

**Banca Transilvania S.A.**

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS**

**As of September 30, 2022**

# **Banca Transilvania S.A.**

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# Banca Transilvania S.A.

## Interim Consolidated and Separate Statement of Profit or Loss

<i>RON thousand</i>	Note	Group			Bank				
		3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Interest income calculated using the effective interest method		1,543,961	3,966,434	835,301	2,590,208	1,381,636	3,510,112	755,538	2,369,357
Other interest like income		66,233	152,560	31,494	88,309	10,198	18,440	3,424	8,188
Interest expense calculated using the effective interest method		(495,336)	(971,726)	(128,275)	(410,333)	(468,899)	(907,321)	(116,984)	(375,239)
Other interest like expense		(540)	(1,554)	(324)	(973)	(1,470)	(4,830)	(1,661)	(5,012)
<b>Net interest income</b>	5	<b>1,114,318</b>	<b>3,145,714</b>	<b>738,196</b>	<b>2,267,211</b>	<b>921,465</b>	<b>2,616,401</b>	<b>640,317</b>	<b>1,997,294</b>
Fee and commission income		465,558	1,291,604	376,545	1,030,694	403,074	1,104,485	324,359	887,132
Fee and commission expense		(164,130)	(439,201)	(122,111)	(329,272)	(141,824)	(377,390)	(106,909)	(287,514)
<b>Net fee and commission income</b>	6	<b>301,428</b>	<b>852,403</b>	<b>254,434</b>	<b>701,422</b>	<b>261,250</b>	<b>727,095</b>	<b>217,450</b>	<b>599,618</b>
Net trading income	7	172,425	553,234	125,972	387,592	143,638	502,095	109,049	312,872
Net loss/gain from financial assets measured at fair value through other items of comprehensive income	8	(27,656)	(98,140)	45,033	174,383	(31,555)	(102,496)	46,944	174,333
Net loss/gain from financial assets which are required to be measured at fair value through profit and loss	9	(28,027)	(80,435)	3,012	57,691	(14,972)	(92,702)	12,065	105,205
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(1,295)	(152,308)	(695)	(89,071)	-	(143,513)	-	(82,022)
Other operating income	11	62,785	207,339	42,279	119,014	229,309	339,893	36,010	124,441
<b>Operating income</b>		<b>1,593,978</b>	<b>4,427,807</b>	<b>1,208,231</b>	<b>3,618,242</b>	<b>1,509,135</b>	<b>3,846,773</b>	<b>1,061,835</b>	<b>3,231,741</b>

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

<i>RON thousand</i>	Note	Group				Bank			
		3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Expenses/Income from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	12	(164,241)	(369,070)	139,622	(10,502)	(123,470)	(233,303)	126,552	(23,306)
Net income (+) with other provisions		25,863	51,482	6,192	43,265	24,901	35,466	2,769	31,955
Personnel expenses	13	(392,511)	(1,211,029)	(312,221)	(962,936)	(328,274)	(1,022,086)	(274,304)	(854,866)
Depreciation and amortization		(98,435)	(286,902)	(88,665)	(266,700)	(89,822)	(257,486)	(84,584)	(258,399)
Other operating expenses	14	(227,164)	(673,510)	(183,346)	(487,274)	(367,658)	(719,775)	(154,344)	(413,065)
<b>Operating expenses</b>		<b>(856,488)</b>	<b>(2,489,029)</b>	<b>(438,418)</b>	<b>(1,684,147)</b>	<b>(884,323)</b>	<b>(2,197,184)</b>	<b>(383,911)</b>	<b>(1,517,681)</b>
<b>Profit before income tax</b>		<b>737,490</b>	<b>1,938,778</b>	<b>769,813</b>	<b>1,934,095</b>	<b>624,812</b>	<b>1,649,589</b>	<b>677,924</b>	<b>1,714,060</b>
Income tax expense (-)	15	(106,109)	(260,918)	(116,699)	(265,489)	(90,866)	(208,640)	(105,248)	(240,349)
<b>Net profit for the year</b>		<b>631,381</b>	<b>1,677,860</b>	<b>653,114</b>	<b>1,668,606</b>	<b>533,946</b>	<b>1,440,949</b>	<b>572,676</b>	<b>1,473,711</b>
<b>Net Profit of the Group attributable to:</b>									
Equity holders of the Bank		601,728	1,609,276	633,379	1,634,597	533,946	1,440,949	572,676	1,473,711
Non-controlling interests		29,653	68,584	19,735	34,009	-	-	-	-
<b>Net profit for the year</b>		<b>631,381</b>	<b>1,677,860</b>	<b>653,114</b>	<b>1,668,606</b>	<b>533,946</b>	<b>1,440,949</b>	<b>572,676</b>	<b>1,473,711</b>

**Interim Consolidated and Separate Statement of Other Comprehensive Income**

<i>RON thousand</i>	Note	Group				Bank			
		3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
<b>Net Profit for the period</b>		<b>631,381</b>	<b>1,677,860</b>	<b>653,114</b>	<b>1,668,606</b>	<b>533,946</b>	<b>1,440,949</b>	<b>572,676</b>	<b>1,473,711</b>
<b>Items that will not be reclassified as profit or loss, net of tax</b>		-	-	-	(819)	-	-	-	(814)
Other elements of comprehensive income		-	-	-	(819)	-	-	-	(814)
<b>Items which are or may be reclassified to profit or loss</b>		<b>16,985</b>	<b>(792,110)</b>	<b>(526,548)</b>	<b>(719,815)</b>	<b>(15,917)</b>	<b>(797,455)</b>	<b>(542,923)</b>	<b>(741,147)</b>
<b>Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:</b>		<b>(12,599)</b>	<b>(954,691)</b>	<b>(646,366)</b>	<b>(879,633)</b>	<b>(18,455)</b>	<b>(942,123)</b>	<b>(646,209)</b>	<b>(882,136)</b>
Net gain / loss (-) from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit and loss account		27,656	98,140	(45,033)	(174,383)	31,555	102,496	(46,944)	(174,333)
Fair value changes of financial assets measured at fair value through other items of comprehensive income		(40,255)	(4,568,020)	(601,333)	(705,250)	(50,010)	(4,559,808)	(599,265)	(707,803)
Effect of reclassification of financial assets measured at fair value through other items of comprehensive income to amortized cost		-	3,515,189	-	-	-	3,515,189	-	-
<b>Translation of financial information of foreign operations to presentation currency</b>		<b>33,244</b>	<b>18,833</b>	<b>19,500</b>	<b>22,340</b>	<b>(27)</b>	<b>(6)</b>	<b>(149)</b>	<b>(549)</b>
<b>Income tax on items which are or may be reclassified to profit or loss</b>		<b>(3,660)</b>	<b>143,748</b>	<b>100,318</b>	<b>137,478</b>	<b>2,565</b>	<b>144,674</b>	<b>103,436</b>	<b>141,538</b>
<b>Total comprehensive income for the period</b>		<b>648,366</b>	<b>885,750</b>	<b>126,566</b>	<b>947,972</b>	<b>518,029</b>	<b>643,494</b>	<b>29,754</b>	<b>731,750</b>
<b>Total comprehensive income attributable to:</b>									
Equity holders of the Bank		618,713	817,166	106,831	913,963	518,029	643,494	29,754	731,750
Non-controlling interest		29,653	68,584	19,735	34,009	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>648,366</b>	<b>885,750</b>	<b>126,566</b>	<b>947,972</b>	<b>518,029</b>	<b>643,494</b>	<b>29,754</b>	<b>731,750</b>
<b>Basic earnings per share</b>		<b>0.0851</b>	<b>0.2277</b>	<b>0.1006</b>	<b>0.2313</b>	-	-	-	-
<b>Diluted earnings per share</b>		<b>0.0851</b>	<b>0.2277</b>	<b>0.1006</b>	<b>0.2313</b>	-	-	-	-

The financial statements were approved by the Board of Directors on November 10, 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>	<b>Note</b>	<b>Group</b>		<b>Bank</b>	
		<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
		<b><i>RON thousand</i></b>	<b><i>RON thousand</i></b>	<b><i>RON thousand</i></b>	<b><i>RON thousand</i></b>
<b>Assets</b>					
Cash and current accounts with Central Banks	16	16,507,862	18,320,913	14,546,511	16,763,625
Derivatives		278,679	80,927	278,679	79,842
Financial assets held for trading and measured at fair value through profit and loss	18	309,522	338,450	29,451	31,207
Non-trading financial assets mandatorily at fair value through profit or loss	18	1,067,880	1,108,316	1,420,545	1,465,497
Financial assets measured at fair value through other items of comprehensive income	21	20,340,757	41,193,373	19,990,680	40,853,784
- of which pledged securities (repo agreements)		741,001	6,526,812	741,001	6,526,812
Financial assets at amortized cost - of which:		97,326,695	67,562,066	95,593,305	63,090,715
- Placements with banks	17	5,342,770	10,394,297	6,302,909	9,612,690
- Loans and advances to customers	19	65,057,814	54,629,754	63,215,478	52,238,523
- Debt instruments	21	25,451,436	1,483,111	24,558,912	355,331
- Other financial assets	22	1,474,675	1,054,904	1,516,006	884,171
Finance lease receivables	20	2,738,934	1,488,031	-	-
Investments in subsidiaries		-	-	708,410	735,486
Investment in associates		5,004	4,459	-	-
Property and equipment and investment property		1,104,204	1,064,215	668,624	652,581
Intangible assets		447,334	406,244	379,476	334,783
Goodwill		127,063	22,424	-	-
Right-of-use assets		457,706	492,021	658,711	706,647
Current tax receivables		-	-	-	-
Deferred tax assets		401,839	257,885	366,724	227,724
Other non-financial assets	23	168,228	161,866	125,654	120,142
<b>Total assets</b>		<b>141,281,707</b>	<b>132,501,190</b>	<b>134,766,770</b>	<b>125,062,033</b>

# Banca Transilvania S.A.

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

<i>In RON thousand</i>	Note	Group		Bank	
		30-09-2022	31-12-2021	30-09-2022	31-12-2021
		<i>RON thousand</i>	<i>RON thousand</i>	<i>RON thousand</i>	<i>RON thousand</i>
<b>Liabilities</b>					
Derivatives		46,600	39,179	46,600	38,689
Deposits from banks	24	1,823,670	1,024,259	1,718,205	952,453
Deposits from customers	25	113,438,997	108,021,629	110,253,130	102,698,085
Loans from banks and other financial institutions	26	10,450,645	7,929,500	9,187,940	7,457,843
Subordinated liabilities	27	1,783,872	1,762,484	1,754,297	1,706,234
Lease liabilities		461,871	498,597	624,668	716,569
Other financial liabilities	29	1,859,753	1,826,081	1,398,907	1,440,467
Current tax liability		82,131	68,357	67,964	62,076
Deferred tax liability		-	-	-	-
Provisions for other risks and loan commitments	28	478,196	538,460	425,200	493,006
Other non-financial liabilities	30	181,794	194,087	134,373	143,486
<b>Total liabilities excluding financial liabilities to holders of fund units</b>		<b>130,607,529</b>	<b>121,902,633</b>	<b>125,611,284</b>	<b>115,708,908</b>
Financial liabilities to holders of fund units		24,703	34,423	-	-
<b>Total liabilities</b>		<b>130,632,232</b>	<b>121,937,056</b>	<b>125,611,284</b>	<b>115,708,908</b>
<b>Equity</b>					
Share capital		7,163,083	6,397,971	7,163,083	6,397,971
Treasury shares		(28,655)	(15,287)	(13,368)	-
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		3,794,139	3,736,875	2,911,319	3,051,409
Revaluation reserves from tangible assets		60,674	73,292	30,391	42,234
Reserves on financial assets measured at fair value through other items of comprehensive income		(1,804,670)	(996,697)	(1,802,117)	(1,004,667)
Other reserves		867,624	864,893	837,564	837,564
<b>Total equity attributable to equity holders of the Bank</b>		<b>10,083,430</b>	<b>10,092,282</b>	<b>9,155,486</b>	<b>9,353,125</b>
Non-controlling interest		566,045	471,852	-	-
<b>Total equity</b>		<b>10,649,475</b>	<b>10,564,134</b>	<b>9,155,486</b>	<b>9,353,125</b>
<b>Total liabilities and equity</b>		<b>141,281,707</b>	<b>132,501,190</b>	<b>134,766,770</b>	<b>125,062,033</b>

The financial statements were approved by the Board of Directors on November 10, 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 Statement of Changes in Equity

For the nine-month period ended September 30, 2022

### Group

<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 Bank	Non-controlling interest	Total
<b>Balance as of 01 January 2022</b>	<b>6,397,971</b>	<b>(15,287)</b>	<b>31,235</b>	<b>73,292</b>	<b>(996,697)</b>	<b>864,893</b>	<b>3,736,875</b>	<b>10,092,282</b>	<b>471,852</b>	<b>10,564,134</b>
Profit for the period	-	-	-	-	-	-	1,609,276	<b>1,609,276</b>	68,584	<b>1,677,860</b>
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax (net off the FVOCI reclassification effect into AC)	-	-	-	-	(807,973)	-	-	<b>(807,973)</b>	-	<b>(807,973)</b>
Retained earnings from revaluation reserves	-	-	-	(12,618)	-	-	12,618	-	-	-
Distribution to statutory reserves	-	-	-	-	-	2,731	(2,731)	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	15,863	<b>15,863</b>	-	<b>15,863</b>
Other items of comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,618)</b>	<b>(807,973)</b>	<b>2,731</b>	<b>1,635,026</b>	<b>817,166</b>	<b>68,584</b>	<b>885,750</b>
<b>Contributions of/distributions to the shareholders</b>										
Increase in share capital through the conversion of debt	765,112	-	-	-	-	-	(765,112)	-	-	-
Acquisition of treasury shares	-	(114,203)	-	-	-	-	-	<b>(114,203)</b>	-	<b>(114,203)</b>
Payments of treasury shares	-	100,835	-	-	-	-	(102,910)	<b>(2,075)</b>	-	<b>(2,075)</b>
Dividends distributed to shareholders	-	-	-	-	-	-	(800,000)	<b>(800,000)</b>	-	<b>(800,000)</b>
SOP 2022 Scheme	-	-	-	-	-	-	75,145	<b>75,145</b>	-	<b>75,145</b>
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	7,500	<b>7,500</b>	-	<b>7,500</b>
Other adjustments	-	-	-	-	-	-	7,615	<b>7,615</b>	25,609	<b>33,224</b>
<b>Total contributions of/distributions to the shareholders</b>	<b>765,112</b>	<b>(13,368)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,577,762)</b>	<b>(826,018)</b>	<b>25,609</b>	<b>(800,409)</b>
<b>Balance as of 30 September 2022</b>	<b>7,163,083</b>	<b>(28,655)</b>	<b>31,235</b>	<b>60,674</b>	<b>(1,804,670)</b>	<b>867,624</b>	<b>3,794,139</b>	<b>10,083,430</b>	<b>566,045</b>	<b>10,649,475</b>

The explanatory notes to the financial statements from page 12 to page 60 are an integral part of these financial statements.



# Banca Transilvania S.A.

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

For the nine-month period ended September 30, 2021

### Group

	Note	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
<i>In RON thousand</i>											
<b>Balance as of January 01, 2021</b>		<b>5,824,201</b>	<b>(15,287)</b>	<b>31,235</b>	<b>45,625</b>	<b>517,335</b>	<b>759,715</b>	<b>2,858,479</b>	<b>10,021,303</b>	<b>393,055</b>	<b>10,414,358</b>
Profit for the period		-	-	-	-	-	-	1,634,597	<b>1,634,597</b>	34,009	<b>1,668,606</b>
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(738,583)	-	-	<b>(738,583)</b>	-	(738,583)
Retained earnings from revaluation reserves		-	-	-	(10,772)	-	-	10,772	-	-	-
Distribution to statutory reserves		-	-	-	-	-	1,320	(1,320)	-	-	-
Foreign currency translation of foreign operations		-	-	-	-	-	-	18,768	<b>18,768</b>	-	18,768
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(819)	<b>(819)</b>	-	(819)
<b>Total comprehensive income of the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,772)</b>	<b>(738,583)</b>	<b>1,320</b>	<b>1,661,998</b>	<b>913,963</b>	<b>34,009</b>
<b>Contributions of/distributions to the shareholders</b>											
Increase in share capital through the conversion of debt	573,770	-	-	-	-	-	-	(573,770)	-	-	-
Acquisition of treasury shares	-	(61,658)	-	-	-	-	-	-	<b>(61,658)</b>	-	<b>(61,658)</b>
Payments of treasury shares	-	61,658	-	-	-	-	-	-	<b>61,658</b>	-	<b>61,658</b>
Dividends distributed to shareholders	-	-	-	-	-	-	-	(500,000)	<b>(500,000)</b>	-	<b>(500,000)</b>
SOP 2019 use	-	-	-	-	-	-	-	45,511	<b>45,511</b>	-	<b>45,511</b>
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	-	(22,083)	<b>(22,083)</b>	-	<b>(22,083)</b>
Other adjustments	-	-	-	-	-	-	-	3,409	<b>3,409</b>	5,714	<b>9,123</b>
<b>Total contributions of/distributions to the shareholders</b>		<b>573,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,046,93)</b>	<b>(473,163)</b>	<b>5,714</b>	<b>(467,449)</b>
<b>Balance as of September 30, 2021</b>		<b>6,397,971</b>	<b>(15,287)</b>	<b>31,235</b>	<b>34,853</b>	<b>(221,248)</b>	<b>761,035</b>	<b>3,473,544</b>	<b>10,462,103</b>	<b>432,778</b>	<b>10,894,881</b>

The explanatory notes to the financial statements from page 12 to page 60 are an integral part of these financial statements.

# Banca Transilvania S.A.

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

For the three-month period ended September 30, 2022

Bank		Attributable to the equity holders of the Bank							
	Note	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
In RON thousand									
Balance as of 01 July 2022		6,397,971	-	28,614	42,234	(1,004,667)	837,564	3,051,409	9,353,125
Profit for the period		-	-	-	-	-	-	1,440,949	1,440,949
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(797,450)	-	-	(797,450)
Retained earnings from revaluation reserves		-	-	-	(11,843)	-	-	11,843	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(5)	(5)
Statement of comprehensive income for the period		-	-	-	(11,843)	(797,450)	-	1,452,787	643,494
Contributions of/distributions to the shareholders									
Increase in share capital by incorporating the reserves make up of profit		765,112	-	-	-	-	-	(765,112)	-
Acquisition of treasury shares		-	(114,202)	-	-	-	-	-	(114,202)
Payments of treasury shares		-	100,834	-	-	-	-	(102,910)	(2,076)
Dividends distributed to shareholders		-	-	-	-	-	-	(800,000)	(800,000)
SOP 2022 Scheme		-	-	-	-	-	-	75,145	75,145
Total contributions of/distributions to the shareholders		765,112	(13,368)	-	-	-	-	(1,592,877)	(841,133)
Balance as of 30 September 2022		7,163,083	(13,368)	28,614	30,391	(1,802,117)	837,564	2,911,319	9,155,486

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

*For the nine-month period ended September 30, 2021*

Bank	Attributable to the equity holders of the Bank								
	Note	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
In RON thousand									
Balance as of January 1, 2021		5,824,201	-	28,614	48,517	518,558	736,446	2,366,533	9,522,869
Profit for the period		-	-	-	-	-	-	1,473,711	1,473,711
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(740,686)	-	-	(740,686)
Retained earnings from revaluation reserves		-	-	-	(10,772)	-	-	10,772	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(1,275)	(1,275)
Statement of comprehensive income for the period		-	-	-	(10,772)	(740,686)	-	1,483,208	731,750
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of debt		573,770	-	-	-	-	-	(573,770)	-
Acquisition of treasury shares		-	(61,658)	-	-	-	-	-	(61,658)
Payments of treasury shares to the employees		-	61,658	-	-	-	-	-	61,658
Dividends distributed to shareholders		-	-	-	-	-	-	(500,000)	(500,000)
SOP 2019 use		-	-	-	-	-	-	45,511	45,511
Total contributions of/distributions to the shareholders		573,770	-	-	-	-	-	(1,028,259)	(454,489)
Balance as of September 30, 2021		6,397,971	-	28,614	37,745	(222,128)	736,446	2,821,482	9,800,130

# Interim Consolidated and Separate Statement of Cash Flows

For the nine-month period ended September 30

	Note	Group		Bank	
		30-09-2022	30-09-2021	30-09-2022	30-09-2021
<i>In RON thousand</i>					
<b>Cash-flow from operating activities</b>					
Profit for the period		1,677,860	1,668,606	1,440,949	1,473,711
<b>Adjustments for:</b>					
Depreciation and amortization		286,902	266,700	257,486	258,399
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		485,527	196,268	360,700	211,982
Adjustment of financial assets at fair value through profit and loss		80,435	(57,691)	92,702	(105,205)
Income tax expense		260,918	265,489	208,640	240,349
Interest income		(4,118,994)	(2,678,517)	(3,528,552)	(2,377,545)
Interest expense		973,280	411,306	912,151	380,251
Other adjustments		867,881	(154,318)	149,505	(200,247)
<b>Net profit adjusted with non-monetary elements</b>		<b>513,809</b>	<b>(82,157)</b>	<b>(106,419)</b>	<b>(118,305)</b>
<b>Changes in operating assets and liabilities(*)</b>					
Change in financial assets at amortized cost and placements with banks		(1,097,049)	507,079	(3,058,551)	814,813
Change in loans and advances to customers		(10,828,545)	(4,807,421)	(11,256,887)	(4,891,437)
Change in finance lease receivables		(1,236,550)	(125,308)	-	-
Change in financial assets at fair value through profit or loss		(39,999)	23,275	(47,750)	(42,401)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		(197,752)	(10,200)	(198,837)	(10,200)
Change in equity instruments		7,231	5,267	1,756	(9,681)
Changes in debt instruments		21,697	(28,884)	-	-
Change in other financial assets		(427,726)	(202,691)	(652,262)	(160,845)
Change in other assets		(72,442)	4,627	(74,514)	(35,295)
Change in deposits from customers		5,289,126	8,458,523	7,417,570	8,350,141
Change in deposits from banks		796,562	327,515	762,941	325,763
Change in financial liabilities held-for-trading		7,421	9,869	7,911	9,870
Change in repo operations		(5,497,847)	66,750	(5,497,847)	66,750
Change in other financial liabilities		19,142	675,199	(54,931)	551,457
Change in other liabilities		(12,293)	74,188	(9,111)	76,071
Income tax (paid)/recovered		(248,553)	(134,118)	(197,078)	(86,651)
Interest received		2,937,416	1,990,611	2,404,750	1,777,768
Interest paid		(755,732)	(318,209)	(702,963)	(347,195)
<b>Net cash-flow from/ (used in) operating activities</b>		<b>(10,822,084)</b>	<b>6,433,915</b>	<b>(11,262,222)</b>	<b>6,270,623</b>

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

For the nine-month period ended September 30

In RON thousand	Note	Group		Bank	
		30-09-2022	30-09-2021	30-09-2022	30-09-2021
<b>Cash-flow used in investment activities</b>					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(10,477,227)	(24,595,308)	(10,345,485)	(24,566,167)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		7,421,956	14,012,015	7,418,588	13,986,161
Net acquisitions of property and equipment		(120,793)	(132,384)	(76,173)	(82,980)
Net acquisitions intangible assets		(109,297)	(98,558)	(105,986)	(90,542)
Proceeds from disposal of property and equipment		2,517	1,722	869	1,427
Acquisition of equity investments		(338,596)	(12,000)	(338,596)	(12,000)
Income from sale of shares		16,964	-	188,105	-
Dividends collected	11	5,495	3,218	208,719	25,171
Interest received		498,992	783,899	387,507	782,199
<b>Net cash-flow used in investment activities</b>		<b>(3,099,989)</b>	<b>(10,037,396)</b>	<b>(2,662,452)</b>	<b>(9,956,731)</b>
Gross proceeds from loans from banks and other financial institutions		7,720,159	64,935	7,388,315	-
Gross payments from loans from banks and other financial institutions		(420,654)	(279,456)	(161,259)	(107,568)
Gross payments from subordinated loans from banks and other financial institutions		(24,700)	-	-	-
Repayment of the principal portion of the lease liabilities		(111,287)	(96,107)	(169,603)	(104,374)
Dividend payments		(801,093)	(1,103)	(801,093)	(1,103)
Payments for treasury shares		(114,203)	(61,658)	(114,202)	(61,658)
Interest paid		(54,662)	(47,863)	(38,933)	(39,030)
<b>Net cash-flow from / (used in) financing activities</b>		<b>6,193,560</b>	<b>(421,252)</b>	<b>6,103,225</b>	<b>(313,733)</b>

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

In RON thousand	Note	Group		Bank	
		30-09-2022	30-09-2021	30-09-2022	30-09-2021
<b>Cash and cash equivalents at January 1</b>		<b>27,356,745</b>	<b>26,649,622</b>	<b>24,880,094</b>	<b>24,802,742</b>
The impact of exchange rate variations on cash and cash equivalents		79,982	62,501	76,286	60,658
Net increase/decrease (-) in cash and cash equivalents		(7,808,495)	(4,087,234)	(7,897,735)	(4,060,499)
<b>Cash and cash equivalents as of September 30</b>	16	<b>19,628,232</b>	<b>22,624,889</b>	<b>17,058,645</b>	<b>20,802,901</b>

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

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

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

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

Banca Transilvania S.A. (the “Parent company”, “BT”) is a joint-stock company registered in Romania. The Bank started its activity as a banking institution in 1993 and is licensed by the National Bank of Romania (“BNR”, the “Central Bank”) to conduct banking activities. The Bank started its activity in 1994 and its main operations involve banking services for legal entities and individuals. Banca Transilvania Group (the “Group”) includes the Parent company and its subsidiaries, based in Romania and in the Republic of Moldova. The consolidated and separate financial statements as of September 30, 2022 include the Parent company and its subsidiaries (hereinafter referred to as the “Group”).

The Group’s fields of activity are: banking through Banca Transilvania S.A. and Victoriabank S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., BT Direct IFN S.A., BT Microfinanțare IFN S.A. and BT Leasing MD S.R.L., Țiriac Leasing IFN S.A., 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 2 investment funds it consolidates.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 42 branches, 460 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 (December 31, 2021: 47 branches, 443 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).

The Group’s number of active employees as of September 30, 2022 was 11,113 (December 31, 2021: 10,800 employees).

The Bank’s number of active employees as of September 30, 2022 was 9,024 (December 31, 2021: 8,651 employees).

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

The ownership structure of the Bank is presented below:

	<b>30-09-2022</b>	<b>30-09-2021</b>
NN Group (*)	10.16%	9.91%
The European Bank for Reconstruction and Development (“EBRD”)	6.87%	6.89%
Romanian individuals	22.48%	20.81%
Romanian companies	42.84%	49.29%
Foreign individuals	1.07%	1.05%
Foreign companies	16.58%	12.05%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

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

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

Subsidiary	Field of activity	Percentage of direct and indirect stake 30-09-2022	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 S.R.L.	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%
BT Pensii S.A.	Activities of pension funds (except those in the public social security system)	100%	100%
Idea Bank S.A.	Alte activități de intermediere monetară	100%	100%
Idea Investments S.A.	Activități de consultanță în management	100%	100%
Idea Leasing IFN S.A.	Leasing financiar	100%	100%
Idea Broker de Asigurare S.R.L.	Activități ale agenților și broker-ilor de asigurare	100%	100%
Code Crafters by BT	Activități de realizare a softului la comandă	100%	-
Țiriac Leasing IFN S.A.	Leasing financiar	100%	-

### b) Declaration of conformity

The interim condensed consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union, effective as of the Group's and Bank's interim reporting date, September 30, 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 of and for the year ended December 31, 2021.

Financial information for the periods of 9 months and 3 months, respectively, ended at September 30, 2022 is unaudited and not reviewed. Financial information for the 9 months and 3 months, respectively, ended at September 30, 2021 are unaudited and not reviewed.

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

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

#### c) Basis of measurement

The interim condensed consolidated and separate financial statements were prepared on historical cost basis, except for the financial instruments recognized at fair value through profit or loss, the financial instruments at fair value through other items of comprehensive income and property and equipment and investment property.

#### d) Functional and presentation currency

The items included in the financial statement of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the entities within the Group is the Romanian leu "RON", "EUR" and the Moldovan leu "MDL". The interim condensed consolidated and separate financial statements are presented in Romanian lei "RON", rounded to the nearest thousand.

The exchange rates for the major foreign currencies were:

Currency	30-09-2022	31-12-2021	Fluctuation %
Euro (EUR)	1: RON 4.9490	1:RON 4.9481	1.82 %
American dollar (USD)	1: RON 5.0469	1: RON 4.3707	15.47 %

#### e) Use of estimates and judgements

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

The estimates and assumptions are reviewed on an ongoing basis.

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

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

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

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



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

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

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

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

For example, the observable data might be the unfavorable changes in the payment behavior of certain debtors within a group or in the economic, national or local circumstances, which correlate with default incidents affecting the debtors' group. When scheduling future cash flows, the management uses estimates based on the past experience related to losses from loans with similar risk characteristics.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any gaps between estimated losses and actual losses, but also to assess the effects of the local financial market uncertainties on the valuation of assets and the debtors' operating environment. The loan loss estimation considers the visible effects of the current and future expected market conditions on the individual/collective assessment of expected credit losses on loans and advances to customers. Hence, the Group and the Bank have estimated the expected credit losses for loans and advances to customers and receivables from finance lease based on the internal methodology and assessed that no further expected credit losses is required except as already provided for in the interim condensed consolidated and separate financial statements.

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

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

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

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

The incorporation of forward-looking elements reflects the expectations of the Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario.

The macroeconomic scenarios applied for the third quarter of 2022 have been modified compared to those used for the fourth quarter of 2021, in order to reflect an economic environment with uncertainties and raising risks for the population and companies with increase in the cost of financing (interests) and inflation manifested in all markets. Instability and volatility at the global level is exacerbated by the war in Eastern Europe, the consequences of which translate directly into increased prices for various raw materials, energy and fuels and interruptions in supply chains.

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

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

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

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

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

The weights percentages allocated to the scenarios used by the Bank on September 30, 2022 are: 55 % (December 31, 2021: 70%) on central scenario, 35 % (December 31, 2021: 15%) on pessimistic scenario and 10% (December 31, 2021 15%) on the optimistic one.

Optimistic scenario – Macro indicators	<b>2022</b>	<b>2023</b>	<b>2024</b>
Real PIB (% each year)	4.7	4.1	4.9
Unemployment rate (%)	5.4	5.1	5.0
Inflation (%), yearly	11.4	6.9	3.9
ROBOR 3M (%), year average	6.2	6.2	3.1
EURIBOR 3M (%)	-0.1	0.5	1.2
Central scenario - Macro indicators	<b>2022</b>	<b>2023</b>	<b>2024</b>
Real PIB (% each year)	4.4	2.4	4.6
Unemployment rate (%)	5.4	5.2	5.2
Inflation (%), yearly	11.4	7.4	5.2
ROBOR 3M (%),year average	6.2	6.8	4.4
EURIBOR 3M (%)	0.2	1.2	1.5
Pessimistic scenario - Macro indicators	<b>2022</b>	<b>2023</b>	<b>2024</b>
Real PIB (% each year)	2.2	-1.8	2.0
Unemployment rate (%)	5.5	5.3	5.5
Inflation (%), yearly	11.6	9.7	10.5
ROBOR 3M (%),year average	6.3	9.0	9.7
EURIBOR 3M (%)	0.3	2.1	1.8

For comparison, macroeconomic indicators used at the end of 2021, for the central scenario are:

	<b>2022</b>	<b>2023</b>	<b>2024</b>
Real PIB (% each year)	3.0	3.3	3.5
Unemployment rate (%)	5.6	5.6	5.7
Inflation (%), yearly	10.0	6.5	5.7
ROBOR 3M (%), year average	5.5	5.5	5.7
EURIBOR 3M (%)	-0.2	0.6	0.7

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.

Also, due to the developments and the impact of the macroeconomic context that reflected the increase in inflation and interest rates, as well as the turbulences already existing on the markets (the increase in prices on the energy market, the difficulties encountered in the supply chain, the semiconductor crisis, etc.) the conflict military in Eastern Europe, the management continued to apply its own value judgments considering a series of post-model adjustments necessary, adopting a conservative position in line with the expectations provided by the banking supervisory authorities.

## **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)**

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.

The post-model adjustments applied in 2020-2021 to estimate the effect of the pandemic event were revised in the year 2022, being eliminated those considerations that targeted the industries directly affected by the mobility restrictions imposed to manage the pandemic, as well as those imposed on the facilities that benefited of the postponement of payment under OUG 37/2020.

The Group and the Bank decided to keep the other adjustments since the effects of the energy crisis and the turbulences that the economic environment is going through on the background of inflation and the ongoing conflict in Eastern Europe cannot be reasonably estimated, and the government aid in the economy is still active or will be supplemented.

Also, we 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 that specific post-model adjustments.

The group is constantly reviewing macroeconomic scenarios, factoring them into new levels of probability of default (PD), for anchoring to events (regardless of severity) as described above.

Another main consideration of the introduction of post-model adjustments is the fact that the prediction of internal rating assessment models can be affected by aid measures provided by governments, the latter preventing the occurrence of non-payment events at the level of debtors who, otherwise, would have faced difficulties in servicing debts to various creditors.

In this sense, the Bank intervened on the default probability parameter, considering in its modeling higher risk levels of the inflation rate.

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.

Borrowers could request during 2020, and also during 2021, the postponement of rates and interest until the end of 2021. Based on Romanian legislation OUG 37/2020 (with subsequent amendments), the government granted to certain categories of debtors, individuals or companies. The possibility to request the suspension of the payment of the due installments related to the loans representing installments of capital, interest and commissions, for up to 9 months, but not more than December 31, 2021. This facility benefited borrowers with outstanding loans, for which the Bank did not denounce the contract (and especially, for companies, is not entered into an insolvency state). Considering the legislative provisions, the Group and the Bank no longer have contracts in force on September 30, 2022, for which the deferral of payment is still active.

During 2020 and 2021 the Group's forbearance practices have been updated to pay particular attention to customers affected by the COVID-19 pandemic. These practices include additional guidance to ensure that COVID-19 concessions are fully complied with EBA/ NBR decision on moratoria operations respectively it is considered that the operations will not automatically generate a stricter classification of exposures (should not be considered as an automatic trigger, but should be considered in correlation with other risk indicators), and the Group should develop and strengthen its own mechanisms to identify in early stages, increase of credit risk and unlikelihood to pay situation.

## 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*)

As mentioned, moratoria program set by OUG37 did not have an impact on stage-ing (is not considered a trigger for a significant increase in credit risk). The definition of forbore credit modification was not changed and continues to identify restructuring operation request by clients in financial difficulties who did not access the moratoria program. A similar program to postpone the payments of installments/interests for a period not exceeding 9 months was promoted by OUG 90/29.06.2022. However, this facility was offered conditionally to debtors financially affected by the situation generated by the current crisis determined directly or indirectly by the energy crisis and the war between Russia and Ukraine. The period for accessing this facility was maximum 30 days from the date of issuance of the application rules, respectively during the month of August 2022. Through this program, a number of 489 payment deferral requests were processed, for loans in value of 47.4 million lei.

Due to the COVID-19 pandemic, the negative evolution of inflation and interest rates, as well as the military conflict, financial markets have been very volatile, generating short-term challenges in cash flow management and also significant mark-up variations at market. The Bank stands on a comfortable position of liquidity, therefore the market disruptions didn't seriously affected it. In terms of interest rate risk, the pressure was felt on net interest margin due to interest rates levels.

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.

At the same time, the Bank holds, outside the trading portfolio (the banking portfolio), financial instruments (securities) held mainly for liquidity purposes and as a source of collateral for Lombard and stand-by facilities, as well as to ensure a secure source of income.

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

The Bank requested the Romanian fiscal authorities to issue an official opinion on the fiscal treatment of the VBRO bargain gain ("AIFS"). The Bank proposed the consideration of the bargain gain as non-taxable income by taking into account all the arguments, calculating a lower tax debt with the amount of RON thousand 264,096.

The Romanian fiscal authorities issued a negative opinion, considering that the bargain gain is taxable (as recorded based on IFRS), the sole argument to sustain this position being that the bargain gain is not included in the list of non-taxable income elements specifically stipulated in the Fiscal Code applicable as of December 31, 2015.

The Bank considered the bargain gain as non-taxable income for the calculation of the comprehensive income from September 30, 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;

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

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

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

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

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

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

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

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

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

##### (iii) Risk provisions for abusive clauses and litigation

The provision for abusive clauses is an estimated amount for potential litigations facing the Bank derived from the retail credit contracts inherited from Volksbank and Bancpost merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years (a show-up ratio) and the loss probability for such cases (calculated as a historical positive versus negative outcome of litigations). The last review for abusive clauses provision has been performed as of September 30, 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 475 million in equivalent.

## 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*)

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

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.

##### (v) Reclassification

The Bank has included in its policies three business models for financial instruments: "Hold to collect (HTC)", "Hold to collect and sell (HTC&S)", and "Other model (trading)", each of them being defined in accordance with the specific requirements of IFRS 9.

As per Group's accounting policies, the three business models are distinguished as follows:

a) 'Hold to collect and sell' business model, in which the selling of financial assets is integral to achieving the business objective. In this business model, sales take place more frequently and have a greater value than in a business model with an objective to hold to collect. Financial assets in this category are measured at fair value through OCI. This is the business model mainly used for assets originated and managed in the Treasury department.

b) 'Hold to collect' business model, in which cash flows are primarily generated by collecting contractual cash flows until maturity of the instrument. Sales can occur, as long as they are incidental, infrequent and insignificant. There is no requirement that the assets classified in this category should be held until their maturity; sales are acceptable with "low frequency", when the risk profile of such instruments increases or is no longer in line with the Bank's/ the Group's investment policy. An increase of the frequency of sales during a certain period is not necessarily in contradiction with this business model, if the Group or the Bank are able to justify the reasons of such sales and to prove that such sales do not reflect a change in the current business model. This business model is primarily used for the loan portfolio of the Bank and, to a lesser extent, for assets originated in the Treasury department.

c) 'Other' business models not meeting the criteria of the two models mentioned above, for example business models in which financial assets are managed with the objective of generating cash flows from trading are managed on a fair value basis. Under this business model, financial assets are measured at fair value through P&L. This business model is used for a relatively small part of fixed income instruments purchased by Treasury department.

In the "Hold to collect" business model, the financial instruments that can be included are:

- Loans and advances to customers, like loans to corporates, SME and Retail granted by the Bank or acquired through business combinations.
- Bonds and treasury bills issued by governments, financial institutions or other companies.
- Placements with Central Bank and with other banks.

## 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*)

#### (v) Reclassification (*continued*)

The performance of the portfolio is measured based on its amortised cost, taking into consideration the interest margins, exposure and credit risk. There is no fair value measurement associated with this portfolio.

In the first quarter of 2022, Bank Management performed a review of its balance sheet management policy, looking at both customer liabilities (current accounts) and fixed income portfolios as the Bank made several acquisitions during the year: Idea Bank S.A., Idea Leasing IFN S.A. and also, in the year of 2022 Tiriatic Leasing IFN S.A.

As a consequence long term business strategy and ALM in the Group were adjusted starting with second quarter of the year 2022.

The analysis carried out by the management focused on:

(1) The classification of financial instruments from the perspective of European Regulation 876/2019 and assessment of the need to adapt the business model regarding bonds;

(2) Increasing the portfolio of securities held, as well as changing the structure of the Banca Transilvania Financial Group through successive acquisitions in 2021 and 2022 and the introduction of new current account products for SME/micro and retail customers in 2020 and 2021.

*(1) The classification of financial instruments from the perspective of European Regulation 876/2019 and assessment of the need to adapt the business model regarding bonds*

The analysis performed by the Management resulted in the following conclusions:

- Due to their own specificity and market structure, not all bonds held by Banca Transilvania can be subject of frequent trading. According to “*Minimum capital requirements for market risk*” paper issued by the Basel Committee on Banking Supervision (February 2019), the trading book should consist of only instruments designed to accommodate at least one of the below purposes:
  - 1) short-term resale,
  - 2) profiting from short-term price movements,
  - 3) locking in arbitrage profits, or
  - 4) hedging risks that arise from instruments meeting (1), (2) or (3) above.

Consequently, to manage risk in the balance sheet and to be, also, compliant with the above provisions, the Bank will use two separate books: one for HTC&S where the traded instruments will be held and one for the HTC where any instrument which does not meet the definition of the European Regulation 876/2019.

*(2) Increasing the portfolio of securities held, as well as changing the structure of the Banca Transilvania Financial Group through successive acquisitions in 2021 and 2022 and the introduction of new current account products for SME/micro and retail customers in 2020 and 2021.*

Since the Bank's portfolio of government securities had a significant increase in the period 2020-2021, important structural changes took place at the level of the Banca Transilvania Financial Group (acquisitions of Idea Bank IFN S.A., Idea Leasing IFN S.A. and Tiriatic Leasing IFN S.A.) normal coverage was analysed from the point of view of the risks of the clients' core deposits (core deposits). From an interest rate perspective, most current account balances that carry 0% interest have historically been a stable source of funding, the bonds, on the other hand, are a natural hedge for these balances from this perspective. The significant increase in core deposits in 2021 was directly linked with the introduction of the new current account products.

In order to correctly reflect this liquidity reserve that naturally covers stable deposits, the Bank's management has concluded that a revision of the business model used is necessary.

## **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*)**

##### **(v) *Reclassification (continued)***

In this sense, the business model was reanalysed, which targets the financial instruments managed by the Treasury and which particularly concerns the way of managing the portfolio of government securities. Through this strategy, the Bank owns/invests in securities that it intends to keep until maturity as a liquidity reserve, available for Lombard operations and other specific uses (e.g. used as collateral) and through which it can obtain a positive return through reporting at the cost of financing sources in turbulent periods, which can generate a stable result in the profit and loss account in case of high volatility of the financial markets. The initial transfer between the two business models is necessary because it is not feasible to acquire new positions on the market, considering: a) the weight of bond positions in the balance sheet and b) the fact that the instruments are eligible for Lombard operations and other specific uses (for example repo or in the form of collateral). This was confirmed by formal decisions of the Asset and Liability Management Committee (ALCO) and the Management Board of the Bank in December 2021 and in March 2022.

Reclassification of financial assets will be performed according to the requirements of IFRS 9 B4.4.1, B4.4.2 and B4.4.3 as a change in business model due to the significant change in the related prudential regulatory framework and investment strategy.

According to IFRS 9, paragraph 5.6.1, if an entity reclassifies financial assets, it must apply the reclassification prospectively from the date of reclassification. The entity shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Adjustments were made to:

- the cumulative gain or loss previously recognized in other comprehensive income is eliminated from equity and adjusted for the fair value of the financial asset at the date of reclassification. As a result, the financial asset is measured at the date of reclassification as if it had always been measured at amortized cost. This adjustment affects other items of comprehensive income but does not affect profit or loss and is therefore not a reclassification adjustment (see IAS 1 Presentation of Financial Statements).
- a reduction in losses would be recognized as an adjustment to the gross carrying amount of the financial asset as of the date of reclassification
- the recognition of interest income using the effective interest rate and the measurement of expected credit losses are not changed due to reclassification.

A change in the objective of the entity's business model must be made before the date of reclassification (IFRS 9 B4.4.2), which is defined in Appendix A to IFRS 9 as "the first day of the first reporting period following the change in the business model that results in the reclassification of financial assets by an entity.



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

### 2. Significant accounting policies

The significant accounting methods and policies applied by the Bank and the Group entities in these interim condensed consolidated and separate financial statements are the ones also applied in the consolidated and separate financial statements as of and for the fiscal year ended December 31, 2021, except for the followings:

#### a) Implementation of new or reviewed standards and interpretations

The following new standards, as well as updates to existing standards, came into force for annual periods beginning after January 1, 2021 and may be applied earlier.

**Amendments to IFRS 16 Leases COVID-19-Related Rent Concessions beyond 30 June 2021. (Effective for annual periods beginning on or after 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021)**

The amendments extends by one year the application period of the optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee applies the amendments retrospectively and recognizes the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied. The Group does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

**Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current. (Effective for annual periods beginning on or after 1 January 2023 Early application is permitted)**

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the entity's right to defer settlement at the end of the reporting period. The entity's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability. The Group does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

**Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments. (Effective for annual periods beginning on or after 1 January 2023 Early application is permitted)**

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies. The Group does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. (Effective for annual periods beginning on or after 1 January 2023 Early application is permitted)**

The amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs. The Group does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

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

### 2. Significant accounting policies (continued)

#### a) Implementation of new or reviewed standards and interpretations (continued)

**Annual Improvements to IFRS Standards 2018-2020. (Effective for annual periods beginning on or after 1 January 2022 Early application is permitted)**

#### b) New or amended standards and interpretations that are effective as of annual period or after 1 January 2022

**Amendment to IAS 16 Property, Plant and Equipment Property, Plant and Equipment – Proceeds before Intended Use (Effective for annual periods beginning on or after 1 January 2022 Early application is permitted)**

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

The amendments must be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented (if necessary). The Group does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

**Onerous Contracts – Cost of Fulfilling a Contract. (Effective for annual periods beginning on or after 1 January 2022 Early application is permitted)**

In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. The amendment clarifies that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

An entity shall apply those amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The Group does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

## **Notes to the consolidated and separate financial statements**

### **2. Significant accounting policies (*continued*)**

#### **b) New or amended standards and interpretations that are effective as of annual period or after 1 January 2022 (*continued*)**

##### **Amendments to IAS 12 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction. (Effective for annual periods beginning on or after 1 January 2023. Early application is permitted)**

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The entity accounts for deferred tax on leases and decommissioning liabilities applying the ‘integrally linked’ approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the entity will recognise a separate deferred tax asset and a deferred tax liability.

There will be no impact on retained earnings on adoption of the amendments.

##### **Amendment to IFRS 9 Financial Instruments**

The improvements clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender are on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The Group does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

##### **Amendment to Illustrative Examples accompanying IFRS 16 Leases**

The improvements remove from illustrative Example 13 accompanying IFRS 16 reference to a reimbursement by the lessor to the lessee for leasehold improvements as well as an explanation of a lessee's accounting for such reimbursement.

The Group does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

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

### **3. Segment reporting**

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

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

The clients of Victoriabank S.A. and Idea Bank S.A., are classified according to the Bank'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 "Intra-group eliminations & adjustments" segment comprises intra-group operations.

The reporting 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 can address the most frequent requests coming from this category of clients: tailored financing solutions, access to a wide range of banking services, pricing based on financial performance, dedicated and flexible relationship management, operational agility. Depending on the activity type, the customized approach related to customers is supported by two existent specializations, notably Agribusiness and Healthcare. The MidCo segment includes also entities operating in the public sector, financial institutions or legal entities serving particular functions, included in this category based on specific classification criteria. The Bank offers a full range of financial services to its Mid Corporate clients, including lending facilities, current operations, treasury services, but also additional services such as bonus packages for employees, structured finance, co-financing of EU funded projects; the Bank also facilitates the access to the services provided by the Group subsidiaries, such as bancassurance, consultancy on mergers and acquisitions, asset management, financial and operating lease, with the purpose to increase its profitability and non-risk income.

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

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

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

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

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

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

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

**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.

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

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

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

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

For periods of 6 months ended on September 30, 2022 and September 30, 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 on September 30, 2022, and comparative data for December 31, 2021:

#### Business segments as of September 30, 2022

Group <i>In RON thousand</i>	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Removals & adjustments	Total
Gross loans and finance lease receivables	12,039,852	9,955,855	4,656,742	4,798,602	30,361,359	-	4,443,554	8,438,969	(2,386,860)	72,308,073
Allowances for impairment losses on loans and finance lease receivables	(826,124)	(961,210)	(352,172)	(542,062)	(1,510,723)	-	(368,408)	(17,517)	66,891	(4,511,325)
Loans and finance receivables-net Portfolio of Debt instruments and Equity instruments, net of provisions	11,213,728	8,994,645	4,304,570	4,256,540	28,850,636	-	4,075,146	8,421,452	(2,319,969)	67,796,748
Treasury and inter-bank operations	-	-	-	-	-	47,330,928	11,890	437,007	(331,551)	47,448,274
Intangible assets	-	-	-	-	-	23,269,551	106,998	427,799	(1,953,716)	21,850,632
Right-of-use assets	80,718	163,530	105,296	235,965	712,262	47,636	11,777	334,870	(8,449)	1,683,605
Other assets	28,890	52,167	30,810	81,316	230,002	14,691	18,326	12,261	(10,757)	457,706
	428,821	332,685	145,674	155,321	1,012,322	-	285,184	96,219	(411,484)	2,044,742
<b>Total assets</b>	<b>11,752,157</b>	<b>9,543,027</b>	<b>4,586,350</b>	<b>4,729,142</b>	<b>30,805,222</b>	<b>70,662,806</b>	<b>4,509,321</b>	<b>9,729,608</b>	<b>(5,035,926)</b>	<b>141,281,707</b>
Deposits and current accounts	7,530,584	9,171,608	6,025,680	16,151,742	74,561,224	3,778,600	-	2,219	(1,958,990)	115,262,667
Loans from banks and other financial institutions	152,490	494,161	80,968	64,954	56,268	7,425,901	3,381,230	1,217,048	(2,422,375)	10,450,645
Subordinated liabilities	-	-	-	-	-	1,802,303	-	-	(18,431)	1,783,872
Finance lease financial liabilities	89,824	71,975	32,750	32,838	221,305	754	18,622	4,791	(10,988)	461,871
Other liabilities	542,661	386,399	135,031	143,734	935,864	551	367,858	432,604	(271,525)	2,673,177
<b>Total liabilities</b>	<b>8,315,559</b>	<b>10,124,143</b>	<b>6,274,429</b>	<b>16,393,268</b>	<b>75,774,661</b>	<b>13,008,109</b>	<b>3,767,710</b>	<b>1,656,662</b>	<b>(4,682,309)</b>	<b>130,632,232</b>
Equity and related items	-	-	-	-	-	-	-	10,649,475	-	10,649,475
<b>Total liabilities and equity</b>	<b>8,315,559</b>	<b>10,124,143</b>	<b>6,274,429</b>	<b>16,393,268</b>	<b>75,774,661</b>	<b>13,008,109</b>	<b>3,767,710</b>	<b>12,306,137</b>	<b>(4,682,309)</b>	<b>141,281,707</b>

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

### 3. Segment reporting (continued)

#### Business segments as of 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)	<b>60,053,504</b>
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	<b>(3,935,719)</b>
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)	<b>56,117,785</b>
Treasury and inter-bank operations	-	-	-	-	-	44,120,816	-	401,085	(317,724)	<b>44,204,177</b>
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	28,505,564	49,499	424,876	(264,729)	<b>28,715,210</b>
Right-of-use assets	67,846	157,105	82,984	194,163	618,925	41,065	12,014	331,802	(8,562)	<b>1,497,342</b>
Other assets	30,505	61,692	32,017	85,004	244,802	16,233	10,919	16,412	(5,563)	<b>492,021</b>
<b>Total assets</b>	<b>229,912</b>	<b>212,691</b>	<b>91,574</b>	<b>98,804</b>	<b>730,326</b>	<b>-</b>	<b>80,534</b>	<b>96,319</b>	<b>(65,505)</b>	<b>1,474,655</b>
Deposits from customers and current accounts	<b>8,544,175</b>	<b>7,414,557</b>	<b>3,494,216</b>	<b>3,994,962</b>	<b>28,799,334</b>	<b>72,683,678</b>	<b>2,779,760</b>	<b>7,205,343</b>	<b>(2,414,835)</b>	<b>132,501,190</b>
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)	<b>109,045,888</b>
Subordinated liabilities	136,702	543,683	88,708	111,399	112,343	6,526,809	2,019,081	232,901	(1,842,126)	<b>7,929,500</b>
Lease liabilities	-	-	-	-	-	1,780,464	-	-	(17,980)	<b>1,762,484</b>
Other liabilities	84,216	71,299	33,004	37,418	263,189	630	11,096	3,498	(5,753)	<b>498,597</b>
<b>Total liabilities</b>	<b>527,530</b>	<b>373,990</b>	<b>123,885</b>	<b>147,877</b>	<b>1,060,014</b>	<b>692</b>	<b>122,170</b>	<b>370,781</b>	<b>(26,352)</b>	<b>2,700,587</b>
Equity and related items	<b>6,774,546</b>	<b>9,690,253</b>	<b>6,397,416</b>	<b>15,789,725</b>	<b>73,325,376</b>	<b>9,355,905</b>	<b>2,152,347</b>	<b>607,876</b>	<b>(2,156,388)</b>	<b>121,937,056</b>
<b>Total liabilities and equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,564,134</b>	<b>-</b>	<b>10,564,134</b>
	<b>6,774,546</b>	<b>9,690,253</b>	<b>6,397,416</b>	<b>15,789,725</b>	<b>73,325,376</b>	<b>9,355,905</b>	<b>2,152,347</b>	<b>11,172,010</b>	<b>(2,156,388)</b>	<b>132,501,190</b>



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

### 3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the periods ended at September 30, 2022, and comparative data for September 30, 2021:

#### Business segments as of September 30, 2022

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	140,522	302,584	168,714	376,846	1,133,627	524,779	247,112	242,827	8,703	3,145,714
Net commission income	39,860	82,139	71,829	279,592	312,009	(1,363)	18,171	47,269	2,897	852,403
Net trading income	7,453	43,854	44,430	85,003	180,190	198,551	5,278	(11,712)	187	553,234
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	(52,099)	-	(46,041)	-	(98,140)
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	(77,723)	-	(2,712)	-	(80,435)
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(8,308)	(14,268)	(8,120)	(21,141)	(100,471)	-	-	-	-	(152,308)
Other operating income	58,776	54,834	46,726	45,594	133,829	4,923	38,571	71,928	(247,842)	207,339
<b>Total income</b>	<b>238,303</b>	<b>469,143</b>	<b>323,579</b>	<b>765,894</b>	<b>1,659,184</b>	<b>597,068</b>	<b>309,132</b>	<b>301,559</b>	<b>(236,055)</b>	<b>4,427,807</b>
Personnel expenses	(64,174)	(158,583)	(94,440)	(188,720)	(511,050)	(25,708)	(71,469)	(96,885)	-	(1,211,029)
Other operating expenses	(66,506)	(97,641)	(75,717)	(119,313)	(314,616)	(24,173)	(60,080)	(113,235)	197,771	(673,510)
Depreciation and amortization	(17,001)	(33,269)	(19,819)	(52,264)	(149,760)	(9,570)	(8,674)	(12,470)	15,925	(286,902)
<b>Total Expenses</b>	<b>(147,681)</b>	<b>(289,493)</b>	<b>(189,976)</b>	<b>(360,297)</b>	<b>(975,426)</b>	<b>(59,451)</b>	<b>(140,223)</b>	<b>(222,590)</b>	<b>213,696</b>	<b>(2,171,441)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>90,622</b>	<b>179,650</b>	<b>133,603</b>	<b>405,597</b>	<b>683,758</b>	<b>537,617</b>	<b>168,909</b>	<b>78,969</b>	<b>(22,359)</b>	<b>2,256,366</b>

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

### 3. Segment reporting (continued)

#### Business segments as of September 30, 2021

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

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

### 3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the 3-month period ended at September 30, 2022, and comparative data for 3-month period ended September 30, 2021:

#### *Business segments for the 3-month period ended September 30, 2022*

<b>Group</b> <i>In RON thousand</i>	<b>Large Corporate</b>	<b>Mid Corporate</b>	<b>SME</b>	<b>Micro</b>	<b>Retail</b>	<b>Treasury</b>	<b>Leasing and consumer loans granted by non- banking financial institutions</b>	<b>Other - Group</b>	<b>Removals &amp; adjustments</b>	<b>Total</b>
Net interest income	59,023	127,902	73,415	187,464	485,651	190,511	92,414	(104,380)	2,318	<b>1,114,318</b>
Net commission income	16,461	32,053	26,350	97,799	107,376	(864)	6,788	14,466	999	<b>301,428</b>
Net trading income	2,032	16,592	15,174	29,637	61,896	34,502	1,937	10,660	(5)	<b>172,425</b>
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	(16,028)	-	(11,628)	-	<b>(27,656)</b>
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	(28,686)	-	659	-	<b>(28,027)</b>
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	89	(449)	(42)	(2)	(891)	-	-	-	-	<b>(1,295)</b>
Other operating income	44,097	43,365	40,577	40,431	67,692	121	17,340	15,994	(206,832)	<b>62,785</b>
<b>Total income</b>	<b>121,702</b>	<b>219,463</b>	<b>155,474</b>	<b>355,329</b>	<b>721,724</b>	<b>179,556</b>	<b>118,479</b>	<b>(74,229)</b>	<b>(203,520)</b>	<b>1,593,978</b>
Personnel expenses	(21,119)	(50,916)	(31,352)	(59,641)	(163,030)	(8,335)	(26,591)	(31,527)	-	<b>(392,511)</b>
Other operating expenses	(47,737)	(56,850)	(50,185)	(64,067)	(133,754)	(8,236)	(18,247)	(33,072)	184,984	<b>(227,164)</b>
Depreciation and amortization	(6,468)	(10,939)	(6,994)	(17,651)	(51,432)	(3,066)	(2,966)	(4,238)	5,319	<b>(98,435)</b>
<b>Total Expenses</b>	<b>(75,324)</b>	<b>(118,705)</b>	<b>(88,531)</b>	<b>(141,359)</b>	<b>(348,216)</b>	<b>(19,637)</b>	<b>(47,804)</b>	<b>(68,837)</b>	<b>190,303</b>	<b>(718,110)</b>
<b>Operating profit before net provision expenses for assets, other risks and commitments</b>	<b>46,378</b>	<b>100,758</b>	<b>66,943</b>	<b>213,970</b>	<b>373,508</b>	<b>159,919</b>	<b>70,675</b>	<b>(143,066)</b>	<b>(13,217)</b>	<b>875,868</b>

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

### 3. Segment reporting (continued)

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

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

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

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

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

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

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

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

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

#### ***Level 3 in the fair value hierarchy***

The fair value of financial assets and liabilities included in Level 3 in the fair value hierarchy is determined by using input data that are not based on observable market information (unobservable data inputs shall reflect the assumptions made by the market participants to establish the price of an asset or a liability, including risk assumptions).

The objective of valuation techniques is to derive the fair value that reflects a price for the financial instrument at the reporting date, price that would be obtained by the market participants acting at arm's length.

The availability of observable market data and models reduces the need for the Management to operate judgements and estimations and also reduces the uncertainty associated with the determination of the fair value. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The management uses its judgment to select the valuation method and makes assumptions that are mainly based on market conditions existing at the date of the consolidated/separate statement of the financial position.

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

At level 1 in the fair value hierarchy, the Group and the Bank included in the category of assets: equity instruments and debt instruments at fair value through profit or loss, bonds classified as assets evaluated at fair value through other items of comprehensive income.

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 and some bonds measured at fair value through profit or loss; and in the category of liabilities: derivatives classified as financial liabilities held for trading.

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

# 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 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
<b>September 30, 2022</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>198,082</b>	<b>97,725</b>	<b>13,715</b>	<b>309,522</b>
- Equity instruments	198,082	-	-	198,082
- Debt instruments	-	97,725	13,715	111,440
<b>Derivatives</b>	-	<b>278,679</b>	-	<b>278,679</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>19,538,708</b>	<b>134,146</b>	<b>667,903</b>	<b>20,340,757</b>
- Equity instruments	-	-	133,921	133,921
- Debt instruments	19,538,708	107,426	533,982	20,180,116
- Loans and advances	-	26,720	-	26,720
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>792,843</b>	<b>99,084</b>	<b>175,953</b>	<b>1,067,880</b>
- Equity instruments	223,552	-	-	223,552
- Debt instruments	569,291	99,084	175,953	844,328
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>20,529,633</b>	<b>609,634</b>	<b>857,571</b>	<b>21,996,838</b>
<b>Non-financial assets at fair value</b>	-	-	<b>1,104,204</b>	<b>1,104,204</b>
- Property and equipment and investment property	-	-	1,104,204	1,104,204
<b>Total assets measured at fair value in the statement of financial position</b>	<b>20,529,633</b>	<b>609,634</b>	<b>1,961,775</b>	<b>23,101,042</b>
<b>Financial liabilities held-for-trading</b>	-	<b>46,600</b>	-	<b>46,600</b>
<b>December 31, 2021</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>317,955</b>	-	<b>20,495</b>	<b>338,450</b>
- Equity instruments	205,313	-	-	205,313
- Debt instruments	112,642	-	20,495	133,137
<b>Derivatives</b>	-	<b>80,927</b>	-	<b>80,927</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>41,002,496</b>	<b>602</b>	<b>190,275</b>	<b>41,193,373</b>
- Equity instruments	-	-	52,652	52,652
- Debt instruments	41,002,496	602	107,679	41,110,777
- Loans and advances	-	-	29,944	29,944
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>817,263</b>	<b>10,191</b>	<b>280,862</b>	<b>1,108,316</b>
- Equity instruments	238,020	-	-	238,020
- Debt instruments	579,243	10,191	280,862	870,296
<b>Total assets measured at fair value in the statement of financial position</b>	<b>42,137,714</b>	<b>91,720</b>	<b>491,632</b>	<b>42,721,066</b>
<b>Non-financial assets at fair value</b>	-	-	<b>1,064,215</b>	<b>1,064,215</b>
- Property and equipment and investment property	-	-	1,064,215	1,064,215
<b>Total assets measured at fair value in the statement of financial position</b>	<b>42,137,714</b>	<b>91,720</b>	<b>1,555,847</b>	<b>43,785,281</b>
<b>Financial liabilities held-for-trading</b>	-	<b>39,179</b>	-	<b>39,179</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

Bank In RON thousand	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
<b>September 30, 2022</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>29,451</b>	<b>-</b>	<b>-</b>	<b>29,451</b>
- Equity instruments	29,451	-	-	29,451
<b>Derivatives</b>	<b>-</b>	<b>278,679</b>	<b>-</b>	<b>278,679</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>19,291,576</b>	<b>134,146</b>	<b>564,958</b>	<b>19,990,680</b>
- Equity instruments	-	-	17,665	17,665
- Debt instruments	19,291,576	107,426	547,293	19,946,295
- Loans and advances	-	26,720	-	26,720
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>1,145,508</b>	<b>99,084</b>	<b>175,953</b>	<b>1,420,545</b>
- Equity instruments	223,274	-	-	223,274
- Debt instruments	922,234	99,084	175,953	1,197,271
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>20,466,535</b>	<b>511,909</b>	<b>740,911</b>	<b>21,719,355</b>
<b>Non-financial assets at fair value</b>	<b>-</b>	<b>-</b>	<b>668,624</b>	<b>668,624</b>
- Property and equipment and investment property	-	-	668,624	668,624
<b>Total assets measured at fair value in the statement of financial position</b>	<b>20,466,535</b>	<b>511,909</b>	<b>1,409,535</b>	<b>22,387,979</b>
<b>Financial liabilities held-for-trading</b>	<b>-</b>	<b>46,600</b>	<b>-</b>	<b>46,600</b>
<b>December 31, 2021</b>				
<b>Financial assets held for trading and measured at fair value through profit or loss, of which:</b>	<b>31,207</b>	<b>-</b>	<b>-</b>	<b>31,207</b>
- Equity instruments	31,207	-	-	31,207
<b>Derivatives</b>	<b>-</b>	<b>79,842</b>	<b>-</b>	<b>79,842</b>
<b>Financial assets measured at fair value through other items of comprehensive income</b>	<b>40,699,656</b>	<b>602</b>	<b>153,526</b>	<b>40,853,784</b>
- Equity instruments	-	-	15,904	15,904
- Debt instruments	40,699,656	602	107,679	40,807,937
- Loans and advances	-	-	29,943	29,943
<b>Financial assets which are required to be measured at fair value through profit or loss, of which:</b>	<b>1,174,444</b>	<b>10,191</b>	<b>280,862</b>	<b>1,465,497</b>
- Equity instruments	237,578	-	-	237,578
- Debt instruments	936,866	10,191	280,862	1,227,919
<b>Total financial assets measured at fair value in the statement of financial position</b>	<b>41,905,307</b>	<b>90,635</b>	<b>434,388</b>	<b>42,430,330</b>
<b>Non-financial assets at fair value</b>	<b>-</b>	<b>-</b>	<b>652,581</b>	<b>652,581</b>
- Property and equipment and investment property	-	-	652,581	652,581
<b>Total assets measured at fair value in the statement of financial position</b>	<b>41,905,307</b>	<b>90,635</b>	<b>1,086,969</b>	<b>43,082,911</b>
<b>Financial liabilities held-for-trading</b>	<b>-</b>	<b>38,689</b>	<b>-</b>	<b>38,689</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

At level 2 in the fair value hierarchy, the Group and the Bank 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 Group and the Bank included in the category of assets: loans and advances and finance lease receivables and other financial assets; and some financial assets evaluated at amortized cost - debt instruments representing bonds issued by credit institutions and companies, 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 on September 30, 2022:

In RON thousand	Notes	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				Level 1	Fair value hierarchy				Level 1	Fair value hierarchy	
					Level 2	Level 3				Level 2	Level 3
Assets											
Placements with banks	17	5,342,770	5,342,770	-	5,342,770	-	6,302,909	6,302,909	-	6,302,909	-
Loans and advances to customers	19	65,057,814	65,045,972	-	-	65,045,972	63,215,478	63,532,853	-	-	63,532,853
Finance lease receivables	20	2,738,934	2,721,610	-	-	2,721,610	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	25,451,436	21,845,504	20,661,931	836,034	347,539	24,558,912	20,968,549	20,605,647	-	362,902
Other financial assets	22	1,474,675	1,474,675	-	-	1,474,675	1,516,006	1,516,006	-	-	1,516,006
Total assets		100,065,629	96,430,531	20,661,931	6,178,804	69,589,796	95,593,305	92,320,317	20,605,647	6,302,909	65,411,761
Liabilities											
Deposits from banks	24	1,823,670	1,823,670	-	1,823,670	-	1,718,205	1,718,205	-	1,718,205	-
Deposits from customers	25	113,438,997	113,244,686	-	113,244,686	-	110,253,130	110,070,060	-	110,070,060	-
Loans from banks and other financial institutions	26	10,450,645	10,447,192	-	-	10,447,192	9,187,940	9,184,487	-	-	9,184,487
Subordinated liabilities	27	1,783,872	1,783,872	-	-	1,783,872	1,754,297	1,754,297	-	-	1,754,297
Lease liabilities		461,871	461,871	-	-	461,871	624,668	624,668	-	-	624,668
Other financial liabilities	29	1,859,753	1,859,753	-	-	1,859,753	1,398,907	1,398,907	-	-	1,398,907
Total liabilities		129,818,808	129,621,044	-	115,068,356	14,552,688	124,937,147	124,750,624	-	111,788,265	12,962,359



## 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 on December 31, 2021:

RON thousand	Note	Group					Bank				
		Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
<b>Assets</b>											
Placements with banks	17	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
<b>Total assets</b>		<b>69,050,097</b>	<b>69,390,444</b>	<b>51,103</b>	<b>11,831,150</b>	<b>57,508,191</b>	<b>63,090,715</b>	<b>63,507,510</b>	<b>-</b>	<b>9,974,270</b>	<b>53,533,240</b>
<b>Liabilities</b>											
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
<b>Total liabilities</b>		<b>121,062,550</b>	<b>121,074,647</b>	<b>-</b>	<b>109,031,739</b>	<b>12,042,908</b>	<b>114,971,651</b>	<b>114,986,259</b>	<b>-</b>	<b>103,638,900</b>	<b>11,347,359</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 5. Net interest income

	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
<i>In RON thousand</i>								
<b>Interest income calculated using the effective interest method</b>	<b>1,543,961</b>	<b>3,966,434</b>	<b>835,301</b>	<b>2,590,208</b>	<b>1,381,636</b>	<b>3,510,112</b>	<b>755,538</b>	<b>2,369,357</b>
- Cash and current accounts with Central Banks at AC	31,890	58,630	2,428	5,555	6,699	12,552	1,363	4,165
- Placements with banks and public institutions at AC	24,539	80,789	4,079	27,347	35,752	95,820	3,914	26,718
- Loans and advances to customers at AC	1,154,642	2,899,024	600,808	1,898,727	1,037,906	2,547,231	536,230	1,716,550
- Debt instruments at FVOCI	159,768	700,280	213,029	619,159	158,119	694,234	212,981	618,862
- Debt instruments at AC	173,122	227,711	14,957	39,420	143,160	160,275	1,050	3,062
<b>Other similar interest income</b>	<b>66,233</b>	<b>152,560</b>	<b>31,494</b>	<b>88,309</b>	<b>10,198</b>	<b>18,440</b>	<b>3,424</b>	<b>8,188</b>
- Finance lease receivables	56,036	134,120	28,070	80,121	-	-	-	-
- Non-recourse factoring receivables	10,197	18,440	3,424	8,188	10,198	18,440	3,424	8,188
<b>Total interest income</b>	<b>1,610,194</b>	<b>4,118,994</b>	<b>866,795</b>	<b>2,678,517</b>	<b>1,391,834</b>	<b>3,528,552</b>	<b>758,962</b>	<b>2,377,545</b>
<b>Interest expense related to financial liabilities measured at amortized cost</b>	<b>495,336</b>	<b>971,726</b>	<b>128,275</b>	<b>410,333</b>	<b>468,899</b>	<b>907,321</b>	<b>116,984</b>	<b>375,239</b>
- Cash and current accounts with Central Banks	97,016	182,016	12,542	34,968	96,808	181,232	12,508	34,934
- Deposits from banks	18,206	38,252	2,175	7,063	17,656	35,752	1,845	6,068
- Deposits from customers	330,478	606,345	90,717	293,938	315,106	563,999	82,537	269,544
- Loans from banks and other financial institutions	49,636	145,113	22,841	74,364	39,329	126,338	20,094	64,693
<b>Other similar expense</b>	<b>540</b>	<b>1,554</b>	<b>324</b>	<b>973</b>	<b>1,470</b>	<b>4,830</b>	<b>1,661</b>	<b>5,012</b>
- Lease liabilities	540	1,554	324	973	1,470	4,830	1,661	5,012
<b>Total interest expense</b>	<b>495,876</b>	<b>973,280</b>	<b>128,599</b>	<b>411,306</b>	<b>470,369</b>	<b>912,151</b>	<b>118,645</b>	<b>380,251</b>
<b>Net interest income</b>	<b>1,114,318</b>	<b>3,145,714</b>	<b>738,196</b>	<b>2,267,211</b>	<b>921,465</b>	<b>2,616,401</b>	<b>640,317</b>	<b>1,997,294</b>

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

Interest income for the period ended at September 30, 2022 includes the net interest income on impaired financial assets amounting RON 109,645 thousand (September 30, 2021: RON 100,809 thousand) for the Group and RON 79,273 thousand (September 30, 2021: RON 81,029 thousand) for the Bank.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 6. Net fee and commission income

	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
<i>In RON thousand</i>								
<b>Fee and commission income</b>								
Commissions from treasury and inter-bank operations	66,340	180,195	49,493	129,488	66,332	179,538	49,493	129,488
Client transactions	377,277	1,056,760	316,310	868,559	320,398	885,715	265,263	728,325
Lending activity (i)	16,983	41,232	9,590	29,360	16,192	38,849	9,491	28,913
Finance lease management	3,761	9,540	61	118	-	-	-	-
Other fee and commission income	1,197	3,877	1,091	3,169	152	383	112	406
<b>Total fee and commission income</b>	<b>465,558</b>	<b>1,291,604</b>	<b>376,545</b>	<b>1,030,694</b>	<b>403,074</b>	<b>1,104,485</b>	<b>324,359</b>	<b>887,132</b>
<b>Fee and commission expense</b>								
Commissions from treasury and inter-bank	116,839	310,063	84,663	226,736	96,016	253,623	70,653	190,897
Client transactions	38,401	108,105	30,603	84,018	32,348	88,926	25,239	67,997
Lending activity (i)	8,391	19,561	6,432	16,975	12,948	33,025	10,457	26,918
Other fees and commissions	499	1,472	413	1,543	512	1,816	560	1,702
<b>Fee and commission expenses</b>	<b>164,130</b>	<b>439,201</b>	<b>122,111</b>	<b>329,272</b>	<b>141,824</b>	<b>377,390</b>	<b>106,909</b>	<b>287,514</b>
<b>Net fee and commission income</b>	<b>301,428</b>	<b>852,403</b>	<b>254,434</b>	<b>701,422</b>	<b>261,250</b>	<b>727,095</b>	<b>217,450</b>	<b>599,618</b>

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

## 7. Net trading income

	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
<i>In RON thousand</i>								
Net income from foreign exchange transactions	138,785	409,159	115,160	318,046	121,661	345,546	104,858	290,913
Net income/(expense) from derivatives	28,400	164,285	(1,284)	8,453	28,445	164,914	(1,284)	8,455
Net income/(expense) from financial assets held-for-trading	10,792	(12,254)	12,774	55,423	161	399	4,620	10,786
Net income/(expense) from foreign exchange position revaluation	(5,552)	(7,956)	(678)	5,670	(6,629)	(8,764)	855	2,718
<b>Net trading income</b>	<b>172,425</b>	<b>553,234</b>	<b>125,972</b>	<b>387,592</b>	<b>143,638</b>	<b>502,095</b>	<b>109,049</b>	<b>312,872</b>

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

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

	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
<i>In RON thousand</i>								
Income from the sale of financial assets measured at fair value through other items of comprehensive income	4,078	19,193	46,482	179,215	177	14,713	49,912	179,165
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(31,734)	(117,333)	(1,449)	(4,832)	(31,732)	(117,209)	(2,968)	(4,832)
<b>Net loss/gain from financial assets measured at fair value through comprehensive income</b>	<b>(27,656)</b>	<b>(98,140)</b>	<b>45,033</b>	<b>174,383</b>	<b>(31,555)</b>	<b>(102,496)</b>	<b>46,944</b>	<b>174,333</b>

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

	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
<i>In RON thousand</i>								
Income from financial assets which are required to be measured at fair value through profit or loss	40,090	143,325	40,758	165,199	48,723	152,018	54,958	217,769
Losses from financial assets which are required to be measured at fair value through profit or loss	(68,117)	(223,760)	(37,746)	(107,508)	(63,695)	(244,720)	(42,893)	(112,564)
<b>Net loss/gain from financial assets which are required to be measured at fair value through profit or loss</b>	<b>(28,027)</b>	<b>(80,435)</b>	<b>3,012</b>	<b>57,691</b>	<b>(14,972)</b>	<b>(92,702)</b>	<b>12,065</b>	<b>105,205</b>

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

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

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

	Group				Bank			
<i>In RON thousand</i>	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Contribution to the Bank Deposit Guarantee Fund	1,223	89,976	659	29,654	-	86,543	-	27,767
Bank Resolution Fund	72	62,332	36	59,417	-	56,970	-	54,255
<b>Total</b>	<b>1,295</b>	<b>152,308</b>	<b>695</b>	<b>89,071</b>	<b>-</b>	<b>143,513</b>	<b>-</b>	<b>82,022</b>

### 11. Other operating income

	Group				Bank			
<i>In RON thousand</i>	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Dividend income	92	5,495	-	3,218	200,057	208,719	116	25,171
Income from insurance intermediation	39,630	107,284	29,073	71,609	24,931	72,595	24,616	58,456
Income from indemnities, fines and penalties	2,454	8,134	1,745	6,195	1,272	4,770	1,210	4,516
Income from VISA, MASTERCARD, WU services	1,380	9,720	1,757	9,988	818	8,949	988	9,174
Gain arising from derecognition of financial assets measured as amortised cost	-	7,844	-	-	-	-	-	-
Other operating income (i)	19,229	68,862	9,704	28,004	2,231	44,860	9,080	27,124
<b>Total</b>	<b>62,785</b>	<b>207,339</b>	<b>42,279</b>	<b>119,014</b>	<b>229,309</b>	<b>339,893</b>	<b>36,010</b>	<b>124,441</b>

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

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

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

**(a) Net expenses/net income (-) from impairment allowance, expected losses on financial assets not measured at fair value through profit or loss**

<i>In RON thousand</i>	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Net impairment allowance on assets (i)	220,998	591,317	(35,904)	260,214	175,050	417,075	(27,208)	261,439
Net loss on loans written off	1,354	4,779	3,607	4,885	-	-	-	-
Net loss on finance lease receivables written off	4,240	14,492	3,122	7,168	-	-	-	-
Provisions for other risks and loan commitments	(6,052)	(5,310)	(16,521)	(14,010)	(7,750)	(20,910)	(18,313)	(17,502)
Recoveries from loans written off	(46,512)	(167,939)	(86,436)	(229,031)	(43,830)	(162,862)	(81,031)	(220,631)
Recoveries from finance lease receivables written off	(9,787)	(68,269)	(7,490)	(18,724)	-	-	-	-
<b>Net expenses/Net income (-) from impairment allowance, expected losses on assets, provisions for other risks and loan commitments</b>	<b>164,241</b>	<b>369,070</b>	<b>(139,622)</b>	<b>10,502</b>	<b>123,470</b>	<b>233,303</b>	<b>(126,552)</b>	<b>23,306</b>

(i) Net expenses / net income (-) on assets include the following:

<i>In RON thousand</i>	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Loans and advances to customers	206,868	535,958	(38,857)	248,545	173,983	406,155	(28,172)	259,167
Treasury and inter-bank operations	(142)	(3,523)	(172)	(169)	3,582	4,405	(146)	(116)
Finance lease receivables	15,678	50,969	1,438	5,260	-	-	-	-
Investment securities	(1,284)	5,279	396	5,464	(1,586)	6,444	125	1,875
Other financial assets	(122)	2,634	1,291	1,114	(929)	71	985	513
<b>Net expenses/net income (-) on assets</b>	<b>220,998</b>	<b>591,317</b>	<b>(35,904)</b>	<b>260,214</b>	<b>175,050</b>	<b>417,075</b>	<b>(27,208)</b>	<b>261,439</b>

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

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

#### (b) (Other) Provisions and reversal of provisions

	Group				Bank			
<i>In RON thousand</i>	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Other non-financial assets	(351)	(16,751)	(3,359)	(13,745)	(229)	(1,453)	(338)	(3,820)
Litigation and other risks	(25,512)	(34,731)	(2,833)	(29,520)	(24,672)	(34,013)	(2,431)	(28,135)
<b>(Other) Provisions and reversal of provisions</b>	<b>(25,863)</b>	<b>(51,482)</b>	<b>(6,192)</b>	<b>(43,265)</b>	<b>(24,901)</b>	<b>(35,466)</b>	<b>(2,769)</b>	<b>(31,955)</b>

### 13. Personnel expenses

	Group				Bank			
<i>In RON thousand</i>	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Gross salaries	347,947	1,039,488	293,287	771,707	293,327	866,004	253,985	677,702
Social protection contribution	14,928	42,869	12,574	32,103	9,513	27,052	8,402	21,711
Share-based payments to employees	21,813	73,749	23,768	104,598	21,812	72,781	22,851	103,681
3rd Pension Pillar	4,215	12,362	3,951	11,574	3,936	11,548	3,686	10,824
Other staff expenses	21,501	62,519	15,894	50,062	19,538	56,022	14,370	45,602
Net income/ expenses with provisions for overdue vacations and other provisions	(17,893)	(19,958)	(37,253)	(7,108)	(19,852)	(11,321)	(28,990)	(4,654)
<b>Total</b>	<b>392,511</b>	<b>1,211,029</b>	<b>312,221</b>	<b>962,936</b>	<b>328,274</b>	<b>1,022,086</b>	<b>274,304</b>	<b>854,866</b>

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 14. Other operating expenses

<i>In RON thousand</i>	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
Rent and operating lease expense	2,054	6,230	2,473	6,015	1,416	4,427	2,141	4,999
Repairs and maintenance expenses	67,712	186,094	50,291	136,003	59,895	163,042	46,777	125,972
Advertising, marketing, entertainment and sponsorship expenses	26,817	81,502	22,804	58,281	23,569	72,544	19,582	49,648
Mail, telecommunication and SMS traffic expenses	15,633	45,928	16,762	47,233	13,047	38,341	12,899	36,000
Materials and stationery expenses	25,912	66,434	24,388	56,134	24,073	61,160	19,040	46,931
Other professional fees, including legal expenses	11,090	24,930	6,035	19,073	6,728	13,249	3,630	12,256
Net Income/ Expenses regarding movable and immovable assets resulting from debt enforcement	1,667	14,386	1,614	4,596	-	-	327	1,019
Electricity and heating	8,196	29,306	5,610	16,559	7,292	26,036	5,328	15,464
Business travel, transportation and temporary relocation expenses	13,717	38,718	12,170	26,931	13,154	36,656	11,785	26,050
Insurance costs	7,202	19,432	6,367	16,346	6,445	16,806	5,167	14,071
Taxes and fees	7,717	32,877	6,001	20,309	6,827	30,687	5,521	18,932
Losses from disposal of tangible assets	910	6,660	-	-	-	-	-	-
Security and protection	5,845	14,553	3,739	10,425	5,311	13,202	3,419	9,452
Expenses related to archiving services	5,135	16,184	4,586	11,788	4,928	15,498	4,664	11,767
Expenses related to database queries from the Trade Register and the Credit Bureau	2,042	5,699	1,362	5,681	1,324	4,074	1,010	4,699
Expenses with foreclosed assets	1,923	5,005	1,504	3,935	1,293	3,971	1,424	3,675
Audit, advisory and other services provided by the independent auditor	2,124	4,863	1,309	3,900	1,361	3,173	725	2,434
Loss arising from derecognition of financial assets measured as amortised cost	-	-	-	-	178,800	178,800	-	-
Other operating expenses	21,468	74,709	16,331	44,065	12,195	38,109	10,905	29,696
<b>Total other operating expenses</b>	<b>227,164</b>	<b>673,510</b>	<b>183,346</b>	<b>487,274</b>	<b>367,658</b>	<b>719,775</b>	<b>154,344</b>	<b>413,065</b>



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

### 15. Income tax expense

	Group				Bank			
	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021	3 months ended September 30, 2022	9 months ended September 30, 2022	3 months ended September 30, 2021	9 months ended September 30, 2021
<i>In RON thousand</i>								
<b>Gross Profit</b>	<b>737,490</b>	<b>1,938,778</b>	<b>769,813</b>	<b>1,934,095</b>	<b>624,812</b>	<b>1,649,589</b>	<b>677,924</b>	<b>1,714,060</b>
<b>Statutory tax rate (2022: 16%; 2021: 16%)*</b>	<b>(117,998)</b>	<b>(310,204)</b>	<b>(123,170)</b>	<b>(309,455)</b>	<b>(99,970)</b>	<b>(263,934)</b>	<b>(108,469)</b>	<b>(274,250)</b>
<b>Fiscal effect of income tax on the following elements:</b>	<b>11,889</b>	<b>49,286</b>	<b>6,471</b>	<b>43,966</b>	<b>9,104</b>	<b>55,294</b>	<b>3,221</b>	<b>33,901</b>
- Non-taxable income	6,913	73,427	13,604	68,081	33,524	100,839	16,318	78,757
- Non-deductible expense	(20,763)	(95,036)	(26,187)	(86,311)	(49,794)	(116,384)	(31,597)	(105,415)
- Tax deductions	26,423	76,023	24,638	71,216	25,947	74,269	24,104	69,670
- Income related items	(693)	(5,171)	(5,604)	(9,111)	(573)	(3,430)	(5,604)	(9,111)
- Expense related items	9	43	20	91	-	-	-	-
<b>Income tax expense</b>	<b>(106,109)</b>	<b>(260,918)</b>	<b>(116,699)</b>	<b>(265,489)</b>	<b>(90,866)</b>	<b>(208,640)</b>	<b>(105,248)</b>	<b>(240,349)</b>

(\*) Statutory tax rate for Victoria Bank S.A. and Leasing Moldova S.R.L. is 12%

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 16. Cash and cash equivalents

	Group		Bank	
<i>In RON thousand</i>	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Minimum reserve requirement	11,951,733	14,631,699	10,374,142	13,585,904
Cash on hand and other values	4,556,129	3,689,214	4,172,369	3,177,721
<b>Total</b>	<b>16,507,862</b>	<b>18,320,913</b>	<b>14,546,511</b>	<b>16,763,625</b>

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

	Group		Bank	
<i>In RON thousand</i>	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Cash and current accounts with Central Banks (*)	16,497,806	18,320,178	14,546,329	16,764,278
Placements with banks - maturity below 3 months	3,078,030	8,619,503	2,472,962	7,910,017
Reverse-repo transactions	-	166,670	-	166,670
Loans and advances to credit institutions	39,354	39,129	39,354	39,129
Financial assets measured at fair value through other items of comprehensive income	27	243	-	-
Financial assets at amortized cost – debt instruments	13,015	211,022	-	-
<b>Cash and cash equivalents in the cash flow statement</b>	<b>19,628,232</b>	<b>27,356,745</b>	<b>17,058,645</b>	<b>24,880,094</b>

(\*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 10,056 thousand (2021: RON 735 thousand ) and at the level of the Bank in the amount of RON 182 thousand (2021: RON (653) thousand).

## 17. Placements with banks

	Group		Bank	
<i>In RON thousand</i>	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Current accounts with other banks	1,279,279	1,085,546	709,012	437,394
Sight and term deposits with other banks	2,779,210	7,857,552	4,309,616	7,724,097
Reverse repo transactions	989,861	1,156,469	989,861	1,156,469
Loans and advances to credit institutions	294,420	294,730	294,420	294,730
<b>Total</b>	<b>5,342,770</b>	<b>10,394,297</b>	<b>6,302,909</b>	<b>9,612,690</b>

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

As of September 30, 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 1,258,419 thousand and loans and advances to credit institutions of RON 39,354 thousand at Group level, and reverse-repo of RON 0 thousand, deposits in amount of RON 1,281,945 and loans and advances to credit institutions in amount of RON 39,354 thousand at Bank level (December 31, 2021: reverse-repo in amount of RON 166,670 thousand, deposits in amount of RON 7,083,657 thousand and advances to credit institutions of RON 39,129 thousand at Group level, and reverse-repo of RON 166,670 thousand, deposits in amount of RON 7,089,404 thousand and loans and advances to credit institutions in amount of RON 39,129 thousand at Bank level).

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Equity instruments	198,082	205,313	29,451	31,207
Debt instruments	111,440	133,137	-	-
<b>Total</b>	<b>309,522</b>	<b>338,450</b>	<b>29,451</b>	<b>31,207</b>

For the period ended September 30, 2022, the Group held shares listed on the Bucharest Stock Exchange and the main stock exchanges in Europe.

For the period ended September 30, 2022, the Group owned significant investments amounting to RON 167,740 thousand in the following entities: Evergent Investments S.A. and Transilvania Investments Alliance S.A. (December 31, 2021: RON 166,102 thousand in Evergent Investments S.A. and SIF Transilvania S.A.).

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

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

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Equity instruments	223,552	238,020	223,274	237,578
Debt instruments	844,328	870,296	1,197,271	1,227,919
<b>Total</b>	<b>1,067,880</b>	<b>1,108,316</b>	<b>1,420,545</b>	<b>1,465,497</b>

As of September 30, 2022, the Group had significant investments in financial assets which are required to be measured at fair value through profit or loss as follows:

- equity instruments, in the amount of 181,242 thousand lei in VISA Inc. (December 31, 2021: RON 191,578 thousand),
- debt instruments, units in investment funds (the most significant being the investment funds managed by BT Asset Management) and participation certificates.

## 19. Loans and advances to customers

The Group's and Bank's commercial lending is concentrated on Romanian companies and individuals.

The structure of the credit portfolio of the Group and the Bank as of September 30, 2022 and December 31, 2021 is the following:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Corporate	28,054,997	20,973,390	29,864,257	22,183,126
Small and medium enterprises	9,474,753	7,717,422	8,407,097	6,775,254
Consumer loans and card loans granted to retail customers	13,074,010	12,295,686	12,159,887	11,359,134
Mortgage loans	17,208,279	16,095,360	16,808,968	15,493,560
Loans granted by non-banking financial institutions	1,567,897	1,325,339	-	-
Other	63,904	52,088	54,723	41,686
<b>Total loans and advances to customers before impairment allowance (*)</b>	<b>69,443,840</b>	<b>58,459,285</b>	<b>67,294,932</b>	<b>55,852,760</b>
Allowances for impairment losses on loans	(4,386,026)	(3,829,531)	(4,079,454)	(3,614,237)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>65,057,814</b>	<b>54,629,754</b>	<b>63,215,478</b>	<b>52,238,523</b>

The explanatory notes to the financial statements from page 12 to page 60 are an integral part of these financial statements.

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The risk distribution of the credit portfolio per sectors, as of September 30, 2022 and December 31, 2021, is the following:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Retail	31,149,137	29,130,528	29,023,553	26,894,374
Trading	8,019,074	6,318,563	7,455,461	5,757,419
Manufacturing	4,212,327	3,929,228	3,942,847	3,690,153
Agriculture	3,094,319	1,988,276	2,989,125	1,889,405
Services	2,940,873	2,383,956	2,690,935	2,163,455
Real Estate	2,261,991	1,673,157	2,335,402	1,786,098
Constructions	1,845,219	1,417,488	1,636,834	1,237,201
Transportation	2,246,952	2,082,996	1,833,573	1,722,122
Self-employed	1,024,784	770,848	851,222	620,870
Others	1,095,799	925,361	949,884	792,989
Financial Institutions	590,201	592,150	2,696,991	2,127,328
Telecommunications	227,828	173,456	197,507	139,867
Energy	1,750,095	645,839	1,742,571	644,820
Mining	125,818	97,663	119,710	93,414
Chemical Industry	63,122	78,024	60,287	76,328
Government Institutions	8,770,922	6,228,802	8,744,761	6,194,759
Fishing	25,379	22,950	24,269	22,158
<b>Total loans and advances to customers before impairment allowance (*)</b>	<b>69,443,840</b>	<b>58,459,285</b>	<b>67,294,932</b>	<b>55,852,760</b>
Allowances for impairment losses on loans	(4,386,026)	(3,829,531)	(4,079,454)	(3,614,237)
<b>Total loans and advances to customers, net of impairment allowance</b>	<b>65,057,814</b>	<b>54,629,754</b>	<b>63,215,478</b>	<b>52,238,523</b>

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

## 20. Finance lease receivables

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

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

<i>In RON thousand</i>	<b>30-09-2022</b>	<b>31-12-2021</b>
Finance lease receivables with maturity below 1 year, gross	1,155,685	543,973
Finance lease receivables with maturity more than 1 year, gross	1,933,673	1,171,374
<b>Total finance lease receivables, gross</b>	<b>3,089,358</b>	<b>1,715,347</b>
Future interest related to finance lease receivables	(225,125)	(121,128)
<b>Total finance lease receivables, net of future interest</b>	<b>2,864,233</b>	<b>1,594,219</b>
Impairment allowances for finance lease receivables	(125,299)	(106,188)
<b>Total finance lease receivables</b>	<b>2,738,934</b>	<b>1,488,031</b>

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

In RON thousand	Group		Bank	
	30-09-2022	31-12-2021	30-09-2022	31-12-2021
<b>Debt instruments, of which</b>	<b>20,180,116</b>	<b>41,110,778</b>	<b>19,946,295</b>	<b>40,807,937</b>
- Central administrations	17,957,946	38,212,947	17,710,814	37,910,106
- Credit institutions	1,770,894	2,646,621	1,770,894	2,646,621
- Other financial companies	381,442	236,061	394,753	236,061
- Non-financial institutions	69,834	15,149	69,834	15,149
<b>Equity instruments, of which:</b>	<b>133,921</b>	<b>52,652</b>	<b>17,665</b>	<b>15,904</b>
- Other financial companies	114,770	28,639	13,740	15,904
- Non-financial institutions	19,151	24,013	3,925	-
<b>Loans and advances to customers</b>	<b>26,720</b>	<b>29,943</b>	<b>26,720</b>	<b>29,943</b>
- Central administrations	26,720	29,943	26,720	29,943
<b>Total</b>	<b>20,340,757</b>	<b>41,193,373</b>	<b>19,990,680</b>	<b>40,853,784</b>

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

For the period ended on September 30, 2022, the Group classified as financial assets measured at amortized cost - debt instruments, bonds in amount of RON 25,451,436 thousand, and bonds in amount of RON 24,558,912 thousand for the Bank (December 31, 2021: RON 1,483,111 thousand for the Group and RON 355,331 thousand for the Bank).

In RON thousand	Group		Bank	
	30-09-2022	31-12-2021	30-09-2022	31-12-2021
<b>Debt instruments, of which</b>				
- Central Banks	12,971	189,121	-	-
- Central administrations	24,504,789	953,526	23,610,115	-
- Credit institutions	826,568	286,174	841,689	301,041
- Other financial companies	61,479	10,120	61,479	10,120
- Non-financial institutions	45,629	44,170	45,629	44,170
<b>Total</b>	<b>25,451,436</b>	<b>1,483,111</b>	<b>24,558,912</b>	<b>355,331</b>

## 22. Other financial assets

In RON thousand	Group		Bank	
	30-09-2022	31-12-2021	30-09-2022	31-12-2021
Amounts under settlement	445,604	219,717	436,834	195,333
Non-recourse factoring	557,346	273,681	557,346	273,681
Sundry debtors and advances for non-current assets	446,832	548,787	488,141	396,262
Instruments received for collection	51,430	28,082	51,430	28,082
Other financial assets	14,400	18,255	748	9,259
Impairment allowance for other financial assets	(40,937)	(33,618)	(18,493)	(18,446)
<b>Total</b>	<b>1,474,675</b>	<b>1,054,904</b>	<b>1,516,006</b>	<b>884,171</b>

As of September 30, 2022, out of RON 1,474,675 thousand (December 31, 2021: RON 1,054,904 thousand), the Group's other impaired financial assets amounted to RON 38,448 thousand (December 31, 2021: RON 28,914 thousand).

As of September 30, 2022 out of RON 1,516,006 thousand (December 31, 2021: RON 884,171 thousand), the Bank's other impaired financial assets amounted to RON 5,453 thousand (December 31, 2021: RON 5,411 thousand).

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 23. Other non-financial assets

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Inventories and similar assets	89,303	111,858	54,056	58,576
Accrued expenses	90,443	78,771	79,587	71,172
VAT and other taxes to be received	10,387	4,396	2,041	2,095
Other non-financial assets	5,319	11,816	319	100
Impairment allowance for other non-financial assets	(27,224)	(44,975)	(10,349)	(11,801)
<b>Total</b>	<b>168,228</b>	<b>161,866</b>	<b>125,654</b>	<b>120,142</b>

## 24. Deposits from banks

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Sight deposits	618,883	272,912	597,846	265,791
Term deposits	1,204,787	751,347	1,120,359	686,662
<b>Total</b>	<b>1,823,670</b>	<b>1,024,259</b>	<b>1,718,205</b>	<b>952,453</b>

## 25. Deposits from customers

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Current accounts	68,402,452	67,667,986	66,522,058	65,505,784
Sight deposits	902,765	793,717	628,758	463,141
Term deposits	43,108,565	38,854,796	42,098,813	36,046,375
Collateral deposits	1,025,215	705,130	1,003,501	682,785
<b>Total</b>	<b>113,438,997</b>	<b>108,021,629</b>	<b>110,253,130</b>	<b>102,698,085</b>

Deposits from customers can be also analysed as follows:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Retail	74,561,299	71,890,350	72,573,567	68,436,588
Companies	38,877,698	36,131,279	37,679,563	34,261,497
<b>Total</b>	<b>113,438,997</b>	<b>108,021,629</b>	<b>110,253,130</b>	<b>102,698,085</b>

## 26. Loans from banks and other financial institutions

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Loans from central administrations	26,170	16,963	-	-
Loans from commercial banks	1,238,474	61,336	369,763	-
- Romanian banks	868,711	10,635	-	-
- Foreign banks	369,763	50,701	369,763	-
Loans from development banks	1,490,971	1,051,736	1,408,159	947,640
Loans from central banks	6,401,156	-	6,401,156	-
Repurchase agreements (repo transactions)	1,002,911	6,500,566	1,002,911	6,500,566
Other funds from financial institutions	106,414	101,553	5,951	9,637
Issued bonds	184,549	197,346	-	-
<b>Total</b>	<b>10,450,645</b>	<b>7,929,500</b>	<b>9,187,940</b>	<b>7,457,843</b>

The explanatory notes to the financial statements from page 12 to page 60 are an integral part of these financial statements. 52

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank on September 30, 2022 and December 31, 2021.

The table below summarizes the underlying securities of repo agreements:

<i>In RON thousand</i>	Group				Bank			
	30-09-2022		31-12-2021		30-09-2022		31-12-2021	
	Carrying amount		Carrying amount		Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities
	1,063,824	1,002,911	6,526,812	6,500,566	1,063,824	1,002,911	6,526,812	6,500,566
<b>Total</b>	<b>1,063,824</b>	<b>1,002,911</b>	<b>6,526,812</b>	<b>6,500,566</b>	<b>1,063,824</b>	<b>1,002,911</b>	<b>6,526,812</b>	<b>6,500,566</b>

## 27. Subordinated liabilities

As of September 30, 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	
	30-09-2022	31-12-2021	30-09-2022	31-12-2021
Loans from development banks and financial institutions	356,700	323,321	334,268	300,336
Non-convertible bonds	1,427,172	1,439,163	1,420,029	1,405,898
<b>Total</b>	<b>1,783,872</b>	<b>1,762,484</b>	<b>1,754,297</b>	<b>1,706,234</b>

## 28. Provisions for other risks and loan commitments

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

<i>In RON thousand</i>	Group		Bank	
	30-09-2022	31-12-2021	30-09-2022	31-12-2021
Provisions for loan commitments, financial guarantees and other commitments given	352,758	360,087	328,678	351,751
Provisions for untaken holidays	20,855	27,441	15,270	21,489
Provisions for other employee benefits	40,362	54,244	28,920	34,023
Provisions for litigation, other risks and charges (*)	64,221	96,688	52,332	85,743
<b>Total</b>	<b>478,196</b>	<b>538,460</b>	<b>425,200</b>	<b>493,006</b>

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

## 29. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-09-2022	31-12-2021	30-09-2022	31-12-2021
Amounts under settlement	1,551,047	1,583,653	1,237,195	1,272,442
Sundry creditors	238,821	175,728	104,743	106,717
Dividends payable	27,169	26,567	27,169	26,567
Other financial liabilities	42,716	40,133	29,800	34,741
<b>Total</b>	<b>1,859,753</b>	<b>1,826,081</b>	<b>1,398,907</b>	<b>1,440,467</b>

**Notes to the Interim Condensed Consolidated and Separate Financial Statements****30. Other non-financial liabilities**

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Other taxes payable	34,121	33,854	24,471	24,544
Other non-financial liabilities	147,673	160,233	109,902	118,942
<b>Total</b>	<b>181,794</b>	<b>194,087</b>	<b>134,373</b>	<b>143,486</b>

**31. Earnings per share**

The calculation of basic earnings per share was based on the net consolidated profit attributable to ordinary shareholders of the parent company of RON 1,609,276 thousand (September 30, 2021: RON 1,634,597 thousand) and on the weighted average number of ordinary shares outstanding during the year of 7,066,687,225 (September 30, 2021 recalculated: 7,066,743,407 shares).

The diluted earnings per share take into consideration the adjusted consolidated net profit of RON 1,609,276 thousand (September 30, 2021: RON 1,634,597 thousand) attributable to the ordinary shareholders of the parent company and the weighted average number of outstanding diluted ordinary shares. The adjusted consolidated net profit was determined by adjusting the base profit with the interest paid on bonds in 2022 in amount of RON 0 thousand (September 30, 2021: RON 0 thousand).

The weighted average number of diluted shares was determined as the sum of the weighted average number of ordinary shares and the number of shares which would have been issued upon the conversion of all potential dilutive shares into ordinary shares.

As of September 30, 2022, and as of September 30, 2021 the Bank no longer had convertible bonds. The weighted average of diluted shares outstanding as of September 2022, 30 was the same as the weighted average number of shares and the profit per dilutes share was equal to the profit per base share.

	<b>Group</b>	
	<b>30-09-2022</b>	<b>30-09-2021</b>
Ordinary shares issued as of 1 January	<b>6,311,469,680</b>	<b>5,737,699,649</b>
The impact of shares issued as of 1 January	765,112,650	573,769,971
The impact of the shares repurchased during the year	(9,895,105)	(9,838,923)
The impact of the shares obtained from bonds conversion	-	60
The retroactive adjustment of the weighted average number of outstanding shares as of September 30, 2021	-	765,112,650
<b>Weighted average number of shares</b>	<b>7,066,687,225</b>	<b>7,066,743,407</b>
The number of shares that may be issued upon the conversion of bonds into shares	-	-
<b>Weighted average number of diluted shares</b>	<b>7,066,687,225</b>	<b>7,066,743,407</b>

**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.



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

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

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

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

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

- a capital conservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2022-September 30, 2022;
- an O-SII buffer of 2% of the total risk weighted exposures;
- a systemic risk buffer of 0% of the total value of the risk-weighted exposures (buffer imposed starting with the adequacy ratio calculated for 30 September 2018).

#### ***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 of September 30, 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 12,382,307 thousand as of 30 September 2022 (31 December 2021: RON 12,364,500 thousand), regulatory capital amounts to RON 7,392,435 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;

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

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

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 32. Capital management (continued)

The level and the requirements of own funds as of September 30, 2022 and December 31, 2021 are as follows:

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Tier 1 own funds	10,880,555	10,838,319	10,246,089	10,175,774
Tier 2 own funds	1,501,752	1,526,181	1,493,105	1,509,052
<b>Total own funds</b>	<b>12,382,307</b>	<b>12,364,500</b>	<b>11,739,194</b>	<b>11,684,826</b>

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

<i>In %</i>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Core tier one ratio	18.40	20.66	19.24	21.31
Tier 1 ratio	18.40	20.66	19.24	21.31
CAR	20.94	23.57	22.05	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 nine-month period ended June 30, 2022, the current profit on September 30, 2022 in amount of 907,003 thousand lei was considered in the calculation of own funds. Regulatory capital as of September 30, 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>	<b>Group</b>		<b>Bank</b>	
	<b>30-09-2022</b>	<b>31-12-2021</b>	<b>30-09-2022</b>	<b>31-12-2021</b>
Corporate	28,054,998	20,973,391	29,864,257	22,183,126
Small and medium enterprises	9,474,753	7,717,422	8,407,097	6,775,254
Consumer loans and card loans granted to retail customers	13,074,010	12,295,685	12,159,887	11,359,134
Mortgage loans	17,208,279	16,095,360	16,808,968	15,493,560
Loans and finance lease receivables granted by non-banking financial institutions	4,432,129	2,919,558	-	-
Other	63,904	52,088	54,723	41,686
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>72,308,073</b>	<b>60,053,504</b>	<b>67,294,932</b>	<b>55,852,760</b>
Allowances for impairment losses on loans and financial lease receivables	(4,511,325)	(3,935,719)	(4,079,454)	(3,614,237)
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>67,796,748</b>	<b>56,117,785</b>	<b>63,215,478</b>	<b>52,238,523</b>

As of September 30, 2022, the total irrevocable on-balance and off-balance sheet exposure was of RON 76,204,233 thousand (December 31, 2021: RON 63,214,752 thousand) for the Group and RON 70,316,404 thousand (December 31, 2021: RON 58,240,841 thousand) for the Bank.

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

### 33. Credit risk management (continued)

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

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

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

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

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of September 30, 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	23,241,620	3,837,958	829,868	145,552	28,054,998
Small and medium enterprises	6,488,921	2,566,145	383,404	36,283	9,474,753
Consumer loans and card loans granted to retail customers	9,293,403	2,968,279	709,851	102,477	13,074,010
Mortgage loans	15,646,014	1,338,551	176,730	46,984	17,208,279
Loans and finance lease receivables granted to non-banking financial institutions	2,137,729	1,954,083	296,951	43,366	4,432,129
Other	38	50,017	12,727	1,122	63,904
<b>Total loans and advances to customers and financial lease receivables before impairment allowance</b>	<b>56,807,725</b>	<b>12,715,033</b>	<b>2,409,531</b>	<b>375,784</b>	<b>72,308,073</b>
Allowances for impairment losses on loans and financial lease receivables	(1,086,845)	(1,727,272)	(1,610,207)	(87,001)	(4,511,325)
<b>Total loans and advances to customers and financial lease receivables net of impairment allowance</b>	<b>55,720,880</b>	<b>10,987,761</b>	<b>799,324</b>	<b>288,783</b>	<b>67,796,748</b>

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

# Notes to the Interim Condensed Consolidated and Separate Financial Statements

## 33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as of September 30, 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	25,255,211	3,715,296	802,083	91,667	29,864,257
Small and medium enterprises	5,539,602	2,476,488	367,747	23,260	8,407,097
Consumer loans and card loans granted to retail customers	8,466,622	2,942,991	658,579	91,695	12,159,887
Mortgage loans	15,259,498	1,330,356	172,221	46,893	16,808,968
Other	38	41,733	12,668	284	54,723
<b>Total loans and advances to customers before impairment allowance</b>	<b>54,520,971</b>	<b>10,506,864</b>	<b>2,013,298</b>	<b>253,799</b>	<b>67,294,932</b>
Allowances for impairment losses on loans	(1,057,102)	(1,631,718)	(1,338,851)	(51,783)	(4,079,454)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>53,463,869</b>	<b>8,875,146</b>	<b>674,447</b>	<b>202,016</b>	<b>63,215,478</b>

The exposures to credit risk for loans and advances to customers at Bank level, as of 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	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
<b>Total loans and advances to customers before impairment allowance</b>	<b>43,887,110</b>	<b>9,716,932</b>	<b>1,980,813</b>	<b>267,905</b>	<b>55,852,760</b>
Allowances for impairment losses on loans	(791,352)	(1,505,695)	(1,270,134)	(47,056)	(3,614,237)
<b>Total loans and advances to customers net of impairment allowance</b>	<b>43,095,758</b>	<b>8,211,237</b>	<b>710,679</b>	<b>220,849</b>	<b>52,238,523</b>

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

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

On the 18th of October 2022, was held the Extraordinary General Shareholders' Meeting of Banca Transilvania S.A., where the following were approved:

- A program of corporate bond issues, denominated in euro and/or RON and/or in another currency, as the case may be, under market conditions in terms of interest rate, with a maturity of not more than 10 years, with the frequency of the annual or semi-annual coupon, for a maximum amount of EUR 1 billion or equivalent, on the basis of a flexible structure, through several separate issues, carried out over a maximum period of 10 years, with the delegation of powers to determine the conditions of the issuance program to the Management Board ('the bonds');
- The conduct of a public offer and/or private placement relating to first tranche bonds, which will be addressed to (i) qualified investors and/or (ii) up to 150 natural or legal persons other than qualified investors per Member State in accordance with the applicable legislative framework, with the delegation of powers to the Board of Directors on the offer of bonds for subsequent tranches ('the offer');
- The approval of the Company's performance of all necessary, useful and/or timely actions and formalities for the purpose of admission of bonds to trading on the regulated market administered by the Bucharest Stock Exchange and/or on the regulated market and/or in other trading venues in other jurisdictions after the offer is made;
- The date of November 15th, 2022 as registration date and ex-date – November 14th, 2022, in order to identify the shareholders who will benefit from other rights and over whom the effects of the EGMS decisions are reflected.

The interim consolidated and separate financial statements were approved by the Board of Directors on November 10, 2022 and were signed on behalf of the Board.

Ömer TETIK  
*Chief Executive Officer*

George CĂLINESCU  
*Deputy Chief Executive Officer*