

Banca Transilvania S.A.
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**INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

As at March 31, 2023

Banca Transilvania S.A.

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Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Profit or Loss

For the three-month period ended March 31

	Notes	Group		Bank	
		31-03-2023 RON thousand	31-03-2022 RON thousand	31-03-2023 RON thousand	31-03-2022 RON thousand
Interest income calculated using the effective interest method		1,946,814	1,102,721	1,749,400	960,244
Other interest like income		75,062	36,194	8,013	3,131
Interest expense calculated using the effective interest method		(779,213)	(169,014)	(724,329)	(151,281)
Other interest like expense		(715)	(534)	(1,637)	(1,749)
Net interest income	5	1,241,948	969,367	1,031,447	810,345
Fee and commission income		453,303	390,585	392,759	332,061
Fee and commission expense		(165,406)	(131,555)	(141,896)	(113,207)
Net fee and commission income	6	287,897	259,030	250,863	218,854
Net trading income	7	135,245	166,963	122,515	154,837
Net gain / loss (-) from financial assets measured at fair value through other items of comprehensive income	8	66,844	(14,372)	66,838	(14,805)
Net gain / loss (-) from financial assets which are required to be measured at fair value through profit and loss	9	23,502	(6,115)	17,877	(17,203)
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(91,821)	(147,282)	(89,271)	(143,513)
Other operating income	11	76,849	68,595	43,339	43,310
Operating income		1,740,464	1,296,186	1,443,608	1,051,825
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	12(a)	45,000	(142,176)	39,567	(103,244)
(Other) Provisions and reversal of provisions	12(b)	6,784	8,449	887	1,939
Personnel expenses	13	(476,270)	(397,704)	(400,635)	(339,023)
Depreciation and amortization		(106,665)	(92,843)	(97,604)	(82,147)
Other operating expenses	14	(241,019)	(198,582)	(203,918)	(166,006)
Operating expenses		(772,170)	(822,856)	(661,703)	(688,481)
Profit before income tax		968,294	473,330	781,905	363,344
Income tax expense (-)	15	(130,593)	(72,996)	(106,003)	(55,826)
Net profit for the period		837,701	400,334	675,902	307,518
Net Profit of the Group attributable to:					
Equity holders of the Bank		804,535	383,466	-	-
Non-controlling interests		33,166	16,868	-	-
Net Profit for the period		837,701	400,334	675,902	307,518

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Other Comprehensive Income

For the three-month period ended March 31

Notes	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
	RON thousand	RON thousand	RON thousand	RON thousand
Net Profit for the year	837,701	400,334	675,902	307,518
Items which are or may be reclassified to profit or loss	557,435	(1,109,766)	551,889	(1,088,609)
<i>Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:</i>	652,462	(1,302,095)	657,264	(1,297,911)
Net gain (-) / loss from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account	(66,844)	14,372	(66,838)	14,805
Fair value changes of financial assets measured at fair value through other items of comprehensive income	719,306	(1,316,467)	724,102	(1,312,716)
Translation of financial information of foreign operations to presentation currency	11,371	(21,011)	(12)	12
Income tax on items which are or may be reclassified to profit or loss	(106,398)	213,340	(105,363)	209,290
Total comprehensive income for the period	1,395,136	(709,432)	1,227,791	(781,091)
Total comprehensive income attributable to:				
Equity holders of the Bank	1,361,970	(726,300)	-	-
Non-controlling interest	33,166	16,868	-	-
Total comprehensive income for the period	1,395,136	(709,432)	1,227,791	(781,091)
Basic earnings per share	1.0107	0.4804	-	-
Diluted earnings per share	1.0107	0.4804	-	-

The financial statements were approved by the Board of Directors on May 5, 2023 and were signed on its behalf by:

Ömer TETIK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Financial Position

<i>In RON thousand</i>	Note	Group		Bank	
		31-03-2023 RON thousand	31-12-2022 RON thousand	31-03-2023 RON thousand	31-12-2022 RON thousand
Assets					
Cash and current accounts with Central Banks	16	17,858,522	14,540,717	15,457,534	12,645,157
Derivatives		205,709	218,443	205,709	218,443
Financial assets held for trading	18	318,061	321,370	34,693	30,693
Non-trading financial assets mandatorily at fair value through profit or loss	18	1,341,043	1,106,041	1,705,160	1,474,595
Financial assets measured at fair value through other items of comprehensive income	21	47,170,264	43,485,732	46,810,080	43,124,154
- of which pledged securities (repo agreements)		1,466,558	1,833,170	1,466,558	1,833,170
Financial assets at amortized cost - of which:		74,983,209	74,714,992	72,468,082	72,995,600
- Placements with banks and public institutions	17	4,351,225	5,567,332	5,592,297	6,634,858
- Loans and advances to customers	19	64,973,174	65,200,920	63,457,109	63,449,954
- Debt instruments	21	3,211,341	2,059,712	1,167,102	975,159
- Other financial assets	22	2,447,469	1,887,028	2,251,574	1,935,629
Finance lease receivables	20	2,872,273	2,812,597	-	-
Investments in subsidiaries		-	-	708,412	708,412
Investment in associates		3,403	3,737	-	-
Property and equipment and investment property		1,178,277	1,174,446	726,622	731,037
Intangible assets		497,409	506,238	421,473	429,960
Goodwill		154,363	154,363	-	-
Right-of-use assets		463,341	487,957	669,183	696,798
Current tax receivables		-	14,947	-	26,627
Deferred tax assets		697,613	791,605	650,663	747,800
Other non-financial assets	23	187,258	177,610	139,293	130,953
Total assets		147,930,745	140,510,795	139,996,904	133,960,229

Banca Transilvania S.A.

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

<i>In RON thousand</i>	Notes	Group		Bank	
		31-03-2023 RON thousand	31-12-2022 RON thousand	31-03-2023 RON thousand	31-12-2022 RON thousand
Liabilities					
Derivatives		41,248	41,695	41,248	41,695
Deposits from banks	24	832,808	1,678,082	837,718	1,631,542
Deposits from customers	25	126,779,290	119,731,729	122,306,073	116,503,842
Loans from banks and other financial institutions	26	4,374,990	4,840,928	3,162,433	3,562,483
Subordinated liabilities	27	1,775,444	1,748,260	1,746,226	1,718,909
Lease liabilities		467,362	492,956	636,588	663,680
Other financial liabilities	29	1,884,056	1,764,364	1,365,928	1,315,969
Current tax liability		106,185	-	87,602	-
Provisions for other risks and loan commitments	28	521,886	500,546	450,585	431,296
Other non-financial liabilities	30	240,026	215,374	166,226	132,636
Total liabilities excluding financial liabilities to holders of fund units		137,023,295	131,013,934	130,800,627	126,002,052
Financial liabilities to holders of fund units		24,624	25,328	-	-
Total liabilities		137,047,919	131,039,262	130,800,627	126,002,052
Equity					
Share capital		7,163,083	7,163,083	7,163,083	7,163,083
Treasury shares		(81,564)	(64,750)	(66,277)	(49,463)
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		5,301,589	4,457,854	4,266,308	3,558,320
Revaluation reserves from tangible assets		65,392	70,355	30,704	35,678
Reserves on financial assets measured at fair value through other items of comprehensive income		(3,180,609)	(3,728,492)	(3,184,753)	(3,736,653)
Other reserves		989,590	989,581	958,598	958,598
Total equity attributable to equity holders of the Bank		10,288,716	8,918,866	9,196,277	7,958,177
Non-controlling interest		594,110	552,667	-	-
Total equity		10,882,826	9,471,533	9,196,277	7,958,177
Total liabilities and equity		147,930,745	140,510,795	139,996,904	133,960,229

The financial statements were approved by the Board of Directors on May 5, 2023 and were signed on its behalf by:

Ömer TETİK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer

Banca Transilvania S.A.

Interim Consolidated Statement of Changes in Equity

For the three-month period ended March 31, 2023

Group	Attributable to the equity holders of the Bank									
	<i>In RON thousand</i>	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured at fair value through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest
Balance as at 01 January 2023	7,163,083	(64,750)	31,235	70,355	(3,728,492)	989,581	4,457,854	8,918,866	552,667	9,471,533
Profit for the period	-	-	-	-	-	-	804,534	804,534	33,167	837,701
Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	547,883	-	-	547,883	-	547,883
Revaluation of property and equipment, intangible assets, net of tax	-	-	-	-	-	-	-	-	-	-
Retained earnings from revaluation reserves	-	-	-	(4,963)	-	-	4,963	-	-	-
Distribution to statutory reserves	-	-	-	-	-	9	(9)	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	9,552	9,552	-	9,552
Total comprehensive income for the period	-	-	-	(4,963)	547,883	9	819,040	1,361,969	33,167	1,395,136
Contributions of/distributions to the shareholders										
Increase in share capital through the conversion of retained earnings	-	(16,814)	-	-	-	-	-	(16,814)	-	(16,814)
Acquisition of treasury shares	-	(16,814)	-	-	-	-	27,124	27,124	-	27,124
SOP 2023 Scheme	-	-	-	-	-	-	(438)	(438)	-	(438)
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	(1,991)	(1,991)	8,276	6,285
Other adjustments	-	-	-	-	-	-	-	-	-	-
Total contributions of/distributions to the shareholders	-	(16,814)	-	-	-	-	24,695	7,881	8,276	16,157
Balance as at March 31, 2023	7,163,083	(81,564)	31,235	65,392	(3,180,609)	989,59	5,301,58	10,288,716	594,110	10,882,826

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

Banca Transilvania S.A.

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

For the year ended March 31, 2022

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

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

Banca Transilvania S.A.

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

For the three-month period ended March 31, 2023

Bank	Notes	Attributable to the equity holders of the Bank							Total
		Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured at fair value through other items of comprehensive income	Other reserves	Retained earnings	
<i>In RON thousand</i>									
Balance as at 01 January 2023		7,163,083	(49,463)	28,614	35,678	(3,736,653)	958,598	3,558,320	7,958,177
Profit for the period		-	-	-	-	-	-	675,902	675,902
Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	551,900	-	-	551,900
Retained earnings from revaluation reserves		-	-	-	(4,974)	-	-	4,974	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	(11)	(11)
Statement of comprehensive income for the period		-	-	-	(4,974)	551,900	-	680,865	1,227,791
Contributions of/distributions to the shareholders									
Acquisition of treasury shares		-	(16,814)	-	-	-	-	-	(16,814)
SOP 2023 Scheme		-	-	-	-	-	-	27,123	27,123
Total contributions of/distributions to the shareholders		-	(16,814)	-	-	-	-	27,123	10,309
Balance as at March 31, 2023		7,163,083	(66,277)	28,614	30,704	(3,184,753)	958,598	4,266,308	9,196,277

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

Banca Transilvania S.A.

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

For the year ended March 31, 2022

Bank	No tes	Attributable to the equity holders of the Bank							Total
		Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	
<i>In RON thousand</i>									
Balance as at 01 January 2022		6,397,971	-	28,614	42,234	(1,004,667)	837,564	3,051,409	9,353,125
Profit for the period		-	-	-	-	-	-	307,518	307,518
Losses from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(1,088,619)	-	-	(1,088,619)
Retained earnings from revaluation reserves		-	-	-	(4,156)	-	-	4,156	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	10	10
Statement of comprehensive income for the period		-	-	-	(4,156)	(1,088,619)	-	311,684	(781,091)
Contributions of/distributions to the shareholders									
Acquisition of treasury shares		-	(73,380)	-	-	-	-	-	(73,380)
SOP 2022 Scheme		-	-	-	-	-	-	31,672	31,672
Total contributions of/distributions to the shareholders		-	(73,380)	-	-	-	-	31,672	(41,708)
Balance as at March 31, 2022		6,397,971	(73,380)	28,614	38,078	(2,093,286)	837,564	3,394,765	8,530,326

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

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

<i>In RON thousand</i>	Note	Group		Bank	
		31-03-2023	31-03-2022	31-03-2023	31-03-2022
Cash-flow from operating activities					
Profit for the year		837,701	400,334	675,902	307,518
Adjustments for:					
Depreciation and amortization		106,665	92,843	97,604	82,147
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		18,179	206,095	28,302	172,475
Adjustment of financial assets at fair value through profit or loss		(23,502)	6,115	(17,877)	17,203
Income tax expense		130,593	72,996	106,003	55,826
Interest income		(2,021,876)	(1,138,915)	(1,757,413)	(963,375)
Interest expense		779,928	169,548	725,966	153,030
Other adjustments		246,052	94,722	(114,241)	23,833
Net profit adjusted with non-monetary elements		73,740	(96,262)	(255,754)	(151,343)
Changes in operating assets and liabilities(*)					
Change in financial assets at amortized cost and placements with banks		(484,024)	182,817	(290,676)	(56,066)
Change in loans and advances to customers		253,137	(2,599,455)	17,878	(2,529,798)
Change in finance lease receivables		(26,823)	(42,561)	-	-
Change in financial assets at fair value through profit or loss		(211,500)	(32,566)	(212,688)	(28,452)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		12,734	(46,526)	12,734	(46,129)
Change in equity instruments		3,704	2,347	(4,000)	982
Changes in debt instruments		(395)	8,042	-	-
Change in other financial assets		(574,019)	(183,638)	(310,642)	(169,569)
Change in other assets		(49,197)	(35,283)	(44,055)	(34,354)
Change in deposits from customers		6,796,464	(594,567)	5,550,814	(49,812)
Change in deposits from banks		(840,718)	56,074	(788,885)	(2,806)
Change in financial liabilities held-for-trading		(447)	(5,247)	(447)	(5,180)
Change in repo operations		(373,631)	(6,178,099)	(373,631)	(6,178,099)
Change in other financial liabilities		118,992	807,756	49,544	700,914
Change in other liabilities		24,652	(5,445)	33,578	(541)
Income tax (paid)/recovered		(17,937)	(63,174)	-	(63,174)
Interest received		1,543,680	855,333	1,528,255	699,946
Interest paid		(597,482)	(152,821)	(444,378)	(139,642)
Net cash-flow from operating activities		5,650,930	(8,123,275)	4,467,647	(8,053,123)

Interim Consolidated and Separate Statement of Cash Flows (continued)

For the three-month period ended March 31

In RON thousand	Notes	Group		Bank	
		31-03-2023	31-03-2022	31-03-2023	31-03-2022
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(8,174,190)	(7,881,409)	(8,172,036)	(7,832,993)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		5,207,792	4,671,380	5,207,124	4,620,191
Net acquisitions of property and equipment		(21,389)	(62,435)	(8,180)	(9,968)
Net acquisitions intangible assets		(22,245)	(25,742)	(19,552)	(17,116)
Proceeds from disposal of property and equipment and intangible assets		352	618	(142)	458
Acquisitions of equity investments		-	-	-	-10
Dividends collected		-	-	-	33,808
Interest received		290,861	222,057	290,788	220,317
Net cash-flow used in investment activities		(2,718,819)	(3,075,531)	(2,701,998)	(2,985,313)
Cash-flow from financing activities					
Gross proceeds from loans from banks and other financial institutions		44,698	2,551,159	-	2,500,000
Gross payments from loans from banks and other financial institutions		(145,486)	(89,422)	(32,089)	(44,595)
Gross payments from subordinated loans from banks and other financial institutions		-	-	-	-
Repayment of the principal portion of the lease liabilities		(37,524)	(44,913)	(39,800)	(38,497)
Dividend payments		(136)	(4,131)	(136)	(4,131)
Payments for treasury shares		(16,814)	(73,380)	(16,814)	(73,380)
Interest paid		(17,174)	(3,994)	(5,725)	(716)
Net cash-flow from / (used in) financing activities		(172,436)	2,335,319	(94,564)	2,338,681
(*) Changes in operating assets and liabilities only include the effect of net treasury flows, the non-monetary effect of the merger being eliminated					

In RON thousand	Note	Group		Bank	
		31-03-2023	31-03-2022	31-03-2023	31-03-2022
Cash and cash equivalents at January 1		18,459,296	27,356,745	15,342,973	24,880,094
The impact of exchange rate variations on cash and cash equivalents		(25,030)	5,993	(23,965)	5,993
Net increase/decrease (-) in cash and cash equivalents		2,784,705	(8,869,480)	1,695,050	(8,705,748)
Cash and cash equivalents as at Mach 31	16	21,218,971	18,493,258	17,014,058	16,180,339

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation

a) Reporting entity

Banca Transilvania S.A.

Banca Transilvania S.A. (the “Parent company”, “BT”) is a joint-stock company incorporated in Romania. The Bank started its activity as a banking institution in 1993 and is licensed by the National Bank of Romania (“BNR”, the “Central Bank”) to conduct banking activities. The Bank started its activity in 1994 and its main operations involve banking services for legal entities and individuals. Banca Transilvania Group (the “Group”) includes the Parent company and its subsidiaries, based in Romania and in the Republic of Moldova. The consolidated and separate financial statements as at March 31, 2023 comprise the Parent company and its subsidiaries (hereinafter referred to as the “Group”).

The Group’s fields of activity are: banking through Banca Transilvania S.A. and Victoriabank S.A. and Idea Bank S.A., leasing and consumer finance mainly through BT Leasing Transilvania IFN S.A., Idea Leasing IFN S.A., BT Direct IFN S.A., BT Microfinanțare IFN S.A. and BT Leasing MD S.R.L., asset management through BT Asset Management S.A.I. S.A. brokerage and investments through BT Capital Partners S.A. and pension funds management BT Pensii S.A.. Additionally, the Bank also has control over two investment funds it consolidates and it is associated in SINTEZA S.A. with a holding percentage of 31.09%.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 42 branches, 455 agencies, 5 work units, 8 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest (2022: 42 branches, 454 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 at March 31, 2023 was 11,326 (2022: 11,256 employees).

The Bank’s number of active employees as at March 31, 2023 was 9,175 (2022: 9,109 employees).

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

The ownership structure of the Bank is presented below:

	31-03-2023	31-03-2022
NN Group (*)	10.00%	10.16%
The European Bank for Reconstruction and Development (“EBRD”)	6.87%	6.87%
Romanian individuals	22.37%	21.29%
Romanian companies	43.53%	42.00%
Foreign individuals	1.08%	1.05%
Foreign companies	16.15%	18.63%
Total	100%	100%

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

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

a) Reporting entity (continued)

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

Subsidiary	Field of activity	Percentage of direct and indirect stake 31-03-2023	Percentage of direct and indirect stake 31-12-2022
Victoriabank S.A.	financial and banking activities and investments subject to license	44.63%	44.63%
BT Capital Partners S.A.	Investments	99.59%	99.59%
BT Leasing Transilvania IFN S.A.	leasing	100%	100%
BT Investments S.R.L.	Investments	100%	100%
BT Direct IFN S.A.	consumer loans	100%	100%
BT Building S.R.L.	Investments	100%	100%
BT Asset Management SAI. S.A.	Asset management	100%	100%
BT Solution Agent de Asigurare S.R.L.	Insurance broker	99.95%	99.95%
BT Asiom Agent de Asigurare S.R.L.	Insurance broker	99.95%	99.95%
BT Safe Agent de Asigurare S.R.L.	Insurance broker	99.99%	99.99%
BT Intermedieri Agent de Asigurare S.R.L.	Insurance broker	99.99%	99.99%
BT Leasing MD SRL	leasing	100%	100%
BT Microfinanțare IFN S.A.	Consumer loans	100%	100%
Improvement Credit Collection S.R.L.	Activities of collection agents and credit reporting bureaus	100%	100%
VB Investment Holding B.V.	Activities of holdings	61.81%	61.81%
BT Pensii S.A.	Activities of pension funds (except those in the public social security system)	100%	100%
Idea Bank S.A.	Financial and banking activities	100%	100%
Idea Leasing IFN S.A.	Financial leasing	100%	100%
Idea Broker de Asigurare S.R.L.	Activities of insurance agents and brokers	100%	100%
Code Crafters by BT S.R.L.	Custom software development activities	100%	100%
Țiriac Leasing IFN S.A.	Financial leasing	-	100%

b) Declaration of conformity

The interim consolidated and separate statement of the Group and the Bank have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union, effective as at the Group's and Bank's interim reporting date, March 31, 2023.

They do not include all the information required for a complete set of financial statements in accordance with the International Financial Reporting Standard ("IFRS") endorsed by the European Union. However, certain notes are included in order to explain the events and transactions that are significant in order to understand the changes in the Group's and the Bank's financial position and performance as of the last annual separate and consolidated financial statements as at and for the year ended December 31, 2022.

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

c) Basis of measurement

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

d) Functional and presentation currency

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

The exchange rates for the major foreign currencies were:

Currency	31-03-2023	31-12-2022	Fluctuation %
Euro (EUR)	1: RON 4.9491	1:RON 4.9474	0.03 %
American dollar (USD)	1: RON 4.5463	1: RON 4.6346	-1.91 %

e) Use of estimates and judgements

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

The estimates and assumptions are reviewed on an ongoing basis.

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

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

e) Use of estimates and judgements (continued)

i) Impairment losses on loans and advances to customers

The Group and the Bank 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. For example, the observable data might be the unfavorable changes in the payment behavior of certain debtors within a group or in the economic, national or local circumstances, which correlate with default incidents affecting the debtors' group.

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

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 (stage 2 and 3).

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 macroeconomic scenarios are reflecting the expectation about an macroeconomic environment dealing with uncertainties due to supply chain disruptions, labour shortages, rising energy costs causing inflation and interest rates growing, being exacerbated by the war in Ukraine, concluding in new challenges that affect the economic and business activity.

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. Scenario weights are determined by a statistical analysis but also by an expert opinion, considering the possible results of each scenario. More details about assumptions made, scenarios used, weights applied to each scenario is described in Note 4b Credit risk.

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)

Considering mentioned macroeconomic context, the management continued to apply its own value judgments using a series of post-model adjustments, adopting a conservative position in line with the expectations provided by the banking supervisory authorities.

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 set for the loans/ borrowers 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. A continued review of post-model adjustments throughout the period has been in process and was related to specific macroeconomic risks on certain industries that were hard hit by supply chain disruptions, increase of energy costs and crisis containment measures, classified as sensitive sectors.

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 2023. The Bank remains vigilant in monitoring geopolitical and economic relations.

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.

Another main consideration of the introduction and maintaining the 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.

The amount of post model adjustments applied is representing 16.9% of total ECL (17.5% in dec.2022) considering

- expectation related to sensitive industries and high-risk products;
- expectations for default rates increase considering high inflation and increased interest (expert judgement) ;
- expectations for default rates increase, linked with GDP evolution from 2009 economic crisis
- 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 – watch list exposures have been transferred from stage 1 to stage 2 and ECL volume has been adjusted to ensure sufficient impairment coverage.

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)

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 variations in mark-up to market.

The Group and the Bank stands on a comfortable position of liquidity, therefore the market disruptions didn't seriously affected them. In terms of interest rate risk, the pressure was felt on net interest margin due to interest rates levels.

The financial instruments measured at fair value 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 slightly upward trend but still remaining 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 Group and the Bank hold, 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 31 December 2015.

The Bank considered the bargain gain as non-taxable income for the calculation of the comprehensive income from March 31, 2023 and December 31, 2022, based on solid arguments such as:

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

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*)**

- 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, annulled the first instance decision, retried the case and in retrial rejected the action filed by Banca Transilvania as not founded.

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.

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 Court of Justice of European Union issued a decision in this case on April 27, 2023. The Bank is analyzing this decision and is in the process of establishing its next legal course.

In February 2023, a fiscal inspection of the Bank's activity for the years 2015 and 2016 was completed. In the Fiscal Inspection Report (“RIF”), the control team noted that the Bank did not apply the provisions of the AIFS and that the Bank should have included the gain from the purchase in advantageous conditions of Volksbank Romania shares in its tax base for 2015. Following the RIF, the tax authorities issued a decision to change the tax base for 2015, which does not have direct effects, because in 2015 the Bank benefited from taking over the fiscal loss after the merger with Volksbank.

The Bank filed an appeal against the decisions taken by the tax authorities following the above RIF and filed a request to suspend this decision in court during February 2023. The appeal is being resolved at the level of the tax authorities, a first discussion on this topic being fixed for mid-May. Regarding the request to suspend the decision, it was judged at the Cluj Court of Appeal at the end of February 2023, and it was rejected. The Bank made an appeal to the High Court of Cassation and Justice against this decision.

The additional potential impact in addition to the 264,096 thousand lei representing tax owed on the profit from the acquisition of Volksbank is represented by penalties for a possible late payment of these amounts. At the time of issuing this report, these potential penalties were calculated at a level of 128 million lei.

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

e) Use of estimates and judgements (continued)

(iii) Risk provisions for abusive clauses and litigation

The provision for abusive clauses is an estimated amount for potential litigations facing the Bank derived from the retail credit contracts inherited from Volksbank and Bancpost merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years (a show-up ratio) and the loss probability for such cases (calculated as a historical positive versus negative outcome of litigations). The last review for abusive clauses provision has been performed as of March 31, 2023 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 442 million in equivalent.

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

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

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

f) Other significant aspects

On March 22, 2023, the Board of Directors of the B.C. Victoriabank SA, the subsidiary of the Banca Transilvania Group, approved the completion of the transaction for the acquisition of the package of shares held by Banca Comercială Română SA (Romania) in the share capital of Banca Comercială Română Chişinău SA (Republic of Moldova), the signing of the contract taking place on March 29, 2023.

As part of the transaction, BC Victoriabank S.A. will acquire the full shares in the share capital of Banca Comercială Română Chişinău SA. The transaction is to be completed after fulfilling the legal procedures and contractual conditions, following the completion of the transaction Banca Comercială Română Chişinău SA will become a subsidiary of the Banca Transilvania Group. Until the date of approval and publication of the financial statements, BC Victoriabank SA had not received all the necessary approvals to gain the control according to IFRS 3, and the present financial statements were not affected by this transaction.

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 consolidated and separate statement are the ones also applied in the Consolidated and separate financial statements as at and for the fiscal year ended December 31, 2022.

3. Segment reporting

The Group segment reporting is based on components of entity that the management monitors in making decisions. The business segments are presented in a manner which is consistent with the internal reporting documentation submitted to the Leaders' Committee.

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

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

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

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

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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The Large Corporate clients have access to an all-inclusive package of banking products and services, the incomes generated by this segment resulting from lending operations, current business operations (transaction banking, Treasury, trade finance and retail products) and other related services (leasing, asset management, consultancy on mergers and acquisitions, capital market advisory services). Through the services provided, the Bank aims at extending its cooperation to the business partners of the LaCo segment - clients/suppliers/employees - by focusing on the increase of non-risk income.

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

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

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

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

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

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

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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

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

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

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

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

As at March 31, 2023 and March 31, 2022, the Group or the Bank did not record income exceeding 10% of total income in relation to a single customer.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of financial position for the periods ended at March 31, 2023, and comparative data for December 31, 2022:

Business segments as at March 31, 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	Intra-group eliminations & adjustments	Total
Gross loans and finance lease receivables	12,553,227	10,198,820	4,833,566	4,595,590	29,843,885	-	4,728,633	8,453,641	(2,800,479)	72,406,883
<i>Allowances for impairment losses on loans and finance lease receivables</i>	(757,645)	(951,299)	(390,122)	(580,104)	(1,554,224)	-	(390,416)	(12,833)	75,207	(4,561,436)
Loans and finance receivables-net	11,795,582	9,247,521	4,443,444	4,015,486	28,289,661	-	4,338,217	8,440,808	(2,725,272)	67,845,447
Portfolio of Debt instruments and Equity instruments, net of provisions	-	-	-	-	-	52,112,457	11,421	453,315	(330,775)	52,246,418
Treasury and inter-bank operations	-	-	-	-	-	23,851,940	83,239	561,130	(2,286,562)	22,209,747
Intangible assets	76,271	174,411	134,148	210,131	672,231	45,078	175,687	356,976	(11,481)	1,833,452
Right-of-use assets	28,385	57,065	35,341	75,169	227,416	14,598	19,878	19,257	(13,768)	463,341
Other assets	664,321	509,232	216,804	222,264	1,497,250	-	195,597	116,911	(90,039)	3,332,340
Total assets	12,564,559	9,988,229	4,829,737	4,523,050	30,686,558	76,024,073	4,824,039	9,948,397	(5,457,897)	147,930,745
Deposits and current accounts	9,617,082	10,968,485	7,269,245	16,526,770	82,431,720	2,959,882	-	135,068	(2,296,154)	127,612,098
Loans from banks and other financial institutions	138,275	472,737	66,538	50,762	42,242	1,443,545	3,765,376	1,231,341	(2,835,826)	4,374,990
Subordinated liabilities	-	-	-	-	-	1,793,801	-	-	(18,357)	1,775,444
Finance lease financial liabilities	94,345	74,373	34,656	31,750	220,215	686	19,921	5,194	(13,778)	467,362
Other liabilities	556,556	414,619	154,090	148,604	984,151	1,031	191,701	445,244	(77,971)	2,818,025
Total liabilities	10,406,258	11,930,214	7,524,529	16,757,886	83,678,328	6,198,945	3,976,998	1,816,847	(5,242,086)	137,047,919
Equity and related items	-	-	-	-	-	-	-	10,882,826	-	10,882,826
Total liabilities and equity	10,406,258	11,930,214	7,524,529	16,757,886	83,678,328	6,198,945	3,976,998	12,699,673	(5,242,086)	147,930,745

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments as at December 31, 2022

Group In RON thousand

	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non- banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
Gross loans and finance lease receivables	12,560,167	9,966,452	4,643,518	4,634,808	30,119,009	-	4,612,312	8,442,599	(2,449,354)	72,529,511
Provisions for principal	(751,732)	(991,971)	(356,153)	(559,485)	(1,503,005)	-	(403,567)	(16,224)	66,143	(4,515,994)
Loans and finance lease receivables net of provisions	11,808,435	8,974,481	4,287,365	4,075,323	28,616,004	-	4,208,745	8,426,375	(2,383,211)	68,013,517
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	47,039,771	15,909	465,793	(330,175)	47,191,298
Treasury and inter-bank operations	-	-	-	-	-	21,681,878	93,324	399,105	(2,066,258)	20,108,049
Property and equipment and investment property, Intangible assets and goodwill	86,459	176,082	109,076	257,541	797,050	50,753	30,636	342,643	(11,456)	1,838,784
Right-of-use assets	29,949	54,903	30,372	86,362	251,345	15,360	17,431	13,438	(11,203)	487,957
Other assets	623,728	473,012	202,070	210,549	1,423,491	-	255,394	97,507	(414,561)	2,871,190
Total assets	12,548,571	9,678,478	4,628,883	4,629,775	31,087,890	68,787,762	4,621,439	9,744,861	(5,216,864)	140,510,795
Deposits from customers and current accounts	7,727,114	10,028,370	6,159,056	15,942,884	79,880,405	3,741,780	-	2,202	(2,072,000)	121,409,811
Loans from banks and other financial institutions	148,810	464,372	62,783	54,555	56,351	1,818,574	3,487,240	1,231,522	(2,483,279)	4,840,928
Subordinated liabilities	-	-	-	-	-	1,766,159	-	-	(17,899)	1,748,260
Lease liabilities	99,999	76,728	34,046	33,909	235,707	702	17,420	5,572	(11,127)	492,956
Other liabilities	509,017	386,845	133,626	132,536	884,225	713	353,383	412,347	(265,385)	2,547,307
Total liabilities	8,484,940	10,956,315	6,389,511	16,163,884	81,056,688	7,327,928	3,858,043	1,651,643	(4,849,690)	131,039,262
Equity and related items	-	-	-	-	-	-	-	9,471,533	-	9,471,533
Total liabilities and equity	8,484,940	10,956,315	6,389,511	16,163,884	81,056,688	7,327,928	3,858,043	11,123,176	(4,849,690)	140,510,795

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the periods ended at March 31, 2023, and comparative data for March 31, 2022:

Business segments as at March 31, 2023

Group In RON thousand	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non- banking financial institutions	Other - Group	Removals & adjustments	Total
Net interest income	46,533	81,867	57,891	89,085	288,120	255,597	96,168	323,870	2,817	1,241,948
Net commission income	12,880	29,565	24,497	95,944	106,683	(431)	6,633	10,619	1,507	287,897
Net trading income	3,859	16,299	15,379	28,731	51,595	20,412	3,913	(5,010)	67	135,245
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	34,093	-	32,751	-	66,844
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	23,382	-	120	-	23,502
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(5,909)	(8,131)	(4,261)	(12,214)	(61,306)	-	-	-	-	(91,821)
Other operating income	3,472	2,578	1,795	1,170	34,712	208	23,995	24,941	(16,022)	76,849
Total income	60,835	122,178	95,301	202,716	419,804	333,261	130,709	387,291	(11,631)	1,740,464
Personnel expenses	(27,861)	(62,787)	(42,103)	(70,969)	(207,303)	(8,719)	(28,018)	(28,510)	-	(476,270)
Other operating expenses	(11,123)	(22,212)	(17,955)	(27,152)	(96,535)	(8,896)	(19,400)	(45,475)	7,729	(241,019)
Depreciation and amortization	(6,576)	(13,625)	(8,902)	(17,267)	(53,382)	(3,325)	(3,874)	(5,720)	6,006	(106,665)
Total Expenses	(45,560)	(98,624)	(68,960)	(115,388)	(357,220)	(20,940)	(51,292)	(79,705)	13,735	(823,954)
Operating profit before net provision expenses for assets, other risks and commitments	15,275	23,554	26,341	87,328	62,584	312,321	79,417	307,586	2,104	916,510

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

4. Fair value of financial assets and liabilities

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

Level 1 in the fair value hierarchy

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

Level 2 in the fair value hierarchy

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

Level 3 in the fair value hierarchy

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

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

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

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

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

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

At level 2 in the fair value hierarchy, the Group and the Bank included in the category of assets: derivatives held at fair value through profit or loss, bonds classified as assets measured at fair value through other items of comprehensive income, issued by Municipalities; and in the category of liabilities: derivatives classified as financial liabilities held for trading.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

The table below presents the financial instruments measured at fair value in the statement of financial position, at the end of the reporting period, by fair value levels:

Group <i>In RON thousand</i>	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
March 31, 2023				
Financial assets held for trading and measured at fair value through profit or loss, of which:	209,125	98,083	10,853	318,061
- Equity instruments	209,125	-	-	209,125
- Debt instruments	-	98,083	10,853	108,936
Derivatives	-	205,709	-	205,709
Financial assets measured at fair value through other items of comprehensive income	46,357,615	144,462	668,187	47,170,264
- Equity instruments	-	-	147,425	147,425
- Debt instruments	46,357,615	117,556	520,762	46,995,933
- Loans and advances	-	26,906	-	26,906
Financial assets which are required to be measured at fair value through profit or loss, of which:	845,159	99,849	396,035	1,341,043
- Equity instruments	255,747	-	-	255,747
- Debt instruments	589,412	99,849	396,035	1,085,296
Total financial assets measured at fair value in the statement of financial position	47,411,899	548,103	1,075,075	49,035,077
Non-financial assets at fair value	-	-	1,178,277	1,178,277
- Property and equipment and investment property	-	-	1,178,277	1,178,277
Total assets measured at fair value in the statement of financial position	47,411,899	548,103	2,253,352	50,213,354
Financial liabilities held-for-trading	-	41,248	-	41,248
December 31, 2022				
Financial assets held for trading and measured at fair value through profit or loss, of which:	212,829	97,692	10,849	321,370
- Equity instruments	212,829	-	-	212,829
- Debt instruments	-	97,692	10,849	108,541
Derivatives	-	218,443	-	218,443
Financial assets measured at fair value through other items of comprehensive income	42,685,840	140,126	659,766	43,485,732
- Equity instruments	-	-	151,693	151,693
- Debt instruments	42,685,840	113,270	508,073	43,307,183
- Loans and advances	-	26,856	-	26,856
Financial assets which are required to be measured at fair value through profit or loss, of which:	830,870	198,617	76,554	1,106,041
- Equity instruments	242,037	-	-	242,037
- Debt instruments	588,833	198,617	76,554	864,004
Total financial assets measured at fair value in the statement of financial position	43,729,539	654,878	747,169	45,131,586
Non-financial assets at fair value	-	-	1,174,446	1,174,446
- Property and equipment and investment property	-	-	1,174,446	1,174,446
Total assets measured at fair value in the statement of financial position	43,729,539	654,878	1,921,615	46,306,032
Financial liabilities held-for-trading	-	41,695	-	41,695

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

Bank	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
<i>In RON thousand</i>				
March 31, 2023				
Financial assets held for trading and measured at fair value through profit or loss, of which:				
- Equity instruments	34,693	-	-	34,693
Derivatives	-	205,709	-	205,709
Financial assets measured at fair value through other items of comprehensive income				
- Equity instruments	46,113,779	144,462	551,839	46,810,080
- Debt instruments	-	-	17,665	17,665
- Loans and advances	46,113,779	117,556	534,174	46,765,509
Financial assets which are required to be measured at fair value through profit or loss, of which:				
- Equity instruments	1,209,276	99,849	396,035	1,705,160
- Debt instruments	255,450	-	-	255,450
Total financial assets measured at fair value in the statement of financial position	47,357,748	450,020	947,874	48,755,642
Non-financial assets at fair value				
- Property and equipment and investment property	-	-	726,622	726,622
Total assets measured at fair value in the statement of financial position	47,357,748	450,020	1,674,496	49,482,264
Financial liabilities held-for-trading				
	-	41,248	-	41,248
December 31, 2022				
Financial assets held for trading and measured at fair value through profit or loss, of which:				
- Equity instruments	30,693	-	-	30,693
Derivatives	-	218,443	-	218,443
Financial assets measured at fair value through other items of comprehensive income				
- Equity instruments	42,445,030	140,126	538,998	43,124,154
- Debt instruments	-	-	17,663	17,663
- Loans and advances	42,445,030	113,270	521,335	43,079,635
Financial assets which are required to be measured at fair value through profit or loss, of which:				
- Equity instruments	1,199,424	198,617	76,554	1,474,595
- Debt instruments	241,712	-	-	241,712
	957,712	198,617	76,554	1,232,883
Total financial assets measured at fair value in the statement of financial position	43,675,147	557,186	615,552	44,847,885
Non-financial assets at fair value				
- Property and equipment and investment property	-	-	731,037	731,037
Total assets measured at fair value in the statement of financial position	43,675,147	557,186	1,346,589	45,578,922
Financial liabilities held-for-trading				
	-	41,695	-	41,695

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

ii) Financial instruments not carried at fair value

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

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

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at March 31, 2023:

In RON thousand	Notes	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				Fair value hierarchy	Fair value hierarchy	Fair value hierarchy			Fair value hierarchy	Fair value hierarchy	Fair value hierarchy
				Level 1	Level 2	Level 3		Fair value	Level 1	Level 2	Level 3
Assets											
Placements with banks and public institutions	17	4,351,225	4,351,225	-	4,351,225	-	5,592,297	5,592,297	-	5,592,297	-
Loans and advances to customers	19	64,973,174	64,873,216	-	-	64,873,216	63,457,109	63,388,785	-	-	63,388,785
Finance lease receivables	0	2,872,273	2,849,356	-	-	2,849,356	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	3,211,341	3,218,338	750,299	2,026,519	441,520	1,167,102	1,151,102	-	1,151,102	-
Other financial assets	22	2,447,469	2,447,469	-	-	2,447,469	2,251,574	2,251,574	-	-	2,251,574
Total assets		77,855,482	77,739,604	750,299	6,377,744	70,611,561	72,468,082	72,383,758	-	6,743,399	65,640,359
Liabilities											
Deposits from banks	24	832,808	832,808	-	832,808	-	837,718	837,718	-	837,718	-
Deposits from customers	25	126,779,290	126,717,955	-	126,717,955	-	122,306,073	122,234,836	-	122,234,836	-
Loans from banks and other financial institutions	26	4,374,990	4,398,001	-	-	4,398,001	3,162,433	3,185,444	-	-	3,185,444
Subordinated liabilities	27	1,775,444	1,775,444	-	-	1,775,444	1,746,226	1,746,226	-	-	1,746,226
Lease liabilities		467,362	467,362	-	-	467,362	636,588	636,588	-	-	636,588
Other financial liabilities	29	1,884,056	1,884,056	-	-	1,884,056	1,365,928	1,365,928	-	-	1,365,928
Total liabilities		136,113,950	136,075,626	-	127,550,763	8,524,863	130,054,966	130,006,740	-	123,072,554	6,934,186

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

ii) Financial instruments not carried at fair value (continued)

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at December 31, 2022:

RON thousand	Note	Carrying amount	Group Fair value hierarchy			Carrying amount	Fair value	Bank Fair value hierarchy			
			Fair value	Level 1	Level 2			Level 3	Level 1	Level 2	Level 3
Assets											
Placements with banks and public institutions	17	5,567,332	5,567,332	-	5,567,332	6,634,858	6,634,858	-	6,634,858	-	
Loans and advances to customers	19	65,200,920	65,617,870	-	-	65,617,870	63,449,954	64,180,286	-	64,180,286	
Finance lease receivables	20	2,812,597	2,793,665	-	-	2,793,665	-	-	-	-	
Financial assets at amortized cost - debt instruments	21	2,059,712	2,042,369	587,268	1,046,756	408,345	975,159	954,551	-	954,551	
Other financial assets	22	1,887,028	1,887,028	-	-	1,887,028	1,935,629	1,935,629	-	1,935,629	
Total assets		77,527,589	77,908,264	587,268	6,614,088	70,706,908	72,995,600	73,705,324	-	7,589,409	66,115,915
Liabilities											
Deposits from banks	24	1,678,082	1,678,082	-	1,678,082	-	1,631,542	1,631,542	-	1,631,542	-
Deposits from customers	25	119,731,729	119,559,333	-	119,559,333	-	116,503,842	116,339,982	-	116,339,982	-
Loans from banks and other financial institutions	26	4,840,928	4,855,524	-	-	4,855,524	3,562,483	3,577,079	-	-	3,577,079
Subordinated liabilities	27	1,748,260	1,748,260	-	-	1,748,260	1,718,909	1,718,909	-	-	1,718,909
Lease liabilities		492,956	492,956	-	-	492,956	663,680	663,680	-	-	663,680
Other financial liabilities	29	1,764,364	1,764,364	-	-	1,764,364	1,315,969	1,315,969	-	-	1,315,969
Total liabilities		130,256,319	130,098,519	-	121,237,415	8,861,104	125,396,425	125,247,161	-	117,971,524	7,275,637

Notes to the Interim Condensed Consolidated and Separate Financial Statements

5. Net interest income

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Interest income calculated using the effective interest method	1,946,814	1,102,721	1,749,400	960,244
- Cash and current accounts with Central Banks at AC	57,089	9,990	28,502	2,716
- Placements with banks and public institutions at AC	52,016	21,968	68,520	22,514
- Loans and advances to customers at AC	1,341,520	800,119	1,225,132	682,672
- Debt instruments at FVOCI	417,304	252,554	415,480	250,108
- Debt instruments at AC	78,886	18,090	11,766	2,234
Other similar interest income	75,062	36,194	8,013	3,131
- Finance lease receivables	67,050	33,062	-	-
- Non-recourse factoring receivables	8,013	3,131	8,013	3,131
Total interest income	<u>2,021,876</u>	<u>1,138,915</u>	<u>1,757,413</u>	<u>963,375</u>
Interest expense related to financial liabilities measured at amortized cost	779,213	169,014	724,329	151,281
- Cash and current accounts with Central Banks	20	21,189	17	21,037
- Deposits from banks	13,045	6,357	12,125	5,573
- Deposits from customers	692,737	98,862	653,580	85,845
- Loans from banks and other financial institutions	73,411	42,606	58,607	38,826
Other similar expense	715	534	1,637	1,749
- Lease liabilities	715	534	1,637	1,749
Total interest expense	<u>779,928</u>	<u>169,548</u>	<u>725,966</u>	<u>153,030</u>
Net interest income	<u>1,241,948</u>	<u>969,367</u>	<u>1,031,447</u>	<u>810,345</u>

Interest income as at March 31, 2023 includes the net interest income on impaired financial assets amounting RON 54,694 thousand (2022: RON 31,611 thousand) for the Group and RON 47,885 thousand (2022: RON 24,449 thousand) for the Bank.

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

6. Net fee and commission income

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Fee and commission income				
Commissions from treasury and inter-bank operations	65,752	50,888	65,752	50,337
Client transactions	369,233	323,931	313,343	270,660
Lending activity (i)	14,028	11,669	13,302	10,927
Finance lease management	2,926	2,729	-	-
Other fee and commission income	1,364	1,368	362	137
Total fee and commission income	<u>453,303</u>	<u>390,585</u>	<u>392,759</u>	<u>332,061</u>
Fee and commission expense				
Commissions from treasury and inter-bank	120,257	91,614	98,962	75,175
Client transactions	39,297	34,609	33,175	27,631
Lending activity (i)	5,366	4,573	9,250	9,679
Other fees and commissions	486	759	509	722
Fee and commission expenses	<u>165,406</u>	<u>131,555</u>	<u>141,896</u>	<u>113,207</u>
Net fee and commission income	<u>287,897</u>	<u>259,030</u>	<u>250,863</u>	<u>218,854</u>

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

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7. Net trading income

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Net income from foreign exchange transactions	149,352	134,611	134,912	114,662
(Expense)/ net income from derivatives	(26,493)	47,877	(26,524)	47,400
(Expense)/ net income from financial assets held-for-trading	(1,041)	(11,411)	4,168	(883)
Net income/(expense) from foreign exchange position revaluation	13,427	(4,114)	9,959	(6,342)
Net trading income	135,245	166,963	122,515	154,837

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Income from the sale of financial assets measured at fair value through other items of comprehensive income	67,390	14,407	67,384	13,852
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(546)	(28,779)	(546)	(28,657)
Net income from financial assets measured at fair value through comprehensive income	66,844	(14,372)	66,838	(14,805)

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Income from financial assets which are required to be measured at fair value through profit or loss	49,186	58,054	51,366	58,424
Losses from financial assets which are required to be measured at fair value through profit or loss	(25,684)	(64,169)	(33,489)	(75,627)
Net income/(expense) from financial assets which are required to be measured at fair value through profit or loss	23,502	(6,115)	17,877	(17,203)

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

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Contribution to the Bank Deposit Guarantee Fund	44,016	87,682	43,271	86,543
Bank Resolution Fund	47,805	59,600	46,000	56,970
Total	91,821	147,282	89,271	143,513

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11. Other operating income

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Dividend income	-	-	-	50
Income from insurance intermediation	32,173	29,421	19,026	20,510
Income regarding movable and immovable assets resulting from debt enforcement	201	-	410	1,239
Income from indemnities, fines and penalties	2,486	2,871	1,447	1,950
Income from VISA, MASTERCARD, WU services	11,426	8,197	11,084	7,994
Other operating income (i)	30,563	28,106	11,372	11,567
Total	76,849	68,595	43,339	43,310

(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, other recoveries from operating expenses.

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

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Net impairment allowance on assets (i)	28,148	239,037	27,360	197,257
Net loss on loans written off	580	1,191	1	-
Net loss on finance lease receivables written off	79	2,272	-	-
Provisions for other risks and loan commitments	1,690	(20,474)	1,828	(22,843)
Recoveries from loans written off	(69,963)	(72,368)	(68,756)	(71,170)
Recoveries from finance lease receivables written off	(5,534)	(7,482)	-	-
Net income (-)/Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(45,000)	142,176	(39,567)	103,244

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Loans and advances to customers	39,219	228,451	26,002	193,041
Treasury and inter-bank operations	(1,179)	(708)	1,917	(1,758)
Finance lease receivables	(12,575)	5,311	-	-
Investment securities	566	8,741	36	9,992
Other financial assets	2,117	(2,758)	(595)	(4,018)
Net impairment allowance on assets	28,148	239,037	27,360	197,257

(b) (Other) Provisions and reversal of provisions

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
Other non-financial assets	(1,464)	(7,798)	(182)	(1,206)
Litigation and other risks	(5,320)	(651)	(705)	(733)
(Other) Provisions and reversal of provisions	(6,784)	(8,449)	(887)	(1,939)

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13. Personnel expenses

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Gross salaries	380,391	309,001	318,979	260,688
Social protection contribution	15,304	12,017	9,755	7,857
Share-based payments to employees	27,124	31,672	27,124	31,672
3rd Pension Pillar	4,674	4,040	4,328	3,773
Other staff expenses	23,830	17,952	21,255	16,042
Net expenses with provisions for overdue vacations and other provisions	24,947	23,022	19,194	18,991
Total	476,270	397,704	400,635	339,023

14. Other operating expenses

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Rent and operating lease expense	2,089	2,218	1,512	1,553
Repairs and maintenance expenses	68,502	52,798	60,168	47,354
Advertising, marketing, entertainment and sponsorship expenses	36,535	26,814	32,909	24,455
Mail, telecommunication and SMS traffic expenses	16,525	14,813	13,995	12,314
Materials and stationery expenses	22,395	18,696	20,452	17,066
Other professional fees, including legal expenses	6,455	3,275	3,557	2,277
Expenses regarding movable and immovable assets resulting from debt enforcement		920	-	-
Electricity and heating	11,344	12,450	9,442	11,064
Business travel, transportation and temporary relocation expenses	14,085	11,896	13,450	11,214
Insurance costs	8,633	7,735	7,778	5,082
Taxes	8,647	9,058	7,945	8,671
Write-off and loss on disposal of property and equipment and intangible assets	-	1,229	-	171
Security and protection	7,085	4,132	6,489	3,723
Expenses related to archiving services	4,773	5,404	4,521	5,197
Expenses related to database queries from the Trade Register and the Credit Bureau	2,486	1,720	1,828	1,290
Expenses with foreclosed assets	1,547	1,482	1,414	1,285
Audit, advisory and other services provided by the independent auditor	2,196	1,737	985	823
Other operating expenses	27,722	22,205	17,473	12,467
Total other operating expenses	241,019	198,582	203,918	166,006

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15. Income tax expense

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Gross Profit	968,294	473,330	781,905	363,344
Statutory tax rate (2023: 16%; 2022: 16%)	(154,927)	(75,733)	(125,105)	(58,135)
Fiscal effect of income tax on the following elements:	24,334	2,737	19,102	2,309
- Non-taxable income	33,309	37,643	32,363	34,243
- Non-deductible expense	(48,135)	(56,131)	(42,464)	(52,571)
- Tax deductions	31,629	22,597	31,011	21,993
- Income related items	(24,276)	(1,381)	(1,808)	(1,356)
- Expense related items	31,807	9	-	-
Income tax expense	(130,593)	(72,996)	(106,003)	(55,826)

16. Cash and current accounts with Central Banks

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Minimum reserve requirement	13,426,165	10,137,298	11,309,320	8,572,013
Cash on hand and other values	4,432,357	4,403,419	4,148,214	4,073,144
Total	17,858,522	14,540,717	15,457,534	12,645,157

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Cash and current accounts with Central Banks(*)	17,848,772	14,861,467	15,456,330	12,644,490
Placements with banks - maturity below 3 months	2,165,304	3,327,241	1,557,728	2,659,429
Reverse-repo transactions	-	-	-	-
Loans and advances to credit institutions with maturity below 3 months	-	39,054	-	39,054
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	-	-	-	-
Financial assets at amortized cost – debt instruments	1,204,896	231,534	-	-
Cash and cash equivalents in the cash flow statement	21,218,971	18,459,296	17,014,058	15,342,973

(*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 9,750 thousand (2022: RON 10,546 thousand) and at the level of the Bank in the amount of RON 1,204 thousand (2022: RON 667 thousand)

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17. Placements with banks and public institutions

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Current accounts with other banks	855,352	1,034,034	451,878	519,775
Sight, collateral and term deposits with other banks	2,000,642	3,001,471	3,645,188	4,583,256
Reverse repo transactions	989,927	989,564	989,927	989,564
Loans and advances to credit institutions	505,304	542,263	505,304	542,263
Total	4,351,225	5,567,332	5,592,297	6,634,858

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

As at March 31, 2023, 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 579,723 thousand and loans and advances to credit institutions of RON 0 thousand at Group level, and reverse-repo of RON 0 thousand, deposits in amount of RON 544,023 and loans and advances to credit institutions in amount of RON 0 thousand at Bank level (December 31, 2022: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 2,340,720 thousand and loans and advances to credit institutions of RON 39,054 thousand at Group level, and reverse-repo of RON 0 thousand, deposits in amount of RON 1,799,386 thousand and loans and advances to credit institutions in amount of RON 39,054 thousand at Bank level).

18. Financial assets at fair value through profit or loss

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

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Equity instruments	209,125	212,829	34,693	30,693
Debt instruments	108,936	108,541	-	-
Total	318,061	321,370	34,693	30,693

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

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Equity instruments	255,747	242,037	255,450	241,712
Debt instruments	1,085,296	864,004	1,449,710	1,232,883
Total	1,341,043	1,106,041	1,705,160	1,474,595

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19. Loans and advances to customers

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

The structure of the credit portfolio of the Group and the Bank as at March 31, 2023 and December 31, 2022 is the following:

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Corporate and government institutions	28,411,042	28,526,290	30,607,774	30,397,258
Small and medium enterprises	9,445,920	9,294,327	8,213,282	8,156,625
Consumer loans and card loans granted to retail customers	12,532,246	12,649,654	11,769,884	11,836,977
Mortgage loans	17,227,737	17,384,457	16,880,921	17,018,290
Loans granted by non-banking financial institutions	1,733,729	1,654,683	-	-
Other	72,025	74,138	63,260	64,945
Total loans and advances to customers before impairment allowance (*)	69,422,699	69,583,549	67,535,121	67,474,095
Allowances for impairment losses on loans	(4,449,525)	(4,382,629)	(4,078,012)	(4,024,141)
Total loans and advances to customers net of impairment allowance (*)	64,973,174	65,200,920	63,457,109	63,449,954

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

20. Finance lease receivables

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

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

<i>In RON thousand</i>	31-03-2023	31-12-2022
Finance lease receivables with maturity below 1 year, gross	1,165,201	1,164,053
Finance lease receivables with maturity of more than 1 year, gross	2,133,881	2,051,959
Total finance lease receivables, gross	3,299,082	3,216,012
Future interest related to finance lease receivables	314,898	(270,050)
Total finance lease receivables, net of future interest	2,984,184	2,945,962
Impairment allowances for finance lease receivables	(111,911)	(133,365)
Total finance lease receivables	2,872,273	2,812,597

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

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21. Investment securities

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Debt instruments, of which	46,995,933	43,307,183	46,765,509	43,079,635
- Central administrations	44,339,508	40,668,232	44,095,672	40,427,422
- Credit institutions	2,203,455	2,183,444	2,203,455	2,183,444
- Other financial companies	382,871	385,997	396,283	399,259
- Non-financial institutions	70,099	69,510	70,099	69,510
Equity instruments, of which:	147,425	151,693	17,665	17,663
- Other financial companies	143,032	147,302	13,740	13,740
- Non-financial institutions	4,393	4,391	3,925	3,923
Loans and advances to customers	26,906	26,856	26,906	26,856
- Central administrations	26,906	26,856	26,906	26,856
Total	47,170,264	43,485,732	46,810,080	43,124,154

b) Financial assets at amortized cost - debt instruments

In the period ended on March 31, 2023, the Group classified as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 3,211,341 thousand, and the Bank bonds in amount of RON 1,167,102 thousand (December 31, 2022: RON 2,059,712 thousand for the Group and RON 975,159 thousand for the Bank).

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Debt instruments, of which				
- Central Banks	1,204,896	229,294	-	-
- Central administrations	1,534,063	1,387,383	679,607	517,327
- Credit institutions	417,345	336,481	432,458	351,278
- Other financial companies	10,219	62,194	10,219	62,194
- Non-financial institutions	44,818	44,360	44,818	44,360
Total	3,211,341	2,059,712	1,167,102	975,159

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22. Other financial assets

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Amounts under settlement	1,609,273	1,006,326	1,592,633	966,833
Non-recourse factoring	342,257	398,757	342,257	398,757
Sundry debtors and advances for non-current assets	491,055	462,226	287,129	529,056
Cheques and other instruments to be encashed	46,316	50,851	46,316	50,851
Other financial assets	10,652	10,604	825	8,340
Impairment allowance for other financial assets	(52,084)	(41,736)	(17,586)	(18,208)
Total	2,447,469	1,887,028	2,251,574	1,935,629

As at March 31, 2023, out of RON 2,447,469 thousand (December 31, 2022: RON 1,887,028 thousand), the Group's other impaired financial assets amounted to RON 34,615 thousand (December 31, 2022: RON 23,899 thousand).

As at March 31, 2023 out of RON 2,251,574 thousand (December 31, 2022: RON 1,935,629 thousand), the Bank's other impaired financial assets amounted to RON 5,057 thousand (December 31, 2022: RON 5,084 thousand).

23. Other non-financial assets

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Inventories and similar assets	80,788	76,806	44,765	44,873
Prepaid expenses	92,971	100,748	83,757	92,042
VAT and other taxes to be received	11,825	16,297	1,545	1,905
Other non-financial assets	23,677	7,290	17,131	220
Impairment allowance for other non-financial assets	(22,003)	(23,531)	(7,905)	(8,087)
Total	187,258	177,610	139,293	130,953

24. Deposits from banks

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Sight demand	325,221	330,045	330,131	357,910
Term deposits	507,587	1,348,037	507,587	1,273,632
Total	832,808	1,678,082	837,718	1,631,542

25. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Current accounts	65,875,660	66,933,900	62,852,159	65,004,360
Sight demand	898,870	994,890	691,367	753,703
Term deposits	58,698,318	50,620,317	57,610,226	49,583,917
Collateral deposits	1,306,442	1,182,622	1,152,321	1,161,862
Total	126,779,290	119,731,729	122,306,073	116,503,842

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25. Deposits from customers (continued)

Deposits from customers can be also analyzed as follows:

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Retail	82,565,860	79,880,462	80,348,386	77,873,189
Companies	44,213,430	39,851,267	41,957,687	38,630,653
Total	126,779,290	119,731,729	122,306,073	116,503,842

26. Loans from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Loans from government entities	28,854	25,714	-	-
Loans from commercial banks	1,239,948	1,304,939	372,083	371,006
- Romanian banks	867,865	933,933	-	-
- Foreign banks	372,083	371,006	372,083	371,006
Loans from development banks	1,402,474	1,420,904	1,341,924	1,366,877
Loans from central banks	-	-	-	-
Repurchase agreements (repo transactions)	1,443,545	1,818,574	1,443,545	1,818,574
Other funds from financial institutions	74,161	86,904	4,881	6,026
Issued bonds	186,008	183,893	-	-
Total	4,374,990	4,840,928	3,162,433	3,562,483

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at March 31, 2023 and December 31, 2022.

The table below summarizes the underlying securities of repo agreements:

<i>In RON thousand</i>	Group				Bank			
	31-03-2023		31-12-2022		31-03-2023		31-12-2022	
	Carrying amount		Carrying amount		Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities
	1,466,558	1,443,545	1,833,170	1,818,574	1,466,558	1,443,545	1,833,170	1,818,574
Total	1,466,558	1,443,545	1,833,170	1,818,574	1,466,558	1,443,545	1,833,170	1,818,574

27. Subordinated liabilities

As at March 31, 2023 and December 31, 2022, the covenants stipulated in the loan agreements signed with the creditors were met by the Bank and the Group.

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Loans from development banks and financial institutions	338,924	335,048	316,863	312,802
Non-convertible bonds	1,436,520	1,413,212	1,429,363	1,406,107
Total	1,775,444	1,748,260	1,746,226	1,718,909

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28. Provisions for other risks and loan commitments

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Provisions for loan commitments, financial guarantees and other commitments given	354,910	354,012	327,235	326,341
Provisions for employee benefits as compensated absences	45,430	29,209	33,094	22,129
Provisions for other employee benefits	68,296	58,670	43,250	35,020
Provisions for litigation, other risks and charges (*)	53,250	58,655	47,006	47,806
Total	521,886	500,546	450,585	431,296

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

29. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Amounts under settlement	1,452,662	1,449,276	1,126,060	1,138,402
Sundry creditors	364,605	230,853	189,751	104,547
Dividends payable	26,502	26,639	26,502	26,639
Other financial liabilities	40,287	57,596	23,615	46,381
Total	1,884,056	1,764,364	1,365,928	1,315,969

30. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Other taxes payable	44,724	61,902	34,265	39,833
Other non-financial liabilities	195,302	153,472	131,961	92,803
Total	240,026	215,374	166,226	132,636

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 804,534 thousand (2022: RON 383,466 thousand) and on the weighted average number of ordinary shares outstanding during the year of 796,021,275 (2022 recalculated: 798,182,044 shares).

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements**31. Earnings per share (continued)**

	Group	
	31-03-2023	31-03-2022
Ordinary shares issued as at 1 January	707,658,233	631,146,962
The impact of shares issued as of 1 January	91,000,000	76,511,265
The impact of the shares repurchased during the year	(2,636,958)	(476,183)
The impact of the shares obtained from bonds conversion	-	-
The retroactive adjustment of the weighted average number of outstanding shares as at March 31, 2022	-	91,000,000
Weighted average number of shares	796,021,275	798,182,044
The number of shares that may be issued upon the conversion of bonds into shares	-	-
Weighted average number of diluted shares	796,021,275	798,182,044

32. Capital management

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

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

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

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

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

- a capital conservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2023-March 31, 2023;
- 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 for the period July 1, 2022-June 30, 2023
- the anticyclical capital buffer specific to the institution of 0.5% of the value of the risk-weighted valid starting from October 17, 2022.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

32. Capital management (continued)

Own funds adequacy

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

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

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

As at March 31, 2023 and December 31, 2022, the Group and the Bank complied with all the capital adequacy requirements.

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

The amount of capital that the Group managed was RON 11,176,653 thousand as of March 31, 2023 (December 31, 2022: RON 12,584,713 thousand), regulatory capital amounts to RON 8,213,514 thousand (December 31, 2022: RON 7,860,501 thousand) and the Group and the Bank have complied with all externally imposed capital requirements for period ended March 31, 2023 and December 31, 2022.

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

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

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

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

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

32. Capital management (continued)

The level and the requirements of own funds as at March 31, 2023 and December 31, 2022 are as follows:

<i>In RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Tier 1 own funds	9,701,576	11,123,258	8,914,179	10,234,719
Tier 2 own funds	1,475,077	1,461,455	1,469,023	1,453,940
Total own funds	11,176,653	12,584,713	10,383,202	11,688,659

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

<i>In %</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Core tier one ratio	15.36	18.37	16.00	18.92
Tier 1 ratio	15.36	18.37	16.00	18.92
CAR	17.69	20.78	18.64	21.61

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, 2022. For the three-month period ended March 31, 2023, the current profit was not considered in the calculation of own funds. Regulatory capital as at March 31, 2023 and December 31, 2022 was calculated according to the IFRS standards endorsed by the European Union.

33. Credit risk management

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

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

<i>RON thousand</i>	Group		Bank	
	31-03-2023	31-12-2022	31-03-2023	31-12-2022
Corporate and public institutions	28,411,042	28,526,290	30,607,774	30,397,258
Small and medium enterprises	9,445,920	9,294,327	8,213,282	8,156,625
Consumer loans and card loans granted to retail customers	12,532,246	12,649,654	11,769,884	11,836,977
Mortgage loans	17,227,737	17,384,457	16,880,921	17,018,290
Loans and finance lease receivables granted by non-banking financial institutions	4,717,913	4,600,644	-	-
Other	72,025	74,139	63,260	64,945
Total loans and advances to customers and financial lease receivables before impairment allowance	72,406,883	72,529,511	67,535,121	67,474,095
Allowances for impairment losses on loans and financial lease receivables	(4,561,436)	(4,515,994)	(4,078,012)	(4,024,141)
Total loans and advances to customers and financial lease receivables net of impairment allowance	67,845,447	68,013,517	63,457,109	63,449,954

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (*continued*)

At March 31, 2023, the total irrevocable on-balance and off-balance sheet exposure was of RON 76,704,938 thousand (December 31, 2022: RON 76,641,699 thousand) for the Group and RON 70,830,818 thousand (December 31, 2022: RON 70,676,453 thousand) for the Bank.

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

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

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

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at March 31, 2023, 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 2023
<i>In RON thousand</i>					
Corporate and government institutions	23,521,631	4,019,961	732,679	136,771	28,411,042
Small and medium enterprises	6,641,841	2,405,116	368,769	30,194	9,445,920
Consumer loans and card loans granted to retail customers	8,713,509	2,986,340	740,834	91,563	12,532,246
Mortgage loans	15,651,888	1,344,461	188,962	42,426	17,227,737
Loans and finance lease receivables granted to non-banking financial institutions	3,635,922	674,993	377,400	29,598	4,717,913
Other	8	57,000	13,967	1,050	72,025
Total loans and advances to customers and financial lease receivables before impairment allowance	58,164,799	11,487,871	2,422,611	331,602	72,406,883
Allowances for impairment losses on loans and financial lease receivables	(1,141,422)	(1,733,467)	(1,600,983)	(85,564)	(4,561,436)
Total loans and advances to customers and financial lease receivables net of impairment allowance	57,023,377	9,754,404	821,628	246,038	67,845,447

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at December 31, 2022, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2022
<i>In RON thousand</i>					
Corporate and public institutions	23,847,856	3,757,281	777,495	143,658	28,526,290
Small and medium enterprises	6,402,597	2,507,699	352,313	31,718	9,294,327
Consumer loans and card loans granted to retail customers	8,863,654	3,005,369	685,385	95,246	12,649,654
Mortgage loans	15,997,110	1,165,452	178,275	43,620	17,384,457
Loans and finance lease receivables granted to non-banking financial institutions	3,504,776	669,249	393,398	33,221	4,600,644
Other	59	59,862	13,139	1,079	74,139
Total loans and advances to customers and financial lease receivables before impairment allowance	58,616,052	11,164,912	2,400,005	348,542	72,529,511
Allowances for impairment losses on loans and financial lease receivables	(1,161,644)	(1,699,201)	(1,564,848)	(90,301)	(4,515,994)
Total loans and advances to customers and financial lease receivables net of impairment allowance	57,454,408	9,465,711	835,157	258,241	68,013,517

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as at March 31, 2023, 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 2023
<i>In RON thousand</i>					
Corporate and government institutions	25,879,795	3,929,129	705,583	93,267	30,607,774
Small and medium enterprises	5,618,129	2,232,499	341,422	21,232	8,213,282
Consumer loans and card loans granted to retail customers	8,055,532	2,955,870	674,060	84,422	11,769,884
Mortgage loans	15,318,459	1,338,301	181,808	42,353	16,880,921
Other	8	49,068	13,908	276	63,260
Total loans and advances to customers before impairment allowance	54,871,923	10,504,867	1,916,781	241,550	67,535,121
Allowances for impairment losses on loans	(1,071,203)	(1,670,341)	(1,287,570)	(48,898)	(4,078,012)
Total loans and advances to customers net of impairment allowance	53,800,720	8,834,526	629,211	192,652	63,457,109

The exposures to credit risk for loans and advances to customers at Bank level, as at December 31, 2022, are presented below:

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired on initial recognition (POCI)	Total 2022
<i>In RON thousand</i>					
Corporate and public institutions	25,849,924	3,696,136	751,853	99,345	30,397,258
Small and medium enterprises	5,384,495	2,416,945	333,164	22,021	8,156,625
Consumer loans and card loans granted to retail customers	8,136,588	2,986,380	627,095	86,914	11,836,977
Mortgage loans	15,642,497	1,159,993	172,259	43,541	17,018,290
Other	60	51,524	13,080	281	64,945
Total loans and advances to customers before impairment allowance	55,013,564	10,310,978	1,897,451	252,102	67,474,095
Allowances for impairment losses on loans	(1,081,557)	(1,636,145)	(1,253,317)	(53,122)	(4,024,141)
Total loans and advances to customers net of impairment allowance	53,932,007	8,674,833	644,134	198,980	63,449,954

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

Banca Transilvania sold EUR 500 million bonds on Friday, 21 April 2023, with investors placing orders amounting to over EUR 850 million. More than 80% of the total issue was subscribed by international investors from nearly 20 countries. Eighty investors - investment funds, financial institutions, pension funds, commercial and central banks and insurance companies - subscribed to the offer, with the EBRD being the anchor investor with a subscription amounting to EUR 90 million.

The bond issue marks the debut of Banca Transilvania on the international market and is the first, in terms of size, issued in Europe, after the turmoil that marked the international banking sector in March 2023. The issue consists of a 4-year senior non-preferred bonds at a yield of 9% per year and is listed on Euronext Dublin.

The present financial statements were not affected by this subsequent event.

The interim consolidated and separate financial statements were approved by the Board of Directors on May 5, 2023 and were signed on behalf of the Board.

Ömer TETIK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer