

Interest income for the period ended at June 30,2021 includes the net interest income on impaired financial assets amounting RON 67,972 thousand (June 2020: RON 88,662 thousand) for the Group and RON 55,473 thousand (June 2020: RON 74,877 thousand) for the Bank.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 6. Net fee and commission income

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
<b>Fee and commission income</b>								
Commissions from treasury and inter-bank operations	43,440	79,995	27,657	59,158	43,440	79,995	27,657	59,158
Client transactions	290,125	552,249	216,387	447,813	244,088	463,062	181,522	376,645
Lending activity (i)	10,551	19,770	7,124	16,424	10,305	19,422	7,005	16,178
Finance lease management	43	57	7	9	-	-	-	-
Other fee and commission income	1,043	2,078	1,116	2,040	122	294	145	336
<b>Total fee and commission income</b>	<b>345,202</b>	<b>654,149</b>	<b>252,291</b>	<b>525,444</b>	<b>297,955</b>	<b>562,773</b>	<b>216,329</b>	<b>452,317</b>
<b>Fee and commission expense</b>								
Commissions from treasury and inter-bank	74,281	142,073	53,697	116,114	62,341	120,244	45,787	99,115
Client transactions	30,552	53,415	24,771	46,156	25,141	42,758	19,588	36,730
Lending activity (i)	5,909	10,543	5,731	10,273	8,893	16,461	8,106	15,728
Other fees and commissions	729	1,130	562	1,073	699	1,142	353	994
<b>Fee and commission expenses</b>	<b>111,471</b>	<b>207,161</b>	<b>84,761</b>	<b>173,616</b>	<b>97,074</b>	<b>180,605</b>	<b>73,834</b>	<b>152,567</b>
<b>Net fee and commission income</b>	<b>233,731</b>	<b>446,988</b>	<b>167,530</b>	<b>351,828</b>	<b>200,881</b>	<b>382,168</b>	<b>142,495</b>	<b>299,750</b>

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

## 7. Net trading income

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Net income from foreign exchange transactions	105,847	202,886	79,727	165,126	96,976	186,055	67,773	141,627
Net income/(expense) from derivatives	4,946	9,737	16,201	(25,360)	4,946	9,739	16,205	(25,356)
Net income/(expense) from financial assets held-for-trading	642	42,649	(23,112)	(34,006)	2,067	6,166	2,442	(48)
Net income/(expense) from foreign exchange position revaluation	4,382	6,348	(4,926)	21,879	3,901	1,863	(670)	22,497
<b>Net trading income</b>	<b>115,817</b>	<b>261,620</b>	<b>67,890</b>	<b>127,639</b>	<b>107,890</b>	<b>203,823</b>	<b>85,750</b>	<b>138,720</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

	Group				Bank			
<i>In RON thousand</i>	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Income from the sale of financial assets measured at fair value through other items of comprehensive income	59,139	132,733	42,193	141,465	55,671	129,253	42,187	141,452
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(2,031)	(3,383)	(1,633)	(4,128)	(511)	(1,864)	(1,633)	(4,128)
<b>Net income from financial assets measured at fair value through comprehensive income</b>	<b>57,108</b>	<b>129,350</b>	<b>40,560</b>	<b>137,337</b>	<b>55,160</b>	<b>127,389</b>	<b>40,554</b>	<b>137,324</b>

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

	Group				Bank			
<i>In RON thousand</i>	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Losses from financial assets which are required to be measured at fair value through profit or loss	(15,234)	(69,762)	980	(117,325)	(15,185)	(69,671)	(94,013)	(215,179)
Income from financial assets which are required to be measured at fair value through profit or loss	46,778	124,441	134,487	151,920	52,991	162,811	199,392	216,627
<b>Net income from financial assets which are required to be measured at fair value through profit or loss</b>	<b>31,544</b>	<b>54,679</b>	<b>135,467</b>	<b>34,595</b>	<b>37,806</b>	<b>93,140</b>	<b>105,379</b>	<b>1,448</b>

## 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>	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Contribution to the Bank Deposit Guarantee Fund	599	28,995	685	31,901	-	27,767	-	30,551
Bank Resolution Fund	2,552	59,381	621	40,850	-	54,255	-	39,244
<b>Total</b>	<b>3,151</b>	<b>88,376</b>	<b>1,306</b>	<b>72,751</b>	<b>-</b>	<b>82,022</b>	<b>-</b>	<b>69,795</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 11. Other operating income

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Dividend income	3,218	3,218	2,896	2,896	25,055	25,055	2,900	2,900
Income from insurance intermediation	22,396	42,536	17,619	34,408	17,944	33,840	14,491	28,581
Income from indemnities, fines and penalties	2,385	4,450	1,294	3,512	1,605	3,306	911	2,758
Income from VISA, MASTERCARD, WU services	168	8,231	7,266	8,859	123	8,186	7,266	8,859
Other operating income (i)	7,832	18,300	6,867	14,535	8,900	18,044	6,637	12,591
<b>Total</b>	<b>35,999</b>	<b>76,735</b>	<b>35,942</b>	<b>64,210</b>	<b>53,627</b>	<b>88,431</b>	<b>32,205</b>	<b>55,689</b>

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

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

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Net impairment allowance on assets (i)	330,340	285,733	277,895	410,811	330,554	285,165	258,964	367,385
Net loss on loans written off	83	1,278	50	177	-	-	-	-
Net loss on finance lease receivables written off	1,940	4,046	5,051	9,536	-	-	-	-
Provisions for other risks and loan commitments	(6,355)	(24,177)	26,134	(3,583)	(6,612)	(24,893)	24,039	3,428
Recoveries from loans written off	(61,272)	(142,595)	(52,121)	(100,767)	(58,876)	(139,600)	(50,923)	(97,757)
Recoveries from finance lease receivables written off	(5,283)	(11,234)	(9,054)	(16,914)	-	-	-	-
<b>Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments</b>	<b>259,453</b>	<b>113,051</b>	<b>247,955</b>	<b>299,260</b>	<b>265,066</b>	<b>120,672</b>	<b>232,080</b>	<b>273,056</b>

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

### 12. Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments (continued)

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

	Group				Bank			
<i>In RON thousand</i>	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Loans and advances to customers	331,373	287,402	273,383	400,052	329,447	287,339	257,784	370,981
Treasury and inter-bank operations	34	3	(74)	86	142	30	41	81
Finance lease receivables	2,305	3,822	2,112	14,101	0	0	0	0
Investment securities	1,357	5,068	2,851	3,189	(66)	1,750	809	1,022
Other financial assets	1,126	(177)	626	225	1,068	(472)	524	72
Other non-financial assets	(5,855)	(10,385)	(1,003)	(6,842)	(37)	(3,482)	(194)	(4,771)
<b>Net impairment allowance on assets</b>	<b>330,340</b>	<b>285,733</b>	<b>277,895</b>	<b>410,811</b>	<b>330,554</b>	<b>285,165</b>	<b>258,964</b>	<b>367,385</b>

### 13. Personnel expenses

	Group				Bank			
<i>In RON thousand</i>	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Gross salaries	244,041	478,420	241,905	464,964	215,455	423,717	208,073	405,900
Social protection contribution	10,135	19,529	10,374	19,465	6,835	13,309	6,696	12,881
Share-based payments to employees	45,077	80,830	14,293	41,644	45,077	80,830	14,293	41,644
3rd Pension Pillar	3,995	7,623	2,808	5,614	3,744	7,138	2,699	5,382
Other staff expenses	18,143	34,168	13,934	25,463	16,574	31,232	12,626	22,842
Net expenses with provisions for overdue vacations and other provisions	15,874	30,145	(28,444)	(11,647)	13,588	24,336	(19,833)	(6,199)
<b>Total</b>	<b>337,265</b>	<b>650,715</b>	<b>254,870</b>	<b>545,503</b>	<b>301,273</b>	<b>580,562</b>	<b>224,554</b>	<b>482,450</b>



**Notes to the Interim Condensed Consolidated and Separate Financial Statements****13. Personnel expenses (continued)**

The Bank has established a Stock Option Plan (SOP) program, within which the Bank's staff can exercise their right and option to acquire a number of shares issued by the Bank.

Vesting conditions for 2021 related to SOP 2020:

- Achievement of performance and prudential indicators during 2020;
- Compliance with certain individual eligibility and/or performance criteria, in accordance with the applicable remuneration policy and standard, related to the year for which shares are granted;
- Being an employee upon the granting of the SOP right (01 September 2020) and when exercising such right (starting from 02 September 2021);

Contractual vesting period for the shares granted for the year 2020 through SOP:

- Release after 02 September 2021;
- Deferral period for the identified personnel subject to applicable restrictions, pursuant to internal regulations in force.

The impact in profit or loss of a possible value change of the shares which are to be granted to the employees under the Stock Option Plan for 2020, by a maximum of +/-15,00% regulated by the Bucharest Stock Exchange, would be of RON +/- 8,722 thousand.

Vesting conditions for 2022 related to SOP 2021:

- Achievement of performance and prudential indicators during 2021;
- Compliance with certain individual eligibility and/or performance criteria, in accordance with the applicable remuneration policy and standard, related to the year for which shares are granted;
- Being an employee upon the granting of the SOP right (31 May 2021) and when exercising such right (starting from 01 June 2022);

Contractual vesting period for the shares granted for the year 2021 through SOP:

- Release after 01 June 2022;
- Deferral period for the identified personnel subject to applicable restrictions, pursuant to internal regulations in force.

The movement in transactions relating to share-based payments during 2021 and 2020 is presented below:

<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>
<b>Balance as at January 1</b>	<b>8,817</b>	<b>26,927</b>
Rights granted during the year	-	(78,675)
Expense with employee benefits in the form of share-based payments	80,808	60,565
<b>Closing balance at the end of period</b>	<b>89,625</b>	<b>8,817</b>

No shares have been granted to employees and shareholders until 30 June 2021 and 35,068,919 shares were granted to employees and shareholders in 2020:

<b>Granting date</b>	<b>Number of shares</b>	<b>Contractual vesting period</b>	<b>Vesting conditions</b>
Shares granted to employees for the year 2020	33,767,328	With immediate release on 03 June 2020	Achievement of performance and prudential indicators during 2019, Compliance with the conditions stipulated in the applicable remuneration policy and standard, related to the year for which shares are granted, as well as with the conditions of the trust agreement.
	1,301,591	Deferral by trust agreement for 3-5 years	

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

### 14. Other operating expenses

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
Rent and operating lease expense	1,575	3,542	2,784	4,769	1,253	2,858	2,370	3,913
Repairs and maintenance expenses	43,153	85,712	40,895	73,950	39,841	79,195	38,616	67,912
Advertising, marketing, entertainment and sponsorship expenses	17,758	35,477	10,044	42,782	15,244	30,066	8,288	38,635
Mail, telecommunication and SMS traffic expenses	15,535	30,471	13,120	25,478	11,731	23,101	10,028	19,932
Materials and stationery expenses	17,472	31,746	17,141	33,183	15,175	27,891	15,777	30,454
Other professional fees, including legal expenses	7,993	13,038	497	7,965	6,480	8,626	2,220	6,991
Expenses regarding movable and immovable assets resulting from debt enforcement	(584)	644	(322)	3,849	(430)	692	(194)	3,849
Electricity and heating	4,663	10,949	5,068	11,712	4,313	10,136	4,676	10,739
Business travel, transportation and temporary relocation expenses	8,077	14,761	4,942	12,328	7,802	14,265	4,856	11,887
Insurance costs	5,034	9,979	5,328	10,439	4,500	8,904	4,525	8,910
Taxes and fees	5,892	14,308	5,406	12,867	5,329	13,411	4,773	11,731
Security and protection	3,488	6,686	3,682	7,195	3,168	6,033	3,313	6,395
Expenses related to archiving services	3,524	7,202	2,924	7,762	3,495	7,103	2,884	7,685
Expenses related to database queries from the Trade Register and the Credit Bureau	1,984	4,319	1,548	2,637	1,651	3,689	1,337	2,168
Expenses with foreclosed assets	1,223	2,431	1,051	2,685	1,134	2,251	962	2,496
Audit, advisory and other services provided by the independent auditor	1,297	2,591	1,347	2,379	871	1,709	725	1,335
Expenses from the sale of leased goods	989	2,338	991	1,437	-	-	-	-
Other operating expenses	14,367	27,734	16,504	33,647	9,413	18,791	8,188	20,275
<b>Total other operating expenses</b>	<b>153,440</b>	<b>303,928</b>	<b>132,950</b>	<b>297,064</b>	<b>130,970</b>	<b>258,721</b>	<b>113,344</b>	<b>255,307</b>

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

### 15. Income tax expense

	Group				Bank			
<i>In RON thousand</i>	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020	3 months ended June 30, 2021	6 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2020
<b>Gross Profit</b>	<b>411,474</b>	<b>1,164,282</b>	<b>445,058</b>	<b>795,283</b>	<b>363,078</b>	<b>1,036,136</b>	<b>397,038</b>	<b>700,556</b>
<b>Statutory tax rate (2021: 16%; 2020: 16%)*</b>	<b>(65,836)</b>	<b>(186,285)</b>	<b>(71,209)</b>	<b>(127,245)</b>	<b>(58,092)</b>	<b>(165,781)</b>	<b>(63,526)</b>	<b>(112,089)</b>
<b>Fiscal effect of income tax on the following elements:</b>	<b>13,526</b>	<b>37,495</b>	<b>12,273</b>	<b>22,025</b>	<b>14,786</b>	<b>30,680</b>	<b>12,906</b>	<b>18,946</b>
- Non-taxable income	28,460	54,477	14,986	40,804	35,277	62,439	21,689	43,298
- Non-deductible expense	(31,354)	(60,124)	(22,330)	(54,927)	(36,328)	(73,818)	(27,977)	(59,820)
- Tax deductions	22,053	46,578	20,866	39,448	21,502	45,566	20,507	38,832
- Income related items	(162)	(3,507)	(1,533)	(3,584)	(162)	(3,507)	(1,313)	(3,364)
- Expense related items	(5,471)	71	284	284	(5,503)	-	-	-
<b>Income tax expense</b>	<b>(52,310)</b>	<b>(148,790)</b>	<b>(58,936)</b>	<b>(105,220)</b>	<b>(43,306)</b>	<b>(135,101)</b>	<b>(50,620)</b>	<b>(93,143)</b>

(\*) Statutory tax rate for Victoria Bank is 12%

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 16. Cash and cash equivalents

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Minimum reserve requirement	15,464,424	19,289,218	14,771,456	18,558,740
Cash on hand and other values	3,291,984	2,843,993	2,952,056	2,419,893
<b>Total</b>	<b>18,756,408</b>	<b>22,133,211</b>	<b>17,723,512</b>	<b>20,978,633</b>

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

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Cash and cash equivalents(*)	18,757,071	22,134,426	17,724,224	20,979,902
Placements with banks - maturity below 3 months	4,053,092	4,188,689	3,488,676	3,704,585
Reverse-repo transactions	57,606	30,623	57,606	30,623
Loans and advances to credit institutions with maturity below 3 months	39,377	87,632	39,377	87,632
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	275	69	-	-
Financial assets at amortized cost – debt instruments with maturity below 3 months	289,382	208,183	-	-
<b>Cash and cash equivalents in the cash flow statement</b>	<b>23,196,803</b>	<b>26,649,622</b>	<b>21,309,883</b>	<b>24,802,742</b>

(\*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON (663) thousand (2020: RON (1,215) thousand ) and at the level of the Bank in the amount of RON (712) thousand (2020: RON (1,269) thousand)

## 17. Placements with banks

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Current accounts with other banks	1,401,378	1,067,035	895,505	641,225
Sight and term deposits with other banks	3,611,440	4,721,926	3,483,119	4,560,854
Reverse repo transactions	1,042,970	1,102,885	1,042,970	1,102,885
Loans and advances to credit institutions	294,020	331,431	294,020	331,431
<b>Total</b>	<b>6,349,808</b>	<b>7,223,277</b>	<b>5,715,614</b>	<b>6,636,395</b>

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

As at June 30, 2021, the placements with banks included reverse-repo securities, term deposits and loans and advances to credit institutions with maturity up to 3 months, which are also included in the separate and consolidated statement of cash flows, as follows: reverse-repo in amount of RON 57,606 thousand, deposits in amount of RON 2,141,516 thousand and loans and advances to credit institutions of RON 39,377 thousand at Group level, and reverse-repo of RON 57,606 thousand, deposits in amount of RON 2,123,115 and loans and advances to credit institutions in amount of RON 39,377 thousand at Bank level (2020: reverse-repo in amount of RON 30,623 thousand and deposits in amount of RON 2,588,532 thousand at Group level, and reverse-repo of RON 30,623 thousand, deposits in amount of RON 2,574,808 thousand at Bank level; loans and advances to credit institutions in amount of RON 87,632 for both the Group and the Bank).

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 18. Financial assets at fair value through profit or loss

### a) Held-for-trading financial assets measured at fair value through profit or loss

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Equity instruments	267,774	226,137	22,681	17,572
Debt instruments	135,921	120,335	-	-
<b>Total</b>	<b>403,695</b>	<b>346,472</b>	<b>22,681</b>	<b>17,572</b>

For the period ended June 30, 2021, the Group held shares listed on the Bucharest Stock Exchange and the main stock exchanges in Europe.

For the period ended June 30, 2021, the Group owned significant investments amounting to RON 181,383 thousand in the following entities: Evergent Investments S.A. and SIF Transilvania S.A. (December 31, 2020: RON 168,498 thousand)

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

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Equity instruments	240,709	217,564	240,272	217,192
Debt instruments	847,018	868,150	1,162,163	1,132,481
<b>Total</b>	<b>1,087,727</b>	<b>1,085,714</b>	<b>1,402,435</b>	<b>1,349,673</b>

As of June 30, 2021, the Group had significant investments in financial assets which are required to be measured at fair value through profit or loss as follows:

- equity instruments, in the amount of 195,974 thousand lei in VISA Inc. (December 31, 2020: RON 175,818 thousand),
- debt instruments, units in investment funds (the most significant being the investment funds managed by BT Asset Management) and participation certificates.

## 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 June 30, 2021 and December 31, 2020 is the following:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Corporate	12,728,467	12,368,857	14,022,076	13,361,424
Small and medium enterprises	6,594,660	6,245,232	6,461,560	6,148,658
Consumer loans and card loans granted to retail customers	11,448,176	10,949,378	11,217,033	10,742,582
Mortgage loans	14,724,150	13,568,648	14,401,248	13,266,162
Loans granted by non-banking financial institutions	1,219,574	1,113,152	-	-
Other	48,988	41,391	40,776	35,135
<b>Total loans and advances to customers before impairment allowance (*)</b>	<b>46,764,015</b>	<b>44,286,658</b>	<b>46,142,693</b>	<b>43,553,961</b>
Allowances for impairment losses on loans	(3,688,340)	(3,394,114)	(3,484,959)	(3,190,052)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>43,075,675</b>	<b>40,892,544</b>	<b>42,657,734</b>	<b>40,363,909</b>

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

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

The risk distribution of the credit portfolio per sectors, as at June 30, 2021 and December 31, 2020, is the following:

	<b>Group</b>		<b>Bank</b>	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Retail	26,854,550	25,156,881	25,659,076	24,043,882
Trading	5,164,508	4,777,850	4,879,990	4,499,473
Manufacturing	3,272,265	3,505,721	3,151,846	3,392,014
Agriculture	1,878,554	1,714,603	1,809,059	1,642,772
Services	2,079,596	2,106,291	1,984,761	2,003,490
Real Estate	1,481,523	1,429,018	1,632,259	1,538,348
Constructions	1,413,306	1,310,351	1,365,190	1,268,154
Transportation	1,700,851	1,643,595	1,605,889	1,550,082
Self-employed	766,502	679,872	622,303	548,929
Others	756,505	718,567	701,968	669,836
Financial Institutions	570,489	528,063	1,946,890	1,722,119
Telecommunications	80,831	76,957	75,471	73,325
Energy	356,320	306,706	356,287	306,667
Mining	90,445	91,578	90,063	91,079
Chemical Industry	100,761	95,152	100,095	94,589
Government Institutions	177,073	126,422	142,048	90,522
Fishing	19,936	19,031	19,498	18,680
<b>Total loans and advances to customers before impairment allowance (*)</b>	<b>46,764,015</b>	<b>44,286,658</b>	<b>46,142,693</b>	<b>43,553,961</b>
Allowances for impairment losses on loans	(3,688,340)	(3,394,114)	(3,484,959)	(3,190,052)
<b>Total loans and advances to customers, net of impairment allowance</b>	<b>43,075,675</b>	<b>40,892,544</b>	<b>42,657,734</b>	<b>40,363,909</b>

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

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

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

The movement in impairment allowances on loans and advances to customers at **Group** level *as at June 30, 2021* was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
<b>Opening balance as at January 1, 2021</b>	<b>(712,219)</b>	<b>(1,121,314)</b>	<b>(1,486,623)</b>	<b>(73,958)</b>	<b>(3,394,114)</b>
Increase due to issue or acquisition	(335,042)	(170,278)	(105,821)	-	<b>(611,141)</b>
Decrease due to derecognition	163,521	159,273	153,358	1,947	<b>478,099</b>
Increase or decrease due to the change in credit risk (net) and transfers	62,428	(259,298)	(148,273)	(3,892)	<b>(349,035)</b>
Increase or decrease due to changes without derecognition (net)	74,219	39,131	40,847	(10,112)	<b>144,084</b>
Decrease of impairment allowances due to write-offs	304	11,968	27,726	12,062	<b>52,060</b>
Other adjustments	(1,121)	(2,867)	(4,114)	(192)	<b>(8,294)</b>
<b>Closing balance as at June 30, 2021</b>	<b>(747,910)</b>	<b>(1,343,385)</b>	<b>(1,522,900)</b>	<b>(74,145)</b>	<b>(3,688,340)</b>

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

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

The movement in impairment allowances on loans and advances to customers at Group level as at June 30, 2020 was the following:

	Allowances for expected credit losses related to loans and advances to customers for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances to customers with respect to which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
<b>Opening balance as at January 1, 2020</b>	<b>(453,853)</b>	<b>(604,154)</b>	<b>(1,549,320)</b>	<b>(89,654)</b>	<b>(2,696,981)</b>
Increase due to issue or acquisition	(115,688)	(108,299)	(93,203)	-	<b>(317,190)</b>
Decrease due to derecognition	63,442	91,880	96,662	2,348	<b>254,332</b>
Increase or decrease due to the change in credit risk (net) and transfers	114,198	(188,270)	(177,011)	(1,816)	<b>(252,899)</b>
Increase or decrease due to changes without derecognition (net)	(103,343)	(107,152)	42,660	11,695	<b>(156,140)</b>
Decrease of impairment allowances due to write-offs	7,389	21,579	3,654	722	<b>33,344</b>
Other adjustments	(1,065)	(972)	(5,671)	(438)	<b>(8,146)</b>
<b>Closing balance as at June 30, 2020</b>	<b>(488,920)</b>	<b>(895,388)</b>	<b>(1,682,229)</b>	<b>(77,143)</b>	<b>(3,143,680)</b>



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

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

The movement in impairment allowances on loans and advances to customers at **Bank** level *as at June 30, 2021* was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
<b>Opening balance as at January 1, 2021</b>	<b>(718,881)</b>	<b>(1,068,022)</b>	<b>(1,348,193)</b>	<b>(54,956)</b>	<b>(3,190,052)</b>
Increase due to issue or acquisition	(324,351)	(167,281)	(104,824)	-	<b>(596,456)</b>
Decrease due to derecognition	160,702	158,149	149,705	1,884	<b>470,440</b>
Increase or decrease due to the change in credit risk (net) and transfers	74,374	(279,625)	(127,216)	(3,868)	<b>(336,335)</b>
Increase or decrease due to changes without derecognition (net)	62,760	37,261	34,061	(9,122)	<b>124,960</b>
Decrease of impairment allowances due to write-offs	304	11,968	26,650	12,053	<b>50,975</b>
Other adjustments	(1,406)	(3,006)	(3,887)	(192)	<b>(8,491)</b>
<b>Closing balance as at June 30, 2021</b>	<b>(746,498)</b>	<b>(1,310,556)</b>	<b>(1,373,704)</b>	<b>(54,201)</b>	<b>(3,484,959)</b>

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

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

The movement in impairment allowances on loans and advances to customers at **Bank level as at June 30, 2020** was the following:

	Allowances for expected credit losses related to loans and advances to customers for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses on loans and advances to customers with respect to which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
<b>Opening balance as at January 1, 2020</b>	<b>(466,217)</b>	<b>(527,628)</b>	<b>(1,467,876)</b>	<b>(70,952)</b>	<b>(2,532,673)</b>
Increase due to issue or acquisition	(119,744)	(93,438)	(92,305)	-	<b>(305,487)</b>
Decrease due to derecognition	65,444	89,201	94,301	2,334	<b>251,280</b>
Increase or decrease due to the change in credit risk (net) and transfers	113,942	(193,273)	(152,486)	(987)	<b>(232,804)</b>
Increase or decrease due to changes without derecognition (net)	(100,495)	(108,120)	40,331	12,720	<b>(155,564)</b>
Decrease of impairment allowances due to write-offs	7,389	21,579	3,654	722	<b>33,344</b>
Other adjustments	(1,126)	(1,278)	(5,883)	(438)	<b>(8,725)</b>
<b>Closing balance as at June 30, 2020</b>	<b>(500,807)</b>	<b>(812,957)</b>	<b>(1,580,264)</b>	<b>(56,601)</b>	<b>(2,950,629)</b>

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

The Group acts as a lessor under finance lease agreements, concluded mainly for financing motor vehicles and equipment. The lease agreements are denominated in EUR, RON and MDL and typically run for a period between 2 and maximum 10 years, with the transfer of ownership over the leased assets upon the termination of the lease agreement.

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

<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>
Finance lease receivables with maturity below 1 year, gross	601,406	575,064
Finance lease receivables with maturity more than 1 year, gross	921,649	868,059
<b>Total finance lease receivables, gross</b>	<b>1,523,055</b>	<b>1,443,123</b>
Future interest related to finance lease receivables	(115,521)	(111,223)
<b>Total finance lease receivables, net of future interest</b>	<b>1,407,534</b>	<b>1,331,900</b>
Impairment allowances for finance lease receivables	(103,919)	(104,184)
<b>Total finance lease receivables</b>	<b>1,303,615</b>	<b>1,227,716</b>

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

### 20. Finance lease receivables (continued)

The movement in impairment allowances on finance lease receivable at Group level in June 30, 2021 and June 30, 2020 was the following:

Group 2021	Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
<b>Opening balance as at January 1, 2021</b>	-	(40,967)	(46,401)	(16,816)	(104,184)
Increase due to issue or acquisition	-	(10,051)	(290)	-	(10,341)
Decrease due to derecognition	-	1,698	2,695	2	4,395
Increase or decrease due to the change in credit risk (net) and transfers	-	16,105	(8,034)	(1,024)	7,047
Increase or decrease due to changes without derecognition (net)	-	(7)	(11)	(593)	(611)
Other adjustments	-	(191)	(35)	1	(225)
<b>Closing balance as at 30 June 2021</b>	-	(33,413)	(52,076)	(18,430)	(103,919)

  

Group 2020	Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
<b>Opening balance as at January 1, 2020</b>	-	(21,347)	(42,409)	(20,295)	(84,051)
Increase due to issue or acquisition	-	(5,373)	(1,207)	-	(6,580)
Decrease due to derecognition	-	729	4,778	1,075	6,582
Increase or decrease due to the change in credit risk (net) and transfers	-	1,544	1,428	(266)	2,706
Increase or decrease due to changes without derecognition (net)	-	1,210	(10,166)	(891)	(9,847)
Other adjustments	-	33	1	1	35
<b>Closing balance as at 30 June 2020</b>	-	(23,204)	(47,575)	(20,376)	(91,155)

# 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

In RON thousand	Group		Bank	
	30-06-2021	31-12-2020	30-06-2021	31-12-2020
<b>Debt instruments, of which</b>	<b>39,970,194</b>	<b>30,813,652</b>	<b>39,964,023</b>	<b>30,805,116</b>
- Central administrations	37,732,825	29,217,230	37,726,654	29,208,694
- Credit institutions	1,982,786	1,167,034	1,982,786	1,167,034
- Other financial companies	237,238	413,048	237,238	413,048
- Non-financial institutions	17,345	16,340	17,345	16,340
<b>Equity instruments, of which:</b>	<b>36,305</b>	<b>32,687</b>	<b>15,711</b>	<b>14,816</b>
- Other financial companies	27,600	22,754	15,711	14,816
- Non-financial institutions	8,705	9,933	-	-
<b>Loans and advances to customers</b>	<b>29,702</b>	<b>30,838</b>	<b>29,702</b>	<b>30,838</b>
- Central administrations	29,702	30,838	29,702	30,838
<b>Total</b>	<b>40,036,201</b>	<b>30,877,177</b>	<b>40,009,436</b>	<b>30,850,770</b>

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

In RON thousand	Group		Bank	
	30-06-2021	31-12-2020	30-06-2021	31-12-2020
<b>As at January 1</b>	<b>30,877,177</b>	<b>23,658,311</b>	<b>30,850,770</b>	<b>23,637,807</b>
Acquisitions	19,263,931	28,866,644	19,242,487	28,860,051
Sales and repurchases	(10,068,822)	(21,854,578)	(10,047,445)	(21,854,408)
Coupon and amortization in P&L during the period	406,130	683,257	405,880	682,900
Coupon collected at term during the period	(460,717)	(936,870)	(458,080)	(936,615)
Gain/(Loss) from the measurement at fair value	(235,049)	437,019	(237,738)	437,380
Exchange rate differences	253,551	23,394	253,562	23,655
<b>Closing balance</b>	<b>40,036,201</b>	<b>30,877,177</b>	<b>40,009,436</b>	<b>30,850,770</b>

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

For the period ended on June 30, 2021, the Group classified as financial assets measured at amortized cost - debt instruments, bonds in amount of RON 1,340,216 thousand, and bonds in amount of RON 161,589 thousand for the Bank (December 31, 2020: RON 990,106 thousand for the Group and RON 160,874 thousand for the Bank).

In RON thousand	Group		Bank	
	30-06-2021	31-12-2020	30-06-2021	31-12-2020
<b>Debt instruments, of which</b>				
- Central Banks	287,387	207,095	-	-
- Central administrations	875,122	606,276	-	150,750
- Credit institutions	167,382	166,611	151,264	10,124
- Other financial companies	10,325	10,124	10,325	-
<b>Total</b>	<b>1,340,216</b>	<b>990,106</b>	<b>161,589</b>	<b>160,874</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 21. Investment securities (continued)

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
<b>As at January 1</b>	<b>990,106</b>	<b>1,968,031</b>	<b>160,874</b>	<b>1,176,834</b>
Acquisitions	3,899,400	9,516,247	-	-
Sales and repurchases	(3,564,534)	(10,494,870)	-	(1,037,337)
Coupon and amortization in P&L during the year (Note 8)	24,463	46,995	2,012	4,335
Coupon collected at term during the year	(6,939)	(12,501)	(2,626)	(4,492)
Recognition of expected credit losses (ECL) in accordance with IFRS 9	(3,305)	(1,660)	5	(1)
Exchange rate differences	1,025	(32,136)	1,324	21,535
<b>Closing balance</b>	<b>1,340,216</b>	<b>990,106</b>	<b>161,589</b>	<b>160,874</b>

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

The net carrying amount of tangible assets and investment property at the end of this period amounts to RON 959,689 thousand for the Group (December 31, 2020: 904,297 thousand), of which RON 633,866 thousand belongs to Banca Transilvania S.A. (December 31, 2020: 619,041 thousand).

The net carrying amount of intangible assets (goodwill included) at the end of this period amounts to RON 342,982 thousand for the Group (December 31, 2020: RON 321,524 thousand), and RON 283,698 thousand for the Bank (December 31, 2020: RON 268,651 thousand).

The depreciation and amortization expense related to tangible and intangible assets for the Group at the end of the 6-month period ended June 30, 2021 amounts to RON 116.426 thousand (June 30, 2020: RON 95,039 thousand), of which the amortization expense related to tangible and intangible assets for the Bank is RON 107,785 (June 30, 2020: RON 88,011 thousand).

At June 30, 2021 and December 31, 2020, the goodwill was tested for impairment in accordance with IAS 36 and no impairment adjustments were necessary.

## 23. Right-of-use assets and Lease Liabilities

The Group and the Bank have lease agreements on land, buildings and vehicles. Rental contracts are typically made for fixed periods of 1 year to 74 years, but may have extension options.

As at June 30, 2021 and December 31, 2020 the right of use assets of the **Group** by class of underlying items is analyzed as follows

<i>In RON thousand</i>	<b>Group</b>				
	<b>Lands</b>	<b>Buildings</b>	<b>Auto</b>	<b>Equipment</b>	<b>Total</b>
Carrying amount at 1 January 2021	<b>2,541</b>	<b>431,637</b>	<b>14,528</b>	<b>146</b>	<b>448,852</b>
Additions	13	42,186	3,953	128	46,280
Disposals	(17)	(10,806)	(2,416)	-	(13,239)
Depreciation charge	(376)	(58,439)	(2,768)	(26)	(61,609)
<b>Carrying amount at June 30, 2021</b>	<b>2,161</b>	<b>404,578</b>	<b>13,297</b>	<b>248</b>	<b>420,284</b>

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

### 23. Right-of-use assets and Lease Liabilities (*continued*)

As at December 31, 2020 the right of use assets of the **Group** by class of underlying items is analyzed as follows:

<i>In RON thousand</i>	<b>Group</b>				
	<b>Lands</b>	<b>Buildings</b>	<b>Auto</b>	<b>Equipment</b>	<b>Total</b>
Carrying amount at 1 January 2020	<b>2,711</b>	<b>366,833</b>	<b>18,481</b>	-	<b>388,025</b>
Additions	1,014	209,318	3,385	164	<b>213,881</b>
Disposals	(367)	(24,677)	(1,103)	-	<b>(26,147)</b>
Depreciation charge	(817)	(119,837)	(6,235)	(18)	<b>(126,907)</b>
<b>Carrying amount at 31 December 2020</b>	<b>2,541</b>	<b>431,637</b>	<b>14,528</b>	<b>146</b>	<b>448,852</b>

As at June 30, 2021 and December 31, 2020 the right of use assets of the **Bank** by class of underlying items is analyzed as follows:

<i>In RON thousand</i>	<b>Bank</b>				
	<b>Lands</b>	<b>Buildings</b>	<b>Auto</b>	<b>Equipment</b>	<b>Total</b>
Carrying amount at 1 January 2021	<b>2,541</b>	<b>695,136</b>	<b>10,682</b>	<b>146</b>	<b>708,505</b>
Additions	13	33,181	2,899	<b>128</b>	<b>36,221</b>
Disposals	(17)	(9,526)	(2,409)	-	<b>(11,952)</b>
Depreciation charge	(376)	(63,741)	(1,888)	<b>(26)</b>	<b>(66,031)</b>
<b>Carrying amount at June 30, 2021</b>	<b>2,161</b>	<b>655,050</b>	<b>9,284</b>	<b>248</b>	<b>666,743</b>

<i>In RON thousand</i>	<b>Bank</b>				
	<b>Lands</b>	<b>Buildings</b>	<b>Auto</b>	<b>Equipment</b>	<b>Total</b>
Carrying amount at 1 January 2020	<b>2,711</b>	<b>349,731</b>	<b>13,770</b>	-	<b>366,212</b>
Additions	1,014	482,023	2,438	164	485,639
Disposals	(367)	(23,311)	(1,055)	-	(24,733)
Depreciation charge	(817)	(113,307)	(4,471)	(18)	(118,613)
<b>Carrying amount at 31 December 2020</b>	<b>2,541</b>	<b>695,136</b>	<b>10,682</b>	<b>146</b>	<b>708,505</b>

At June 30, 2021 the interest expense on lease liabilities was RON 654 thousand for the Group and at the Bank level in the amount of RON 3,351 thousand (30 June 2020 RON 754 thousand for the Group, and at the Bank level RON 624 thousand).

At Group level as well as at Bank level, expenses related to short-term leases and leases of low-value assets, that are not shown as short-term leases, are included in "Other operating expenses", as below:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2021</b>	<b>30-06-2020</b>	<b>30-06-2021</b>	<b>30-06-2020</b>
Expense relating to short-term leases	657	1,708	513	1,668
Expense relating to leases of low-value assets that are not shown above as short-term leases	2,487	2,340	2,220	2,044

At June 30, 2021 the total cash outflow for leases was RON 68,286 thousand for the Group and for the Bank it was RON 69,381 thousand (at December 31, 2020: RON 128,653 thousand for the Group and RON 119,485 thousand at the Bank level).

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

### 24. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Group level, for the period ended June 30, 2021:

<i>In RON thousand</i>	<b>December 31, 2020</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other items of comprehensive income</b>	<b>Recognized directly in shareholders' equity</b>	<b>June 30, 2021</b>
Loans and finance lease receivables	18,021	(1,284)	-	-	16,737
Financial assets measured at fair value through other items of comprehensive income	(97,318)	(17)	37,585	-	(59,750)
Financial assets at fair value through profit or loss	11,647	6,699	-	-	18,346
Other assets	3,126	13,773	(428)	-	16,471
Property and equipment and intangible assets	(10,321)	1,403	1	-	(8,917)
Right of Use Assets	191	(68)	-	-	123
Provisions and other liabilities	19,639	1,958	(1)	-	21,596
<b>Deferred tax assets and liabilities</b>	<b>(55,015)</b>	<b>22,464</b>	<b>37,157</b>	<b>-</b>	<b>4,606</b>
Recognition of deferred tax asset	53,390	22,022	(547)	-	74,865
Recognition of deferred tax liability	(108,405)	442	37,704	-	(70,259)
<b>Deferred tax assets and liabilities</b>	<b>(55,015)</b>	<b>22,464</b>	<b>37,157</b>	<b>-</b>	<b>4,606</b>

Deferred tax assets/liabilities at Bank level, for the period ended June 30, 2021:

<i>In RON thousand</i>	<b>December 31, 2020</b>	<b>Recognized in profit or loss</b>	<b>Recognized in other items of comprehensive income</b>	<b>Recognized directly in shareholders' equity</b>	<b>June 30, 2021</b>
Financial assets measured at fair value through other items of comprehensive income	(97,575)		38,015	-	(59,560)
Other assets	2,456	13,782	87	-	16,325
Property and equipment and investment property	(8,011)	1,348	-	-	(6,663)
Right of Use Assets	163	(71)	-	-	92
Provisions and liabilities	17,302	1,074	-	-	18,376
<b>Deferred tax assets and liabilities</b>	<b>(85,665)</b>	<b>16,133</b>	<b>38,102</b>	<b>-</b>	<b>(31,430)</b>
Recognition of deferred tax asset	19,921	15,507	53	-	35,481
Recognition of deferred tax liability	(105,586)	626	38,049	-	(66,911)
<b>Deferred tax assets and liabilities</b>	<b>(85,665)</b>	<b>16,133</b>	<b>38,102</b>	<b>-</b>	<b>(31,430)</b>



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

### 24. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Group level, for the period ended December 31, 2020:

<i>In RON thousand</i>	<b>31 December 2019</b>	<b>Recognized in profit and loss</b>	<b>Recognized in other items of comprehensive income</b>	<b>Recognized directly in shareholders' equity</b>	<b>31 December 2020</b>
<b>Tax effect of temporary deductible / (taxable) differences (including tax losses carried forward), resulting from:</b>					
Financial assets from interbank operations	(25)	25	-	-	-
Loans and receivables	11,734	6,009	(2)	280	18,021
Financial assets measured at fair value through other items of comprehensive income	(27,406)	22	(69,934)	-	(97,318)
Financial assets at fair value through profit or loss	16,737	(5,090)	-	-	11,647
Other assets	(884)	(3,291)	7,247	54	3,126
Property and equipment and intangible assets	(5,214)	337	(5,530)	86	(10,321)
Right of Use Assets	8	183	-	-	191
Provisions and other liabilities	21,805	(1,992)	(11)	(163)	19,639
<b>Deferred tax asset / (liability)</b>	<b>16,755</b>	<b>(3,797)</b>	<b>(68,230)</b>	<b>257</b>	<b>(55,015)</b>
Recognition of deferred tax asset	54,018	(1,116)	392	96	53,390
Recognition of deferred tax liability	(37,263)	(2,681)	(68,622)	161	(108,405)
<b>Deferred tax asset / (liability)</b>	<b>16,755</b>	<b>(3,797)</b>	<b>(68,230)</b>	<b>257</b>	<b>(55,015)</b>

Deferred tax assets/liabilities at Bank level, for the period ended December 31, 2020:

<i>In RON thousand</i>	<b>31 December 2019</b>	<b>Recognized in profit and loss</b>	<b>Recognized in other items of comprehensive income</b>	<b>Recognized directly in shareholders' equity</b>	<b>31 December 2020</b>
<b>Tax effect of temporary deductible / (taxable) differences (including tax losses carried forward), resulting from:</b>					
Financial assets measured at fair value through other items of comprehensive income	(27,588)	-	(69,987)	-	(97,575)
Other assets	2,798	(453)	111	-	2,456
Tangible and intangible assets	(2,729)	248	(5,530)	-	(8,011)
Right of Use Assets	-	163	-	-	163
Provisions and liabilities	19,620	(2,318)	-	-	17,302
<b>Deferred tax asset / (liability)</b>	<b>(7,899)</b>	<b>(2,360)</b>	<b>(75,406)</b>	<b>-</b>	<b>(85,665)</b>
Recognition of deferred tax asset	22,418	(2,608)	111	-	19,921
Recognition of deferred tax liability	(30,317)	248	(75,517)	-	(105,586)
<b>Deferred tax asset / (liability)</b>	<b>(7,899)</b>	<b>(2,360)</b>	<b>(75,406)</b>	<b>-</b>	<b>(85,665)</b>

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

### 25. Other financial assets

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Amounts under settlement	348,917	194,184	342,290	180,386
Non-recourse factoring	269,344	194,146	269,344	194,146
Sundry debtors and advances for non-current assets	460,793	451,400	356,786	359,338
Instruments received for collection	43,033	34,226	43,033	34,226
Other financial assets	4,016	10,423	495	6,682
Impairment allowance for other financial assets	(24,246)	(24,274)	(13,148)	(13,645)
<b>Total</b>	<b>1,101,857</b>	<b>860,105</b>	<b>998,800</b>	<b>761,133</b>

As at June 30, 2021, out of RON 1,101,857 thousand (December 31, 2020: RON 860,105 thousand), the Group's other impaired financial assets amounted to RON 12,575 thousand (December 31, 2020: RON 12,678 thousand).

As at June 30, 2021 out of RON 998,800 thousand (December 31, 2020: RON 761,133 thousand), the Bank's other impaired financial assets amounted to RON 5,370 thousand (December 31, 2020: RON 5,428 thousand).

### 26. Other non-financial assets

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Inventories and similar assets	104,432	136,650	57,086	63,812
Accrued expenses	57,239	61,958	50,417	56,990
VAT and other taxes to be received	8,362	13,748	2,269	1,920
Other non-financial assets	7,218	2,639	5,276	126
Impairment allowance for other non-financial assets	(43,217)	(66,839)	(9,901)	(13,384)
<b>Total</b>	<b>134,034</b>	<b>148,156</b>	<b>105,147</b>	<b>109,464</b>

### 27. Deposits from banks

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Sight deposits	479,323	61,538	472,104	54,416
Term deposits	291,139	257,406	291,138	257,406
<b>Total</b>	<b>770,462</b>	<b>318,944</b>	<b>763,242</b>	<b>311,822</b>

### 28. Deposits from customers

	Group		Bank	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Current accounts	58,585,315	53,601,165	57,020,821	52,146,517
Sight deposits	844,907	743,123	566,611	447,866
Term deposits	37,029,149	35,975,733	36,181,478	35,102,763
Collateral deposits	706,474	622,394	637,405	600,000
<b>Total</b>	<b>97,165,845</b>	<b>90,942,415</b>	<b>94,406,315</b>	<b>88,297,146</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 28. Deposits from customers (continued)

Deposits from customers can be also analyzed as follows:

	Group		Bank	
<i>In RON thousand</i>	30-06-2021	31-12-2020	30-06-2021	31-12-2020
Retail	65,911,424	61,940,774	64,142,497	60,254,739
Companies	31,254,421	29,001,641	30,263,818	28,042,407
<b>Total</b>	<b>97,165,845</b>	<b>90,942,415</b>	<b>94,406,315</b>	<b>88,297,146</b>

## 29. Loans from banks and other financial institutions

	Group		Bank	
<i>In RON thousand</i>	30-06-2021	31-12-2020	30-06-2021	31-12-2020
Loans from central administrations	9,251	5,870	-	-
Loans from commercial banks	19,030	126,678	-	-
- Romanian banks	15,046	119,429	-	-
- Foreign banks	3,984	7,249	-	-
Loans from development banks	1,102,587	1,126,057	1,021,705	1,073,137
Repurchase agreements (repo transactions)	226,320	83,564	226,320	83,564
Other funds from financial institutions	121,550	155,476	13,735	19,365
Issued bonds	196,363	194,023	-	-
<b>Total</b>	<b>1,675,101</b>	<b>1,691,668</b>	<b>1,261,760</b>	<b>1,176,066</b>

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

	30-06-2021		31-12-2020	
	Minimum	Maximum	Minimum	Maximum
EUR	0.10%	3.8%	0.10%	3.8%
RON	0.00%	ROBOR 6M + 3%	0.00%	ROBOR 6M+3%
USD	1.25%	1.35%	1.25%	1.35%
MDL	0.00%	3.25%	3.25%	3.25%

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at June 30, 2021 and December 31, 2020.

The table below summarizes the underlying securities of repo agreements:

	Group				Bank			
<i>In RON thousand</i>	30-06-2021		31-12-2020		30-06-2021		31-12-2020	
	Carrying amount		Carrying amount		Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities
	224,563	226,320	83,798	83,564	224,563	226,320	83,798	83,564
<b>Total</b>	<b>224,563</b>	<b>226,320</b>	<b>83,798</b>	<b>83,564</b>	<b>224,563</b>	<b>226,320</b>	<b>83,798</b>	<b>83,564</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 30. Subordinated liabilities

As at June 30, 2021 and December 31, 2020, 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>	30-06-2021	31-12-2020	30-06-2021	31-12-2020
Loans from development banks and financial institutions	290,405	281,586	290,405	281,586
Non-convertible bonds	1,402,477	1,386,175	1,399,333	1,382,878
<b>Total</b>	<b>1,692,882</b>	<b>1,667,761</b>	<b>1,689,738</b>	<b>1,664,464</b>

## 31. Provisions for other risks and loan commitments

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

	Group		Bank	
<i>In RON thousand</i>	30-06-2021	31-12-2020	30-06-2021	31-12-2020
Provisions for loan commitments, financial guarantees and other commitments given	345,671	343,752	342,794	342,572
Provisions for employee benefits as compensated absences	36,033	24,678	31,846	20,081
Provisions for other employee benefits	56,516	36,916	38,590	25,205
Provisions for litigation, other risks and charges (*)	184,216	210,606	175,974	201,379
<b>Total</b>	<b>622,436</b>	<b>615,952</b>	<b>589,204</b>	<b>589,237</b>

(\*) 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.

## 32. Other financial liabilities

	Group		Bank	
<i>In RON thousand</i>	30-06-2021	31-12-2020	30-06-2021	31-12-2020
Amounts under settlement	1,270,088	996,873	939,985	786,758
Sundry creditors	108,966	110,249	64,636	70,244
Dividends payable	26,466	23,185	22,456	23,179
Other financial liabilities	26,760	31,482	18,473	27,500
<b>Total</b>	<b>1,432,280</b>	<b>1,161,789</b>	<b>1,045,550</b>	<b>907,681</b>

## 33. Other non-financial liabilities

	Group		Bank	
<i>In RON thousand</i>	30-06-2021	31-12-2020	30-06-2021	31-12-2020
Other taxes payable	20,700	30,868	16,351	25,469
Other non-financial liabilities	77,333	55,491	54,767	30,480
<b>Total</b>	<b>98,033</b>	<b>86,359</b>	<b>71,118</b>	<b>55,949</b>

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****34. Share capital**

The statutory share capital of the Bank at June 30, 2021, as recorded with the Trade Register was represented by 5,737,699,709 ordinary shares with a nominal value of RON 1 each (December 31, 2020: 5,737,699,649 shares with a nominal value of RON 1 each). The shareholders structure of the Bank is presented in Note 1.

The capital increase was made out by converting bonds into shares in amount of RON 60.

	<b>Group</b>		<b>Bank</b>	
<i>In RON thousand</i>	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06- 2021</b>	<b>31-12-2020</b>
Paid share capital recorded with the Trade Register	5,737,700	5,737,700	5,737,700	5,737,700
Share capital adjustment to inflation	89,899	89,899	89,899	89,899
Share capital adjustment with unrealized revaluation reserves of tangible assets	(3,398)	(3,398)	(3,398)	(3,398)
<b>Total</b>	<b>5,824,201</b>	<b>5,824,201</b>	<b>5,824,201</b>	<b>5,824,201</b>

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

### 35. Related-party transactions

Entities are considered to be related parties if one of them has the capacity to control the other or to exercise significant influence on the other entity's management process related to financial or operational decisions.

The Group and the Bank are engaged in transactions with related parties, shareholders and key management personnel. All these transactions were carried out under conditions similar to those applicable to third party agreements, in terms of interest rates and collateral clauses. The transactions /balances with subsidiary entities were eliminated from the scope of consolidation.

Transactions with other related parties include transactions with the major shareholders, family members of the key management personnel and companies where they are shareholders while having a relationship with the Bank. The transactions /balances with subsidiary entities are presented below:

*In RON thousand*

	<b>30-06-2021</b>			<b>31-12-2020</b>		
	<b>Key management personnel</b>	<b>Other related- parties</b>	<b>Total</b>	<b>Key management personnel</b>	<b>Other related- parties</b>	<b>Total</b>
<b>Group</b>						
<b>Assets</b>						
Granted loans - net amount	18,984	65,929	<b>84,913</b>	19,130	63,396	<b>82,526</b>
<b>Liabilities</b>						
Deposits from customers	49,444	208,422	<b>257,866</b>	44,566	118,624	<b>163,190</b>
Loans from financial institutions	-	179,192	<b>179,192</b>	-	205,710	<b>205,710</b>
Debt securities	-	506,229	<b>506,229</b>	-	500,513	<b>500,513</b>
<b>Commitments</b>						
Loan commitments and financial guarantees	2,750	50,320	<b>53,070</b>	3,508	41,783	<b>45,291</b>
Notional value of exchange operations	15,923	55,716	<b>71,639</b>	29,535	115,626	<b>145,161</b>
<b>Statement of profit or loss</b>	<b>6 months ended June 30,2021</b>			<b>6 months ended June 30,2020</b>		
Interest income	288	1,256	<b>1,544</b>	268	1,452	<b>1,720</b>
Interest expense	114	12,077	<b>12,191</b>	150	11,933	<b>12,083</b>
Fee and commission income	4	95	<b>99</b>	3	106	<b>109</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 35. Related-party transactions (*consolidated*)

*Bank – In RON thousand*

	30-06-2021				31-12-2020			
	Subsidiaries	Key management personnel	Other related-parties	Total	Subsidiaries	Key management personnel	Other related-parties	Total
<b>Assets</b>								
Correspondent accounts at credit institutions	973	-	-	<b>973</b>	968	-	-	<b>968</b>
Deposits with credit institutions	1,036	-	-	<b>1,036</b>	899	-	-	<b>899</b>
Granted loans	1,589,435	15,711	61,825	<b>1,666,971</b>	1,361,480	15,833	57,132	<b>1,434,445</b>
Equity investments	107,549	-	-	<b>107,549</b>	106,832	-	-	<b>106,832</b>
Financial assets measured at fair value through other items of comprehensive income – debt instruments	1,995	-	-	<b>1,995</b>	4,610	-	-	<b>4,610</b>
Financial assets required to be measured at fair value through profit or loss - debt instruments	230,675	-	-	<b>230,675</b>	230,675	-	-	<b>230,675</b>
Right of use assets	265,919	-	-	<b>265,919</b>	275,008	-	-	<b>275,008</b>
Other assets	3,879	-	-	<b>3,879</b>	3,253	-	-	<b>3,253</b>
<b>Liabilities</b>								
Correspondent accounts from credit institutions	6,809	-	-	<b>6,809</b>	7,277	-	-	<b>7,277</b>
Deposits from customers	261,683	36,853	201,054	<b>499,590</b>	112,741	32,409	112,376	<b>257,526</b>
Loans from financial institutions	-	-	140,650	<b>140,650</b>	-	-	152,791	<b>152,791</b>
Debt securities	-	-	491,776	<b>491,776</b>	-	-	486,041	<b>486,041</b>
Lease liabilities	266,173	-	-	<b>266,173</b>	270,730	-	-	<b>270,730</b>
Other liabilities	5,936	-	-	<b>5,936</b>	3,798	-	-	<b>3,798</b>
<b>Commitments</b>								
Loan commitments and financial guarantees given	568,437	2,362	45,952	<b>616,751</b>	544,752	3,096	31,883	<b>579,731</b>
Notional value of exchange operations	269,718	9,409	48,931	<b>328,058</b>	322,328	22,099	105,234	<b>449,661</b>

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

### 35. Related-party transactions (*consolidated*)

*In RON thousand*

	6 months ended June 30,2021				6 months ended June 30,2020			
	Subsidiaries	Key management personnel	Other related-parties	Total	Subsidiaries	Key management personnel	Other related-parties	Total
<b>Bank (<i>continued</i>)</b>								
<b>Statement of profit or loss</b>								
Interest income	17,648	234	1,119	<b>19,001</b>	19,225	238	1,322	<b>20,785</b>
Interest expense	3,215	95	10,355	<b>13,665</b>	693	108	11,002	<b>11,803</b>
Fee and commission income	3,156	3	82	<b>3,241</b>	1,692	2	92	<b>1,786</b>
Fee and commission expense	6,491	-	-	<b>6,491</b>	6,368	-	-	<b>6,368</b>
Gain/Loss from financial assets and liabilities held-for-trading	2	-	-	<b>2</b>	3	-	-	<b>3</b>
Dividend income	22,000	-	-	<b>22,000</b>	-	-	-	<b>-</b>
Other income	8,605	-	-	<b>8,605</b>	6,489	-	-	<b>6,489</b>
Other expenses	9,224	-	-	<b>9,224</b>	444	-	-	<b>444</b>



# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 35. Related-party transactions (*consolidated*)

### Transactions with key management personnel

As at the end of June 30, 2021, the expenses related to the fixed and variable remunerations of the members of the Board of Directors and of the Executive Management of the Group amounted to RON 14,685 thousand (June 30, 2020: RON 16,115 thousand) and of the Bank amounted to RON 8,055 thousand (June 30, 2020: RON 8,477 thousand).

Compensation for the key personnel of the Group:

*In RON thousand*

	30-06-2021			30-06-2020		
	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar
<b>Group</b>						
Short-term employee benefits	24,264	5,585	40	25,985	5,712	34
Share based payments	-	-	-	30,965	-	-
Debt instrument-based payments	-	-	-	782	43	-
<b>Total compensations and benefits</b>	<b>24,264</b>	<b>5,585</b>	<b>40</b>	<b>57,732</b>	<b>5,755</b>	<b>34</b>

Compensation for the key personnel of the Bank:

*In RON thousand*

	30-06-2021			30-06-2020		
	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar
<b>Bank</b>						
Short-term employee benefits	17,614	4,314	34	18,503	4,618	29
Share based payments	-	-	-	30,218	-	-
<b>Total compensations and benefits</b>	<b>17,614</b>	<b>4,314</b>	<b>34</b>	<b>48,721</b>	<b>4,618</b>	<b>29</b>

## 36. Commitments and contingencies

### a) Commitments and contingencies

At any time the Group and the Bank have outstanding commitments to extend loans. These commitments are in the form of approved limits for credit cards and overdraft facilities. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one month to one year.

The Group provides financial guarantees and letters of credit to guarantee the performance of its customers in relation to third parties. These agreements have fixed limits and generally extend for a period of up to one year. Maturities are not concentrated in a specific period.

The contractual amounts of commitments and contingencies are set out in the following table by categories. The amounts reflected in the table under commitments are presented based on the assumption that they have been fully granted.

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****36. Commitments and contingencies (continued)***a) Commitments and contingencies (continued)*

The amounts reflected in the table as guarantees and letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties completely failed to meet the contractual terms and conditions.

	<b>Group</b>		<b>Bank</b>	
<i>In RON thousand</i>	<b>30-06-2010</b>	<b>31-12-2020</b>	<b>30-06-2020</b>	<b>31-12-2020</b>
Guarantees issued, of which	1,970,219	1,716,585	1,943,027	1,688,723
- <i>Performance bonds</i>	631,070	457,588	601,136	430,748
- <i>Financial liabilities</i>	1,339,149	1,258,997	1,341,891	1,257,975
Loan commitments	11,643,258	11,259,736	11,598,153	11,287,173
<b>Total</b>	<b>13,604,477</b>	<b>12,976,321</b>	<b>13,541,180</b>	<b>12,975,896</b>

The provisions for loan commitments to customers were in amount of RON 345,671 thousand, at Group level (December 31, 2020: RON 343,752 thousand) and at Bank level RON 342,794 thousand (December 31, 2020: RON 342,572 thousand).

*b) Transfer pricing and taxation*

The taxation system in Romania has faced multiple changes in the recent years and is in a continuous process of update and improvement. As a consequence, the tax legislation is still subject to various interpretations. In certain cases, the tax authorities may treat certain issues in a different manner, determining the calculation of additional taxes, interest and penalties for delay (the total current rate is of 0.03% per day of delay).

In Romania the fiscal year remains open for fiscal audit for 5 years. According to the Bank's management, the tax duties included in these financial statements are appropriate.

The tax legislation in Romania considers the "market value" principle, according to which transactions between related parties must be performed at market value.

The taxpayers involved in related-party transactions must prepare and provide to the Romanian tax authorities the transfer pricing file, upon request.

The failure to provide the transfer pricing file or the submission of an incomplete transfer pricing file may lead to penalties for non-compliance; apart from the transfer pricing file, the tax authorities may interpret transactions and circumstances in a manner which is different from the management's interpretation and, consequently, may impose additional tax duties resulting from the adjustment of transfer prices.

The management of the Group and of the Bank considers that no losses should be incurred in the event of a fiscal audit for the verification of transfer prices. However, the impact of potential different interpretations of the tax authorities cannot be accurately estimated. The impact may be significant as concerns the Bank's financial position and/or operations. However, the fiscal risk is low because the vast majority of transactions are between group entities, which are in Romania, without cross-border risk.

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****37. 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 1,001,218 thousand (2020: RON 670,238 thousand) and on the weighted average number of ordinary shares outstanding during the year of 6,304,618,918 (2020 recalculated: 6,284,674,907 shares).

The diluted earnings per share take into consideration the adjusted consolidated net profit of RON 1,001,218 thousand (2020: RON 671,104 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 2021 in amount of RON 0 thousand (2020: RON 866 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.

As at June, 30 2021, the Bank no longer had convertible bonds.

The weighted average of diluted shares outstanding as at June 2020, 30 was determined as a ratio between the outstanding bonds in amount of RON 37,328,764 and the conversion price of 2.2414, resulting a number of 16,654,218 shares.

	<b>Group</b>	
	<b>30-06-2021</b>	<b>30-06-2020</b>
Ordinary shares issued as at 1 January	5,737,699,649	5,215,917,925
The impact of shares issued as of 1 January	573,769,971	521,781,724
The impact of the shares repurchased during the year	(6,850,762)	(26,794,713)
The impact of the shares obtained from bonds conversion	60	-
The retroactive adjustment of the weighted average number of outstanding shares as at June, 2020	-	573,769,971
<b>Weighted average number of shares</b>	<b>6,304,618,918</b>	<b>6,284,674,907</b>
The number of shares that may be issued upon the conversion of bonds into shares	-	16,654,218
<b>Weighted average number of diluted shares</b>	<b>6,304,618,918</b>	<b>6,301,329,125</b>

**38. 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**

### **38. 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, 2021-June 30, 2021;
- 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 30 June 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 June 30, 2021 and December 31, 2020, the Group and the Bank complied with all the capital adequacy requirements.

Under the current capital requirements set by the European Banking Authority, banks have to maintain a ratio of regulatory capital to risk weighted assets ("statutory capital ratio") above a prescribed minimum level.

The amount of capital that the Group managed was RON 11,944,029 thousand as of June 2021 (31 December 2020: RON 12,108,132 thousand), regulatory capital amounts to RON 7,185,977 thousand (31 December 2020: RON 7,192,994 thousand) and the Group and the Bank have complied with all externally imposed capital requirements throughout 2021 and 2020.

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;

The Group and the Bank manage their 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.

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

### 38. Capital management (continued)

The level and the requirements of own funds as at June 30, 2021 and December 31, 2020 are as follows:

	Group		Bank	
<i>In RON thousand</i>	30-06-2021	31-12-2020	30-06-2021	31-12-2020
Tier 1 own funds	10,416,614	10,573,525	9,940,280	10,067,481
Tier 2 own funds	1,527,415	1,534,607	1,527,415	1,534,607
<b>Total own funds</b>	<b>11,944,029</b>	<b>12,108,132</b>	<b>11,467,695</b>	<b>11,602,088</b>

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

	Group		Bank	
<i>In %</i>	30-06-2021	31-12-2020	30-06-2021	31-12-2020
Core tier one ratio	18.12	18.37	18.92	19.30
Tier 1 ratio	18.12	18.37	18.92	19.30
CAR	20.87	21.04	21.83	22.24

*Note: The calculation of the Group's and the Bank's own funds considers the statutory profit of the Group, respectively of the Bank for the financial period ended on December 31, 2020. For the six-month period ended June 30, 2021, the current profit was not considered in the calculation of own funds. Regulatory capital as at June 30, 2021 and December 31, 2020 was calculated according to the IFRS standards endorsed by the European Union*

### 39. Derivatives

The structure of the derivative instruments held by the Group and by the Bank as of June 30, 2021 is the following:

	Group			Bank		
<i>In RON thousand</i>	Fair value of Assets	Fair value Liabilities	Notional	Fair value of Assets	Fair value Liabilities	Notional
Interest rate swaps	247	1,773	353,504	247	1,773	353,504
Currency swaps	17,898	23,305	1,292,230	17,898	23,305	1,292,230
Exchange rate forward agreements	1,028	2,959	2,281,457	1,028	2,959	2,281,457
<b>Total derivative financial instruments</b>	<b>19,173</b>	<b>28,037</b>	<b>3,927,191</b>	<b>19,173</b>	<b>28,037</b>	<b>3,927,191</b>

The structure of the derivative instruments held by the Group and by the Bank as at December 31, 2020 is the following:

	Group			Bank		
<i>In RON thousand</i>	Fair value of Assets	Fair value Liabilities	Notional	Fair value of Assets	Fair value Liabilities	Notional
Interest rate swaps	478	2,940	237,564	478	2,940	237,564
Currency swaps	8,152	30,629	1,277,201	8,152	30,629	1,277,201
Exchange rate forward agreements	13,460	1,248	3,153,148	13,460	1,248	3,153,148
<b>Total derivative financial instruments</b>	<b>22,090</b>	<b>34,817</b>	<b>4,667,913</b>	<b>22,090</b>	<b>34,817</b>	<b>4,667,913</b>

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

### **40. 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>	<b>Group</b>		<b>Bank</b>	
	<b>30-06-2021</b>	<b>31-12-2020</b>	<b>30-06-2021</b>	<b>31-12-2020</b>
Corporate	12,728,467	12,368,857	14,022,076	13,361,424
Small and medium enterprises	6,594,660	6,245,232	6,461,560	6,148,658
Consumer loans and card loans granted to retail customers	11,448,176	10,949,378	11,217,033	10,742,582
Mortgage loans	14,724,150	13,568,648	14,401,248	13,266,162
Loans and finance lease receivables granted by non-banking financial institutions	2,627,108	2,445,052	-	-
Other	48,988	41,391	40,776	35,135
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>48,171,549</b>	<b>45,618,558</b>	<b>46,142,693</b>	<b>43,553,961</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(3,792,259)</b>	<b>(3,498,298)</b>	<b>(3,484,959)</b>	<b>(3,190,052)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>44,379,290</b>	<b>42,120,260</b>	<b>42,657,734</b>	<b>40,363,909</b>

As of June 30, 2021, the total irrevocable on-balance and off-balance sheet exposure was of RON 50,903,017 thousand (December 31, 2020: RON 47,954,924 thousand) for the Group and RON 48,241,791 thousand (December 31, 2020: 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.

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

### 40. Credit risk management (continued)

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.

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of June 30, 2021, 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 2021
<i>In RON thousand</i>					
Corporate	9,370,871	2,222,551	955,713	179,332	<b>12,728,467</b>
Small and medium enterprises	3,806,386	2,383,223	370,241	34,810	<b>6,594,660</b>
Consumer loans and card loans granted to retail customers	7,684,153	2,985,920	674,726	103,377	<b>11,448,176</b>
Mortgage loans	13,189,904	1,299,738	188,116	46,392	<b>14,724,150</b>
Loans and finance lease receivables granted to non-banking financial institutions	961,180	1,349,558	282,715	33,655	<b>2,627,108</b>
Other	111	41,034	5,770	2,073	<b>48,988</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>35,012,605</b>	<b>10,282,024</b>	<b>2,477,281</b>	<b>399,639</b>	<b>48,171,549</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(747,910)</b>	<b>(1,376,798)</b>	<b>(1,574,976)</b>	<b>(92,575)</b>	<b>(3,792,259)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>34,264,695</b>	<b>8,905,226</b>	<b>902,305</b>	<b>307,064</b>	<b>44,379,290</b>

## Notes to the consolidated and separate financial statements

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

<b>Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1</b>	<b>Very low risk</b>	<b>Low risk</b>	<b>Moderate risk</b>	<b>Sensitive risk</b>	<b>Total 2021</b>
Corporate	2,955,441	4,081,231	2,176,729	157,470	<b>9,370,871</b>
Small and medium enterprises	1,404,242	1,935,607	466,537	-	<b>3,806,386</b>
Consumer loans and card loans granted to retail customers	4,595,827	2,677,635	373,909	36,782	<b>7,684,153</b>
Mortgage loans	7,387,462	5,054,650	620,882	126,910	<b>13,189,904</b>
Loans and finance lease receivables granted by non-banking financial institutions	489,402	471,778	-	-	<b>961,180</b>
Other	-	-	10	101	<b>111</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>16,832,374</b>	<b>14,220,901</b>	<b>3,638,067</b>	<b>321,263</b>	<b>35,012,605</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(139,539)</b>	<b>(331,839)</b>	<b>(237,378)</b>	<b>(39,154)</b>	<b>(747,910)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>16,692,835</b>	<b>13,889,062</b>	<b>3,400,689</b>	<b>282,109</b>	<b>34,264,695</b>

<b>Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1</b>	<b>0 days</b>	<b>1-15 days</b>	<b>16-30 days</b>	<b>Total 2021</b>
Corporate	9,363,537	5,326	2,008	<b>9,370,871</b>
Small and medium enterprises	3,783,023	22,048	1,315	<b>3,806,386</b>
Consumer loans and card loans granted to retail customers	7,518,625	148,422	17,106	<b>7,684,153</b>
Mortgage loans	12,977,669	186,860	25,375	<b>13,189,904</b>
Loans and finance lease receivables granted by non-banking financial institutions	919,397	32,391	9,392	<b>961,180</b>
Other	111	-	-	<b>111</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>34,562,362</b>	<b>395,047</b>	<b>55,196</b>	<b>35,012,605</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(737,259)</b>	<b>(8,758)</b>	<b>(1,893)</b>	<b>(747,910)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>33,825,103</b>	<b>386,289</b>	<b>53,303</b>	<b>34,264,695</b>



# Notes to the consolidated and separate financial statements

## 40. Credit risk management (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	Total 2021
Corporate	1,462,040	385,919	374,592	2,222,551
Small and medium enterprises	1,859,867	272,018	251,338	2,383,223
Consumer loans and card loans granted to retail customers	2,095,692	562,851	327,377	2,985,920
Mortgage loans	917,843	249,712	132,183	1,299,738
Loans and finance lease receivables granted by non-banking financial institutions	1,324,757	16,045	8,756	1,349,558
Other	6,671	34,363	-	41,034
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>7,666,870</b>	<b>1,520,908</b>	<b>1,094,246</b>	<b>10,282,024</b>
Allowances for impairment losses on loans and financial lease receivables	(587,303)	(405,386)	(384,109)	(1,376,798)
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>7,079,567</b>	<b>1,115,522</b>	<b>710,137</b>	<b>8,905,226</b>

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	Total 2021
Corporate	2,221,970	581	-	2,222,551
Small and medium enterprises	2,360,976	12,779	9,468	2,383,223
Consumer loans and card loans granted to retail customers	2,882,065	82,335	21,520	2,985,920
Mortgage loans	1,233,776	55,852	10,110	1,299,738
Loans and finance lease receivables granted by non-banking financial institutions	1,324,757	18,957	5,844	1,349,558
Other	41,004	9	21	41,034
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>10,064,548</b>	<b>170,513</b>	<b>46,963</b>	<b>10,282,024</b>
Allowances for impairment losses on loans and financial lease receivables	(1,323,252)	(37,304)	(16,242)	(1,376,798)
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>8,741,296</b>	<b>133,209</b>	<b>30,721</b>	<b>8,905,226</b>

## Notes to the consolidated and separate financial statements

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

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	Over 90 days	Total 2021
Corporate	544,214	3,562	109,730	298,207	<b>955,713</b>
Small and medium enterprises	123,764	15,123	15,557	215,797	<b>370,241</b>
Consumer loans and card loans granted to retail customers	163,158	62,227	62,418	386,923	<b>674,726</b>
Mortgage loans	76,570	25,426	26,065	60,055	<b>188,116</b>
Loans and finance lease receivables granted by non-banking financial institutions	86,763	14,112	7,405	174,435	<b>282,715</b>
Other	4,690	-	11	1,069	<b>5,770</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>999,159</b>	<b>120,450</b>	<b>221,186</b>	<b>1,136,486</b>	<b>2,477,281</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(543,433)</b>	<b>(53,685)</b>	<b>(132,846)</b>	<b>(845,012)</b>	<b>(1,574,976)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>455,726</b>	<b>66,765</b>	<b>88,340</b>	<b>291,474</b>	<b>902,305</b>

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

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

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of December 31, 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	8,727,385	2,432,789	1,006,758	201,925	<b>12,368,857</b>
Small and medium enterprises	4,399,455	1,489,405	324,900	31,472	<b>6,245,232</b>
Consumer loans and card loans granted to retail customers	8,778,977	1,377,463	690,472	102,466	<b>10,949,378</b>
Mortgage loans	12,642,711	679,781	200,669	45,487	<b>13,568,648</b>
Loans and finance lease receivables granted to non-banking financial institutions	434,693	1,719,595	259,020	31,744	<b>2,445,052</b>
Other	201	34,846	4,140	2,204	<b>41,391</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>34,983,422</b>	<b>7,733,879</b>	<b>2,485,959</b>	<b>415,298</b>	<b>45,618,558</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(712,219)</b>	<b>(1,162,281)</b>	<b>(1,533,024)</b>	<b>(90,774)</b>	<b>(3,498,298)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>34,271,203</b>	<b>6,571,598</b>	<b>952,935</b>	<b>324,524</b>	<b>42,120,260</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 40. Credit risk management (continued)

<b>Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1</b>	<b>Very low risk</b>	<b>Low risk</b>	<b>Moderate risk</b>	<b>Sensitive risk</b>	<b>Total 2020</b>
Corporate	1,883,475	4,781,894	2,018,294	43,722	<b>8,727,385</b>
Small and medium enterprises	2,630,204	1,394,472	352,704	22,075	<b>4,399,455</b>
Consumer loans and card loans granted to retail customers	3,955,078	4,360,734	338,869	124,296	<b>8,778,977</b>
Mortgage loans	4,892,303	7,311,840	337,827	100,741	<b>12,642,711</b>
Loans and finance lease receivables granted by non-banking financial institutions	-	434,693	-	-	<b>434,693</b>
Other	-	-	18	183	<b>201</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>13,361,060</b>	<b>18,283,633</b>	<b>3,047,712</b>	<b>291,017</b>	<b>34,983,422</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(137,288)</b>	<b>(353,071)</b>	<b>(204,079)</b>	<b>(17,781)</b>	<b>(712,219)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>13,223,772</b>	<b>17,930,562</b>	<b>2,843,633</b>	<b>273,236</b>	<b>34,271,203</b>

  

<b>Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1</b>	<b>0 days</b>	<b>1-15 days</b>	<b>16-30 days</b>	<b>Total 2020</b>
Corporate	8,725,052	2,333	-	<b>8,727,385</b>
Small and medium enterprises	4,374,193	23,641	1,621	<b>4,399,455</b>
Consumer loans and card loans granted to retail customers	8,443,269	272,090	63,618	<b>8,778,977</b>
Mortgage loans	12,340,806	237,638	64,267	<b>12,642,711</b>
Loans and finance lease receivables granted by non-banking financial institutions	403,701	23,255	7,737	<b>434,693</b>
Other	201	-	-	<b>201</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>34,287,222</b>	<b>558,957</b>	<b>137,243</b>	<b>34,983,422</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(702,154)</b>	<b>(8,030)</b>	<b>(2,035)</b>	<b>(712,219)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>33,585,068</b>	<b>550,927</b>	<b>135,208</b>	<b>34,271,203</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 40. Credit risk management (continued)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	Total 2020
Corporate	1,928,849	396,320	107,620	<b>2,432,789</b>
Small and medium enterprises	468,181	788,169	233,055	<b>1,489,405</b>
Consumer loans and card loans granted to retail customers	575,168	497,934	304,361	<b>1,377,463</b>
Mortgage loans	299,740	263,346	116,695	<b>679,781</b>
Loans and finance lease receivables granted by non-banking financial institutions	1,691,825	21,785	5,985	<b>1,719,595</b>
Other	4,654	30,192	-	<b>34,846</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>4,968,417</b>	<b>1,997,746</b>	<b>767,716</b>	<b>7,733,879</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(443,108)</b>	<b>(477,710)</b>	<b>(241,463)</b>	<b>(1,162,281)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>4,525,309</b>	<b>1,520,036</b>	<b>526,253</b>	<b>6,571,598</b>

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	Total 2020
Corporate	2,430,511	1,819	459	<b>2,432,789</b>
Small and medium enterprises	1,459,427	22,816	7,162	<b>1,489,405</b>
Consumer loans and card loans granted to retail customers	1,293,053	68,837	15,573	<b>1,377,463</b>
Mortgage loans	631,430	43,515	4,836	<b>679,781</b>
Loans and finance lease receivables granted by non-banking financial institutions	1,691,825	19,045	8,725	<b>1,719,595</b>
Other	34,812	28	6	<b>34,846</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>7,541,058</b>	<b>156,060</b>	<b>36,761</b>	<b>7,733,879</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(1,111,582)</b>	<b>(36,517)</b>	<b>(14,182)</b>	<b>(1,162,281)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>6,429,476</b>	<b>119,543</b>	<b>22,579</b>	<b>6,571,598</b>

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

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

<b>Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>Over 90 days</b>	<b>Total 2020</b>
Corporate	689,752	20,678	5,363	290,965	<b>1,006,758</b>
Small and medium enterprises	109,639	16,978	16,207	182,076	<b>324,900</b>
Consumer loans and card loans granted to retail customers	227,063	62,481	43,148	357,780	<b>690,472</b>
Mortgage loans	112,635	16,713	9,312	62,009	<b>200,669</b>
Loans and finance lease receivables granted by non-banking financial institutions	69,946	7,257	9,684	172,133	<b>259,020</b>
Other	3,077	2	3	1,058	<b>4,140</b>
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>1,212,112</b>	<b>124,109</b>	<b>83,717</b>	<b>1,066,021</b>	<b>2,485,959</b>
Allowances for impairment losses on loans and financial lease receivables	<b>(660,022)</b>	<b>(57,259)</b>	<b>(45,056)</b>	<b>(770,687)</b>	<b>(1,533,024)</b>
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>552,090</b>	<b>66,850</b>	<b>38,661</b>	<b>295,334</b>	<b>952,935</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 40. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as of June 30, 2021, 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 2021
<i>In RON thousand</i>					
Corporate	10,883,423	2,102,827	927,213	108,613	<b>14,022,076</b>
Small and medium enterprises	3,736,728	2,335,640	365,146	24,046	<b>6,461,560</b>
Consumer loans and card loans granted to retail customers	7,471,903	2,982,264	659,498	103,368	<b>11,217,033</b>
Mortgage loans	12,873,896	1,296,904	184,218	46,230	<b>14,401,248</b>
Other	110	34,534	5,711	421	<b>40,776</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>34,966,060</b>	<b>8,752,169</b>	<b>2,141,786</b>	<b>282,678</b>	<b>46,142,693</b>
Allowances for impairment losses on loans	<b>(746,498)</b>	<b>(1,310,556)</b>	<b>(1,373,704)</b>	<b>(54,201)</b>	<b>(3,484,959)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>34,219,562</b>	<b>7,441,613</b>	<b>768,082</b>	<b>228,477</b>	<b>42,657,734</b>

Gross value of loans and advances granted to clients, not impaired, Stage 1	Very low risk	Low risk	Moderate risk	Sensitive risk	Total 2021
Corporate	3,988,073	4,561,151	2,176,729	157,470	<b>10,883,423</b>
Small and medium enterprises	1,404,242	1,865,949	466,537	-	<b>3,736,728</b>
Consumer loans and card loans granted to retail customers	4,595,826	2,467,806	371,494	36,777	<b>7,471,903</b>
Mortgage loans	7,387,463	4,741,382	618,141	126,910	<b>12,873,896</b>
Other	-	-	9	101	<b>110</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>17,375,604</b>	<b>13,636,288</b>	<b>3,632,910</b>	<b>321,258</b>	<b>34,966,060</b>
Allowances for impairment losses on loans	<b>(152,858)</b>	<b>(317,360)</b>	<b>(237,127)</b>	<b>(39,153)</b>	<b>(746,498)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>17,222,746</b>	<b>13,318,928</b>	<b>3,395,783</b>	<b>282,105</b>	<b>34,219,562</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 40. Credit risk management (continued)

<b>Gross value of loans and advances granted to clients, not impaired, Stage 1</b>	<b>0 days</b>	<b>1-15 days</b>	<b>16-30 days</b>	<b>Total 2021</b>
Corporate	10,876,591	4,824	2,008	<b>10,883,423</b>
Small and medium enterprises	3,715,371	20,042	1,315	<b>3,736,728</b>
Consumer loans and card loans granted to retail customers	7,319,250	137,962	14,691	<b>7,471,903</b>
Mortgage loans	12,673,579	177,683	22,634	<b>12,873,896</b>
Other	110	-	-	<b>110</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>34,584,901</b>	<b>340,511</b>	<b>40,648</b>	<b>34,966,060</b>
Allowances for impairment losses on loans	<b>(740,506)</b>	<b>(5,090)</b>	<b>(902)</b>	<b>(746,498)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>33,844,395</b>	<b>335,421</b>	<b>39,746</b>	<b>34,219,562</b>

  

<b>Gross value of loans and advances granted to clients, not impaired, Stage 2</b>	<b>Low-moderate risk</b>	<b>Sensitive risk</b>	<b>High risk</b>	<b>Total 2021</b>
Corporate	1,342,457	385,919	374,451	<b>2,102,827</b>
Small and medium enterprises	1,814,540	272,018	249,082	<b>2,335,640</b>
Consumer loans and card loans granted to retail customers	2,093,827	561,095	327,342	<b>2,982,264</b>
Mortgage loans	916,451	248,631	131,822	<b>1,296,904</b>
Other	171	34,363	-	<b>34,534</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>6,167,446</b>	<b>1,502,026</b>	<b>1,082,697</b>	<b>8,752,169</b>
Allowances for impairment losses on loans	<b>(526,914)</b>	<b>(401,217)</b>	<b>(382,425)</b>	<b>(1,310,556)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>5,640,532</b>	<b>1,100,809</b>	<b>700,272</b>	<b>7,441,613</b>

  

<b>Gross value of loans and advances granted to clients, not impaired, Stage 2</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>Total 2021</b>
Corporate	2,102,387	440	-	<b>2,102,827</b>
Small and medium enterprises	2,315,650	11,496	8,494	<b>2,335,640</b>
Consumer loans and card loans granted to retail customers	2,880,200	80,579	21,485	<b>2,982,264</b>
Mortgage loans	1,232,386	54,770	9,748	<b>1,296,904</b>
Other	34,504	9	21	<b>34,534</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>8,565,127</b>	<b>147,294</b>	<b>39,748</b>	<b>8,752,169</b>
Allowances for impairment losses on loans	<b>(1,262,862)</b>	<b>(32,832)</b>	<b>(14,862)</b>	<b>(1,310,556)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>7,302,265</b>	<b>114,462</b>	<b>24,886</b>	<b>7,441,613</b>



# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 40. Credit risk management (continued)

Gross value of loans and advances granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	over 90 days	Total 2021
Corporate	542,387	3,562	109,730	271,534	927,213
Small and medium enterprises	123,559	15,053	15,511	211,023	365,146
Consumer loans and card loans granted to retail customers	160,344	61,284	61,056	376,814	659,498
Mortgage loans	75,678	25,240	25,974	57,326	184,218
Other	4,689	-	11	1,011	5,711
<b>Total loans and advances to customers before impairment allowance</b>	<b>906,657</b>	<b>105,139</b>	<b>212,282</b>	<b>917,708</b>	<b>2,141,786</b>
Allowances for impairment losses on loans	(511,331)	(47,431)	(127,935)	(687,007)	(1,373,704)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>395,326</b>	<b>57,708</b>	<b>84,347</b>	<b>230,701</b>	<b>768,082</b>

The exposures to credit risk for loans and advances to customers at Bank level, as of December 31, 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	9,955,054	2,316,808	974,340	115,222	13,361,424
Small and medium enterprises	4,344,865	1,455,709	319,086	28,998	6,148,658
Consumer loans and card loans granted to retail customers	8,590,139	1,373,518	676,938	101,987	10,742,582
Mortgage loans	12,348,376	676,371	196,102	45,313	13,266,162
Other	201	30,371	4,081	482	35,135
<b>Total loans and advances to customers before impairment allowance</b>	<b>35,238,635</b>	<b>5,852,777</b>	<b>2,170,547</b>	<b>292,002</b>	<b>43,553,961</b>
Allowances for impairment losses on loans	(718,881)	(1,068,022)	(1,348,193)	(54,956)	(3,190,052)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>34,519,754</b>	<b>4,784,755</b>	<b>822,354</b>	<b>237,046</b>	<b>40,363,909</b>

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

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

<b>Gross value of loans and advances granted to clients, not impaired, Stage 1</b>	<b>Very low risk</b>	<b>Low risk</b>	<b>Moderate risk</b>	<b>Sensitive risk</b>	<b>Total 2020</b>
Corporate	2,401,118	5,491,920	2,018,294	43,722	<b>9,955,054</b>
Small and medium enterprises	2,630,204	1,339,882	352,704	22,075	<b>4,344,865</b>
Consumer loans and card loans granted to retail customers	3,955,235	4,173,768	336,844	124,292	<b>8,590,139</b>
Mortgage loans	4,892,305	7,019,899	335,431	100,741	<b>12,348,376</b>
Other	-	-	18	183	<b>201</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>13,878,862</b>	<b>18,025,469</b>	<b>3,043,291</b>	<b>291,013</b>	<b>35,238,635</b>
Allowances for impairment losses on loans	<b>(152,826)</b>	<b>(344,365)</b>	<b>(203,909)</b>	<b>(17,781)</b>	<b>(718,881)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>13,726,036</b>	<b>17,681,104</b>	<b>2,839,382</b>	<b>273,232</b>	<b>34,519,754</b>

<b>Gross value of loans and advances granted to clients, not impaired, Stage 1</b>	<b>0 days</b>	<b>1-15 days</b>	<b>16-30 days</b>	<b>Total 2020</b>
Corporate	9,953,729	1,325	-	<b>9,955,054</b>
Small and medium enterprises	4,320,940	22,325	1,600	<b>4,344,865</b>
Consumer loans and card loans granted to retail customers	8,263,547	264,999	61,593	<b>8,590,139</b>
Mortgage loans	12,057,182	229,322	61,872	<b>12,348,376</b>
Other	201	-	-	<b>201</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>34,595,599</b>	<b>517,971</b>	<b>125,065</b>	<b>35,238,635</b>
Allowances for impairment losses on loans	<b>(712,317)</b>	<b>(5,030)</b>	<b>(1,534)</b>	<b>(718,881)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>33,883,282</b>	<b>512,941</b>	<b>123,531</b>	<b>34,519,754</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

<b>Gross value of loans and advances granted to clients, not impaired, Stage 2</b>	<b>Low-moderate risk</b>	<b>Sensitive risk</b>	<b>High risk</b>	<b>Total 2020</b>
Corporate	1,813,820	396,320	106,668	<b>2,316,808</b>
Small and medium enterprises	435,247	788,169	232,293	<b>1,455,709</b>
Consumer loans and card loans granted to retail customers	573,634	495,523	304,361	<b>1,373,518</b>
Mortgage loans	298,099	261,577	116,695	<b>676,371</b>
Other	179	30,192	-	<b>30,371</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>3,120,979</b>	<b>1,971,781</b>	<b>760,017</b>	<b>5,852,777</b>
Allowances for impairment losses on loans	<b>(354,669)</b>	<b>(472,343)</b>	<b>(241,010)</b>	<b>(1,068,022)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>2,766,310</b>	<b>1,499,438</b>	<b>519,007</b>	<b>4,784,755</b>

<b>Gross value of loans and advances granted to clients, not impaired, Stage 2</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>Total 2020</b>
Corporate	2,315,482	867	459	<b>2,316,808</b>
Small and medium enterprises	1,426,493	22,249	6,967	<b>1,455,709</b>
Consumer loans and card loans granted to retail customers	1,291,519	66,426	15,573	<b>1,373,518</b>
Mortgage loans	629,789	42,133	4,449	<b>676,371</b>
Other	30,337	28	6	<b>30,371</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>5,693,620</b>	<b>131,703</b>	<b>27,454</b>	<b>5,852,777</b>
Allowances for impairment losses on loans	<b>(1,023,142)</b>	<b>(32,084)</b>	<b>(12,796)</b>	<b>(1,068,022)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>4,670,478</b>	<b>99,619</b>	<b>14,658</b>	<b>4,784,755</b>

<b>Gross value of loans and advances granted to clients, impaired, Stage 3</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>over 90 days</b>	<b>Total 2020</b>
Corporate	688,498	20,678	5,363	259,801	<b>974,340</b>
Small and medium enterprises	106,418	16,954	16,207	179,507	<b>319,086</b>
Consumer loans and card loans granted to retail customers	223,820	61,570	41,359	350,189	<b>676,938</b>
Mortgage loans	111,408	16,490	9,111	59,093	<b>196,102</b>
Other	3,076	2	3	1,000	<b>4,081</b>
<b>Total loans and advances to customers before impairment allowance</b>	<b>1,133,220</b>	<b>115,694</b>	<b>72,043</b>	<b>849,590</b>	<b>2,170,547</b>
Allowances for impairment losses on loans	<b>(633,718)</b>	<b>(52,637)</b>	<b>(37,378)</b>	<b>(624,460)</b>	<b>(1,348,193)</b>
<b>Total loans and advances to customers net of impairment allowance</b>	<b>499,502</b>	<b>63,057</b>	<b>34,665</b>	<b>225,130</b>	<b>822,354</b>

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

### **41. Events subsequent to the date of the interim consolidated and separate statement of financial position**

On June 02, 2021, the Board of Directors of Banca Transilvania S.A. approved the execution on the transaction for the acquisition of the majority stake held by Getin Holding Group in the share capital of Idea Bank S.A., the agreement being signed on the same day. According to the transaction, Banca Transilvania Financial Group will acquire the full equity participations in the Idea Bank S.A. and Idea Bank Group subsidiaries located in Romania, notably Idea Leasing IFN SA and Idea Broker de Asigurare SRL. Until the date of approval and release of the consolidated and separate financial statements, Banca Transilvania S.A. has not obtained all the authorizations necessary to acquire control according to IFRS, and the financial statements herein have not been affected by these transactions.

The interim consolidated and separate financial statements were approved by the Board of Directors on 18 August 2021 and were signed on behalf of the Board.

Ömer TETIK  
*Chief Executive Officer*

George CĂLINESCU  
*Deputy Chief Executive Officer*