

Banca Transilvania S.A.

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

As at March 31, 2022

Banca Transilvania S.A.

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Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Profit or Loss

For the three-month period ended March 31

	Notes	Group		Bank	
		31-03-2022	31-03-2021	31-03-2022	31-03-2021
		RON thousand	RON thousand	RON thousand	RON thousand
Interest income calculated using the effective interest method		1,102,721	866,900	960,244	798,407
Other interest like income		36,194	27,658	3,131	2,172
Interest expense calculated using the effective interest method		(169,014)	(144,255)	(151,281)	(132,982)
Other interest like expense		(534)	(321)	(1,749)	(1,676)
Net interest income	5	969,367	749,982	810,345	665,921
Fee and commission income		390,585	308,947	332,061	264,818
Fee and commission expense		(131,555)	(95,690)	(113,207)	(83,531)
Net fee and commission income	6	259,030	213,257	218,854	181,287
Net trading income	7	166,963	145,803	154,837	95,933
Net gain / loss (-) from financial assets measured at fair value through other items of comprehensive income	8	(14,372)	72,242	(14,805)	72,229
Net gain / loss (-) from financial assets which are required to be measured at fair value through profit and loss	9	(6,115)	23,135	(17,203)	55,334
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(147,282)	(85,225)	(143,513)	(82,022)
Other operating income	11	68,595	40,736	43,310	34,804
Operating income		1,296,186	1,159,930	1,051,825	1,023,486
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	12(a)	(142,176)	137,055	(103,244)	136,416
(Other) Provisions and reversal of provisions	12(b)	8,449	9,347	1,939	7,978
Personnel expenses	13	(397,704)	(313,450)	(339,023)	(279,289)
Depreciation and amortization		(92,843)	(89,586)	(82,147)	(87,782)
Other operating expenses	14	(198,582)	(150,488)	(166,006)	(127,751)
Operating expenses		(822,856)	(407,122)	(688,481)	(350,428)
Profit before income tax		473,330	752,808	363,344	673,058
Income tax expense (-)	15	(72,996)	(96,480)	(55,826)	(91,795)
Net profit for the period		400,334	656,328	307,518	581,263
Net Profit of the Group attributable to:					
Equity holders of the Bank		383,466	650,831	-	-
Non-controlling interests		16,868	5,497	-	-
Net Profit for the period		400,334	656,328	307,518	581,263

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Other Comprehensive Income

For the three-month period ended March 31

	Notes	Group		Bank	
		31-03-2022	31-03-2021	31-03-2022	31-03-2021
		RON thousand	RON thousand	RON thousand	RON thousand
Net Profit for the year		400,334	656,328	307,518	581,263
Items which are or may be reclassified to profit or loss		(1,109,766)	(56,068)	(1,088,609)	(64,445)
<i>Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:</i>		(1,302,095)	(76,678)	(1,297,911)	(76,662)
Net gain (-) / loss from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account		14,372	(72,242)	14,805	(72,229)
Fair value changes of financial assets measured at fair value through other items of comprehensive income		(1,316,467)	(4,436)	(1,312,716)	(4,433)
Translation of financial information of foreign operations to presentation currency		(21,011)	9,572	12	(416)
Income tax on items which are or may be reclassified to profit or loss		213,340	11,038	209,290	12,633
Total comprehensive income for the period		(709,432)	600,260	(781,091)	516,818
Total comprehensive income attributable to:					
Equity holders of the Bank		(726,300)	594,763	-	-
Non-controlling interest		16,868	5,497	-	-
Total comprehensive income for the period		(709,432)	600,260	(781,091)	516,818
Basic earnings per share		0.0542	0.0920	-	-
Diluted earnings per share		0.0542	0.0920	-	-

The financial statements were approved by the Board of Directors on May 06, 2022 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	
		31-03-2022 RON thousand	31-12-2021 RON thousand	31-03-2022 RON thousand	31-12-2021 RON thousand
Assets					
Cash and current accounts with Central Banks	16	14,327,233	18,320,913	12,688,230	16,763,625
Derivatives		127,453	80,927	125,971	79,842
Financial assets held for trading and measured at fair value through profit or loss	18	328,061	338,450	30,225	31,207
Non-trading financial assets mandatorily at fair value through profit or loss	18	1,134,767	1,108,316	1,476,746	1,465,497
Financial assets measured at fair value through other items of comprehensive income	21	43,133,391	41,193,373	42,800,443	40,853,784
- of which pledged securities (repo agreements)		325,415	6,526,812	325,415	6,526,812
Financial assets at amortized cost - of which:		65,093,990	67,562,066	61,055,606	63,090,715
- Placements with banks	17	5,548,107	10,394,297	4,928,413	9,612,690
- Loans and advances to customers	19	57,035,416	54,629,754	54,610,743	52,238,523
- Debt instruments	21	1,279,559	1,483,111	471,314	355,331
- Other financial assets	22	1,230,908	1,054,904	1,045,136	884,171
Finance lease receivables	20	1,530,627	1,488,031	-	-
Investments in subsidiaries		-	-	735,496	735,486
Investment in associates		5,148	4,459	-	-
Property and equipment and investment property		1,076,522	1,064,215	643,472	652,581
Intangible assets		400,086	406,244	332,687	334,783
Goodwill		14,720	22,424	-	-
Right-of-use assets		480,568	492,021	691,985	706,647
Deferred tax assets		478,943	257,885	445,807	227,724
Other non-financial assets	23	169,046	161,866	128,389	120,142
Total assets		128,300,555	132,501,190	121,155,057	125,062,033

Banca Transilvania S.A.

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

<i>In RON thousand</i>	Notes	Group		Bank	
		31-03-2022 RON thousand	31-12-2021 RON thousand	31-03-2022 RON thousand	31-12-2021 RON thousand
Liabilities					
Derivatives		33,932	39,179	33,509	38,689
Deposits from banks	24	1,080,705	1,024,259	949,762	952,453
Deposits from customers	25	107,421,265	108,021,629	102,643,755	102,698,085
Loans from banks and other financial institutions	26	4,200,479	7,929,500	3,735,884	7,457,843
Subordinated liabilities	27	1,782,486	1,762,484	1,726,817	1,706,234
Current tax liability		77,528	68,357	63,522	62,076
Provisions for other risks and loan commitments	28	525,634	538,460	487,663	493,006
Lease liabilities		486,849	498,597	701,850	716,569
Other financial liabilities	29	2,630,465	1,826,081	2,138,996	1,440,467
Other non-financial liabilities	30	188,642	194,087	142,973	143,486
Total liabilities excluding financial liabilities to holders of fund units		118,427,985	121,902,633	112,624,731	115,708,908
Financial liabilities to holders of fund units		35,635	34,423	-	-
Total liabilities		118,463,620	121,937,056	112,624,731	115,708,908
Equity					
Share capital		6,397,971	6,397,971	6,397,971	6,397,971
Treasury shares		(88,667)	(15,287)	(73,380)	-
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		4,167,386	3,736,875	3,394,765	3,051,409
Revaluation reserves from tangible assets		68,649	73,292	38,078	42,234
Reserves on financial assets measured at fair value through other items of comprehensive income		(2,088,784)	(996,697)	(2,093,286)	(1,004,667)
Other reserves		865,992	864,893	837,564	837,564
Total equity attributable to equity holders of the Bank		9,353,782	10,092,282	8,530,326	9,353,125
Non-controlling interest		483,153	471,852	-	-
Total equity		9,836,935	10,564,134	8,530,326	9,353,125
Total liabilities and equity		128,300,555	132,501,190	121,155,057	125,062,033

The financial statements were approved by the Board of Directors on May 06, 2022 and were signed on its behalf by:

Ömer TETİK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer

Banca Transilvania S.A.

Interim Consolidated Statement of Changes in Equity

For the three-month period ended March 31, 2022

Group	Attributable to the equity holders of the Bank										
	<i>In RON thousand</i>	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 Group	Non-controlling interest	Total
Balance as at 01 January 2022		6,397,971	(15,287)	31,235	73,292	(996,697)	864,893	3,736,875	10,092,282	471,852	10,564,134
Profit for the period	-	-	-	-	-	-	-	383,466	383,466	16,868	400,334
Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	-	(1,092,087)	-	-	(1,092,087)	-	(1,092,087)
Revaluation of property and equipment, intangible assets, net of tax	-	-	-	(487)	-	-	-	487	-	-	-
Retained earnings from revaluation reserves	-	-	-	(4,156)	-	-	-	4,156	-	-	-
Distribution to statutory reserves	-	-	-	-	-	-	1,099	(1,099)	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	-	(17,679)	(17,679)	-	(17,679)
Other items of comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(4,643)	(1,092,087)	1,099	369,331	(726,300)	16,868	(709,432)	
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of retained earnings	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	(73,380)	-	-	-	-	-	-	(73,380)	-	(73,380)
Payments of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Dividends distributed to shareholders	-	-	-	-	-	-	-	-	-	-	-
SOP 2021 Scheme	-	-	-	-	-	-	-	31,672	31,672	-	31,672
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	-	4,733	4,733	-	4,733
Other adjustments	-	-	-	-	-	-	-	24,775	24,775	(5,567)	19,208
Total contributions of/distributions to the shareholders	-	(73,380)	-	-	-	-	-	61,180	(12,200)	(5,567)	(17,767)
Balance as at 31 March 2022		6,397,971	(88,667)	31,235	68,649	(2,088,784)	865,992	4,167,386	9,353,782	483,153	9,836,935

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

Banca Transilvania S.A.

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

For the year ended March 31, 2021

Group	Attributable to the equity holders of the Bank										
	<i>In RON thousand</i>	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 Group	Non-controlling interest	Total
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	-	-	-	-	-	-	-	650,831	650,831	5,497	656,328
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	-	(64,109)	-	-	(64,109)	-	(64,109)
Retained earnings from revaluation reserves	-	-	-	(3,717)	-	-	-	3,717	-	-	-
Distribution to statutory reserves	-	-	-	-	-	-	561	(561)	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	-	8,041	8,041	-	8,041
Total comprehensive income for the period	-	-	-	(3,717)		(64,109)	561	662,028	594,763	5,497	600,260
Contributions of/distributions to the shareholders											
Acquisition of treasury shares	-	(17,670)	-	-	-	-	-	-	(17,670)	-	(17,670)
SOP 2021 Scheme	-	-	-	-	-	-	-	35,751	35,751	-	35,751
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	-	(10,519)	(10,519)	-	(10,519)
Other adjustments	-	-	-	-	-	-	-	(660)	(660)	3,776	3,116
Total contributions of/distributions to the shareholders	-	(17,670)	-	-	-	-	-	24,572	6,902	3,776	10,678
Balance as at 31 March 2021	5,824,201	(32,957)	31,235	41,908		453,226	760,276	3,545,079	10,622,968	402,328	11,025,296

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

Banca Transilvania S.A.

Interim Separate Statement of Changes in Equity (continued)

For the three-month period ended March 31, 2022

Bank	No tes	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 January 2022		6,397,971	-	28,614	42,234	(1,004,667)	837,564	3,051,409	9,353,125
Profit for the period		-	-	-	-	-	-	307,518	307,518
Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(1,088,619)	-	-	(1,088,619)
Retained earnings from revaluation reserves		-	-	-	(4,156)	-	-	(4,156)	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	10	10
Statement of comprehensive income for the period		-	-	-	(4,156)	(1,088,619)	-	311,684	(781,091)
Contributions of/distributions to the shareholders									
Acquisition of treasury shares		-	(73,380)	-	-	-	-	-	(73,380)
SOP 2020 Scheme		-	-	-	-	-	-	31,672	31,672
Total contributions of/distributions to the shareholders		-	(73,380)	-	-	-	-	31,672	(41,708)
Balance as at 31 March 2022		6,397,971	(73,380)	28,614	38,078	(2,093,286)	837,564	3,394,765	8,530,326

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

Banca Transilvania S.A.

Interim Separate Statement of Changes in Equity (continued)

For the year ended March 31, 2021

Bank	Notes	Attributable to the equity holders of the Bank							Total
		Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	
<i>In RON thousand</i>									
Balance as at 01 January 2021		5,824,201	-	28,614	48,517	518,558	736,446	2,366,533	9,522,869
Profit for the period		-	-	-	-	-	-	581,263	581,263
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(64,095)	-	-	(64,095)
Retained earnings from revaluation reserves		-	-	-	(3,717)	-	-	3,717	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(350)	(350)
Statement of comprehensive income for the period		-	-	-	(3,717)	(64,095)	-	584,630	516,818
Contributions of/distributions to the shareholders									
Acquisition of treasury shares		-	(17,670)	-	-	-	-	-	(17,670)
SOP 2020 Scheme		-	-	-	-	-	-	35,751	35,751
Total contributions of/distributions to the shareholders		-	(17,670)	-	-	-	-	35,751	18,081
Balance as at 31 March 2021		5,824,201	(17,670)	28,614	44,800	454,463	736,446	2,986,914	10,057,768

Interim Consolidated and Separate Statement of Cash Flows
For the three-month period ended March 31

<i>In RON thousand</i>	Note	Group		Bank	
		31-03-2022	31-03-2021	31-03-2022	31-03-2021
Cash-flow from operating activities					
Profit for the year		400,334	656,328	307,518	581,263
Adjustments for:					
Depreciation and amortization		92,843	89,586	82,147	87,782
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		206,095	(65,079)	172,475	(63,670)
Adjustment of financial assets at fair value through profit or loss		6,115	(23,135)	17,203	(55,334)
Income tax expense		72,996	96,480	55,826	91,795
Interest income		(1,138,915)	(894,558)	(963,375)	(800,579)
Interest expense		169,548	144,576	153,030	134,658
Other adjustments		94,722	(26,373)	23,833	(142,552)
Net profit adjusted with non-monetary elements		(96,262)	(22,175)	(151,343)	(166,637)
Changes in operating assets and liabilities(*)					
Change in financial assets at amortized cost and placements with banks		182,817	325,050	(56,066)	467,010
Change in loans and advances to customers		(2,599,455)	(957,437)	(2,529,798)	(1,002,958)
Change in finance lease receivables		(42,561)	(11,528)	-	-
Change in financial assets at fair value through profit or loss		(32,566)	29,122	(28,452)	34,050
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		(46,526)	317	(46,129)	318
Change in equity instruments		2,347	(35,815)	982	(4,102)
Changes in debt instruments		8,042	(7,718)	-	-
Change in other financial assets		(183,638)	(31,744)	(169,569)	(10,838)
Change in other assets		(35,283)	(24,704)	(34,354)	(21,995)
Change in deposits from customers		(594,567)	2,253,445	(49,812)	2,113,255
Change in deposits from banks		56,074	38,528	(2,806)	38,251
Change in financial liabilities held-for-trading		(5,247)	145	(5,180)	146
Change in repo operations		(6,178,099)	23,968	(6,178,099)	23,968
Change in other financial liabilities		807,756	369,521	700,914	353,898
Change in other liabilities		(5,445)	8,970	(541)	10,137
Income tax (paid)/recovered		(63,174)	(13,472)	(63,174)	-
Interest received		855,333	638,510	699,946	664,242
Interest paid		(152,821)	(111,527)	(139,642)	(134,691)
Net cash-flow from operating activities		(8,123,275)	2,471,456	(8,053,123)	2,364,054

Interim Consolidated and Separate Statement of Cash Flows (continued)

For the three-month period ended March 31

In RON thousand	Notes	Group		Bank	
		31-03-2022	31-03-2021	31-03-2022	31-03-2021
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(7,881,409)	(13,230,615)	(7,832,993)	(13,228,136)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		4,671,380	5,354,673	4,620,191	5,353,804
Net acquisitions of property and equipment		(62,435)	(34,835)	(9,968)	(14,106)
Net acquisitions intangible assets		(25,742)	(26,764)	(17,116)	(24,931)
Proceeds from disposal of property and equipment and intangible assets		618	878	458	876
Achiziții de participatii		-	-	10	-
Dividende incasate		-	-	33,808	-
Interest received		222,057	172,982	220,317	170,367
Net cash-flow used in investment activities		(3,075,531)	(7,763,681)	(2,985,313)	(7,742,126)
Cash-flow from financing activities					
Gross proceeds from loans from banks and other financial institutions		2,551,159	23,389	2,500,000	-
Gross payments from loans from banks and other financial institutions		(89,422)	(58,911)	(44,595)	(26,148)
Gross payments from subordinated loans from banks and other financial institutions		-	-	-	-
Repayment of the principal portion of the lease liabilities		(44,913)	(37,335)	(38,497)	(34,647)
Dividend payments		(4,131)	(438)	(4,131)	(438)
Payments for treasury shares		(73,380)	(17,670)	(73,380)	(17,670)
Interest paid		(3,994)	3,585	(716)	(864)
Net cash-flow from / (used in) financing activities		2,335,319	(87,380)	2,338,681	(79,767)
(*) 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	
		31-03-2022	31-03-2021	31-03-2022	31-03-2021
Cash and cash equivalents at January 1					
The impact of exchange rate variations on cash and cash equivalents		5,993	46,207	5,993	45,344
Net increase/decrease (-) in cash and cash equivalents		(8,869,480)	(5,425,812)	(8,705,748)	(5,503,183)
Cash and cash equivalents as at Mach 31	16	18,493,258	21,270,017	16,180,339	19,344,903

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 incorporated in Romania. The Bank started its activity as a banking institution in 1993 and is licensed by the National Bank of Romania (“BNR”, the “Central Bank”) to conduct banking activities. The Bank started its activity in 1994 and its main operations involve banking services for legal entities and individuals. Banca Transilvania Group (the “Group”) includes the Parent company and its subsidiaries, based in Romania and in the Republic of Moldova. The consolidated and separate financial statements as at 31 March 2022 comprise the Parent company and its subsidiaries (hereinafter referred to as the “Group”).

The Group’s fields of activity are: banking through Banca Transilvania S.A. and Victoriabank S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., BT Direct IFN S.A., BT Microfinanțare IFN S.A. and BT Leasing MD S.R.L., asset management through BT Asset Management S.A.I. S.A. brokerage and investments through BT Capital Partners S.A. and pension funds management BT Pensii S.A. Additionally, the Bank also has control over three investment funds it consolidates and it is associated in SINTEZA S.A. with a holding percentage of 31.15%.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 42 branches, 450 agencies, 6 work units, 8 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest (2021: 47 branches, 432 agencies, 20 work units, 7 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest).

The Group’s number of active employees as at 31 March 2022 was 10,898 (2021: 10,027 employees).

The Bank’s number of active employees as at 31 March 2022 was 8,755 (2021: 8,365 employees).

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

The ownership structure of the Bank is presented below:

	31-03-2022	31-03-2021
NN Group (*)	10.16%	10.16%
The European Bank for Reconstruction and Development (“EBRD”)	6.87%	6.87%
Romanian individuals	21.29%	20.30%
Romanian companies	42.00%	40.96%
Foreign individuals	1.05%	1.06%
Foreign companies	18.63%	20.65%
Total	100%	100%

(*) NN Group N.V. and the pension funds managed by NN Pensii SAFPAP 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 31-03-2022	Percentage of direct and indirect stake 31-12-2021
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%	100%
BT Investments S.R.L.	Investments	100%	100%
BT Direct IFN S.A.	consumer loans	100%	100%
BT Building S.R.L.	Investments	100%	100%
BT Asset Management SAI. S.A.	Asset management	100%	100%
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%	100%
BT Microfinanțare IFN S.A.	Consumer loans	100%	100%
Improvement Credit Collection S.R.L.	Activities of collection agents and credit reporting bureaus	100%	100%
VB Investment Holding B.V.	Activities of holdings	61.81%	61.81%
Timesafe S.R.L.	Activities of software to order	-	51.12%
	Activities of pension funds (except those in the public social security system)		
BT Pensii S.A.		100%	100%
Idea Bank S.A.	Financial and banking activities	100%	100%
Idea Investments S.A.	Management consultancy activities	100%	100%
Idea Leasing IFN S.A.	Financial leasing	100%	100%
	Activities of insurance agents and brokers		
Idea Broker de Asigurare S.R.L.		100%	100%
Code Crafters by BT S.R.L.	Activities of software to order	100%	-

b) Declaration of conformity

The interim consolidated and separate statement 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, March 31, 2022.

They do not include all the information required for a complete set of financial statements in accordance with the International Financial Reporting Standard (“IFRS”) endorsed by the European Union. However, certain notes are included in order to explain the events and transactions that are significant in order to understand the changes in the Group's and the Bank's financial position and performance as of the last annual separate and consolidated financial statements as at and for the year ended December 31, 2021.

Financial information for the periods ended at March 31, are not audited nor revised.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

c) Basis of measurement

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

The exchange rates for the major foreign currencies were:

Currency	31-03-2022	31-12-2021	Fluctuation %
Euro (EUR)	1: RON 4.9466	1:RON 4.9481	-0.03 %
American dollar (USD)	1: RON 4.508	1: RON 4.3707	1.83 %

e) Use of estimates and judgements

The preparation of the interim 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 believed to be relevant under the given circumstances, the result of which forms the basis of the judgements used in assessing the carrying value of the assets and liabilities for which no other evaluation sources are available. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis.

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

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

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

The Group and the Bank review their loan and finance lease receivables portfolio in order to assess the impairment on quarterly basis (on a monthly basis for the Bank). In determining whether an impairment loss should be recorded, the Group and the Bank make judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows related to a portfolio of loans and finance lease, before such decrease can be identified with respect to an individual loan/lease investment in that portfolio.

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 consolidated and separate financial statements.

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

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

In determining the impairment for expected credit losses, management incorporates forward-looking information, exercises judgement and uses estimates and assumptions.

The estimation of expected credit losses involves forecasting future economic conditions over 3 years.

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 macroeconomic scenarios applied in Q1 2022 have been changed from those applied in Q4 2021, in order to reflect the rising turbulences manifested on economical market: rising energy market prices, the growth on food prices, difficulties in the supply chain – instability and volatility at global level.

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. A large part of the impact on the expected credit losses in 2021 is resulting from the COVID-19 pandemic referring to changes to the forward-looking information, the situation was also recorded in 2021, in which uncertainties caused by the evolution of the pandemic were added new turbulences manifested in the economy (rising inflation, rising energy market prices, difficulties in the supply chain, semiconductor crisis, etc.).

Due to the new geopolitical tensions – the Russian invasion in the Ukraine on 24 February 2022 – who raised uncertainties in global economies, the economical sanctions against Russia, the contraction in the western markets and the collapse of some markets due to the inability of Russia and Ukraine to deliver goods, the global economy is subject to a chain of challenges.

Russia's invasion in Ukraine continues today and it is difficult to estimate the impact of this event on the future business of the Group's customers. The process of identifying the potential effect on the Romanian economy is ongoing and estimating the effect of the military conflict on the economic environment will be a continuous challenge in 2022. The Bank remains vigilant in monitoring geopolitical and economic relations.

Also, due to the COVID-19 pandemic, management applies own judgement when determining the need for post-model adjustments to better reflect the context and own expectations in credit risk modeling.

The post-model adjustments applied in 2020 to estimate the effect of the pandemic event were largely preserved in 2021, with new value judgments being added against the background of new pandemic waves and new events generating new risks (inflation generated the turbulence in the energy market, the delays in the supply chain, etc.). The Group and the Bank have decided to keep this approach for the first quarter of the year 2022 as it is not yet known how long the government aid will remain active or will be supplemented and the effects of the geopolitical conflict described above are unknown.

There were analyzed those product portfolios with high associated credit risk and the typologies that could be affected to some extent by the military conflict between Russia and Ukraine; but given that the Group and the Bank do not have significant direct exposure in the belligerent countries, no significant action was taken on post-model adjustments in the first quarter of 2022.

The group is constantly reviewing macroeconomic scenarios, factoring them into new levels of non-repayment probability (PD), for anchoring to events (regardless of severity). In the first quarter of 2022, PD levels have been updated (including forward-looking adjustment) to respond more quickly to the new economic environment generated by the Russia-Ukraine armed conflict.

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)

Another source of the post-model adjustments that determined the increase in the expected credit losses is the expert individual analysis of significant exposures, performed to reflect and better understand the situations and difficulties faced by borrowers that could affect their ability to meet their obligations.

The bank has a very good liquidity position, so the market disruptions during this period did not have a significant impact on it.

In terms of interest rate risk, pressure has been felt on the net interest margin, mainly due to rising interest rate levels amid the rising inflation, Russia's invasion of Ukraine and the political and economic crisis.

The trading book of the Group and the Bank consist of bonds, equities, collective investment units and derivatives, whose valuation was affected by market volatilities, reserves registering a downward trend and reaching in the negative zone.

The most significant part of the trading book is represented by bonds, of which the majority are kept at fair value through other comprehensive income, thus allowing that market-to-market impact to be observable in other comprehensive income and not in Consolidated and Separate Statement of Profit or Loss, Note 4 provides more details on the fair value measurement of financial instruments.

(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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

- 1. Reporting entity and basis of preparation (*continued*)**
- 2. (ii) Anticipated individual fiscal solutions (“AIFS”) (*continued*)**

The Bank considered the bargain gain as non-taxable income for the calculation of the comprehensive income from 31 March 2022, based on solid arguments such as:

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

The Bank initiated court proceedings in this respect in 2017. The case was submitted to the Court of Appeal of Cluj in April 2017. In November 2017, the Court of Appeal of Cluj admitted the case at trial and issued a judgment in favor of the Bank, confirming the Bank’s approach to consider the bargain gain as non-taxable income.

On June 23, 2020, the High Court of Cassation and Justice ruled in the case file pending, admitting ANAF's appeal against the sentence of the Cluj Court of Appeal, quashed the first instance decision, retried the case and in retrial rejected the action filed by Banca Transilvania as unfounded.

On 12 October 2021, the High Court of Cassation and Justice of Romania suspended the judgement of the review request and the Court of Justice of European Union was notified.

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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Reporting entity and basis of preparation (*continued*) e) Use of estimates and judgements (*continued*)

(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 31 March 2022 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 453 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.

2. Significant accounting policies

The significant accounting methods and policies applied by the Bank and the Group entities in these interim consolidated and separate statement are the ones also applied in the Consolidated and separate financial statements as at and for the fiscal year ended December 31, 2021.

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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (*continued*)

The Leaders' Committee, with the assistance of the Board of Directors, is responsible for the allocation of resources and the assessment of the business segments' performance, being considered as an operational decision-making factor.

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

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

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

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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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

The MidCo segment includes also entities operating in the public sector, financial institutions or legal entities serving particular functions, included in this category based on specific classification criteria. The Bank offers a full range of financial services to its Mid Corporate clients, including lending facilities, current operations, treasury services, but also additional services such as bonus packages for employees, structured finance, co-financing of EU funded projects; the Bank also facilitates the access to the services provided by the Group subsidiaries, such as bancassurance, consultancy on mergers and acquisitions, asset management, financial and operating lease, with the purpose to increase its profitability and non-risk income.

SME clients - companies with an annual turnover between 2 and 9 million RON. These are companies that have undergone the incipient growth stages and whose business activity requires further attention. Consequently, the needs of such companies become more specific, with priority for financing.

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

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

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

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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

Treasury: The Group and the Bank comprise in this category the treasury services.

Leasing and consumer finance granted by non-banking financial institutions: The Group includes in this category financial products and services such as lease facilities, consumer loans and microfinance provided by the non-banking financial institutions of the Group.

Other: The Group and the Bank incorporate in this category the services offered by other financial entities within the Group: asset management, brokerage, factoring and real estate.

In terms of geographical distribution, the Group and the Bank cover mainly the Romanian territory, except for the Italy branch operations linked to the Bank while at the Group level there is the banking activity of Victoriabank and the financial lease activity of BT Leasing Moldova; however, the impact of these entities on the balance sheet and income statement is not material at Group level. There is no further information regarding the geographical distribution used by the management of the Group and the Bank; therefore it is not presented here

As at March 31, 2022 and March 31, 2021, 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 March 31, 2022, and comparative data for December 31, 2021:

Business segments as at March 31, 2022

Group	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Removals & adjustments	Total
<i>In RON thousand</i>										
Gross loans and finance lease receivables	10,143,490	8,320,803	3,843,163	4,362,069	28,956,276	-	3,030,440	5,945,801	(1,858,602)	62,743,440
Allowances for impairment losses on loans and finance lease receivables	(837,327)	(881,367)	(311,863)	(537,798)	(1,347,628)	-	(313,592)	(13,266)	65,444	(4,177,397)
Loans and finance receivables-net	9,306,163	7,439,436	3,531,300	3,824,271	27,608,648	-	2,716,848	5,932,535	(1,793,158)	58,566,043
Portfolio of Debt instruments and Equity instruments, net of provisions	-	-	-	-	-	45,938,266	-	398,481	(333,516)	46,003,231
Treasury and inter-bank operations	-	-	-	-	-	19,757,851	34,833	1,038,687	(956,031)	19,875,340
Intangible assets	60,891	156,193	90,544	184,891	616,063	43,084	11,719	341,615	(8,524)	1,496,476
Right-of-use assets	27,067	57,021	32,081	79,482	247,810	16,332	10,818	15,683	(5,726)	480,568
Other assets	390,091	326,397	141,964	156,216	1,099,522	-	90,053	88,413	(413,759)	1,878,897
Total assets	9,784,212	7,979,047	3,795,889	4,244,860	29,572,043	65,755,533	2,864,271	7,815,414	(3,510,714)	128,300,555
Deposits and current accounts	6,958,758	8,526,874	5,800,126	15,167,166	71,243,547	1,235,320	-	525,280	(955,101)	108,501,970
Loans from banks and other financial institutions	145,790	550,762	80,859	93,953	84,351	2,846,886	2,106,233	228,702	(1,937,057)	4,200,479
Subordinated liabilities	-	-	-	-	-	1,800,977	-	-	(18,491)	1,782,486
Finance lease financial liabilities	87,375	72,485	33,910	36,541	247,033	676	11,004	3,722	(5,897)	486,849
Other liabilities	662,800	486,636	174,488	207,227	1,412,875	929	84,904	446,449	15,528	3,491,836
Total liabilities	7,854,723	9,636,757	6,089,383	15,504,887	72,987,806	5,884,788	2,202,141	1,204,153	(2,901,018)	118,463,620
Equity and related items	-	-	-	-	-	-	-	9,836,935	-	9,836,935
Total liabilities and equity	7,854,723	9,636,757	6,089,383	15,504,887	72,987,806	5,884,788	2,202,141	11,041,088	(2,901,018)	128,300,555

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments as at December 31, 2021

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	9,026,678	7,810,256	3,582,273	4,120,221	28,454,621	-	2,929,671	5,948,267	(1,818,483)	60,053,504
Provisions for principal Loans and finance lease receivables net of provisions	(810,766)	(827,187)	(294,632)	(503,230)	(1,249,340)	-	(302,877)	(13,418)	65,731	(3,935,719)
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	8,215,912	6,983,069	3,287,641	3,616,991	27,205,281	-	2,626,794	5,934,849	(1,752,752)	56,117,785
Treasury and inter-bank operations	-	-	-	-	-	44,120,816	-	401,085	(317,724)	44,204,177
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	28,505,564	49,499	424,876	(264,729)	34,641,649
Right-of-use assets	67,846	157,105	82,984	194,163	618,925	41,065	12,014	331,802	(8,562)	1,497,342
Other assets	30,505	61,692	32,017	85,004	244,802	16,233	10,919	16,412	(5,563)	492,021
Total assets	229,912	212,691	91,574	98,804	730,326	-	80,534	96,319	(65,505)	1,474,655
Deposits from customers and current accounts	8,544,175	7,414,557	3,494,216	3,994,962	28,799,334	72,683,678	2,779,760	7,205,343	(2,414,835)	132,501,190
Loans from banks and other financial institutions	6,026,098	8,701,281	6,151,819	15,493,031	71,889,830	1,047,310	-	696	(264,177)	109,045,888
Subordinated liabilities	136,702	543,683	88,708	111,399	112,343	6,526,809	2,019,081	232,901	(1,842,126)	7,929,500
Lease liabilities	-	-	-	-	-	1,780,464	-	-	(17,980)	1,762,484
Other liabilities	84,216	71,299	33,004	37,418	263,189	630	11,096	3,498	(5,753)	498,597
Total liabilities	527,530	373,990	123,885	147,877	1,060,014	692	122,170	370,781	(26,352)	2,700,587
Equity and related items	6,774,546	9,690,253	6,397,416	15,789,725	73,325,376	9,355,905	2,152,347	607,876	(2,156,388)	121,937,056
Total liabilities and equity	-	-	-	-	-	-	-	10,564,134	-	10,564,134
	6,774,546	9,690,253	6,397,416	15,789,725	73,325,376	9,355,905	2,152,347	11,172,010	(2,156,388)	132,501,190

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 March 31, 2022, and comparative data for March 31, 2021:

Business segments as at March 31, 2022

Group In RON thousand	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	39,374	81,907	48,013	71,965	282,061	139,422	71,225	231,956	3,444	969,367
Net commission income	10,821	22,567	21,564	84,677	98,803	(301)	5,555	14,750	594	259,030
Net trading income	2,539	12,523	14,157	27,408	63,644	56,768	204	(10,216)	(64)	166,963
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	(7,466)	-	(6,906)	-	(14,372)
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	(5,135)	-	(980)	-	(6,115)
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(8,309)	(12,461)	(7,475)	(21,211)	(97,826)	-	-	-	-	(147,282)
Other operating income	6,023	5,107	2,380	277	28,757	-	11,579	28,785	(14,313)	68,595
Total income	50,448	109,643	78,639	163,116	375,439	183,288	88,563	257,389	(10,339)	1,296,186
Personnel expenses	(21,435)	(57,368)	(31,000)	(59,046)	(161,339)	(11,809)	(20,878)	(34,829)	-	(397,704)
Other operating expenses	(8,440)	(18,440)	(10,279)	(22,010)	(81,903)	(7,260)	(16,678)	(40,120)	6,548	(198,582)
Depreciation and amortization	(5,368)	(12,182)	(6,815)	(15,826)	(47,037)	(3,301)	(2,513)	(4,856)	5,055	(92,843)
Total Expenses	(35,243)	(87,990)	(48,094)	(96,882)	(290,279)	(22,370)	(40,069)	(79,805)	11,603	(689,129)
Operating profit before net provision expenses for assets, other risks and commitments	15,205	21,653	30,545	66,234	85,160	160,918	48,494	177,584	1,264	607,057

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments as at March 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	36,195	61,885	37,094	56,378	242,449	77,542	58,279	178,689	1,471	749,982
Net commission income	13,897	26,764	17,596	64,856	70,688	(443)	2,824	17,714	(639)	213,257
Net trading income	2,354	9,316	9,226	18,664	34,624	29,002	2,995	36,485	3,137	145,803
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	36,844	-	35,392	6	72,242
Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	20,571	-	2,564	-	23,135
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(4,155)	(6,511)	(4,862)	(11,835)	(57,862)	-	-	-	-	(85,225)
Other operating income	5,080	5,116	401	111	21,083	-	3,008	14,686	(8,749)	40,736
Total income	53,371	96,570	59,455	128,174	310,982	163,516	67,106	285,530	(4,774)	1,159,930
Personnel expenses	(18,705)	(45,944)	(24,141)	(49,099)	(128,475)	(6,031)	(12,437)	(28,618)	-	(313,450)
Other operating expenses	(6,394)	(13,837)	(8,381)	(17,784)	(64,751)	(4,799)	(11,114)	(25,994)	2,566	(150,488)
Depreciation and amortization	(5,924)	(11,717)	(6,753)	(16,840)	(46,283)	(2,115)	(1,664)	(3,306)	5,016	(89,586)
Total Expenses	(31,023)	(71,498)	(39,275)	(83,723)	(239,509)	(12,945)	(25,215)	(57,918)	7,582	(553,524)
Operating profit before net provision expenses for assets, other risks and commitments	22,348	25,072	20,180	44,451	71,473	150,571	41,891	227,612	2,808	606,406

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
March 31, 2022				
Financial assets held for trading and measured at fair value through profit or loss, of which:	307,572	-	20,489	328,061
- Equity instruments	202,966			202,966
- Debt instruments	104,606		20,489	125,095
Derivatives	-	127,453	-	127,453
Financial assets measured at fair value through other items of comprehensive income	42,932,526	575	200,290	43,133,391
- Equity instruments	-	-	54,095	54,095
- Debt instruments	42,932,526	575	116,960	43,050,061
- Loans and advances	-	-	29,235	29,235
Financial assets which are required to be measured at fair value through profit or loss, of which:	845,936	10,103	278,728	1,134,767
- Equity instruments	246,671	-	-	246,671
- Debt instruments	599,265	10,103	278,728	888,096
Total financial assets measured at fair value in the statement of financial position	44,086,034	138,131	499,507	44,723,672
Non-financial assets at fair value	-	-	1,076,522	1,076,522
- Property and equipment and investment property	-	-	1,076,522	1,076,522
Total assets measured at fair value in the statement of financial position	44,086,034	138,131	1,576,029	45,800,194
Financial liabilities held-for-trading	-	33,932	-	33,932
December 31, 2021				
Financial assets held for trading and measured at fair value through profit or loss, of which:	317,955	-	20,495	338,450
- Equity instruments	205,313		-	205,313
- Debt instruments	112,642		20,495	133,137
Derivatives	-	80,927	-	80,927
Financial assets measured at fair value through other items of comprehensive income	41,002,496	602	190,275	41,193,373
- Equity instruments	-	-	52,652	52,652
- Debt instruments	41,002,496	602	107,679	41,110,777
- Loans and advances	-	-	29,944	29,944
Financial assets which are required to be measured at fair value through profit or loss, of which:	817,263	10,191	280,862	1,108,316
- Equity instruments	238,020	-	-	238,020
- Debt instruments	579,243	10,191	280,862	870,296
Total assets measured at fair value in the statement of financial position	42,137,714	91,720	491,632	42,721,066
Non-financial assets at fair value	-	-	1,064,215	1,064,215
- Property and equipment and investment property	-	-	1,064,215	1,064,215
Total assets measured at fair value in the statement of financial position	42,137,714	91,720	1,555,847	43,785,281
Financial liabilities held-for-trading	-	39,179	-	39,179

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

Bank	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
<i>In RON thousand</i>				
March 31, 2022				
Financial assets held for trading and measured at fair value through profit or loss, of which:	30,225	-	-	30,225
- Equity instruments	30,225	-	-	30,225
Derivatives	-	125,971	-	125,971
Financial assets measured at fair value through other items of comprehensive income	42,637,770	575	162,098	42,800,443
- Equity instruments	-	-	15,903	15,903
- Debt instruments	42,637,770	575	116,960	42,755,305
- Loans and advances	-	-	29,235	29,235
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,187,915	10,103	278,728	1,476,746
- Equity instruments	246,234	-	-	246,234
- Debt instruments	941,681	10,103	278,728	1,230,512
Total financial assets measured at fair value in the statement of financial position	43,855,910	136,649	440,826	44,433,385
Non-financial assets at fair value	-	-	643,472	643,472
- Property and equipment and investment property	-	-	643,472	643,472
Total assets measured at fair value in the statement of financial position	43,855,910	136,649	1,084,298	45,076,857
Financial liabilities held-for-trading	-	33,509	-	33,509
December 31, 2021				
Financial assets held for trading and measured at fair value through profit or loss, of which:	31,207	-	-	31,207
- Equity instruments	31,207	-	-	31,207
Derivatives	-	79,842	-	79,842
Financial assets measured at fair value through other items of comprehensive income	40,699,656	602	153,526	40,853,784
- Equity instruments	-	-	15,904	15,904
- Debt instruments	40,699,656	602	107,679	40,807,937
- Loans and advances	-	-	29,943	29,943
Financial assets which are required to be measured at fair value through profit or loss, of which:	1,174,444	10,191	280,862	1,465,497
- Equity instruments	237,578	-	-	237,578
- Debt instruments	936,866	10,191	280,862	1,227,919
Total financial assets measured at fair value in the statement of financial position	41,905,307	90,635	434,388	42,430,330
Non-financial assets at fair value	-	-	652,581	652,581
- Property and equipment and investment property	-	-	652,581	652,581
Total assets measured at fair value in the statement of financial position	41,905,307	90,635	1,086,969	43,082,911
Financial liabilities held-for-trading	-	38,689	-	38,689

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

ii) Financial instruments not carried at fair value

At level 2 in the fair value hierarchy, the Bank and the Group included in the category of assets that are not held at fair value: placements with banks, 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 March 31, 2022:

<i>In RON thousand</i>	Notes	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				Fair value hierarchy	Fair value hierarchy	Fair value hierarchy			Fair value hierarchy	Fair value hierarchy	Fair value hierarchy
				Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets											
Placements with banks	17	5,548,107	5,548,107	-	5,548,107	-	4,928,413	4,928,413	-	4,928,413	-
Loans and advances to customers	19	57,035,416	57,625,126	-	-	57,625,126	54,610,743	55,409,684	-	-	55,409,684
Finance lease receivables	20	1,530,627	1,530,862	-	-	1,530,862	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	1,279,559	1,253,353	50,856	1,202,497	-	471,314	455,315	-	455,315	-
Other financial assets	22	1,230,908	1,230,908	-	-	1,230,908	1,045,136	1,045,136	-	-	1,045,136
Total assets		66,624,617	67,188,356	50,856	6,750,604	60,386,896	61,055,606	61,838,548	-	5,383,728	56,454,820
Liabilities											
Deposits from banks	24	1,080,705	1,080,705	-	1,080,705	-	949,762	949,762	-	949,762	-
Deposits from customers	25	107,421,265	107,288,797	-	107,288,797	-	102,643,755	102,514,746	-	102,514,746	-
Loans from banks and other financial institutions	26	4,200,479	4,203,257	-	-	4,203,257	3,735,884	3,738,662	-	-	3,738,662
Subordinated liabilities	27	1,782,486	1,782,486	-	-	1,782,486	1,726,817	1,726,817	-	-	1,726,817
Lease liabilities		486,849	486,849	-	-	486,849	701,850	701,850	-	-	701,850
Other financial liabilities	29	2,630,465	2,630,465	-	-	2,630,465	2,138,996	2,138,996	-	-	2,138,996
Total liabilities		117,602,249	117,472,559	-	108,369,502	9,103,057	111,897,064	111,770,833	-	103,464,508	8,306,325

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, 2021:

<i>RON thousand</i>	Note	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets											
Placements with banks	17	10,394,297	10,394,297	-	10,394,297	-	9,612,690	9,612,690	-	9,612,690	-
Loans and advances to customers	19	54,629,754	54,965,684	-	-	54,965,684	52,238,523	52,649,069	-	-	52,649,069
Finance lease receivables	20	1,488,031	1,487,603	-	-	1,487,603	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	1,483,111	1,487,956	51,103	1,436,853	-	355,331	361,580	-	361,580	-
Other financial assets	22	1,054,904	1,054,904	-	-	1,054,904	884,171	884,171	-	-	884,171
Total assets		69,050,097	69,390,444	51,103	11,831,150	57,508,191	63,090,715	63,507,510	-	9,974,270	53,533,240
Liabilities											
Deposits from banks	24	1,024,259	1,024,259	-	1,024,259	-	952,453	952,453	-	952,453	-
Deposits from customers	25	108,021,629	108,007,480	-	108,007,480	-	102,698,085	102,686,447	-	102,686,447	-
Loans from banks and other financial institutions	26	7,929,500	7,955,746	-	-	7,955,746	7,457,843	7,484,089	-	-	7,484,089
Subordinated liabilities	27	1,762,484	1,762,484	-	-	1,762,484	1,706,234	1,706,234	-	-	1,706,234
Lease liabilities		498,597	498,597	-	-	498,597	716,569	716,569	-	-	716,569
Other financial liabilities	29	1,826,081	1,826,081	-	-	1,826,081	1,440,467	1,440,467	-	-	1,440,467
Total liabilities		121,062,550	121,074,647	-	109,031,739	12,042,908	114,971,651	114,986,259	-	103,638,900	11,347,359

Notes to the Interim Condensed Consolidated and Separate Financial Statements

5. Net interest income

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Interest income calculated using the effective interest method	1,102,721	866,900	960,244	798,407
- Cash and current accounts with Central Banks at AC	9,990	2,049	2,716	1,880
- Placements with banks and public institutions at AC	21,968	13,780	22,514	13,534
- Loans and advances to customers at AC	800,119	643,164	682,672	585,319
- Debt instruments at FVOCI	252,554	196,753	250,108	196,678
- Debt instruments at AC	18,090	11,154	2,234	996
Other similar interest income	36,194	27,658	3,131	2,172
- Finance lease receivables	33,062	25,486	-	-
- Non-recourse factoring receivables	3,131	2,172	3,131	2,172
Total interest income	1,138,915	894,558	963,375	800,579
Interest expense related to financial liabilities measured at amortized cost	169,014	144,255	151,281	132,982
- Cash and current accounts with Central Banks	21,189	11,088	21,037	11,088
- Deposits from banks	6,357	2,888	5,573	2,545
- Deposits from customers	98,862	105,168	85,845	97,624
- Loans from banks and other financial institutions	42,606	25,111	38,826	21,725
Other similar expense	534	321	1,749	1,676
- Lease liabilities	534	321	1,749	1,676
Total interest expense	169,548	144,576	153,030	134,658
Net interest income	969,367	749,982	810,345	665,921

The interest income and expense related to the financial assets and liabilities, other than those held at fair value through profit or loss, are determined using the effective interest rate method.

6. Net fee and commission income

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Fee and commission income				
Commissions from treasury and inter-bank operations	50,888	36,555	50,337	36,555
Client transactions	323,931	262,124	270,660	218,974
Lending activity (i)	11,669	9,219	10,927	9,117
Finance lease management	2,729	14	-	-
Other fee and commission income	1,368	1,035	137	172
Total fee and commission income	390,585	308,947	332,061	264,818
Fee and commission expense				
Commissions from treasury and inter-bank	91,614	67,792	75,175	57,903
Client transactions	34,609	22,863	27,631	17,617
Lending activity (i)	4,573	4,634	9,679	7,568
Other fees and commissions	759	401	722	443
Fee and commission expenses	131,555	95,690	113,207	83,531
Net fee and commission income	259,030	213,257	218,854	181,287

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

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

7. Net trading income

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Net income from foreign exchange transactions	134,611	97,039	114,662	89,079
Net income/(expense) from derivatives	47,877	4,791	47,400	4,793
Net income/(expense) from financial assets held-for-trading	(11,411)	42,007	(883)	4,099
Net income/(expense) from foreign exchange position revaluation	(4,114)	1,966	(6,342)	(2,038)
Net trading income	166,963	145,803	154,837	95,933

8. Net gain / loss (-) from financial assets measured at fair value through comprehensive income

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Income from the sale of financial assets measured at fair value through other items of comprehensive income	14,407	73,594	13,852	73,582
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(28,779)	(1,352)	(28,657)	(1,353)
Net income from financial assets measured at fair value through comprehensive income	(14,372)	72,242	(14,805)	72,229

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Losses from financial assets which are required to be measured at fair value through profit or loss	(64,169)	(54,528)	(75,627)	(54,486)
Income from financial assets which are required to be measured at fair value through profit or loss	58,054	77,663	58,424	109,820
Net income/(expense) from financial assets which are required to be measured at fair value through profit or loss	(6,115)	23,135	(17,203)	55,334

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:

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Contribution to the Bank Deposit Guarantee Fund	87,682	28,396	86,543	27,767
Bank Resolution Fund	59,600	56,829	56,970	54,255
Total	147,282	85,225	143,513	82,022

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11. Other operating income

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Dividend income	-	-	50	-
Income from insurance intermediation	29,421	20,140	20,510	15,896
Income regarding movable and immovable assets resulting from debt enforcement	-	-	1,239	-
Income from indemnities, fines and penalties	2,871	2,065	1,950	1,701
Income from VISA, MASTERCARD, WU services	8,197	8,063	7,994	8,063
Other operating income (i)	28,106	10,468	11,567	9,144
Total	68,595	40,736	43,310	34,804

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

12. Net income (-) / expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments

(a) Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Net impairment allowance on assets (i)	239,037	(40,076)	197,257	(41,944)
Net loss on loans written off	1,191	1,195	-	-
Net loss on finance lease receivables written off	2,272	2,106	-	-
Provisions for other risks and loan commitments	(20,474)	(13,006)	(22,843)	(13,748)
Recoveries from loans written off	(72,368)	(81,323)	(71,170)	(80,724)
Recoveries from finance lease receivables written off	(7,482)	(5,951)	-	-
Net income (-) / expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	142,176	(137,055)	103,244	(136,416)

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Loans and advances to customers	228,451	(43,971)	193,041	(42,108)
Treasury and inter-bank operations	(708)	(31)	(1,758)	(112)
Finance lease receivables	5,311	1,517	-	-
Investment securities	8,741	3,712	9,992	1,816
Other financial assets	(2,758)	(1,303)	(4,018)	(1,540)
Net impairment allowance on assets	239,037	(40,076)	197,257	(41,944)

(b) (Other) Provisions and reversal of provisions

<i>In RON thousand</i>	Group		Bank	
	2022	2021	2022	2021
Other non-financial assets	(7,798)	(4,530)	(1,206)	(3,444)
Litigation and other risks	(651)	(4,817)	(733)	(4,534)
(Other) Provisions and reversal of provisions	(8,449)	(9,347)	(1,939)	(7,978)

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13. Personnel expenses

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Gross salaries	309,001	234,379	260,688	208,262
Social protection contribution	12,017	9,394	7,857	6,474
Share-based payments to employees	31,672	35,753	31,672	35,753
3rd Pension Pillar	4,040	3,628	3,773	3,394
Other staff expenses	17,952	16,025	16,042	14,658
Net expenses with provisions for overdue vacations and other provisions	23,022	14,271	18,991	10,748
Total	397,704	313,450	339,023	279,289

14. Other operating expenses

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Rent and operating lease expense	2,218	1,967	1,553	1,605
Repairs and maintenance expenses	52,798	42,559	47,354	39,354
Advertising, marketing, entertainment and sponsorship expenses	26,814	17,719	24,455	14,822
Mail, telecommunication and SMS traffic expenses	14,813	14,936	12,314	11,370
Materials and stationery expenses	18,696	14,274	17,066	12,716
Other professional fees, including legal expenses	3,275	5,045	2,277	2,146
Expenses regarding movable and immovable assets resulting from debt enforcement	920	2,577	-	1,122
Electricity and heating	12,450	6,286	11,064	5,823
Business travel, transportation and temporary relocation expenses	11,896	6,684	11,214	6,463
Insurance costs	7,735	4,945	5,082	4,404
Taxes	9,058	8,416	8,671	8,082
Write-off and loss on disposal of property and equipment and intangible assets	1,229	-	171	-
Security and protection	4,132	3,198	3,723	2,865
Expenses related to archiving services	5,404	3,678	5,197	3,608
Expenses related to database queries from the Trade Register and the Credit Bureau	1,720	2,335	1,290	2,038
Expenses with foreclosed assets	1,482	1,208	1,285	1,117
Audit, advisory and other services provided by the independent auditor	1,737	1,294	823	838
Other operating expenses	22,205	13,367	12,467	9,378
Total other operating expenses	198,582	150,488	166,006	127,751

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15. Income tax expense

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Gross Profit	473,330	752,808	363,344	673,058
Statutory tax rate (2022: 16%; 2021: 16%)	(75,733)	(120,449)	(58,135)	(107,689)
Fiscal effect of income tax on the following elements:	2,737	23,969	2,309	15,894
- Non-taxable income	37,643	26,017	34,243	27,162
- Non-deductible expense	(56,131)	(28,770)	(52,571)	(37,490)
- Tax deductions	22,597	24,525	21,993	24,064
- Income related items	(1,381)	(3,345)	(1,356)	(3,345)
- Expense related items	9	5,542	-	5,503
Income tax expense	(72,996)	(96,480)	(55,826)	(91,795)

16. Cash and current accounts with Central Banks

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Minimum reserve requirement	10,044,131	14,631,699	8,897,798	13,585,904
Cash on hand and other values	4,283,102	3,689,214	3,790,432	3,177,721
Total	14,327,233	18,320,913	12,688,230	16,763,625

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Cash and current accounts with Central Banks(*)	14,324,711	18,320,178	12,688,856	16,764,278
Placements with banks - maturity below 3 months	4,141,834	8,619,503	3,491,483	7,910,017
Reverse-repo transactions	-	166,670	-	166,670
Loans and advances to credit institutions with maturity below 3 months	-	39,129	-	39,129
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	238	243	-	-
Financial assets at amortized cost – debt instruments	26,475	211,022	-	-
Cash and cash equivalents in the cash flow statement	18,493,258	27,356,745	16,180,339	24,880,094

(*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 2,522 thousand (2021: RON 735 thousand) and at the level of the Bank in the amount of RON (626) thousand (2021: RON (653) thousand)

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17. Placements with banks and public institutions

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Current accounts with other banks	1,679,097	1,085,546	973,114	437,394
Sight and term deposits with other banks	2,585,883	7,857,552	2,672,172	7,724,097
Reverse repo transactions	989,352	1,156,469	989,352	1,156,469
Loans and advances to credit institutions	293,775	294,730	293,775	294,730
Total	5,548,107	10,394,297	4,928,413	9,612,690

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

As at March 31, 2022, 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 0 thousand, deposits in amount of RON 1,755,262 thousand and loans and advances to credit institutions of RON 0 thousand at Group level, and reverse-repo of RON 0 thousand, deposits in amount of RON 1,811,573 and loans and advances to credit institutions in amount of RON 0 thousand at Bank level (2021: reverse-repo in amount of RON 166,670 thousand and deposits in amount of RON 7,083,657 thousand at Group level, and reverse-repo of RON 166,670 thousand, deposits in amount of RON 7,089,404 thousand at Bank level; loans and advances to credit institutions in amount of RON 39,129 for both the Group and the Bank).

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	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Equity instruments	202,966	205,313	30,225	31,207
Debt instruments	125,095	133,137	-	-
Total	328,061	338,450	30,225	31,207

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	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Equity instruments	246,671	238,020	246,234	237,578
Debt instruments	888,096	870,296	1,230,512	1,227,919
Total	1,134,767	1,108,316	1,476,746	1,465,497

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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 March 31, 2022 and December 31, 2021 is the following:

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Corporate and government institutions	22,533,611	20,973,390	23,804,952	22,183,126
Small and medium enterprises	8,182,101	7,717,422	7,233,733	6,775,254
Consumer loans and card loans granted to retail customers	12,438,657	12,295,686	11,505,763	11,359,134
Mortgage loans	16,445,333	16,095,360	15,836,959	15,493,560
Loans granted by non-banking financial institutions	1,445,481	1,325,339	-	-
Other	58,716	52,088	49,572	41,686
Total loans and advances to customers before impairment allowance (*)	61,103,899	58,459,285	58,430,979	55,852,760
Allowances for impairment losses on loans	(4,068,483)	-3,829,531	(3,820,236)	-3,614,237
Total loans and advances to customers net of impairment allowance (*)	57,035,416	40,892,544	54,610,743	52,238,523

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>	31-03-2022	31-12-2021
Finance lease receivables with maturity below 1 year, gross	690,167	543,973
Finance lease receivables with maturity of more than 1 year, gross	1,067,331	1,171,374
Total finance lease receivables, gross	1,757,498	1,715,347
Future interest related to finance lease receivables	(117,957)	(121,128)
Total finance lease receivables, net of future interest	1,639,541	1,594,219
Impairment allowances for finance lease receivables	(108,914)	(106,188)
Total finance lease receivables	1,530,627	1,488,031

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

21. Investment securities

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Debt instruments, of which	43,050,062	41,110,778	42,755,305	40,807,937
- Central administrations	39,681,406	38,212,947	39,373,354	37,910,106
- Credit institutions	2,888,398	2,646,621	2,888,398	2,646,621
- Other financial companies	398,495	236,061	411,790	236,061
- Non-financial institutions	81,763	15,149	81,763	15,149
Equity instruments, of which:	54,094	52,652	15,903	15,904
- Other financial companies	30,083	28,639	12,638	12,638
- Non-financial institutions	24,011	24,013	3,265	3,266
Loans and advances to customers	29,235	29,943	29,235	29,943
- Central administrations	29,235	29,943	29,235	29,943
Total	43,133,391	41,193,373	42,800,443	40,853,784

b) Financial assets at amortized cost - debt instruments

In the period ended on March 31, 2022, the Group classified as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 1,279,559 thousand, and the Bank bonds in amount of RON 471,314 thousand (December 31, 2021: RON 1,483,111 thousand for the Group and RON 355,331 thousand for the Bank).

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Debt instruments, of which				
- Central Banks	-	189,121	-	-
- Central administrations	823,420	953,526	-	-
- Credit institutions	351,098	286,174	366,273	301,041
- Other financial companies	60,444	10,120	60,444	10,120
- Non-financial institutions	44,597	44,170	44,597	44,170
Total	1,279,559	1,483,111	471,314	355,331

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22. Other financial assets

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Amounts under settlement	406,846	219,717	431,856	195,333
Non-recourse factoring	218,202	273,681	218,202	273,681
Sundry debtors and advances for non-current assets	560,854	548,787	375,301	396,262
Cheques and other instruments to be encashed	32,736	28,082	32,736	28,082
Other financial assets	45,779	18,255	701	9,259
Impairment allowance for other financial assets	(33,509)	(33,618)	(13,660)	(18,446)
Total	1,230,908	1,054,904	1,045,136	884,171

As at March 31, 2022, out of RON 1,230,908 thousand (December 31, 2021: RON 1,054,904 thousand), the Group's other impaired financial assets amounted to RON 28,947 thousand (December 31, 2021: RON 28,914 thousand).

As at March 31, 2022 out of RON 1,045,136 thousand (December 31, 2021: RON 884,171 thousand), the Bank's other impaired financial assets amounted to RON 4,658 thousand (December 31, 2021: RON 5,411 thousand).

23. Other non-financial assets

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Inventories and similar assets	106,676	111,858	61,682	58,576
Accrued expenses	83,391	78,771	74,157	71,172
VAT and other taxes to be received	7,054	4,396	1,937	2,095
Other non-financial assets	8,117	11,816	1,208	100
Impairment allowance for other non-financial assets	(36,192)	(44,975)	(10,595)	(11,801)
Total	169,046	161,866	128,389	120,142

24. Deposits from banks

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Sight deposits	197,441	272,912	190,187	265,791
Term deposits	883,264	751,347	759,575	686,662
Total	1,080,705	1,024,259	949,762	952,453

25. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Current accounts	68,547,087	67,667,986	67,127,891	65,505,784
Sight deposits	752,268	793,717	466,477	463,141
Term deposits	36,897,755	38,854,796	34,367,711	36,046,375
Collateral deposits	1,224,155	705,130	681,676	682,785
Total	107,421,265	108,021,629	102,643,755	102,698,085

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25. Deposits from customers (continued)

Deposits from customers can be also analyzed as follows:

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Retail	71,768,009	71,890,350	68,088,887	68,436,588
Companies	35,653,256	36,131,279	34,554,868	34,261,497
Total	107,421,265	108,021,629	102,643,755	102,698,085

26. Loans from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Loans from government entities	23,963	16,963	-	-
Loans from commercial banks	88,081	61,336	-	-
- Romanian banks	49,475	10,635	-	-
- Foreign banks	38,606	50,701	-	-
Loans from development banks	1,000,405	1,051,736	904,724	947,640
Loans from central banks	2,500,243	-	2,500,243	-
Repurchase agreements (repo transactions)	322,637	6,500,566	322,637	6,500,566
Other funds from financial institutions	80,819	101,553	8,280	9,637
Issued bonds	184,331	197,346	-	-
Total	4,200,479	7,929,500	3,735,884	7,457,843

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at March 31, 2022 and December 31, 2021.

The table below summarizes the underlying securities of repo agreements:

<i>In RON thousand</i>	Group				Bank			
	31-03-2022		31-12-2021		31-03-2022		31-12-2021	
	Transferred assets	Related liabilities						
	325,415	322,637	6,526,812	6,500,566	325,415	322,637	6,526,812	6,500,566
Total	325,415	322,637	6,526,812	6,500,566	325,415	322,637	6,526,812	6,500,566

27. Subordinated liabilities

As at March 31, 2022 and December 31, 2021, 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	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Loans from development banks and financial institutions	330,808	323,321	308,016	300,336
Non-convertible bonds	1,451,678	1,439,163	1,418,801	1,405,898
Total	1,782,486	1,762,484	1,726,817	1,706,234

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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	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Provisions for loan commitments, financial guarantees and other commitments given	338,745	360,087	328,094	351,751
Provisions for employee benefits as compensated absences	40,673	27,441	33,981	21,489
Provisions for other employee benefits	64,140	54,244	40,523	34,023
Provisions for litigation, other risks and charges (*)	82,076	96,688	85,065	85,743
Total	525,634	538,460	487,663	493,006

(*) 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	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Amounts under settlement	2,245,708	1,583,653	1,859,291	1,272,442
Sundry creditors	179,044	175,728	84,535	106,717
Dividends payable	22,436	26,567	22,436	26,567
Other financial liabilities	183,277	40,133	172,734	34,741
Total	2,630,465	1,826,081	2,138,996	1,440,467

30. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Other taxes payable	18,910	33,854	11,410	24,544
Other non-financial liabilities	169,732	160,233	131,563	118,942
Total	188,642	194,087	142,973	143,486

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 383,466 thousand (2021: RON 650,831 thousand) and on the weighted average number of ordinary shares outstanding during the year of 7,071,820,501 (2021 recalculated: 7,075,545,932 shares).

The diluted earnings per share is equal to the basic earnings per share.

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31. Earnings per share (continued)

	Group	
	31-03-2022	31-03-2021
Ordinary shares issued as at 1 January	6,311,469,680	5,737,699,649
The impact of shares issued as of 1 January	765,112,650	573,769,971
The impact of the shares repurchased during the year	(4,761,829)	(1,036,398)
The impact of the shares obtained from bonds conversion	-	60
The retroactive adjustment of the weighted average number of outstanding shares as at March 31, 2021	-	765,112,650
Weighted average number of shares	7,071,820,501	7,075,545,932
The number of shares that may be issued upon the conversion of bonds into shares	-	-
Weighted average number of diluted shares	7,071,820,501	7,075,545,932

32. Capital management

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

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

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

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

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, 2022-March 31, 2022;
- an O-SII buffer of 2% of the total risk weighted exposures;
- a systemic risk buffer of 1% of the total value of the risk-weighted exposures (buffer imposed starting with the adequacy ratio calculated for for 30 June 2018).

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

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32. Capital management (continued)

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 March 31, 2022 and December 31, 2021, 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 10,984,200 thousand as of 31 March 2022 (31 December 2021: RON 12,364,500 thousand), regulatory capital amounts to RON 7,463,686 thousand (31 December 2021: RON 7,500,635 thousand) and the Group and the Bank have complied with all externally imposed capital requirements throughout 2022 and 2021.

According to the applicable legal requirements on regulatory capital, the Group’s and the Bank’s own funds include:

- Tier I, which includes subscribed and paid in capital, share premiums, eligible reserves, retained earnings and deductions laid down in the applicable legal provisions;
- Tier II own funds, which include subordinated loans and deductions laid down in the applicable legal provisions.

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

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

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32. Capital management (continued)

The level and the requirements of own funds as at March 31, 2022 and December 31, 2021 are as follows:

<i>In RON thousand</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Tier 1 own funds	9,457,510	10,838,319	8,744,459	10,175,774
Tier 2 own funds	1,526,690	1,526,181	1,512,657	1,509,052
Total own funds	10,984,200	12,364,500	10,257,116	11,684,826

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

<i>In %</i>	Group		Bank	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Core tier one ratio	17.11	20.66	17.57	21.31
Tier 1 ratio	17.11	20.66	17.57	21.31
CAR	19.87	23.57	20.61	24.47

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, 2021. For the three-month period ended March 31, 2022, the current profit was not considered in the calculation of own funds. Regulatory capital as at March 31, 2022 and December 31, 2021 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	
	31-03-2022	31-12-2021	31-03-2022	31-12-2021
Corporate and government institutions	22,558,956	20,973,391	23,804,952	22,183,126
Small and medium enterprises	8,219,864	7,717,422	7,233,733	6,775,254
Consumer loans and card loans granted to retail customers	12,440,684	12,295,685	11,505,763	11,359,134
Mortgage loans	16,445,354	16,095,360	15,836,959	15,493,560
Loans and finance lease receivables granted by non-banking financial institutions	3,019,867	2,919,558	-	-
Other	58,715	52,088	49,572	41,686
Total loans and advances to customers and financial lease receivables before impairment allowance	62,743,440	60,053,504	58,430,979	55,852,760
Allowances for impairment losses on loans and financial lease receivables	(4,177,397)	(3,935,719)	(3,820,236)	(3,614,237)
Total loans and advances to customers and financial lease receivables net of impairment allowance	58,566,043	56,117,785	54,610,743	52,238,523

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33. Credit risk management (*continued*)

At March 31, 2022, the total irrevocable on-balance and off-balance sheet exposure was of RON 65,999,972 thousand (December 31, 2021: RON 63,214,752 thousand) for the Group and RON 60,888,420 thousand (December 31, 2021: RON 58,240,841 thousand) for the Bank.

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

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

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

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

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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 at March 31, 2022, 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 2022
<i>In RON thousand</i>					
Corporate and government institutions	17,927,142	3,615,436	835,237	181,141	22,558,956
Small and medium enterprises	4,886,281	2,926,454	367,979	39,150	8,219,864
Consumer loans and card loans granted to retail customers	8,961,884	2,751,444	620,132	107,224	12,440,684
Mortgage loans	14,822,312	1,394,741	180,739	47,562	16,445,354
Loans and finance lease receivables granted to non-banking financial institutions	1,136,337	1,572,167	275,038	36,325	3,019,867
Other	67	44,421	12,384	1,843	58,715
Total loans and advances to customers and financial lease receivables before impairment allowance	47,734,023	12,304,663	2,291,509	413,245	62,743,440
Allowances for impairment losses on loans and financial lease receivables	(889,778)	(1,694,490)	(1,497,434)	(95,695)	(4,177,397)
Total loans and advances to customers and financial lease receivables net of impairment allowance	46,844,245	10,610,173	794,075	317,550	58,566,043

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at December 31, 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 and government institutions	16,733,256	3,157,146	901,088	181,901	20,973,391
Small and medium enterprises	4,584,773	2,739,928	352,509	40,212	7,717,422
Consumer loans and card loans granted to retail customers	8,775,418	2,817,343	597,477	105,447	12,295,685
Mortgage loans	14,670,751	1,199,768	177,340	47,501	16,095,360
Loans and finance lease receivables granted to non-banking financial institutions	1,097,359	1,516,141	270,964	35,094	2,919,558
Other	178	38,014	12,014	1,882	52,088
Total loans and advances to customers and financial lease receivables before impairment allowance	45,861,735	11,468,340	2,311,392	412,037	60,053,504
Allowances for impairment losses on loans and financial lease receivables	(797,921)	(1,563,364)	(1,479,197)	(95,237)	(3,935,719)
Total loans and advances to customers and financial lease receivables net of impairment allowance	45,063,814	9,904,976	832,195	316,800	56,117,785

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as at March 31, 2022, 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 2022
<i>In RON thousand</i>					
Corporate and government institutions	19,418,213	3,472,030	803,266	111,443	23,804,952
Small and medium enterprises	4,022,735	2,835,675	356,243	19,080	7,233,733
Consumer loans and card loans granted to retail customers	8,088,428	2,731,095	593,852	92,388	11,505,763
Mortgage loans	14,220,433	1,391,953	177,679	46,894	15,836,959
Other	67	36,887	12,325	293	49,572
Total loans and advances to customers before impairment allowance	45,749,876	10,467,640	1,943,365	270,098	58,430,979
Allowances for impairment losses on loans	(874,833)	(1,628,824)	(1,270,286)	(46,293)	(3,820,236)
Total loans and advances to customers net of impairment allowance	44,875,043	8,838,816	673,079	223,805	54,610,743

The exposures to credit risk for loans and advances to customers at Bank level, as at December 31, 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 and government institutions	18,164,093	3,043,157	870,738	105,138	22,183,126
Small and medium enterprises	3,761,573	2,648,088	344,398	21,195	6,775,254
Consumer loans and card loans granted to retail customers	7,885,516	2,799,838	579,332	94,448	11,359,134
Mortgage loans	14,075,750	1,196,593	174,390	46,827	15,493,560
Other	178	29,256	11,955	297	41,686
Total loans and advances to customers before impairment allowance	43,887,110	9,716,932	1,980,813	267,905	55,852,760
Allowances for impairment losses on loans	(791,352)	(1,505,695)	(1,270,134)	(47,056)	(3,614,237)
Total loans and advances to customers net of impairment allowance	43,095,758	8,211,237	710,679	220,849	52,238,523

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

Currently, the world economy is facing several exceptional challenges. Russia's military aggression against Ukraine began on February 24, 2022, which continues today, has generated a series of economic and individual sanctions, mainly imposed by the EU, the United States and United Kingdom.

This event has created geopolitical instability and volatility in the financial and energy markets and the economic consequences are already manifested in price increases mainly for energy and food.

These measures create distortions that are expected to spread to several economic sectors, with the immediate impact being felt in the increased volatility of capital markets and exchange rates, as well as in energy and commodity prices.

The impact of these measures, as well as potential responses to them by Russia, is currently unknown and, while the Group's direct exposure to Ukraine, Belarus and Russia is insignificant, an impact on the Group future business cannot be reliably estimated at this time.

No significant further events were identified after reporting the consolidated statement of financial position.

The interim consolidated and separate financial statements were approved by the Board of Directors on 6 May 2022 and were signed on behalf of the Board.

Ömer TETIK
Chief Executive Officer
Officer

George CĂLINESCU
Deputy Chief Executive