

Banca Transilvania S.A.

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

As at September 30, 2021

Banca Transilvania S.A.

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Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Profit or Loss

<i>RON thousand</i>	Note	Group				Bank			
		3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
Interest income calculated using the effective interest method		835,301	2,590,208	855,415	2,617,177	755,538	2,369,357	781,593	2,403,549
Other interest like income		31,494	88,309	28,715	80,813	3,424	8,188	3,378	8,477
Interest expense calculated using the effective interest method		(128,275)	(410,333)	(161,712)	(521,807)	(116,984)	(375,239)	(149,143)	(480,545)
Other interest like expense		(324)	(973)	(309)	(1,038)	(1,661)	(5,012)	(264)	(888)
Net interest income	5	738,196	2,267,211	722,109	2,175,145	640,317	1,997,294	635,564	1,930,593
Fee and commission income		376,545	1,030,694	303,271	828,715	324,359	887,132	260,058	712,375
Fee and commission expense		(122,111)	(329,272)	(95,007)	(268,623)	(106,909)	(287,514)	(82,645)	(235,212)
Net fee and commission income	6	254,434	701,422	208,264	560,092	217,450	599,618	177,413	477,163
Net trading income	7	125,972	387,592	100,310	227,949	109,049	312,872	76,974	215,694
Net gain from financial assets measured at fair value through other items of comprehensive income	8	45,033	174,383	93,851	231,188	46,944	174,333	93,844	231,168
Net gain from financial assets which are required to be measured at fair value through profit and loss	9	3,012	57,691	15,099	49,694	12,065	105,205	22,566	24,014
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(695)	(89,071)	(651)	(73,402)	-	(82,022)	-	(69,795)
Other operating income	11	42,279	119,014	22,592	86,802	36,010	124,441	21,372	77,061
Operating income		1,208,231	3,618,242	1,161,574	3,257,468	1,061,835	3,231,741	1,027,733	2,885,898

Banca Transilvania S.A.

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

<i>RON thousand</i>	Note	Group				Bank			
		3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
Expenses (-) from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	12	145,814	32,763	(258,278)	(557,538)	129,321	8,649	(269,072)	(542,128)
Personnel expenses	13	(312,221)	(962,936)	(251,915)	(797,418)	(274,304)	(854,866)	(218,900)	(701,350)
Depreciation and amortization		(88,665)	(266,700)	(82,307)	(241,091)	(84,584)	(258,399)	(76,147)	(222,943)
Other operating expenses	14	(183,346)	(487,274)	(153,472)	(450,536)	(154,344)	(413,065)	(126,294)	(381,601)
Operating expenses		(438,418)	(1,684,147)	(745,972)	(2,046,583)	(383,911)	(1,517,681)	(690,413)	(1,848,022)
Profit before income tax		769,813	1,934,095	415,602	1,210,885	677,924	1,714,060	337,320	1,037,876
Income tax expense (-)	15	(116,699)	(265,489)	(48,901)	(154,121)	(105,248)	(240,349)	(43,246)	(136,389)
Net profit for the year		653,114	1,668,606	366,701	1,056,764	572,676	1,473,711	294,074	901,487
Net Profit of the Group attributable to:									
Equity holders of the Bank		633,379	1,634,597	351,529	1,021,767	572,676	1,473,711	294,074	901,487
Non-controlling interests		19,735	34,009	15,172	34,997	-	-	-	-
Net profit for the year		653,114	1,668,606	366,701	1,056,764	572,676	1,473,711	294,074	901,487

Interim Consolidated and Separate Statement of Other Comprehensive Income

<i>RON thousand</i>	Note	Group				Bank			
		3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
Net Profit for the period		653,114	1,668,606	366,701	1,056,764	572,676	1,473,711	294,074	901,487
Items that will not be reclassified as profit or loss, net of tax		-	(819)	-	(23)	-	(814)	-	(23)
Other elements of comprehensive income		-	(819)	-	(23)	-	(814)	-	(23)
Items which are or may be reclassified to profit or loss		(526,548)	(719,815)	188,734	136,847	(542,923)	(741,147)	195,392	142,281
Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:		(646,366)	(879,633)	232,801	169,825	(646,209)	(882,136)	232,756	169,788
Net gain / loss (-) from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit and loss account		(45,033)	(174,383)	(93,851)	(231,188)	(46,944)	(174,333)	(93,844)	(231,168)
Fair value changes of financial assets measured at fair value through other items of comprehensive income		(601,333)	(705,250)	326,652	401,013	(599,265)	(707,803)	326,600	400,956
Translation of financial information of foreign operations to presentation currency		19,500	22,340	(8,172)	(7,167)	(149)	(549)	(200)	(658)
Income tax on items which are or may be reclassified to profit or loss		100,318	137,478	(35,895)	(25,811)	103,436	141,538	(37,164)	(26,849)
Total comprehensive income for the period		126,566	947,972	555,435	1,193,588	29,754	731,750	489,466	1,043,745
Total comprehensive income attributable to:									
Equity holders of the Bank		106,831	913,963	540,263	1,158,591	29,754	731,750	489,466	1,043,745
Non-controlling interest		19,735	34,009	15,172	34,997	-	-	-	-
Total comprehensive income for the period		126,566	947,972	555,435	1,193,588	29,754	731,750	489,466	1,043,745
Basic earnings per share		0.1006	0.2594	0.0557	0.1623	-	-	-	-
Diluted earnings per share		0.1006	0.2594	0.0557	0.1622	-	-	-	-

The financial statements were approved by the Board of Directors on November 11, 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 and Separate Statement of Financial Position

<i>In RON thousand</i>	Note	Group		Bank	
		30-09-2021	31-12-2020	30-09-2021	31-12-2020
		RON thousand	RON thousand	RON thousand	RON thousand
Assets					
Cash and current accounts with Central Banks	16	19,624,525	22,133,211	18,539,348	20,978,633
Derivatives		32,290	22,090	32,290	22,090
Financial assets held for trading and measured at fair value through profit and loss	18	361,064	346,472	27,253	17,572
Non-trading financial assets mandatorily at fair value through profit or loss	18	1,120,130	1,085,714	1,497,279	1,349,673
Financial assets measured at fair value through other items of comprehensive income	21	40,796,679	30,877,177	40,765,010	30,850,770
- of which pledged securities (repo agreements)		149,808	83,798	149,808	83,798
Financial assets at amortized cost - of which:		52,679,664	49,966,032	50,316,858	47,922,311
- Placements with banks	17	4,760,438	7,223,277	4,111,206	6,636,395
- Loans and advances to customers	19	45,444,889	40,892,544	44,991,345	40,363,909
- Debt instruments	21	1,426,769	990,106	310,694	160,874
- Other financial assets	22	1,047,568	860,105	903,613	761,133
Finance lease receivables	20	1,364,317	1,227,716	-	-
Investments in subsidiaries		-	-	512,821	499,690
Investment in associates		1,821	1,502	-	-
Property and equipment and investment property		965,649	904,297	638,011	619,041
Intangible assets		324,201	305,205	285,134	268,651
Goodwill		22,424	16,319	-	-
Right-of-use assets		405,559	448,852	644,621	708,505
Current tax receivables		-	9,654	-	8,585
Deferred tax assets		94,183	-	61,989	-
Other non-financial assets	23	120,615	148,156	96,143	109,464
Total assets		117,913,121	107,492,397	113,416,757	103,354,985

Banca Transilvania S.A.

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

<i>In RON thousand</i>	Note	Group		Bank	
		30-09-2021 RON thousand	31-12-2020 RON thousand	30-09-2021 RON thousand	31-12-2020 RON thousand
Liabilities					
Derivatives		44,687	34,817	44,687	34,817
Deposits from banks	24	646,494	318,944	637,579	311,822
Deposits from customers	25	99,375,480	90,942,415	96,622,169	88,297,146
Loans from banks and other financial institutions	26	1,553,854	1,691,668	1,152,486	1,176,066
Subordinated liabilities	27	1,722,233	1,667,761	1,719,132	1,664,464
Current tax liability		158,508	-	151,229	-
Deferred tax liability		-	55,015	-	85,665
Provisions for other risks and loan commitments	28	566,780	615,952	540,157	589,237
Lease liabilities		412,888	454,792	654,639	709,269
Other financial liabilities	29	2,342,885	1,161,789	1,962,530	907,681
Other non-financial liabilities	30	160,546	86,359	132,019	55,949
Total liabilities excluding financial liabilities to holders of fund units		106,984,355	97,029,512	103,616,627	93,832,116
Financial liabilities to holders of fund units		33,885	48,527	-	-
Total liabilities		107,018,240	97,078,039	103,616,627	93,832,116
Equity					
Share capital		6,397,971	5,824,201	6,397,971	5,824,201
Treasury shares		(15,287)	(15,287)	-	-
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		3,473,544	2,858,479	2,821,482	2,366,533
Revaluation reserves from tangible assets		34,853	45,625	37,745	48,517
Reserves on financial assets measured at fair value through other items of comprehensive income		(221,248)	517,335	(222,128)	518,558
Other reserves		761,035	759,715	736,446	736,446
Total equity attributable to equity holders of the Bank		10,462,103	10,021,303	9,800,130	9,522,869
Non-controlling interest		432,778	393,055	-	-
Total equity		10,894,881	10,414,358	9,800,130	9,522,869
Total liabilities and equity		117,913,121	107,492,397	113,416,757	103,354,985

The financial statements were approved by the Board of Directors on November 11, 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 nine-month period ended September 30, 2021

Group	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
<i>In RON thousand</i>										
Balance as at 01 January 2021	5,824,201	(15,287)	31,235	45,625	517,335	759,715	2,858,479	10,021,303	393,055	10,414,358
Profit for the period	-	-	-	-	-	-	1,634,597	1,634,597	34,009	1,668,606
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	(738,583)	-	-	(738,583)	-	(738,583)
Retained earnings from revaluation reserves	-	-	-	(10,772)	-	-	10,772	-	-	-
Distribution to statutory reserves	-	-	-	-	-	1,320	(1,320)	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	18,768	18,768	-	18,768
Other adjustments	-	-	-	-	-	-	(819)	(819)	-	(819)
Total comprehensive income for the period	-	-	-	(10,772)	(738,583)	1,320	1,661,998	913,963	34,009	947,972
Contributions of/distributions to the shareholders										
Increase in share capital through the conversion of debt	573,770	-	-	-	-	-	(573,770)	-	-	-
Acquisition of treasury shares	-	(61,658)	-	-	-	-	-	(61,658)	-	(61,658)
Payments of treasury shares	-	61,658	-	-	-	-	-	61,658	-	61,658
Dividends distributed to shareholders	-	-	-	-	-	-	(500,000)	(500,000)	-	(500,000)
SOP 2021 Scheme	-	-	-	-	-	-	45,511	45,511	-	45,511
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	(22,083)	(22,083)	-	(22,083)
Other adjustments	-	-	-	-	-	-	3,409	3,409	5,714	9,123
Total contributions of/distributions to the shareholders	573,770	-	-	-	-	-	(1,046,933)	(473,163)	5,714	(467,449)
Balance as at 30 September 2021	6,397,971	(15,287)	31,235	34,853	(221,248)	761,035	3,473,544	10,462,103	432,778	10,894,881

The explanatory notes to the financial statements from page 11 to page 54 are an integral part of these financial statements.

Banca Transilvania S.A.

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

For the nine-month period ended September 30 2020

Group	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
<i>In RON thousand</i>											
Balance as at January 01, 2020		5,302,419	(63,942)	31,016	17,818	147,904	687,727	2,708,300	8,831,242	382,594	9,213,836
Profit for the period		-	-	-	-	-	-	1,021,767	1,021,767	34,997	1,056,764
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	142,867	-	-	142,867	-	142,867
Retained earnings from revaluation reserves		-	-	-	(950)	-	-	950	-	-	-
Distribution to statutory reserves		-	-	-	-	-	2,832	(2,832)	-	-	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(6,043)	(6,043)	-	(6,043)
Total comprehensive income of the period		-	-	-	(950)	142,867	2,832	1,013,842	1,158,591	34,997	1,193,588
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of debt		173	-	219	-	-	-	-	392	-	392
Acquisition of treasury shares		-	(36,466)	-	-	-	-	-	(36,466)	-	(36,466)
Payments of treasury shares		-	85,121	-	-	-	-	-	85,121	-	85,121
Dividends distributed to shareholders		-	-	-	-	-	-	(600,000)	(600,000)	-	(600,000)
SOP 2019 use		-	-	-	-	-	-	(24,722)	(24,722)	-	(24,722)
Other adjustments		-	-	-	-	-	-	7,898	7,898	(12,154)	(4,256)
Total contributions of/distributions to the shareholders		173	48,655	219	-	-	-	(616,824)	(567,777)	(12,154)	(579,931)
Balance as at September 30, 2020		5,302,592	(15,287)	31,235	16,868	290,771	690,559	3,105,318	9,422,056	405,437	9,827,493

The explanatory notes to the financial statements from page 11 to page 54 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 September 30, 2021

Bank	Note	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>									
Balance as at 01 July 2021		5,824,201	-	28,614	48,517	518,558	736,446	2,366,533	9,522,869
Profit for the period		-	-	-	-	-	-	1,473,711	1,473,711
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(740,686)	-	-	(740,686)
Retained earnings from revaluation reserves		-	-	-	(10,772)	-	-	10,772	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(1,275)	(1,275)
Statement of comprehensive income for the period		-	-	-	(10,772)	(740,686)	-	1,483,208	731,750
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of debt		573,770	-	-	-	-	-	(573,770)	-
Acquisition of treasury shares		-	(61,658)	-	-	-	-	-	(61,658)
Payments of treasury shares		-	61,658	-	-	-	-	-	61,658
Dividends distributed to shareholders		-	-	-	-	-	-	(500,000)	(500,000)
SOP 2020 Scheme		-	-	-	-	-	-	45,511	45,511
Total contributions of/distributions to the shareholders		573,770	-	-	-	-	-	(1,028,259)	(454,489)
Balance as at 30 September 2021		6,397,971	-	28,614	37,745	(222,128)	736,446	2,821,482	9,800,130

Banca Transilvania S.A.

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

For the nine-month period ended September 30, 2020

Bank	Note	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>									
Balance as at January 1, 2020		5,302,419	(48,655)	28,396	20,710	148,834	667,894	2,376,845	8,496,443
Profit for the period		-	-	-	-	-	-	901,487	901,487
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	142,834	-	-	142,834
Retained earnings from revaluation reserves		-	-	-	(950)	-	-	950	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(576)	(576)
Statement of comprehensive income for the period		-	-	-	(950)	142,834	-	901,861	1,043,745
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of debt		173	-	218	-	-	-	-	391
Acquisition of treasury shares		-	(36,466)	-	-	-	-	-	(36,466)
Payments of treasury shares to the employees		-	85,121	-	-	-	-	-	85,121
Dividends distributed to shareholders		-	-	-	-	-	-	(600,000)	(600,000)
SOP 2019 use		-	-	-	-	-	-	(24,723)	(24,723)
Total contributions of/distributions to the shareholders		173	48,655	218	-	-	-	(624,723)	(575,677)
Balance as at September 30, 2020		5,302,592	-	28,614	19,760	291,668	667,894	2,653,983	8,964,511

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Cash Flows For the nine-month period ended September 30

<i>In RON thousand</i>	Note	Group		Bank	
		30-09-2021	30-09-2020	30-09-2021	30-09-2020
Cash-flow from operating activities					
Profit for the period		1,668,606	1,056,764	1,473,711	901,487
Adjustments for:					
Depreciation and amortization		266,700	241,091	258,399	222,943
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		196,268	723,603	211,982	700,290
Adjustment of financial assets at fair value through profit and loss		(57,691)	(49,694)	(105,205)	(24,014)
Income tax expense		265,489	154,121	240,349	136,389
Interest income		(2,678,517)	(2,697,990)	(2,377,545)	(2,412,026)
Interest expense		411,306	522,845	380,251	481,433
Other adjustments		(154,318)	(161,381)	(200,247)	57,011
Net profit adjusted with non-monetary elements		(82,157)	(210,641)	(118,305)	63,513
Changes in operating assets and liabilities(*)					
Change in financial assets at amortized cost and placements with banks		507,079	(1,454,041)	814,813	(1,586,125)
Change in loans and advances to customers		(4,807,421)	(2,083,531)	(4,891,437)	(1,997,057)
Change in finance lease receivables		(125,308)	(23,557)	-	-
Change in financial assets at fair value through profit or loss		23,275	(140,955)	(42,401)	(170,285)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		(10,200)	(9,254)	(10,200)	(9,254)
Change in equity instruments		5,267	(23,031)	(9,681)	582
Changes in debt instruments		(28,884)	13,562	-	-
Change in other financial assets		(202,691)	(176,278)	(160,845)	(176,891)
Change in other assets		4,627	(66,642)	(35,295)	(36,562)
Change in deposits from customers		8,458,523	6,821,711	8,350,141	6,891,287
Change in deposits from banks		327,515	66,693	325,763	57,181
Change in financial liabilities held-for-trading		9,869	40,420	9,870	40,420
Change in repo operations		66,750	44,518	66,750	44,518
Change in other financial liabilities		675,199	273,877	551,457	276,860
Change in other liabilities		74,188	(25,743)	76,071	(16,814)
Income tax (paid)/recovered		(134,118)	(150,393)	(86,651)	(129,388)
Interest received		1,990,611	2,295,106	1,777,768	1,849,643
Interest paid		(318,209)	(472,981)	(347,195)	(441,446)
Net cash-flow from operating activities		6,433,915	4,718,840	6,270,623	4,660,182

Interim Consolidated and Separate Statement of Cash Flows (continued)

For the nine-month period ended September 30

In RON thousand	Note	Group		Bank	
		30-09-2021	30-09-2020	30-09-2021	30-09-2020
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(24,595,308)	(20,280,341)	(24,566,167)	(20,274,842)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		14,012,015	17,972,415	13,986,161	17,909,394
Net acquisitions of property and equipment		(132,384)	(179,393)	(82,980)	(92,470)
Net acquisitions intangible assets		(98,558)	(82,372)	(90,542)	(73,862)
Proceeds from disposal of property and equipment and intangible assets		1,722	1,830	1,427	712
Acquisition of equity investments		(12,000)	(23,501)	(12,000)	(11,001)
Dividends collected	11	3,218	2,975	25,171	6,939
Interest received		783,899	725,033	782,199	724,800
Net cash-flow used in investment activities		(10,037,396)	(1,863,354)	(9,956,731)	(1,810,330)
Gross proceeds from loans from banks and other financial institutions		64,935	340,050	-	311,976
Gross payments from loans from banks and other financial institutions		(279,456)	(174,517)	(107,568)	(92,292)
Gross payments from subordinated loans from banks and other financial institutions		-	(47,918)	-	(47,918)
Repayment of the principal portion of the lease liabilities		(96,107)	(95,743)	(104,374)	(88,410)
Dividend payments		(1,103)	(447)	(1,103)	(447)
Payments for treasury shares		(61,658)	(36,466)	(61,658)	(36,466)
Interest paid		(47,863)	(88,302)	(39,030)	(78,168)
Net cash-flow from / (used in) financing activities		(421,252)	(103,343)	(313,733)	(31,725)

(*) 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	Note	Group		Bank	
		30-09-2021	30-09-2020	30-09-2021	30-09-2020
Cash and cash equivalents at January 1					
		26,649,622	20,510,000	24,802,742	18,761,413
The impact of exchange rate variations on cash and cash equivalents		62,501	135,567	60,658	134,699
Net increase/decrease (-) in cash and cash equivalents		(4,087,234)	2,616,576	(4,060,499)	2,683,428
Cash and cash equivalents as at September 30	16	22,624,889	23,262,143	20,802,901	21,579,540

Banca Transilvania S.A.

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 September 30, 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 3 investment funds it consolidates.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 47 branches, 430 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 (December 31, 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 September 30, 2021 was 10,170 (December 31, 2020: 10,009 employees).

The Bank’s number of active employees as at September 30, 2021 was 8,521 (December 31, 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:

	30-09-2021	30-09-2020
NN Group (*)	9.91%	9.92%
The European Bank for Reconstruction and Development (“EBRD”)	6.89%	6.89%
Romanian individuals	20.81%	20.86%
Romanian companies	49.29%	48.63%
Foreign individuals	1.05%	1.08%
Foreign companies	12.05%	12.62%
Total	100%	100%

(*) NN Group N.V. and the pension funds managed by NN Pensii SAF PAP 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 30-09-2021	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%

b) Declaration of conformity

The interim condensed consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union, effective as at the Group's and Bank's interim reporting date, September 30, 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 9 months and 3 months, respectively, ended at September 30, 2021 is unaudited and not reviewed. Financial information for the 9-months period ended September 30, 2020 is unaudited and not reviewed. Financial information for the 3 months period ended September 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	30-09-2021	31-12-2020	Fluctuation %
Euro (EUR)	1: RON 4.9471	1:RON 4.8694	1.60 %
American dollar (USD)	1: RON 4.2653	1: RON 3.9660	7.55 %

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 September 30, 2021 are: 70 % (December 31, 2020: 50%) on central scenario, 20 % (December 31, 2020: 45%) on pessimistic scenario and 10% (December 31, 2020 5%) on the optimistic one.

Optimistic scenario – Macro indicators	2021	2022	2023
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	2021	2022	2023
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	2021	2022	2023
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:

	2021	2022	2023
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 108.1 million as of September 30, 2021 (on September 30, 2020, a number of over 32,940 individuals and companies benefited, having a gross book value of RON 4,243.3 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 September 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 January 1, 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 September 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 September 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, on September 15, 2021 the High Court of Cassation and Justice scheduled the next appearance for September 28, 2021. On this date, the deadline was rescheduled for October 12, 2021.

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 September 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 444 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 September 1, 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at May 28, 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 September 30, 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 September 30, 2021 and September 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 September 30, 2021, and comparative data for December 31, 2020:

Business segments as at September 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	8,103,033	7,248,547	3,136,917	3,892,568	27,186,103	-	2,743,228	12,078	(1,751,830)	50,570,644
<i>Allowances for impairment losses on loans and finance lease receivables</i>	(720,006)	(715,119)	(289,192)	(486,772)	(1,320,854)	-	(290,513)	(1,981)	62,999	(3,761,438)
Loans and finance receivables-net Portfolio of Debt instruments and Equity instruments, net of provisions	7,383,027	6,533,428	2,847,725	3,405,796	25,865,249	-	2,452,715	10,097	(1,688,831)	46,809,206
Treasury and inter-bank operations	-	-	-	-	-	43,617,793	-	415,804	(296,665)	43,736,932
Intangible assets	62,718	130,272	78,644	170,074	515,354	30,098	8,427	327,106	(8,598)	1,314,095
Right-of-use assets	25,758	50,189	29,168	69,848	203,611	11,758	5,906	14,823	(5,502)	405,559
Other assets	186,388	178,498	75,692	88,247	628,996	-	56,756	114,170	(66,381)	1,262,366
Total assets	7,657,891	6,892,387	3,031,229	3,733,965	27,213,210	67,827,496	2,578,309	1,507,865	(2,529,231)	117,913,121
Deposits and current accounts	5,142,858	7,749,933	5,664,382	13,497,082	67,560,869	637,579	-	231,112	(461,841)	100,021,974
Loans from banks and other financial institutions	131,419	564,625	102,363	125,986	111,774	150,321	1,908,141	235,724	(1,776,499)	1,553,854
Subordinated liabilities	-	-	-	-	-	1,719,132	-	-	3,101	1,722,233
Finance lease financial liabilities	67,335	59,454	27,770	31,699	221,621	713	6,114	3,814	(5,632)	412,888
Other liabilities	611,864	434,202	158,685	203,420	1,484,447	491	73,755	362,654	(22,227)	3,307,291
Total liabilities	5,953,476	8,808,214	5,953,200	13,858,187	69,378,711	2,508,236	1,988,010	833,304	(2,263,098)	107,018,240
Equity and related items	-	-	-	-	-	-	-	10,894,881	-	10,894,881
Total liabilities and equity	5,953,476	8,808,214	5,953,200	13,858,187	69,378,711	2,508,236	1,988,010	11,728,185	(2,263,098)	117,913,121

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)	45,618,558
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	(3,498,298)
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)	42,120,260
Treasury and inter-bank operations	-	-	-	-	-	33,144,340	-	414,278	(237,059)	33,321,559
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	29,188,356	48,986	243,295	(124,149)	29,356,488
Right-of-use assets	57,034	138,923	72,658	164,021	482,583	21,949	8,080	289,031	(6,956)	1,227,323
Other assets	27,702	55,831	29,112	79,667	226,937	9,607	6,573	17,513	(4,090)	448,852
Total assets	144,596	166,129	60,035	72,576	530,653	-	24,065	88,463	(68,602)	1,017,915
Deposits from customers and current accounts	6,488,147	6,324,442	2,575,601	3,515,803	24,709,512	62,364,252	2,244,242	1,056,958	(1,786,560)	107,492,397
Loans from banks and other financial institutions	4,474,760	6,983,527	4,936,113	12,732,126	61,940,642	314,837	-	1,902	(122,548)	91,261,359
Subordinated liabilities	42,291	613,906	142,557	162,108	147,647	83,564	1,722,445	200,310	(1,423,160)	1,691,668
Lease liabilities	-	-	-	-	-	1,664,463	-	-	3,298	1,667,761
Other liabilities	72,079	68,685	28,360	35,912	244,405	454	6,754	2,302	(4,159)	454,792
Total liabilities	372,251	292,662	83,099	106,312	866,374	536	44,236	262,956	(25,967)	2,002,459
Equity and related items	4,961,381	7,958,780	5,190,129	13,036,458	63,199,068	2,063,854	1,773,435	467,470	(1,572,536)	97,078,039
Total liabilities and equity	-	-	-	-	-	-	-	10,414,358	-	10,414,358
	4,961,381	7,958,780	5,190,129	13,036,458	63,199,068	2,063,854	1,773,435	10,881,828	(1,572,536)	107,492,397

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the periods ended at September 30, 2021, and comparative data for September 30, 2020:

Business segments as at September 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	85,085	199,692	91,447	171,985	752,954	267,732	184,505	507,691	6,120	2,267,211
Net commission income	47,517	89,466	59,732	209,783	234,104	(1,702)	8,618	56,017	(2,113)	701,422
Net trading income	7,213	30,882	31,107	60,991	124,781	80,999	4,826	42,244	4,549	387,592
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	88,955	-	85,423	5	174,383
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	53,114	-	4,577	-	57,691
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(4,155)	(7,842)	(4,938)	(11,806)	(60,330)	-	-	-	-	(89,071)
Other operating income	16,626	15,504	5,969	5,700	73,053	125	11,751	19,760	(29,474)	119,014
Total income	152,286	327,702	183,317	436,653	1,124,562	489,223	209,700	715,712	(20,913)	3,618,242
Personnel expenses	(54,998)	(137,888)	(75,240)	(152,699)	(394,529)	(20,405)	(42,290)	(84,887)	-	(962,936)
Other operating expenses	(21,886)	(43,872)	(25,249)	(54,552)	(206,329)	(15,787)	(33,581)	(95,187)	9,169	(487,274)
Depreciation and amortization	(18,140)	(34,055)	(19,766)	(48,902)	(137,234)	(6,752)	(5,029)	(11,889)	15,067	(266,700)
Total Expenses	(95,024)	(215,815)	(120,255)	(256,153)	(738,092)	(42,944)	(80,900)	(191,963)	24,236	(1,716,910)
Operating profit before net provision expenses for assets, other risks and commitments	57,262	111,887	63,062	180,500	386,470	446,279	128,800	523,749	3,323	1,901,332

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments as at September 30, 2020

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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 September 30, 2021, and comparative data for 3-month period ended September 30, 2020:

Business segments for the 3-month period ended September 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	(6,674)	73,113	22,276	58,911	260,841	97,480	65,488	163,955	2,806	738,196
Net commission income	17,556	31,451	22,420	76,159	84,962	(559)	2,963	20,150	-668	254,434
Net trading income	2,162	11,097	11,463	21,938	49,194	20,862	495	7,361	1,400	125,972
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	23,960	-	21,073	-	45,033
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	2,114	-	898	-	3,012
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	-	(10)	-62	-	(623)	-	-	-	-	(695)
Other operating income	3,415	2,928	443	255	27,231	-	5,709	12,457	(10,159)	42,279
Total income	16,459	118,579	56,540	157,263	421,605	143,857	74,655	225,894	(6,621)	1,208,231
Personnel expenses	(16,916)	(41,910)	(24,100)	(48,872)	(131,232)	(7,113)	(15,712)	(26,366)	-	(312,221)
Other operating expenses	(8,391)	(15,090)	(8,747)	(19,442)	(77,748)	(5,970)	(12,435)	(38,970)	3,447	(183,346)
Depreciation and amortization	(5,916)	(10,686)	(6,473)	(15,613)	(45,858)	(2,496)	(1,732)	(4,931)	5,040	(88,665)
Total Expenses	(31,223)	(67,686)	(39,320)	(83,927)	(254,838)	(15,579)	(29,879)	(70,267)	8,487	(584,232)
Operating profit before net provision expenses for assets, other risks and commitments	(14,764)	50,893	17,220	73,336	166,767	128,278	44,776	155,627	1,866	623,999

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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

Group <i>In RON thousand</i>	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non- banking financial institutions	Other - Group	Removals & adjustments	Total
Net interest income	29,301	42,401	44,160	57,179	240,309	50,945	57,125	200,364	325	722,109
Net commission income	13,513	25,725	18,547	62,745	70,472	(533)	1,554	16,328	(87)	208,264
Net trading income	2,070	10,074	9,090	17,159	35,801	15,243	2,191	8,752	(70)	100,310
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	47,868	-	45,983	-	93,851
Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	14,597	-	502	-	15,099
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	-	-	-	-	(651)	-	-	-	-	(651)
Other operating income	4,021	3,302	1,095	884	8,906	41	4,006	3,615	(3,278)	22,592
Total income	48,905	81,502	72,892	137,967	354,837	128,161	64,876	275,544	(3,110)	1,161,574
Personnel expenses	(14,437)	(36,417)	(21,253)	(40,783)	(98,898)	(4,651)	(12,631)	(22,845)	-	(251,915)
Other operating expenses	(7,275)	(14,932)	(9,792)	(18,199)	(67,935)	(4,815)	(12,684)	(19,676)	1,836	(153,472)
Depreciation and amortization	(5,001)	(9,964)	(6,050)	(14,687)	(40,833)	(1,606)	(1,403)	(3,116)	353	(82,307)
Total Expenses	(26,713)	(61,313)	(37,095)	(73,669)	(207,666)	(11,072)	(26,718)	(45,637)	2,189	(487,694)
Operating profit before net provision expenses for assets, other risks and commitments	22,192	20,189	35,797	64,298	147,171	117,089	38,158	229,907	(921)	673,880

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:

Group <i>In RON thousand</i>	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
September 30, 2021				
Financial assets held for trading and measured at fair value through profit or loss, of which:	361,064	-	-	361,064
- Equity instruments	220,870	-	-	220,870
- Debt instruments	140,194	-	-	140,194
Derivatives	-	32,290	-	32,290
Financial assets measured at fair value through other items of comprehensive income	40,612,634	659	183,386	40,796,679
- Equity instruments	-	-	41,248	41,248
- Debt instruments	40,612,634	659	112,138	40,725,431
- Loans and advances	-	-	30,000	30,000
Financial assets which are required to be measured at fair value through profit or loss, of which:	827,591	10,073	282,466	1,120,130
- Equity instruments	236,136	-	-	236,136
- Debt instruments	591,455	10,073	282,466	883,994
Total financial assets measured at fair value in the statement of financial position	41,801,289	43,022	465,852	42,310,163
Held-for-trading financial liabilities	-	44,687	-	44,687
December 31, 2020				
Financial assets held for trading and measured at fair value through profit or loss, of which:	346,472	-	-	346,472
- Equity instruments	226,137	-	-	226,137
- Debt instruments	120,335	-	-	120,335
Derivatives	-	22,090	-	22,090
Financial assets measured at fair value through other items of comprehensive income	30,812,897	755	63,525	30,877,177
- Equity instruments	-	-	32,687	32,687
- Debt instruments	30,812,897	755	-	30,813,652
- Loans and advances	-	-	30,838	30,838
Financial assets which are required to be measured at fair value through profit or loss, of which:	745,920	62,226	277,568	1,085,714
- Equity instruments	217,564	-	-	217,564
- Debt instruments	528,356	62,226	277,568	868,150
Total assets measured at fair value in the statement of financial position	31,905,289	85,071	341,093	32,331,453
Held-for-trading financial liabilities	-	34,817	-	34,817

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

Bank <i>In RON thousand</i>	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
September 30, 2021				
Financial assets held for trading and measured at fair value through profit or loss, of which:	27,253	-	-	27,253
- <i>Equity instruments</i>	27,253	-	-	27,253
Derivatives	-	32,290	-	32,290
Financial assets measured at fair value through other items of comprehensive income	40,606,488	659	157,863	40,765,010
- <i>Equity instruments</i>	-	-	15,725	15,725
- <i>Debt instruments</i>	40,606,488	659	112,138	40,719,285
- <i>Loans and advances</i>	-	-	30,000	30,000
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,204,740	10,073	282,466	1,497,279
- <i>Equity instruments</i>	235,666	-	-	235,666
- <i>Debt instruments</i>	969,074	10,073	282,466	1,261,613
Total financial assets measured at fair value in the statement of financial position	41,838,481	43,022	440,329	42,321,832
Held-for-trading financial liabilities	-	44,687	-	44,687
December 31, 2020				
Financial assets held for trading and measured at fair value through profit or loss, of which:	17,572	-	-	17,572
- <i>Equity instruments</i>	17,572	-	-	17,572
Derivatives	-	22,090	-	22,090
Financial assets measured at fair value through other items of comprehensive income	30,804,361	755	45,654	30,850,770
- <i>Equity instruments</i>	-	-	14,816	14,816
- <i>Debt instruments</i>	30,804,361	755	-	30,805,116
- <i>Loans and advances</i>	-	-	30,838	30,838
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,009,879	62,226	277,568	1,349,673
- <i>Equity instruments</i>	217,192	-	-	217,192
- <i>Debt instruments</i>	792,687	62,226	277,568	1,132,481
Total financial assets measured at fair value in the statement of financial position	31,831,812	85,071	323,222	32,240,105
Held-for-trading financial liabilities	-	34,817	-	34,817

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 September 30, 2021:

<i>In RON thousand</i>	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	4,760,438	4,760,438	-	4,760,438	-	4,111,206	4,111,206	-	4,111,206	-
Loans and advances to customers	19	45,444,889	45,581,867	-	-	45,581,867	44,991,345	45,149,165	-	-	45,149,165
Finance lease receivables	20	1,364,317	1,368,968	-	-	1,368,968	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	1,426,769	1,443,217	62,161	1,131,436	249,620	310,694	317,231	-	317,231	-
Other financial assets	22	1,047,568	1,047,568	-	-	1,047,568	903,613	903,613	-	-	903,613
Total assets		54,043,981	54,202,058	62,161	5,891,874	48,248,023	50,316,858	50,481,215	-	4,428,437	46,052,778
Liabilities											
Deposits from banks	24	646,494	646,494	-	646,494	-	637,579	637,579	-	637,579	-
Deposits from customers	25	99,375,480	99,400,119	-	99,400,119	-	96,622,169	96,644,589	-	96,644,589	-
Loans from banks and other financial institutions	26	1,553,854	1,553,854	-	-	1,553,854	1,152,486	1,152,486	-	-	1,152,486
Subordinated liabilities	27	1,722,233	1,722,233	-	-	1,722,233	1,719,132	1,719,132	-	-	1,719,132
Lease liabilities		412,888	412,888	-	-	412,888	654,639	654,639	-	-	654,639
Other financial liabilities	29	2,342,885	2,342,885	-	-	2,342,885	1,962,530	1,962,530	-	-	1,962,530
Total liabilities		106,053,834	106,078,473	-	100,046,613	6,031,860	102,748,535	102,770,955	-	97,282,168	5,488,787

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
Assets											
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	22	860,105	860,105	-	-	860,105	761,133	761,133	-	-	761,133
Total assets		51,193,748	51,011,695	58,212	8,170,026	42,783,457	47,922,311	47,749,653	-	6,802,653	40,947,000
Liabilities											
Deposits from banks	24	318,944	318,944	-	318,944	-	311,822	311,822	-	311,822	-
Deposits from customers	25	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	26	1,691,668	1,691,902	-	-	1,691,902	1,176,066	1,176,300	-	-	1,176,300
Subordinated liabilities	27	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	29	1,161,789	1,161,789	-	-	1,161,789	907,681	907,681	-	-	907,681
Total liabilities		96,237,369	96,241,743	-	91,265,499	4,976,244	93,066,448	93,085,577	-	88,627,863	4,457,714

Notes to the Interim Condensed Consolidated and Separate Financial Statements

5. Net interest income

	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Interest income calculated using the effective interest method	835,301	2,590,208	855,415	2,617,177	755,538	2,369,357	781,593	2,403,549
- Cash and cash equivalents at AC	2,428	5,555	1,642	12,805	1,363	4,165	1,222	8,965
- Placements with banks at AC	4,079	27,347	14,451	81,616	3,914	26,718	14,006	79,791
- Loans and advances to customers at AC	600,808	1,898,727	648,198	1,983,182	536,230	1,716,550	585,939	1,808,124
- Debt instruments at FVOCI	213,029	619,159	179,398	503,615	212,981	618,862	179,304	503,347
- Debt instruments at AC	14,957	39,420	11,726	35,959	1,050	3,062	1,122	3,322
Other similar interest income	31,494	88,309	28,715	80,813	3,424	8,188	3,378	8,477
- Finance lease receivables	28,070	80,121	25,337	72,336	-	-	-	-
- Non-recourse factoring receivables	3,424	8,188	3,378	8,477	3,424	8,188	3,378	8,477
Total interest income	866,795	2,678,517	884,130	2,697,990	758,962	2,377,545	784,971	2,412,026
Interest expense related to financial liabilities measured at amortized cost	128,275	410,333	161,712	521,807	116,984	375,239	149,143	480,545
- Cash and cash equivalents	12,542	34,968	14,626	41,254	12,508	34,934	14,619	41,247
- Deposits from banks	2,175	7,063	3,765	13,112	1,845	6,068	3,379	11,660
- Deposits from customers	90,717	293,938	116,546	358,587	82,537	269,544	108,216	331,157
- Loans from banks and other financial institutions	22,841	74,364	26,775	108,854	20,094	64,693	22,929	96,481
Other similar expense	324	973	309	1,038	1,661	5,012	264	888
- Lease liabilities	324	973	309	1,038	1,661	5,012	264	888
Total interest expense	128,599	411,306	162,021	522,845	118,645	380,251	149,407	481,433
Net interest income	738,196	2,267,211	722,109	2,175,145	640,317	1,997,294	635,564	1,930,593

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 September 30, 2021 includes the net interest income on impaired financial assets amounting RON 100,809 thousand (September 30, 2020: RON 98,211 thousand) for the Group and RON 81,029 thousand (September 30, 2020: RON 78,644 thousand) for the Bank.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

6. Net fee and commission income

	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Fee and commission income								
Commissions from treasury and inter-bank operations	49,493	129,488	36,352	95,510	49,493	129,488	36,352	95,510
Client transactions	316,310	868,559	258,080	705,893	265,263	728,325	215,812	592,457
Lending activity (i)	9,590	29,360	7,845	24,269	9,491	28,913	7,735	23,913
Finance lease management	61	118	24	33	-	-	-	-
Other fee and commission income	1,091	3,169	970	3,010	112	406	159	495
Total fee and commission income	376,545	1,030,694	303,271	828,715	324,359	887,132	260,058	712,375
Fee and commission expense								
Commissions from treasury and inter-bank	84,663	226,736	63,067	179,181	70,653	190,897	54,206	153,321
Client transactions	30,603	84,018	25,195	71,351	25,239	67,997	18,856	55,586
Lending activity (i)	6,432	16,975	6,164	16,437	10,457	26,918	9,050	24,778
Other fees and commissions	413	1,543	581	1,654	560	1,702	533	1,527
Fee and commission expenses	122,111	329,272	95,007	268,623	106,909	287,514	82,645	235,212
Net fee and commission income	254,434	701,422	208,264	560,092	217,450	599,618	177,413	477,163

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

7. Net trading income

	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Net income from foreign exchange transactions	115,160	318,046	95,106	260,232	104,858	290,913	83,354	224,981
Net income/(expense) from derivatives	(1,284)	8,453	(7,804)	(33,164)	(1,284)	8,455	(7,806)	(33,162)
Net income/(expense) from financial assets held-for-trading	12,774	55,423	10,326	(23,680)	4,620	10,786	554	506
Net income/(expense) from foreign exchange position revaluation	(678)	5,670	2,682	24,561	855	2,718	872	23,369
Net trading income	125,972	387,592	100,310	227,949	109,049	312,872	76,974	215,694

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			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Income from the sale of financial assets measured at fair value through other items of comprehensive income	46,482	179,215	94,343	235,808	49,912	179,165	94,336	235,788
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(1,449)	(4,832)	(492)	(4,620)	(2,968)	(4,832)	(492)	(4,620)
Net income from financial assets measured at fair value through comprehensive income	45,033	174,383	93,851	231,188	46,944	174,333	93,844	231,168

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

	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Income from financial assets which are required to be measured at fair value through profit or loss	40,758	165,199	38,970	190,890	54,958	217,769	44,165	260,792
Losses from financial assets which are required to be measured at fair value through profit or loss	(37,746)	(107,508)	(23,871)	(141,196)	(42,893)	(112,564)	(21,599)	(236,778)
Net income from financial assets which are required to be measured at fair value through profit or loss	3,012	57,691	15,099	49,694	12,065	105,205	22,566	24,014

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

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			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Contribution to the Bank Deposit Guarantee Fund	659	29,654	651	32,552	-	27,767	-	30,551
Bank Resolution Fund	36	59,417	-	40,850	-	54,255	-	39,244
Total	695	89,071	651	73,402	-	82,022	-	69,795

11. Other operating income

	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Dividend income	-	3,218	79	2,975	116	25,171	4,039	6,939
Income from insurance intermediation	29,073	71,609	13,045	47,453	24,616	58,456	7,730	36,311
Income from indemnities, fines and penalties	1,745	6,195	2,726	6,238	1,210	4,516	2,201	4,959
Income from VISA, MASTERCARD, WU services	1,757	9,988	4	8,863	988	9,174	4	8,863
Other operating income (i)	9,704	28,004	6,738	21,273	9,080	27,124	7,398	19,989
Total	42,279	119,014	22,592	86,802	36,010	124,441	21,372	77,061

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

12. 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 September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
Net impairment allowance on assets (i)	(39,265)	246,468	309,628	720,439	(27,546)	257,619	312,071	679,456
Net loss on loans written off	3,607	4,885	3,803	3,980	1	1	1	1
Net loss on finance lease receivables written off	3,122	7,168	4,625	14,161	-	-	-	-
Provisions for other risks and loan commitments	(19,352)	(43,529)	15,333	11,750	(20,745)	(45,638)	17,405	20,833
Recoveries from loans written off	(86,436)	(229,031)	(65,298)	(166,065)	(81,031)	(220,631)	(60,405)	(158,162)
Recoveries from finance lease receivables written off	(7,490)	(18,724)	(9,813)	(26,727)	-	-	-	-
Net income(-) / Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(145,814)	(32,763)	258,278	557,538	(129,321)	(8,649)	269,072	542,128

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

<i>In RON thousand</i>	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
Loans and advances to customers	(38,857)	248,545	301,093	701,145	(28,172)	259,167	310,957	681,938
Treasury and inter-bank operations	(172)	(169)	8	94	(146)	(116)	127	208
Finance lease receivables	1,438	5,260	5,497	19,598	-	-	-	-
Investment securities	396	5,464	455	3,644	125	1,875	280	1,302
Other financial assets	1,291	1,114	3,317	3,542	985	513	779	851
Other non-financial assets	(3,361)	(13,746)	(742)	(7,584)	(338)	(3,820)	(72)	(4,843)
Net impairment allowance on assets	(39,265)	246,468	309,628	720,439	(27,546)	257,619	312,071	679,456

Notes to the Interim Condensed Consolidated and Separate Financial Statements

13. Personnel expenses

	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Gross salaries	293,572	771,992	232,532	697,496	254,270	677,987	205,401	611,301
Social protection contribution	12,574	32,103	9,647	29,112	8,402	21,711	6,881	19,762
Share-based payments to employees	23,768	104,598	2,204	43,848	22,851	103,681	2,204	43,848
3rd Pension Pillar	3,951	11,574	2,860	8,474	3,686	10,824	2,750	8,132
Other staff expenses	15,609	49,777	11,638	37,101	14,085	45,317	10,407	33,249
Net income/ expenses with provisions for overdue vacations and other provisions	(37,253)	(7,108)	(6,966)	(18,613)	(28,990)	(4,654)	(8,743)	(14,942)
Total	312,221	962,936	251,915	797,418	274,304	854,866	218,900	701,350

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14. Other operating expenses

<i>In RON thousand</i>	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
Rent and operating lease expense	2,473	6,015	1,742	6,511	2,141	4,999	1,384	5,297
Repairs and maintenance expenses	50,291	136,003	44,547	118,497	46,777	125,972	39,108	107,020
Advertising, marketing, entertainment and sponsorship expenses	22,804	58,281	16,621	59,403	19,582	49,648	13,902	52,537
Mail, telecommunication and SMS traffic expenses	16,762	47,233	14,413	39,891	12,899	36,000	11,400	31,332
Materials and stationery expenses	24,388	56,134	17,760	50,943	19,040	46,931	16,164	46,618
Other professional fees, including legal expenses	6,035	19,073	8,509	16,474	3,630	12,256	3,733	10,724
Net Income/ Expenses regarding movable and immovable assets resulting from debt enforcement	(464)	180	23	3,872	327	1,019	(216)	3,633
Electricity and heating	5,610	16,559	5,084	16,796	5,328	15,464	4,688	15,427
Business travel, transportation and temporary relocation expenses	12,170	26,931	6,039	18,367	11,785	26,050	5,809	17,696
Insurance costs	6,367	16,346	5,730	16,169	5,167	14,071	4,998	13,908
Taxes and fees	6,001	20,309	5,723	18,590	5,521	18,932	5,101	16,832
Security and protection	3,739	10,425	3,249	10,444	3,419	9,452	2,864	9,259
Expenses related to archiving services	4,586	11,788	4,201	11,963	4,664	11,767	4,141	11,826
Expenses related to database queries from the Trade Register and the Credit Bureau	1,362	5,681	1,247	3,884	1,010	4,699	985	3,153
Expenses with foreclosed assets	1,504	3,935	2,077	4,762	1,424	3,675	1,979	4,475
Audit, advisory and other services provided by the independent auditor	1,309	3,900	1,829	4,208	725	2,434	1,140	2,475
Expenses from the sale of leased goods	2,078	4,416	1,621	3,058	-	-	-	-
Other operating expenses	16,331	44,065	13,057	46,704	10,905	29,696	9,114	29,389
Total other operating expenses	183,346	487,274	153,472	450,536	154,344	413,065	126,294	381,601

Notes to the Interim Condensed Consolidated and Separate Financial Statements

15. Income tax expense

	Group				Bank			
	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2020
<i>In RON thousand</i>								
Gross Profit	769,813	1,934,095	415,602	1,210,885	677,924	1,714,060	337,320	1,037,876
Statutory tax rate (2021: 16%; 2020: 16%)*	(123,170)	(309,455)	(66,497)	(193,742)	(108,469)	(274,250)	(53,971)	(166,060)
Fiscal effect of income tax on the following elements:	6,471	43,966	17,596	39,621	3,221	33,901	10,725	29,671
- Non-taxable income	13,604	68,081	19,510	60,314	16,318	78,757	18,037	61,335
- Non-deductible expense	(26,187)	(86,311)	(33,166)	(88,093)	(31,597)	(105,415)	(38,537)	(98,357)
- Tax deductions	24,638	71,216	34,315	73,763	24,104	69,670	34,224	73,056
- Income related items	(5,604)	(9,111)	(2,779)	(6,363)	(5,604)	(9,111)	(2,999)	(6,363)
- Expense related items	20	91	-	-	-	-	-	-
- Current income tax related to acquisitions from previous years	-	-	(284)	-	-	-	-	-
Income tax expense	(116,699)	(265,489)	(48,901)	(154,121)	(105,248)	(240,349)	(43,246)	(136,389)

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

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

16. Cash and cash equivalents

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Minimum reserve requirement	15,859,452	19,289,218	15,148,796	18,558,740
Cash on hand and other values	3,765,073	2,843,993	3,390,552	2,419,893
Total	19,624,525	22,133,211	18,539,348	20,978,633

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

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Cash and cash equivalents(*)	19,624,141	22,134,426	18,539,601	20,979,902
Placements with banks - maturity below 3 months	2,792,223	4,188,689	2,210,805	3,704,585
Reverse-repo transactions	12,972	30,623	12,972	30,623
Loans and advances to credit institutions with maturity below 3 months	39,523	87,632	39,523	87,632
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	48	69	-	-
Financial assets at amortized cost – debt instruments with maturity below 3 months	155,982	208,183	-	-
Cash and cash equivalents in the cash flow statement	22,624,889	26,649,622	20,802,901	24,802,742

(*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 384 thousand (2020: RON (1,215) thousand) and at the level of the Bank in the amount of RON (253) thousand (2020: RON (1,269) thousand).

17. Placements with banks

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Current accounts with other banks	1,441,169	1,067,035	887,843	641,225
Sight and term deposits with other banks	2,021,964	4,721,926	1,926,058	4,560,854
Reverse repo transactions	1,002,424	1,102,885	1,002,424	1,102,885
Loans and advances to credit institutions	294,881	331,431	294,881	331,431
Total	4,760,438	7,223,277	4,111,206	6,636,395

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

As at September 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 12,972 thousand, deposits in amount of RON 904,307 thousand and loans and advances to credit institutions of RON 39,523 thousand at Group level, and reverse-repo of RON 12,972 thousand, deposits in amount of RON 882,203 and loans and advances to credit institutions in amount of RON 39,523 thousand at Bank level (December 31, 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).

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18. Financial assets at fair value through profit or loss

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

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

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Equity instruments	220,870	226,137	27,253	17,572
Debt instruments	140,194	120,335	-	-
Total	361,064	346,472	27,253	17,572

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

For the period ended September 30, 2021, the Group owned significant investments amounting to RON 187,150 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>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Equity instruments	236,136	217,564	235,666	217,192
Debt instruments	883,994	868,150	1,261,613	1,132,481
Total	1,120,130	1,085,714	1,497,279	1,349,673

As of September 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 192,230 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 September 30, 2021 and December 31, 2020 is the following:

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Corporate	13,608,955	12,368,857	14,995,256	13,361,424
Small and medium enterprises	7,025,665	6,245,232	6,886,615	6,148,658
Consumer loans and card loans granted to retail customers	11,794,976	10,949,378	11,523,265	10,742,582
Mortgage loans	15,356,269	13,568,648	15,014,829	13,266,162
Loans granted by non-banking financial institutions	1,268,698	1,113,152	-	-
Other	49,608	41,391	37,530	35,135
Total loans and advances to customers before impairment allowance (*)	49,104,171	44,286,658	48,457,495	43,553,961
Allowances for impairment losses on loans	(3,659,282)	(3,394,114)	(3,466,150)	(3,190,052)
Total loans and advances to customers net of impairment allowance	45,444,889	40,892,544	44,991,345	40,363,909

The explanatory notes to the financial statements from page 11 to page 54 are an integral part of these financial statements. 43

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 September 30, 2021 and December 31, 2020, is the following:

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Retail	27,871,973	25,156,881	26,575,618	24,043,882
Trading	5,892,213	4,777,850	5,593,857	4,499,473
Manufacturing	3,368,407	3,505,721	3,223,062	3,392,014
Agriculture	1,979,834	1,714,603	1,916,764	1,642,772
Services	2,128,350	2,106,291	2,032,837	2,003,490
Real Estate	1,482,106	1,429,018	1,636,065	1,538,348
Constructions	1,478,838	1,310,351	1,428,059	1,268,154
Transportation	1,773,416	1,643,595	1,674,563	1,550,082
Self-employed	807,489	679,872	663,728	548,929
Others	817,823	718,567	759,761	669,836
Financial Institutions	469,847	528,063	1,961,080	1,722,119
Telecommunications	115,977	76,957	109,890	73,325
Energy	500,600	306,706	500,572	306,667
Mining	92,621	91,578	92,261	91,079
Chemical Industry	83,237	95,152	82,595	94,589
Government Institutions	216,030	126,422	181,745	90,522
Fishing	25,410	19,031	25,038	18,680
Total loans and advances to customers before impairment allowance (*)	49,104,171	44,286,658	48,457,495	43,553,961
Allowances for impairment losses on loans	(3,659,282)	(3,394,114)	(3,466,150)	(3,190,052)
Total loans and advances to customers, net of impairment allowance	45,444,889	40,892,544	44,991,345	40,363,909

(*) 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.

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>	30-09-2021	31-12-2020
Finance lease receivables with maturity below 1 year, gross	619,771	575,064
Finance lease receivables with maturity more than 1 year, gross	966,736	868,059
Total finance lease receivables, gross	1,586,507	1,443,123
Future interest related to finance lease receivables	(120,034)	(111,223)
Total finance lease receivables, net of future interest	1,466,473	1,331,900
Impairment allowances for finance lease receivables	(102,156)	(104,184)
Total finance lease receivables	1,364,317	1,227,716

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

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21. Investment securities

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

In RON thousand	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Debt instruments, of which	40,725,431	30,813,652	40,719,285	30,805,116
- Central administrations	38,350,530	29,217,230	38,344,384	29,208,694
- Credit institutions	2,119,691	1,167,034	2,119,691	1,167,034
- Other financial companies	237,889	413,048	237,889	413,048
- Non-financial institutions	17,321	16,340	17,321	16,340
Equity instruments, of which:	41,248	32,687	15,725	14,816
- Other financial companies	29,584	22,754	15,725	14,816
- Non-financial institutions	11,664	9,933	-	-
Loans and advances to customers	30,000	30,838	30,000	30,838
- Central administrations	30,000	30,838	30,000	30,838
Total	40,796,679	30,877,177	40,765,010	30,850,770

b) Financial assets at amortized cost - debt instruments

For the period ended on September 30, 2021, the Group classified as financial assets measured at amortized cost - debt instruments, bonds in amount of RON 1,426,769 thousand, and bonds in amount of RON 310,694 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	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Debt instruments, of which				
- Central Banks	155,923	207,095	-	-
- Central administrations	943,793	606,276	-	-
- Credit institutions	317,030	166,611	300,671	150,750
- Other financial companies	10,023	10,124	10,023	10,124
Total	1,426,769	990,106	310,694	160,874

22. Other financial assets

In RON thousand	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Amounts under settlement	191,144	194,184	176,882	180,386
Non-recourse factoring	345,698	194,146	345,698	194,146
Sundry debtors and advances for non-current assets	453,795	451,400	347,360	359,338
Instruments received for collection	47,172	34,226	47,172	34,226
Other financial assets	36,767	10,423	643	6,682
Impairment allowance for other financial assets	(27,008)	(24,274)	(14,142)	(13,645)
Total	1,047,568	860,105	903,613	761,133

As at September 30, 2021, out of RON 1,047,568 thousand (December 31, 2020: RON 860,105 thousand), the Group's other impaired financial assets amounted to RON 12,576 thousand (December 31, 2020: RON 12,678 thousand).

As at September 30, 2021 out of RON 903,613 thousand (December 31, 2020: RON 761,133 thousand), the Bank's other impaired financial assets amounted to RON 5,363 thousand (December 31, 2020: RON 5,428 thousand).

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23. Other non-financial assets

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Inventories and similar assets	95,459	136,650	51,265	63,812
Accrued expenses	59,030	61,958	52,068	56,990
VAT and other taxes to be received	4,360	13,748	2,196	1,920
Other non-financial assets	2,064	2,639	179	126
Impairment allowance for other non-financial assets	(40,298)	(66,839)	(9,565)	(13,384)
Total	120,615	148,156	96,143	109,464

24. Deposits from banks

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Sight deposits	286,129	61,538	277,214	54,416
Term deposits	360,365	257,406	360,365	257,406
Total	646,494	318,944	637,579	311,822

25. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Current accounts	61,947,602	53,601,165	60,636,999	52,146,517
Sight deposits	757,762	743,123	461,356	447,866
Term deposits	35,764,041	35,975,733	34,865,063	35,102,763
Collateral deposits	906,075	622,394	658,751	600,000
Total	99,375,480	90,942,415	96,622,169	88,297,146

Deposits from customers can be also analyzed as follows:

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Retail	67,791,420	61,940,774	65,780,481	60,254,739
Companies	31,584,060	29,001,641	30,841,688	28,042,407
Total	99,375,480	90,942,415	96,622,169	88,297,146

26. Loans from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Loans from central administrations	13,270	5,870	-	-
Loans from commercial banks	14,670	126,678	-	-
- Romanian banks	12,923	119,429	-	-
- Foreign banks	1,747	7,249	-	-
Loans from development banks	1,077,151	1,126,057	990,108	1,073,137
Repurchase agreements (repo transactions)	150,321	83,564	150,321	83,564
Other funds from financial institutions	100,263	155,476	12,057	19,365
Issued bonds	198,179	194,023	-	-
Total	1,553,854	1,691,668	1,152,486	1,176,066

The explanatory notes to the financial statements from page 11 to page 54 are an integral part of these financial statements. 46

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26. Loans from banks and other financial institutions (continued)

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

The table below summarizes the underlying securities of repo agreements:

<i>In RON thousand</i>	Group				Bank			
	30-09-2021		31-12-2020		30-09-2021		31-12-2020	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities
	149,808	150,321	83,798	83,564	149,808	150,321	83,798	83,564
Total	149,808	150,321	83,798	83,564	149,808	150,321	83,798	83,564

27. Subordinated liabilities

As at September 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.

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Loans from development banks and financial institutions	300,382	281,586	300,382	281,586
Non-convertible bonds	1,421,851	1,386,175	1,418,750	1,382,878
Total	1,722,233	1,667,761	1,719,132	1,664,464

28. Provisions for other risks and loan commitments

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

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Provisions for loan commitments, financial guarantees and other commitments given	329,398	343,752	324,526	342,572
Provisions for employee benefits as compensated absences	18,339	24,678	15,155	20,081
Provisions for other employee benefits	36,985	36,916	26,290	25,205
Provisions for litigation, other risks and charges (*)	182,058	210,606	174,186	201,379
Total	566,780	615,952	540,157	589,237

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

29. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Amounts under settlement	1,665,192	996,873	1,347,472	786,758
Sundry creditors	126,612	110,249	71,543	70,244
Dividends payable	522,083	23,185	522,077	23,179
Other financial liabilities	28,998	31,482	21,438	27,500
Total	2,342,885	1,161,789	1,962,530	907,681

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30. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Other taxes payable	20,297	30,868	14,398	25,469
Other non-financial liabilities	140,249	55,491	117,621	30,480
Total	160,546	86,359	132,019	55,949

31. Earnings per share

The calculation of basic earnings per share was based on the net consolidated profit attributable to ordinary shareholders of the parent company of RON 1,634,597 thousand (September 30, 2020: RON 1,021,767 thousand) and on the weighted average number of ordinary shares outstanding during the year of 6,301,630,757 (September 30, 2020 recalculated: 6,293,769,463 shares).

The diluted earnings per share take into consideration the adjusted consolidated net profit of RON 1,634,597 thousand (September 30, 2020: RON 1,022,339 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 (September 30, 2020: RON 572 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 of September, 30 2021, the Bank no longer had convertible bonds.

The weighted average of diluted shares outstanding as at September 2020, 30 was determined as a ratio between the outstanding bonds in amount of RON 24,455,313 and the conversion price of 2.2414, resulting a number of 10,910,731 shares.

	Group	
	30-09-2021	30-09-2020
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	521,609,059
The impact of the shares repurchased during the year	(9,838,923)	(17,700,157)
The impact of the shares obtained from bonds conversion	60	172,665
The retroactive adjustment of the weighted average number of outstanding shares as at September, 2020	-	573,769,971
Weighted average number of shares	6,301,630,757	6,293,769,463
The number of shares that may be issued upon the conversion of bonds into shares	-	10,910,731
Weighted average number of diluted shares	6,301,630,757	6,304,680,194

32. Capital management

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

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

The explanatory notes to the financial statements from page 11 to page 54 are an integral part of these financial statements. 48

Notes to the Interim Condensed Consolidated and Separate Financial Statements

32. Capital management (continued)

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

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

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

- a capital conservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2021-September 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 September 2018).

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

Own funds adequacy

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

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

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

As at September 30, 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 11,882,616 thousand as of September 2021 (31 December 2020: RON 12,108,132 thousand), regulatory capital amounts to RON 7,312,664 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

32. Capital management (continued)

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

<i>In RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Tier 1 own funds	10,343,354	10,573,525	9,856,830	10,067,481
Tier 2 own funds	1,539,262	1,534,607	1,539,262	1,534,607
Total own funds	11,882,616	12,108,132	11,396,092	11,602,088

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

<i>In %</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Core tier one ratio	17.68	18.37	18.46	19.30
Tier 1 ratio	17.68	18.37	18.46	19.30
CAR	20.31	21.04	21.35	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 nine-month period ended September 30, 2021, the current profit at June 30, 2021 in amount of 901,035 thousand lei was considered in the calculation of own funds. Regulatory capital as of September 30, 2021 and December 31, 2020 was calculated according to the IFRS standards endorsed by the European Union

33. Credit risk management

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

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

<i>RON thousand</i>	Group		Bank	
	30-09-2021	31-12-2020	30-09-2021	31-12-2020
Corporate	13,608,955	12,368,857	14,995,256	13,361,424
Small and medium enterprises	7,025,665	6,245,232	6,886,615	6,148,658
Consumer loans and card loans granted to retail customers	11,794,976	10,949,378	11,523,265	10,742,582
Mortgage loans	15,356,269	13,568,648	15,014,829	13,266,162
Loans and finance lease receivables granted by non-banking financial institutions	2,735,171	2,445,052	-	-
Other	49,608	41,391	37,530	35,135
Total loans and advances to customers and financial lease receivables before impairment allowance	50,570,644	45,618,558	48,457,495	43,553,961
Allowances for impairment losses on loans and financial lease receivables	(3,761,438)	(3,498,298)	(3,466,150)	(3,190,052)
Total loans and advances to customers and financial lease receivables net of impairment allowance	46,809,206	42,120,260	44,991,345	40,363,909

As of September 30, 2021, the total irrevocable on-balance and off-balance sheet exposure was of RON 53,548,567 thousand (December 31, 2020: RON 47,954,924 thousand) for the Group and RON 50,671,030 thousand (December 31, 2020: RON 42,981,108 thousand) for the Bank.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

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

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

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

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

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of September 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	10,460,403	2,020,457	951,847	176,248	13,608,955
Small and medium enterprises	4,221,207	2,401,872	370,499	32,087	7,025,665
Consumer loans and card loans granted to retail customers	7,954,564	3,039,681	697,612	103,119	11,794,976
Mortgage loans	13,904,393	1,217,086	187,644	47,146	15,356,269
Loans and finance lease receivables granted to non-banking financial institutions	1,021,777	1,401,265	280,391	31,738	2,735,171
Other	493	40,104	6,987	2,024	49,608
Total loans and advances to customers and financial lease receivables before impairment allowance	37,562,837	10,120,465	2,494,980	392,362	50,570,644
Allowances for impairment losses on loans and financial lease receivables	(795,304)	(1,332,720)	(1,549,593)	(83,821)	(3,761,438)
Total loans and advances to customers and financial lease receivables net of impairment allowance	36,767,533	8,787,745	945,387	308,541	46,809,206

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33. Credit risk management (continued)

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as of September 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	12,059,054	1,906,376	922,671	107,155	14,995,256
Small and medium enterprises	4,141,406	2,358,475	364,063	22,671	6,886,615
Consumer loans and card loans granted to retail customers	7,704,098	3,034,618	681,438	103,111	11,523,265
Mortgage loans	13,569,315	1,213,767	184,764	46,983	15,014,829
Other	493	29,707	6,928	402	37,530
Total loans and advances to customers before impairment allowance	37,474,366	8,542,943	2,159,864	280,322	48,457,495
Allowances for impairment losses on loans	(794,741)	(1,269,908)	(1,352,365)	(49,136)	(3,466,150)
Total loans and advances to customers net of impairment allowance	36,679,625	7,273,035	807,499	231,186	44,991,345

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
Total loans and advances to customers before impairment allowance	35,238,635	5,852,777	2,170,547	292,002	43,553,961
Allowances for impairment losses on loans	(718,881)	(1,068,022)	(1,348,193)	(54,956)	(3,190,052)
Total loans and advances to customers net of impairment allowance	34,519,754	4,784,755	822,354	237,046	40,363,909

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

On September 02, 2021, the Board of Directors of Banca Transilvania S.A. approved the completion of 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.

On October 29, 2021, as a result of fulfilling the legal and contractual requirements within the transaction, Banca Transilvania Financial Group acquired the full participations in the share capital of Idea Bank SA and of the companies from Idea Bank Romania Group, respectively Idea Leasing IFN SA, Idea Intermedieri SA and Idea Broker de Asigurare SRL. At the date of obtaining control, the net assets according to the records of the Idea Bank Romania Group are worth RON 243 million. These financial statements have not been affected by these transactions.

In order to comply with the provisions of International Financial Reporting Standards (IFRS 3 “Business Combinations”) at the date of publication of these consolidated and individual financial statements, Banca Transilvania Group is in the process of assessing the fair value of Idea Bank Romania Group’s acquired assets and assumed liabilities, by involving an independent appraiser.

As provided in Note 1e (ii) “Use of significant estimates and judgments - Individual anticipated tax solutions (“ SFIA ”)”, following the trial date of October 12, 2021, is expected to be drafted by the High Court of Cassation and Justice of the decision on the referral to the Court of Justice of the European Union for the clarify of the tax treatment and the allignment of these types of operations to the the European Union Directives.

The interim consolidated and separate financial statements were approved by the Board of Directors on November 11, 2021 and were signed on behalf of the Board.

Ömer TETIK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer