

Banca Transilvania S.A.
LEI CODE: 549300RG3H390KEL8896

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

As at March 31, 2024

Banca Transilvania S.A.

CONTENTS

Interim Consolidated and Separate Statement of Profit or Loss	1
Interim Consolidated and Separate Statement of Other Comprehensive Income	2
Interim Consolidated and Separate Statement of Financial Position	3-4
Interim Consolidated and Separate Statement of Changes in Equity	5-8
Interim Consolidated and Separate Statement of Cash Flows	9-10
Notes to the Interim Condensed Consolidated and Separate Financial Statements	11-55

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Profit or Loss For the three-month period ended March 31

	Notes	Group		Bank	
		31-03-2024 RON thousand	31-03-2023 RON thousand	31-03-2024 RON thousand	31-03-2023 RON thousand
Interest income calculated using the effective interest method		2,474,027	1,946,814	2,336,933	1,749,400
Other interest like income		116,359	75,062	8,084	8,013
Interest expense calculated using the effective interest method		(1,044,603)	(779,213)	(1,016,830)	(724,329)
Other interest like expense		(2,805)	(715)	(3,455)	(1,637)
Net interest income	5	1,542,978	1,241,948	1,324,732	1,031,447
Fee and commission income		546,042	453,303	473,766	392,759
Fee and commission expense		(208,361)	(165,406)	(177,837)	(141,896)
Net fee and commission income	6	337,681	287,897	295,929	250,863
Net trading income	7	190,861	135,245	156,523	122,515
Net gain / loss (-) from financial assets measured at fair value through other items of comprehensive income	8	61,884	66,844	60,673	66,838
Net gain / loss (-) from financial assets which are required to be measured at fair value through profit and loss	9	44,223	23,502	60,228	17,877
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(71,294)	(91,821)	(64,671)	(89,271)
Other operating income	11	109,658	76,849	76,604	43,339
Operating income		2,215,991	1,740,464	1,910,018	1,443,608
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	12(a)	(7,510)	45,000	42,535	39,567
(Other) Provisions and reversal of provisions	12(b)	4,569	6,784	3,424	887
Personnel expenses	13	(579,873)	(476,270)	(482,113)	(400,635)
Depreciation and amortization		(119,284)	(106,665)	(104,195)	(97,604)
Other operating expenses	14	(338,428)	(241,019)	(297,041)	(203,918)
Operating expenses		(1,040,526)	(772,170)	(837,390)	(661,703)
Bargain gain		132,690	-	-	-
Profit before income tax		1,308,155	968,294	1,072,628	781,905
Income tax expense (-)	15	(175,748)	(130,593)	(159,388)	(106,003)
Net profit for the period		1,132,407	837,701	913,240	675,902
Net Profit of the Group attributable to:					
Equity holders of the Bank		1,051,941	804,535	-	-
Non-controlling interests		80,466	33,166	-	-
Net Profit for the period		1,132,407	837,701	913,240	675,902
Basic earnings per share		1.1486	0.88	-	-
Diluted earnings per share		1.1486	0.88	-	-

Banca Transilvania S.A.

Interim Consolidated and Separate Statement of Other Comprehensive Income

For the three-month period ended March 31

Notes	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
	RON thousand	RON thousand	RON thousand	RON thousand
Net Profit for the year	1,132,407	837,701	913,240	675,902
Items which are or may be reclassified to profit or loss	47,604	557,435	34,878	551,889
<i>Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:</i>	46,102	652,462	42,056	657,264
Net loss (-) / gain from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account	(61,884)	(66,844)	(60,673)	(66,838)
Fair value changes of financial assets measured at fair value through other items of comprehensive income	107,986	719,306	-	724,102
Translation of financial information of foreign operations to presentation currency	10,176	11,371	48	(12)
Income tax on items which are or may be reclassified to profit or loss	(8,674)	(106,398)	(7,226)	(105,363)
Total comprehensive income for the period	1,180,011	1,395,136	948,118	1,227,791
Total comprehensive income attributable to:				
Equity holders of the Bank	1,099,545	1,361,970	-	-
Non-controlling interest	80,466	33,166	-	-
Total comprehensive income for the period	1,180,011	1,395,136	948,118	1,227,791

The financial statements were approved by the Board of Directors on May 10, 2024 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>	Notes	Group		Bank	
		31-03-2024 RON thousand	31-12-2023 RON thousand	31-03-2024 RON thousand	31-12-2023 RON thousand
Assets					
Cash and current accounts with Central Banks	16	25,243,529	24,252,600	23,303,641	22,286,257
Derivatives		128,611	124,817	128,611	124,817
Financial assets held for trading	18	352,564	345,756	37,375	36,303
Non-trading financial assets mandatorily at fair value through profit or loss	18	1,274,986	1,232,598	1,728,917	1,670,155
Financial assets measured at fair value through other items of comprehensive income	21	40,287,254	40,600,026	39,873,692	40,264,202
- of which pledged securities (repo agreements)		632,198	368,480	632,198	368,480
Financial assets at amortized cost - of which:		101,651,285	95,733,542	99,157,595	93,979,518
- Placements with banks and public institutions	17	11,265,574	12,272,959	11,358,055	12,619,341
- Loans and advances to customers	19	73,286,627	72,008,224	72,657,613	71,550,404
- Debt instruments	21	14,598,967	9,472,245	12,811,463	7,980,071
- Other financial assets	22	2,500,117	1,980,114	2,330,464	1,829,702
Finance lease receivables	20	3,769,597	3,562,683	-	-
Investments in subsidiaries		-	-	873,300	873,300
Investment in associates		-	1,326	-	-
Property and equipment and investment property		1,266,407	1,278,903	738,487	755,413
Intangible assets		697,751	693,671	563,218	562,009
Goodwill		154,363	154,363	-	-
Right-of-use assets		503,976	514,060	689,822	697,963
Current tax receivables		-	-	-	-
Deferred tax assets		358,014	354,481	340,448	337,282
Other non-financial assets	23	295,386	320,399	193,417	197,752
Total assets		175,983,723	169,169,225	167,628,523	161,784,971

Banca Transilvania S.A.

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

<i>In RON thousand</i>	Notes	Group		Bank	
		31-03-2024 RON thousand	31-12-2023 RON thousand	31-03-2024 RON thousand	31-12-2023 RON thousand
Liabilities					
Derivatives		116,478	88,809	116,478	88,809
Deposits from banks	24	534,684	1,034,613	542,320	1,081,766
Deposits from customers	25	141,197,279	138,052,954	136,976,617	134,443,350
Loans from banks and other financial institutions	26	10,178,845	9,548,567	9,013,081	8,583,795
Subordinated liabilities	27	2,461,984	2,423,218	2,454,900	2,403,652
Lease liabilities		524,791	533,351	664,383	669,778
Other financial liabilities	29	4,686,303	2,521,170	4,135,858	1,847,667
Current tax liability		135,435	103,884	142,987	113,280
Provisions for other risks and loan commitments	28	669,588	651,144	562,318	551,539
Other non-financial liabilities	30	359,709	288,057	239,857	171,969
Total liabilities excluding financial liabilities to holders of fund units		160,865,096	155,245,767	154,848,799	149,955,605
Financial liabilities to holders of fund units		27,860	26,950	-	-
Total liabilities		160,892,956	155,272,717	154,848,799	149,955,605
Equity					
Share capital		8,073,083	8,073,083	8,073,083	8,073,083
Treasury shares		(62,115)	(28,269)	(46,828)	(12,982)
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		6,544,751	5,444,429	5,045,737	4,095,127
Revaluation reserves from tangible assets		42,609	43,839	27,495	28,738
Reserves on financial assets measured at fair value through other items of comprehensive income		(1,450,007)	(1,488,214)	(1,463,400)	(1,498,237)
Other reserves		1,147,887	1,147,889	1,115,023	1,115,023
Total equity attributable to equity holders of the Bank		14,327,443	13,223,992	12,779,724	11,829,366
Non-controlling interest		763,324	672,516	-	-
Total equity		15,090,767	13,896,508	12,779,724	11,829,366
Total liabilities and equity		175,983,723	169,169,225	167,628,523	161,784,971

The financial statements were approved by the Board of Directors on May 10, 2024 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, 2024

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	Total
Balance as at 01 January 2024		8,073,083	(28,269)	31,235	43,839	(1,488,214)	1,147,889	5,444,429	13,223,992	672,516	13,896,508
Profit for the period		-	-	-	-	-	-	1,051,941	1,051,941	80,466	1,132,407
Gain from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	38,207	-	-	38,207	-	38,207
Revaluation of property and equipment, intangible assets, net of tax		-	-	-	-	-	-	-	-	-	-
Retained earnings from revaluation reserves		-	-	-	(1,243)	-	-	1,243	-	-	-
Foreign currency translation of foreign operations		-	-	-	-	-	-	9,397	9,397	-	9,397
Total comprehensive income for the period		-	-	-	(1,243)	38,207	-	1,062,581	1,099,545	80,466	1,180,011
Contributions of/distributions to the shareholders											
Distribution to statutory reserves		-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares		-	(33,846)	-	-	-	-	-	(33,846)	-	(33,846)
SOP 2023 Scheme		-	-	-	-	-	-	36,086	36,086	-	36,086
Transfer of retained earnings to liabilities to holders of fund units		-	-	-	-	-	-	909	909	-	909
Other adjustments		-	-	-	13	-	(2)	746	757	10,342	11,099
Total contributions of/distributions to the shareholders		-	(33,846)	-	13	-	(2)	37,741	3,906	10,342	14,248
Balance as at March 31, 2024		8,073,083	(62,115)	31,235	42,609	(1,450,007)	1,147,887	6,544,751	14,327,443	763,324	15,090,767

The explanatory notes to the financial statements from page 11 to page 55 are an integral part of these financial statements.

Banca Transilvania S.A.

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

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
Gain 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	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	9,552	9,552	-	9,552
Total comprehensive income for the period	-	-	-	(4,963)	547,883	-	819,049	1,361,969	33,167	1,395,136
Contributions of/distributions to the shareholders										
Distribution to statutory reserves	-	-	-	-	-	9	(9)	-	-	-
Acquisition of treasury shares	-	(16,814)	-	-	-	-	-	(16,814)	-	(16,814)
SOP 2022 Scheme	-	-	-	-	-	-	27,124	27,124	-	27,124
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	(438)	(438)	-	(438)
Other adjustments	-	-	-	-	-	-	(1,991)	(1,991)	8,276	6,285
Total contributions of/distributions to the shareholders	-	(16,814)	-	-	-	9	24,686	7,881	8,276	16,157
Balance as at March 31, 2023	7,163,083	(81,564)	31,235	65,392	(3,180,609)	989,590	5,301,589	10,288,716	594,110	10,882,826

The explanatory notes to the financial statements from page 11 to page 55 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, 2024

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 2024		8,073,083	(12,982)	28,614	28,738	(1,498,237)	1,115,023	4,095,127	11,829,366
Profit for the period		-	-	-	-	-	-	913,240	913,240
Gain from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	34,837	-	-	34,837
Retained earnings from revaluation reserves		-	-	-	(1,243)	-	-	1,243	-
Other items of comprehensive income, net of tax		-	-	-	-	-	-	41	41
Statement of comprehensive income for the period		-	-	-	(1,243)	34,837	-	914,524	948,118
Contributions of/distributions to the shareholders									
Acquisition of treasury shares		-	(33,846)	-	-	-	-	-	(33,846)
SOP 2023 Scheme		-	-	-	-	-	-	36,086	36,086
Total contributions of/distributions to the shareholders		-	(33,846)	-	-	-	-	36,086	2,240
Balance as at March 31, 2024		8,073,083	(46,828)	28,614	27,495	(1,463,400)	1,115,023	5,045,737	12,779,724

The explanatory notes to the financial statements from page 11 to page 55 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
Gain 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 2022 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 55 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>	Notes	Group		Bank	
		31-03-2024	31-03-2023	31-03-2024	31-03-2023
Cash-flow from operating activities					
Profit for the year		1,132,407	837,701	913,240	675,902
Adjustments for:					
Depreciation and amortization		119,284	106,665	104,195	97,604
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		42,580	18,179	(8,988)	28,302
Adjustment of financial assets at fair value through profit or loss		(44,223)	(23,502)	(60,228)	(17,877)
Income tax expense		175,748	130,593	159,388	106,003
Interest income		(2,590,386)	(2,021,876)	(2,345,017)	(1,757,413)
Interest expense		1,047,408	779,928	1,020,285	725,966
Other adjustments		38,640	246,052	(893)	(114,241)
Net profit adjusted with non-monetary elements		(78,542)	73,740	(218,018)	(255,754)
Changes in operating assets and liabilities					
Change in financial assets at amortized cost and placements with banks		(4,691,261)	(484,024)	(2,377,699)	(290,676)
Change in loans and advances to customers		(1,315,847)	253,137	(1,008,744)	17,878
Change in finance lease receivables		(212,302)	(26,823)	-	-
Change in financial assets at fair value through profit or loss		1,835	(211,500)	1,466	(212,688)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		(3,794)	12,734	(3,794)	12,734
Change in equity instruments		(6,158)	3,704	(1,072)	(4,000)
Changes in debt instruments		(650)	(395)	-	-
Change in other financial assets		(523,398)	(574,019)	(506,369)	(310,642)
Change in other assets		(26,100)	(49,197)	(41,442)	(44,055)
Change in deposits from customers		3,089,150	6,796,464	2,478,692	5,550,814
Change in deposits from banks		(499,929)	(840,718)	(538,923)	(788,885)
Change in financial liabilities held-for-trading		27,669	(447)	27,669	(447)
Change in repo operations		331,637	(373,631)	331,637	(373,631)
Change in other financial liabilities		2,162,070	118,992	2,285,131	49,544
Change in other liabilities		71,652	24,652	68,454	33,578
Income tax (paid)/recovered		(152,623)	(17,937)	(140,074)	-
Interest received		1,925,696	1,543,680	1,699,704	1,528,255
Interest paid		(775,126)	(597,482)	(764,824)	(444,378)
Net cash-flow from operating activities		(676,021)	5,650,930	1,291,794	4,467,647

Interim Consolidated and Separate Statement of Cash Flows (continued)

For the three-month period ended March 31

In RON thousand	Notes	Group		Bank	
		31-03-2024	31-03-2023	31-03-2024	31-03-2023
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(3,840,866)	(8,174,190)	(3,509,941)	(8,172,036)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		4,316,483	5,207,792	4,057,478	5,207,124
Net acquisitions of property and equipment		(24,007)	(21,389)	(15,445)	(8,180)
Net acquisitions intangible assets		(39,552)	(22,245)	(30,821)	(19,552)
Proceeds from disposal of property and equipment		315	352	823	(142)
Acquisitions of equity investments		211,057	-	-	-
Dividends collected		-	-	-	-
Interest received		324,201	290,861	322,719	290,788
Net cash-flow used in investment activities		947,631	(2,718,819)	824,813	(2,701,998)
Cash-flow from financing activities					
Gross proceeds from loans from banks and other financial institutions		270,997	44,698	-	-
Gross payments from loans from banks and other financial institutions		(115,576)	(145,486)	(31,679)	(32,089)
Gross payments from subordinated loans from banks and other financial institutions		-	-	-	-
Gross payments from loans from banks and institutions financial subordinated loans		(12,424)	-	-	-
Repayment of the principal portion of the lease liabilities		(40,341)	(37,524)	(41,798)	(39,800)
Dividend payments		(312)	(136)	(312)	(136)
Payments for treasury shares		-	(16,814)	(33,846)	(16,814)
Interest paid		(26,105)	(17,174)	(15,094)	(5,725)
Net cash-flow from / (used in) financing activities		76,239	(172,436)	(122,729)	(94,564)

(*) 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	Notes	Group		Bank	
		31-03-2024	31-03-2023	31-03-2024	31-03-2023
Cash and cash equivalents at January 1		36,122,371	18,459,296	32,750,294	15,342,973
The impact of exchange rate variations on cash and cash equivalents		35,815	(25,030)	34,038	(23,965)
Net increase/decrease (-) in cash and cash equivalents		312,034	2,784,705	362,031	1,695,050
Cash and cash equivalents as at March 31	16	36,470,220	21,218,971	33,146,363	17,014,058

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, 2024 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., Victoriabank S.A. , BCR Chişinău S.A. and Salt 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 Microfinanţare 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, 454 agencies, 3 work units, 8 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy and 1 regional office located in Bucharest (2023: 42 branches, 454 agencies, 4 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, 2024 was 12,037 (2023: 11,841 employees).

The Bank’s number of active employees as at March 31, 2024 was 9,600 (2023: 9,547 employees).

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

The ownership structure of the Bank is presented below:

	31-03-2024	31-03-2023
NN Group (*)	9.36%	10.00%
The European Bank for Reconstruction and Development (“EBRD”)	6.87%	6.87%
Romanian individuals	22.43%	22.37%
Romanian companies	45.16%	43.53%
Foreign individuals	1.07%	1.08%
Foreign companies	15.11%	16.15%
Total	100%	100%

(*) NN Group N.V. and the pension funds managed by NN Pensii SAFPAP S.A. and NN Asigurări de Viaţă 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 31-03-2024	Percentage of direct and indirect stake 31-12-2023
Victoriabank S.A.	financial and banking activities and investments subject to license	44.63%	44.63%
BCR Chişinău S.A.	financial and banking activities and investments subject to license	44.63%	0%
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 Asisitent in Brokeraj S.R.L.	Insurance broker	100%	100%
BT Asiom Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Safe Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Intermedieri Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Leasing MD S.R.L.	leasing	100%	100%
BT Microfinanţare 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	61.82%	61.82%
BT Pensii S.A.	Activities of pension funds (except those in the public social security system)	100%	100%
Salt Bank S.A.	Financial and banking activities	100%	100%
Idea Leasing IFN S.A.	Financial leasing	100%	100%
BT (Idea) Broker de Asigurare S.R.L.	Insurance broker	100%	100%
Code Crafters by BT S.R.L.	Custom software development activities	100%	100%
BTP One S.R.L.	Renting and subletting of own or rented real estate	100%	100%
BTP Retail S.R.L.	Renting and subletting of own or rented real estate	100%	100%

The Board of Directors of Banca Transilvania S.A. approved on February 8, 2024 the completion of the transaction for the acquisition of 100% of the shares of OTP Bank Romania S.A. as well as other companies within the OTP Romania Group (including OTP Asset Management SAI S.A. and OTP Leasing Romania IFN S.A.). The total transaction price to be paid by Banca Transilvania S.A. is EUR 347,5 million. Until the completion of the transaction, both Banca Transilvania S.A. and OTP Bank Romania S.A. will act as separate entities. Following the signing and in order to integrate the above-mentioned entities within the BT Financial Group, legal procedures have been started and are ongoing to obtain all necessary approvals from the competent authorities. At the date of these interim condensed consolidated and separate financial statements, BT Financial Group does not have control over the entities acquired from OTP Group.

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, 2024.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

b) Declaration of conformity (*continued*)

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, 2023.

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

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 – “RON”

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	31-03-2024	31-12-2023	Variation %
Euro (EUR)	1: RON 4.9695	1: RON 4.9746	-0.10 %
American dollar (USD)	1: RON 4.6078	1: RON 4.4958	2.49 %

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 unlikeliness to pay and determine the scenarios used to compute the ECL. The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the expected credit losses resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime expected credit losses (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 applied reflect a macroeconomic environment characterized by the persistence of uncertainties amid ongoing geopolitical tensions, to which the conflict in the Middle East adds up, with direct implications for the population and economic agents, causing a rising trend in the prices of raw materials and agro-food products. This is compounded by existing pressures in the labor market, all of which will complicate economic growth.

Even though energy and gas prices have temporarily stabilized in European markets due to state support through price-capping programs for both residential and industrial consumers, the situation may be negatively influenced by a reconfiguration of current capping schemes. This is particularly concerning given the macroeconomic imbalance Romania is currently facing.

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)

Any additional shocks to energy prices or persistent internal inflation resulting from the most recent fiscal measures adopted could negatively impact the smooth recovery of the projected macroeconomic environment for 2024. The incorporation of forward-looking elements reflects the expectations of the Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario.

The Group and the Bank have drawn up historical analyzes and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Scenario weights are determined by a statistical analysis but also by an expert opinion, considering the possible results of each scenario. Given the aforementioned macroeconomic context, the Group and the Bank continue to apply their own value judgments using a series of post-model adjustments related to macroeconomic risks specific to certain industries that have been heavily impacted by supply chain disruptions, pedological drought, rising energy costs and crisis mitigation measures classified as sensitive sectors, in order to adopt a conservative position in line with the expectations communicated by banking supervisory authorities.

Although recent efforts to combat inflation are showing signs of success, the risks brought to light by supply chain disruptions, rewiring of trade relationships, along with significantly increased financing costs (interest rates) and tighter financial conditions, represents key aspects to monitor in a macroeconomic environment marked by volatility and uncertainties. Furthermore, the recently adopted fiscal package may have a negative effect on inflation keeping prices high, eroding the purchasing power of households.

The Group and the Bank continually review the assumptions on post-model adjustments related to macroeconomic risks specific to certain industries. The revision aims to evaluate whether corrective measures are necessary, either to eliminate or introduce new sensitive sectors. In the first quarter of 2024, changes were made to the post-model adjustments scheme to align it with the current impact of macroeconomic events and the existing internal models.

The geopolitical tensions will slow down the economic growth and it is difficult to estimate the impact of these events 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 conflicts on the economic environment will be a continuous challenge. 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 conflicts; 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 19.14% of total ECL (16.65% in December 2023) considering:

- expectation related to sensitive industries and high-risk products;
- expectations for default rates increase considering high inflation and increased interest (expert judgement) ;
- 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)

In the context of negative evolution of inflation and interest rates, as well as the military conflict, financial markets have been moderately 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 downward trend and remain 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.

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) Tax disputes

The Bank requested the Romanian fiscal authorities to issue an advance tax ruling ("AIFS") on the fiscal treatment of the Volksbank S.A. bargain gain. The Bank proposed the consideration of the bargain gain as non-taxable income by taking into account all the arguments, calculating a lower corporate income tax for fiscal year 2015, in the amount of RON 264,096 thousand.

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

The Bank's estimation in regard to presenting the gain from the acquisition as non-taxable income in the interim consolidated summarized financial statements as of March 31, 2024 and in the consolidated and individual financial statements as of December 31, 2023, was based on solid arguments, as follows:

- Non-correlation of the fiscal legislation with the accounting legislation: The Fiscal Code does not contain specific provisions regarding the merger of two or several taxpayers that apply IFRS as the basis for accounting and the fiscal legislation is not correlated with the accounting legislation;
- Starting January 1, 2016, in the updated version of the 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 Volksbank S.A. was based on economic grounds (it was not undertaken for certain tax benefits);
- The merger should be neutral from a tax point of view i.e. the bargain gain should not be taxable;
- Avoidance of double taxation;

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) Tax disputes (continued)

- The fiscal treatment should be applied uniformly: 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;
- 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 favour of the Bank, confirming the Bank's approach to consider the bargain gain as non-taxable income.

Further, 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, cancelled the first instance decision, judge the case and in retrial rejected the action filed by Banca Transilvania S.A. as unfounded. Based on the information made available by the High Court of Cassation and Justice once the reasoning of the judgment of June 23, 2020 was published, the Bank filed a request for review of this decision, for which a first appearance took place on March 31, 2021.

On October 12, 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. On June 14, 2023, a new deadline took place in the file before the High Court of Cassation and Justice of Romania, where Banca Transilvania S.A. submitted a new request for a preliminary ruling to the Court of Justice of the European Union, under the conditions of extensive case supporting arguments.

On September 20, 2023, the High Court of Cassation and Justice rejected as inadmissible the request for review of the final decision pronounced on appeal on June 23, 2020 by the High Court of Cassation and Justice and at the same time, rejected the possibility to apply to the European Court of Justice.

Since the decision of the High Court of Cassation and Justice is final, Banca Transilvania S.A. can no longer obtain the obligation of the National Fiscal Administration Agency to issue an advanced tax ruling. However, in the lawyers' opinion, the possibility of debating the essential legal issue, namely the compatibility of national tax legislation with European law, remains an open option, with chances of winning.

Simultaneously, in February 2023, a tax audit of the Bank's activity for the years 2015 and 2016 was completed. In the Fiscal Inspection Report ("RIF"), the audit team noted that the Bank did not apply the provisions of the SFIA and that the Bank should have included the gain from the purchase in advantageous conditions of Volksbank S.A. shares in its taxable base for FY 2015.

Following the RIF, the tax authorities issued a decision to change the taxable base for 2015, which does not have direct effects, because in 2015 the Bank benefited from taking over the tax loss after the merger with Volksbank S.A.. 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. In the case of the appeal, the settlement was suspended by the tax authorities until a final resolution for the revision before the High Court of Cassation and Justice of Romania in the AIFS case is reached, the case description being summarized above.

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. Going further the Bank made an appeal to the High Court of Cassation and Justice against this decision. Also, on June 27, 2023, the Bank's appeal was rejected during the suspension procedure.

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) Tax disputes (continued)

Forwards, during May 2023, ANAF initiated a documentary check of the bank's activity for 2017 and 2018. Following this audit, on June 13, 2023, Banca Transilvania S.A. was notified of the tax decision establishing additional obligations representing profit tax in the amount of RON 90,275 thousand for year 2017, respectively RON 173,821 thousand for year 2018, totaling RON 264,096 thousand. Additionally to these tax liabilities will be due ancillary tax obligations.

The Bank filed an appeal against the tax decision taken by the tax authorities following the documentary check of the years 2017 and 2018 detailed above and filed a request to suspend this decision in Court during June 2023. However, in order to limit a potential negative impact from ancillary tax liabilities in case of an unfavorable legal decision, Banca Transilvania S.A. decided to pay on July 5, 2023 the amount of RON 264 million representing additional tax liabilities established following the documentary check for 2017 and 2018.

At the beginning of July 2023, the request to suspend the decision was judged at the level of the Cluj Court of Appeal, which rejected the request of Banca Transilvania S.A.. At the end of July 2023, the tax authorities established ancillary tax liabilities related to profit tax established additionally following the documentary verification for 2017 and 2018, in the amount of RON 154,972 thousand. The Bank issued a letter of guarantee suspending the obligation to pay this amount until a final settlement of the above-mentioned legal issues is reached. The Bank appealed against the additional tax liabilities claimed by the authorities, through its lawyers who represent it in the above mentioned cases and based on the opinions received from them, the Bank believes that this amount will be revised to a lower level.

On October 3, 2023, the tax authorities rejected the bank's appeal against the decision to change the taxable base established by RIF, and on October 11, 2023, they also rejected the tax appeal raised by Banca Transilvania S.A. regarding the payment of tax amounts established under documentary checks.

Going forward, on March 20, 2024, the Bank submitted to the Cluj Court of Appeal, the request to sue against the decision to adjust the taxable base established by the RIF, and on April 1, 2024, the Bank submitted to the Court of Appeal Cluj, the request to sue against the decision issued by the DGAMC as a result of the documentary verification.

The Bank analysed requests of IFRIC 23 corroborated with lawyers opinion that represent the causes mentioned above on Court and considers that the Bank has winning chances, according to the opinion of the lawyers representing it, considering that the Bank actioned based on European regulations related tax treatment for the non-taxation of the gain from Volksbank S.A. acquisition transaction, fact clarified also by Romanian tax legislation in place beginning with January 1, 2016. Banca Transilvania S.A. will continue to diligently pursue this litigation and, in the case of success, stands to recover the payment made.

Considering, however, the inconsistency with which the Romanian tax authorities treated the gain from the acquisition from a tax point of view, the Bank took a prudent approach to reflect this level of uncertainty in the consolidated and separate financial statements as of December 31, 2023 using the most probable value method and recognized the amount of RON 238 million in debts regarding the current profit tax, respectively, the amount of RON 100,864 thousand related to ancillary fiscal obligations, in expenses for provisions of risk and charges.

The Bank will monitor and analyze the evolution of the tax topic at each reporting date, in accordance with the relevant provisions of the accounting regulations, to determine if additional adjustments are necessary.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

e) Use of estimates and judgements (continued)

(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 S.A. and Bancpost S.A. merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years and the loss probability for such cases. The last review for abusive clauses provision has been performed as of March 31, 2024 when the Bank adjusted the provision based on the trend of such new litigations and the probability loss estimated at this date.

(iv) Other significant litigation

The Bank's subsidiary, Victoriabank S.A., 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 485 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.

2. Material 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, 2023, with the following exceptions:

a) New and amended IFRS Accounting Standards that are effective for the current year.

In the current year, the Group and the Bank has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The following new standards, as well as updates to existing standards, came into force for annual periods beginning after January 1, 2023 and may be applied earlier.

IFRS 17 Insurance Contracts - New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17 - issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

2. Material accounting policies (*continued*)

a) New and amended IFRS Accounting Standards that are effective for the current year (*continued*)

These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied. Amendments to IFRS 17 “Insurance Contracts” issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.

Amendments to IFRS 17 “Insurance contracts” - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

Amendments to IAS 1 - Disclosure of Accounting Policies - issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

Amendments to IAS 8 - Disclosure of Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

International Tax Reform — Pillar Two Model Rules issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

b) New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group and the Bank have not applied the following new and revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective.

Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback (IASB effective date: 1 January 2024) issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

2. Material accounting policies (*continued*)

b) New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective (*continued*)

Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020 and **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants** issued by IASB on 31 October 2022 (IASB effective date: 1 January 2024). Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

c) New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as the date of authorisation of these financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements issued by IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. Standard introduces three sets of new requirements to improve companies’ reporting of financial performance and give investors a better basis for analysing and comparing companies. The main changes in the new standard compared with IAS 1 comprise: (a) The introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) the introduction of requirements to improve aggregation and disaggregation; (c) The introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements.

Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” - Supplier Finance Arrangements issued by IASB on 25 May 2023. Amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Lack of Exchangeability issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

IFRS 14 “Regulatory Deferral Accounts” issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group and the Bank do not expect that the adoption of the Standards listed above will have a material impact on the financial statements. According to the Group and the Bank estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement” would not significantly impact the financial statements, if applied as at the balance sheet date.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting

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

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

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

The clients of Victoriabank S.A., BCR Chişinău S.A. and Salt Bank S.A. are classified according to the Bank's standards. The segment "Leasing and loans to non-banking financial institutions" includes the leasing and consumer finance companies, as described in Note 1. The remaining non-banking subsidiaries are included in the segment "Other-Group". The "Removals & Adjustments" segment comprises intra-group operations.

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

A business segment is a component of the Group and of the Bank:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- The operating results of which are reviewed regularly by the entity's decision maker in order to make decisions about resources to be allocated to the segment and to assess its performance;
- For which distinct financial information is available.

The segment reporting of the Group is described below:

Large Corporate Clients („LaCo”): The Group and the Bank include in this category mainly companies/group of companies with an annual turnover exceeding RON 100 million, as well as legal entities created to serve a particular function (SPV), public entities and financial institutions included in this category based on specific classification criteria. The companies in this category usually have specific and sophisticated needs. Through its centralized and customized approach, the Bank seeks to ensure high operational efficiency, a prompt assessment of the specific needs of this type of clients in order to offer the appropriate customized solutions, but also an in-depth perspective of the risk profile in order to maintain a high quality loan portfolio.

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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

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

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

Micro Business clients – company customers with an annual turnover up to 2 million RON.

This category comprises the largest number of companies and the most diverse types of entities, such as limited liability companies, freelancers, sole proprietorships, etc.

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

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

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

Retail customers: The Group and the Bank provides a wide range of banking products and services to individuals, differentiated by several customer segments, from children, students, employees from the public or private sector, seniors, as well as the Premium and Private Banking segments. The Group's and the Bank's offer includes transactional banking products, current account subscriptions, bancassurance products, a diversified offer of debit and credit cards, deposits and savings accounts, consumer loans and mortgages, as well as access to the larger network of ATMs and partner merchants through the "STAR" loyalty program. Also, the Group and the Bank, together with their partners, offer private clients access to a wide range of investments (investment funds, government securities and bonds), pensions, car leasing.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The retail products of the Group and the Bank are accessible to customers through a mix of distribution channels, through the Bank's network of agencies, through digital channels and especially through the BT Pay application. The Bank's retail strategy aims at the continuous development of digital flows that involve a simpler interaction, the origination of new products and services, speed and efficiency, as well as the communication and servicing of customers from a distance, through solutions that allow them direct and immediate access to information. The Group and the Bank support financial inclusion and will continue their efforts to ensure all segments of the population have access to banking products and services in general.

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, as well as elements that fall outside existing categories and result from financial and strategic decisions taken at central level.

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 S.A. and BCR Chişinău S.A., the financial lease activity of BT Leasing MD S.R.L.; 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, 2024 and March 31, 2023, 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, 2024, and comparative data for December 31, 2023:

Business segments as at March 31, 2024

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	24,307,567	10,523,207	6,134,423	5,758,461	33,324,757	-	6,098,031	6,455	(4,192,230)	81,960,671
<i>Allowances for impairment losses on loans and finance lease receivables</i>	(813,674)	(851,893)	(480,989)	(637,853)	(1,820,576)	-	(404,753)	(390)	105,681	(4,904,447)
Loans and finance receivables-net	23,493,893	9,671,314	5,653,434	5,120,608	31,504,181	-	5,693,278	6,065	(4,086,549)	77,056,224
Portfolio of Debt instruments and Equity instruments, net of provisions	-	-	-	-	-	56,195,241	-	482,226	(35,085)	56,642,382
Treasury and inter-bank operations	-	-	-	-	-	37,210,823	245,699	535,805	(1,483,224)	36,509,103
Intangible assets	44,253	151,300	186,410	324,407	809,866	55,214	176,134	372,921	(1,984)	2,118,521
Right-of-use assets	15,393	47,745	44,869	109,824	260,281	14,249	24,524	3,802	(16,711)	503,976
Other assets	815,464	643,788	284,978	272,523	1,873,546	-	196,387	480,566	(1,413,735)	3,153,517
Total assets	24,369,003	10,514,147	6,169,691	5,827,362	34,447,874	93,475,527	6,336,022	1,881,385	(7,037,288)	175,983,723
Deposits and current accounts	10,376,273	11,593,045	8,961,862	19,816,376	90,754,851	1,705,623	-	3,031	(1,479,098)	141,731,963
Loans from banks and other financial institutions	280,407	319,184	82,521	64,080	11,471	716,426	4,993,455	7,912,228	(4,200,927)	10,178,845
Subordinated liabilities	-	-	-	-	-	2,480,425	-	-	(18,441)	2,461,984
Finance lease financial liabilities	104,025	82,209	44,560	36,008	244,875	1,326	24,483	3,941	(16,636)	524,791
Other liabilities	1,198,546	900,063	378,941	359,398	2,573,343	1,556	207,148	451,306	(74,928)	5,995,373
Total liabilities	11,959,251	12,894,501	9,467,884	20,275,862	93,584,540	4,905,356	5,225,086	8,370,506	(5,790,030)	160,892,956
Equity and related items	-	-	-	-	-	-	-	15,090,767	-	15,090,767
Total liabilities and equity	11,959,251	12,894,501	9,467,884	20,275,862	93,584,540	4,905,356	5,225,086	23,461,273	(5,790,030)	175,983,723

The explanatory notes to the financial statements from page 11 to page 55 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, 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	Intra-group eliminations & adjustments	Total
Gross loans and finance lease receivables	24,495,579	11,543,727	5,451,496	4,797,231	32,511,846	-	5,776,244	5,569	(4,161,160)	80,420,532
Provisions for principal Loans and finance lease receivables net of provisions	(862,525)	(936,200)	(433,410)	(668,442)	(1,683,224)	-	(371,706)	(337)	106,219	(4,849,625)
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	23,633,054	10,607,527	5,018,086	4,128,789	30,828,622	-	5,404,538	5,232	(4,054,941)	75,570,907
Treasury and inter-bank operations	-	-	-	-	-	51,336,974	-	472,915	(34,447)	51,775,442
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	37,490,235	251,854	607,464	(1,823,994)	36,525,559
Right-of-use assets	103,951	186,358	181,611	245,055	788,770	47,964	176,569	399,958	(1,973)	2,128,263
Other assets	37,066	57,433	44,387	82,799	259,331	13,162	24,309	12,484	(16,911)	514,060
Total assets	789,646	548,044	240,844	221,838	1,542,044	-	193,043	478,275	(1,358,740)	2,654,994
Deposits from customers and current accounts	24,563,717	11,399,362	5,484,928	4,678,481	33,418,767	88,888,335	6,050,313	1,976,328	(7,291,006)	169,169,225
Loans from banks and other financial institutions	9,114,874	13,424,801	7,526,010	19,811,825	88,569,988	2,465,711	-	3,962	(1,829,604)	139,087,567
Subordinated liabilities	256,482	326,772	87,055	62,507	23,629	363,251	4,774,002	7,815,009	(4,160,140)	9,548,567
Lease liabilities	-	-	-	-	-	2,441,255	-	-	(18,037)	2,423,218
Other liabilities	119,145	84,621	43,420	34,827	238,786	800	24,404	4,272	(16,924)	533,351
Total liabilities	731,496	520,038	216,918	181,761	1,354,357	1,043	205,047	545,969	(76,615)	3,680,014
Equity and related items	10,221,997	14,356,232	7,873,403	20,090,920	90,186,760	5,272,060	5,003,453	8,369,212	(6,101,320)	155,272,717
Total liabilities and equity	-	-	-	-	-	-	-	13,896,508	-	13,896,508
	10,221,997	14,356,232	7,873,403	20,090,920	90,186,760	5,272,060	5,003,453	22,265,720	(6,101,320)	169,169,225

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, 2024, and comparative data for March 31, 2023:

Business segments as at March 31, 2024

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	127,426	106,066	89,098	154,867	420,448	262,054	135,744	244,284	2,991	1,542,978
Net commission income	17,585	32,370	27,310	106,113	128,831	(2,398)	7,687	19,723	460	337,681
Net trading income	4,811	18,709	18,164	31,397	57,851	47,302	3,236	9,717	(326)	190,861
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	30,944	-	30,940	-	61,884
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	43,534	-	689	-	44,223
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(4,380)	(8,455)	(4,476)	(9,516)	(44,167)	(300)	-	-	-	(71,294)
Other operating income	619	1,634	1,630	4,725	68,621	819	13,060	34,646	(16,096)	109,658
Total income	146,061	150,324	131,726	287,586	631,584	381,955	159,727	339,999	(12,971)	2,215,991
Personnel expenses	(24,758)	(63,969)	(55,091)	(107,038)	(266,623)	(12,268)	(32,480)	(17,650)	4	(579,873)
Other operating expenses	(14,954)	(32,292)	(31,791)	(63,874)	(168,014)	(12,807)	(19,310)	(3,656)	8,270	(338,428)
Depreciation and amortization	(3,478)	(11,514)	(12,158)	(25,088)	(61,708)	(3,609)	(5,175)	(3,008)	6,454	(119,284)
Total Expenses	(43,190)	(107,775)	(99,040)	(196,000)	(496,345)	(28,684)	(56,965)	(24,314)	14,728	(1,037,585)
Operating profit before net provision expenses for assets, other risks and commitments	102,871	42,549	32,686	91,586	135,239	353,271	102,762	315,685	1,757	1,178,406
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	79,760	3,223	(40,601)	95,488	(109,530)	(2,052)	(28,812)	398	(815)	(2,941)
Profit before income tax	182,631	45,772	(7,915)	187,074	25,709	351,219	73,950	316,083	942	1,175,465

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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 gain/Net loss (-) 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
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	15,846	73,819	(25,370)	(7,973)	(27,326)	831	7,069	(972)	15,860	51,784
Profit before income tax	31,121	97,373	971	79,355	35,258	313,152	86,486	306,614	17,964	968,294

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

To establish the hierarchy of the fair value of debt instruments, Banca Transilvania S.A. uses classification criteria in one of the three levels mentioned by the International Financial Reporting Standard 13.

For the purpose of clasification, the methodology takes into account the aggregation of results from two sources of observations:

- direct observations of transactions, indicative or executable prices of the respective instrument;
- observations of transactions, indicative and executable prices of comparable instruments, with the aim of deriving a price for the respective instrument, when it is considered that direct observations support additions.

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 list of evaluation techniques used may contain, but is not limited to, the following:

- prices/quotations extracted by Calypso from evaluation platforms such as Bloomberg, Refinitiv or quotes received upon request from third parties;
- models based on prices of instruments with similar characteristics;
- models based on interest/price curves considered representative;
- calculation of updated cash flows;
- generally accepted economic methodologies.

Their hierarchy will take into account the specifications of IFRS 13, the choice of the alternative technique to be substantiated and approved by the competent committees.

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.

In the case of bonds, if an instrument has a minimum score that reflects in a transparent and strongly justified manner the price, fair value and liquidity of that instrument, it will be classified as level 1.

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

Regarding the bonds, the classification is made based on the followings criteria:

- If the price of the instrument is obtained on the basis of interpolations of level 1 prices/yields related to similar instruments of the respective issuer (group).
- If the price of the instrument is obtained by adding the spread from the issue over the price/yield of the level 1 instrument, belonging to another issuer, which was the reference on the issue date.

The Group and the Bank use widely recognized valuation models for determining the fair value of derivatives that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for simple over the counter derivatives.

At level 3 in the fair value hierarchy, the Group and the Bank included in the category of assets: equity instruments, fixed assets and investment property, bonds classified as assets valued at fair value through other elements of the comprehensive result and some bonds held at fair value through the profit or loss account.

In the case of bonds, level 3 includes all cases that are not found in the previous levels, the non-existence of a price, a price provided by a single entity or derived, by interpolation or spread, from one of the level 2 prices.

Significant unobservable inputs affecting the valuation of debt securities are represented by credit spreads - the premium above the benchmark reference instrument required to compensate for lower credit quality; higher spreads lead to a lower fair value.

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

Group In RON thousand	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
March 31, 2024				
Financial assets held for trading and measured at fair value through profit or loss, of which:	222,259	119,767	10,538	352,564
- Equity instruments	222,259	-	-	222,259
- Debt instruments	-	119,767	10,538	130,305
Derivatives	-	128,611	-	128,611
Financial assets measured at fair value through other items of comprehensive income	39,651,660	352,293	283,301	40,287,254
- Equity instruments	87,392	-	70,522	157,914
- Debt instruments	39,564,268	325,784	212,779	40,102,831
- Loans and advances	-	26,509	-	26,509
Financial assets which are required to be measured at fair value through profit or loss, of which:	843,548	94,764	336,674	1,274,986
- Equity instruments	318,076	-	-	318,076
- Debt instruments	525,472	94,764	336,674	956,910
Total financial assets measured at fair value in the statement of financial position	40,717,467	695,435	630,513	42,043,415
Non-financial assets at fair value	-	-	1,266,407	1,266,407
- Property and equipment and investment property	-	-	1,266,407	1,266,407
Total assets measured at fair value in the statement of financial position	40,717,467	695,435	1,896,920	43,309,822
Financial liabilities held-for-trading	-	116,478	-	116,478
December 31, 2023				
Financial assets held for trading and measured at fair value through profit or loss, of which:	222,001	113,206	10,549	345,756
- Equity instruments	216,101	-	-	216,101
- Debt instruments	5,900	113,206	10,549	129,655
Derivatives	-	124,817	-	124,817
Financial assets measured at fair value through other items of comprehensive income	39,928,649	276,255	395,122	40,600,026
- Equity instruments	84,401	-	69,759	154,160
- Debt instruments	39,844,248	249,772	325,363	40,419,383
- Loans and advances	-	26,483	-	26,483
Financial assets which are required to be measured at fair value through profit or loss, of which:	803,334	91,276	337,988	1,232,598
- Equity instruments	292,920	-	-	292,920
- Debt instruments	510,414	91,276	337,988	939,678
Total financial assets measured at fair value in the statement of financial position	40,953,984	605,554	743,659	42,303,197
Non-financial assets at fair value	-	-	1,278,903	1,278,903
- Property and equipment and investment property	-	-	1,278,903	1,278,903
Total assets measured at fair value in the statement of financial position	40,953,984	605,554	2,022,562	43,582,100
Financial liabilities held-for-trading	-	88,809	-	88,809

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

Bank <i>In RON thousand</i>	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
March 31, 2024				
Financial assets held for trading and measured at fair value through profit or loss, of which:	37,375	-	-	37,375
- <i>Equity instruments</i>	37,375	-	-	37,375
Derivatives	-	128,611	-	128,611
Financial assets measured at fair value through other items of comprehensive income	39,352,054	275,699	245,939	39,873,692
- <i>Equity instruments</i>	-	-	19,627	19,627
- <i>Debt instruments</i>	39,352,054	249,190	226,312	39,827,556
- <i>Loans and advances</i>	-	26,509	-	26,509
Financial assets which are required to be measured at fair value through profit or loss, of which:	940,191	452,052	336,674	1,728,917
- <i>Equity instruments</i>	317,534	-	-	317,534
- <i>Debt instruments</i>	622,657	452,052	336,674	1,411,383
Total financial assets measured at fair value in the statement of financial position	40,329,620	856,362	582,613	41,768,594
Non-financial assets at fair value	-	-	738,487	738,487
- <i>Property and equipment and investment property</i>	-	-	738,487	738,487
Total assets measured at fair value in the statement of financial position	40,329,620	856,362	1,321,100	42,507,082
Financial liabilities held-for-trading	-	116,478	-	116,478
December 31, 2023				
Financial assets held for trading and measured at fair value through profit or loss, of which:	36,303	-	-	36,303
- <i>Equity instruments</i>	36,303	-	-	36,303
Derivatives	-	124,817	-	124,817
Financial assets measured at fair value through other items of comprehensive income	39,633,547	272,548	358,107	40,264,202
- <i>Equity instruments</i>	-	-	19,400	19,400
- <i>Debt instruments</i>	39,633,547	246,065	338,707	40,218,319
- <i>Loans and advances</i>	-	26,483	-	26,483
Financial assets which are required to be measured at fair value through profit or loss, of which:	896,313	435,855	337,987	1,670,155
- <i>Equity instruments</i>	292,472	-	-	292,472
- <i>Debt instruments</i>	603,841	435,855	337,987	1,377,683
Total financial assets measured at fair value in the statement of financial position	40,566,163	833,220	696,094	42,095,477
Non-financial assets at fair value	-	-	755,413	755,413
- <i>Property and equipment and investment property</i>	-	-	755,413	755,413
Total assets measured at fair value in the statement of financial position	40,566,163	833,220	1,451,507	42,850,890
Financial liabilities held-for-trading	-	88,809	-	88,809

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

ii) Financial instruments not carried at fair value

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

At level 2 in the fair value hierarchy, the 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, 2024:

<i>In RON thousand</i>	Notes	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				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	11,265,574	11,265,574	-	11,265,574	-	11,358,055	11,358,055	-	11,358,055	-
Loans and advances to customers	19	73,286,627	73,063,206	-	-	73,063,206	72,657,613	72,486,414	-	-	72,486,414
Finance lease receivables	20	3,769,597	3,811,328	-	-	3,811,328	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	14,598,967	14,755,799	11,293,408	1,729,461	1,732,930	12,811,463	12,947,226	11,198,556	-	1,748,670
Other financial assets	22	2,500,117	2,500,117	-	-	2,500,117	2,330,464	2,330,464	-	-	2,330,464
Total assets		105,420,882	105,396,024	11,293,408	12,995,035	81,107,581	99,157,595	99,122,159	11,198,556	11,358,055	76,565,548
Liabilities											
Deposits from banks	24	534,684	534,684	-	534,684	-	542,320	542,320	-	542,320	-
Deposits from customers	25	141,197,279	141,253,076	-	141,253,076	-	136,976,617	137,026,833	-	137,026,833	-
Loans from banks and other financial institutions	26	10,178,845	10,181,211	6,768,078	-	3,413,133	9,013,081	9,015,447	6,765,420	-	2,250,027
Subordinated liabilities	27	2,461,984	2,461,984	-	-	2,461,984	2,454,900	2,454,900	-	-	2,454,900
Lease liabilities		524,791	524,791	-	-	524,791	664,383	664,383	-	-	664,383
Other financial liabilities	29	4,686,303	4,686,303	-	-	4,686,303	4,135,858	4,135,858	-	-	4,135,858
Total liabilities		159,583,886	159,642,049	6,768,078	141,787,760	11,086,211	153,787,159	153,839,741	6,765,420	137,569,153	9,505,168

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, 2023:

RON thousand	Notes	Carrying amount	Fair value	Group			Carrying amount	Fair value	Bank		
				Fair value hierarchy Level 1	Fair value hierarchy Level 2	Fair value hierarchy Level 3			Fair value hierarchy Level 1	Fair value hierarchy Level 2	Fair value hierarchy Level 3
Assets											
Placements with banks and public institutions	17	12,272,959	12,272,959	-	12,272,959	-	12,619,341	12,619,341	-	12,619,341	-
Loans and advances to customers	19	72,008,224	71,927,489	-	-	71,927,489	71,550,404	71,381,814	-	-	71,381,814
Finance lease receivables	20	3,562,683	3,586,003	-	-	3,586,003	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	9,472,245	9,610,193	6,276,512	1,431,293	1,902,388	7,980,071	8,100,636	6,182,963	-	1,917,673
Other financial assets	22	1,980,114	1,980,114	-	-	1,980,114	1,829,702	1,829,702	-	-	1,829,702
Total assets		99,296,225	99,376,758	6,276,512	13,704,252	79,395,994	93,979,518	93,931,493	6,182,963	12,619,341	75,129,189
Liabilities											
Deposits from banks	24	1,034,613	1,034,613	-	1,034,613	-	1,081,766	1,081,766	-	1,081,766	-
Deposits from customers	25	138,052,954	138,081,222	-	138,081,222	-	134,443,350	134,470,810	-	134,470,810	-
Loans from banks and other financial institutions	26	9,548,567	9,553,796	6,643,087	-	2,910,709	8,583,795	8,589,024	6,640,249	-	1,948,775
Subordinated liabilities	27	2,423,218	2,423,218	-	-	2,423,218	2,403,652	2,403,652	-	-	2,403,652
Lease liabilities		533,351	533,351	-	-	533,351	669,778	669,778	-	-	669,778
Other financial liabilities	29	2,521,170	2,521,170	-	-	2,521,170	1,847,667	1,847,667	-	-	1,847,667
Total liabilities		154,113,873	154,147,370	6,643,087	139,115,835	8,388,448	149,030,008	149,062,697	6,640,249	135,552,576	6,869,872

Notes to the Interim Condensed Consolidated and Separate Financial Statements

5. Net interest income

	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
<i>In RON thousand</i>				
Interest income calculated using the effective interest method	2,474,027	1,946,814	2,336,933	1,749,400
- Cash and current accounts with Central Banks at amortised cost	110,145	57,089	100,531	28,502
- Placements with banks and public institutions at amortised cost	224,163	44,084	231,869	60,588
- Loans and advances to customers at amortised cost	1,592,279	1,349,451	1,484,136	1,233,064
- Debt instruments at fair value through other items of comprehensive income	384,447	417,304	381,562	415,480
- Debt instruments at amortised cost	162,993	78,886	138,835	11,766
Other similar interest income	116,359	75,062	8,084	8,013
- Finance lease receivables	108,211	67,050	-	-
- Non-recourse factoring receivables	8,148	8,013	8,084	8,013
Total interest income	2,590,386	2,021,876	2,345,017	1,757,413
Interest expense related to financial liabilities measured at amortized cost	1,044,603	779,213	1,016,830	724,329
- Cash and current accounts with Central Banks	-	3	-	-
- Deposits from banks	1,243	13,062	1,567	12,142
- Deposits from customers	819,091	692,737	805,915	653,580
- Loans from banks and other financial institutions	224,269	73,411	209,348	58,607
Other similar expense	2,805	715	3,455	1,637
- Lease liabilities	2,805	715	3,455	1,637
Total interest expense	1,047,408	779,928	1,020,285	725,966
Net interest income	1,542,978	1,241,948	1,324,732	1,031,447

Interest income as at March 31, 2024 includes the net interest income on impaired financial assets amounting RON 79,915 thousand (2023: RON 54,694 thousand) for the Group and RON 57,502 thousand (2023: RON 47,885 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

6. Net fee and commission income

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Fee and commission income				
Commissions from treasury and inter-bank operations	79,846	65,752	79,854	65,752
Client transactions (i)	433,509	361,309	376,228	313,343
Lending activity (ii)	3,454	3,510	2,748	2,784
Finance lease management	2,836	2,926	-	-
Asset management (iii)	9,746	7,740	-	-
Other fee and commission income	1,874	1,364	392	362
Total fee and commission income from contracts with customers	531,265	442,601	459,222	382,241
Fee income from financial guarantee contracts (iv)	14,777	10,702	14,544	10,518
Total fee and commission income	546,042	453,303	473,766	392,759
Fee and commission expense				
Commissions from treasury and inter-bank Client transactions	154,169	120,257	129,384	98,962
Lending activity (i)	53,781	39,297	43,851	33,175
Other fees and commissions	(261)	5,366	3,845	9,250
	672	486	757	509
Fee and commission expenses	208,361	165,406	177,837	141,896
Net fee and commission income	337,681	287,897	295,929	250,863

(i) Fees related to transactions with clients mainly include cards fees, payments/collections fees, custody fees and other fees related to transactions with clients

(ii) Lending-related fees include amendment fees, factoring fees, debt recovery fees

(iii) This category includes the management commissions of open and alternative investment funds

(iv) Although the fee income from financial guarantee contracts and loan commitments is recognised in accordance with the principle of IFRS 15 the financial guarantee contracts is in the scope IFRS 9 and the fee income from it is not revenue from contracts with customers. The Group and the Bank presents the fee income from financial guarantees as part of total fee and commission income.

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

7. Net trading income

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Net income from foreign exchange transactions	170,422	149,352	145,058	134,912
Net income/ (Expense) from derivatives	13,371	(26,493)	13,397	(26,524)
Net income/ (Expense) from financial assets held-for-trading	10,451	(1,041)	1,124	4,168
(Expense)/ net income from foreign exchange position revaluation	(3,383)	13,427	(3,056)	9,959
Net trading income	190,861	135,245	156,523	122,515

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Income from the sale of financial assets measured at fair value through other items of comprehensive income	62,317	67,390	61,106	67,384
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(433)	(546)	(433)	(546)
Net income from financial assets measured at fair value through comprehensive income	61,884	66,844	60,673	66,838

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	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Income from financial assets which are required to be measured at fair value through profit or loss	66,109	49,186	88,365	51,366
Losses from financial assets which are required to be measured at fair value through profit or loss	(21,886)	(25,684)	(28,137)	(33,489)
Net income/(expense) from financial assets which are required to be measured at fair value through profit or loss	44,223	23,502	60,228	17,877

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	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Contribution to the Bank Deposit Guarantee Fund	45,743	44,016	44,875	43,271
Bank Resolution Fund	25,551	47,805	19,796	46,000
Total	71,294	91,821	64,671	89,271

Notes to the Interim Condensed Consolidated and Separate Financial Statements

11. Other operating income

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Dividend income	-	-	-	-
Income from insurance intermediation	50,335	32,173	33,773	19,026
Income regarding movable and immovable assets resulting from debt enforcement	2,662	201	1,612	410
Income from indemnities, fines and penalties	1,899	2,486	1,016	1,447
Income from VISA, MASTERCARD, WU services	29,399	11,426	29,393	11,084
Other operating income (i)	25,363	30,563	10,810	11,372
Total	109,658	76,849	76,604	43,339

(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	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Net impairment allowance on assets (i)	66,780	28,148	8,704	27,360
Net loss on loans written off	22	580	-	1
Net loss on finance lease receivables written off	129	79	-	-
Provisions for other risks and loan commitments	(19,602)	1,690	(14,268)	1,828
Recoveries from loans written off	(39,639)	(69,963)	(36,971)	(68,756)
Recoveries from finance lease receivables written off	(180)	(5,534)	-	-
Net income (-)/Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	7,510	(45,000)	(42,535)	(39,567)

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Loans and advances to customers	47,417	39,219	13,828	26,002
Treasury and inter-bank operations	1,260	(1,179)	(1,799)	1,917
Finance lease receivables	19,147	(12,575)	-	-
Investment securities	3,958	566	2,710	36
Other financial assets	(5,002)	2,117	(6,035)	(595)
Net impairment allowance on assets	66,780	28,148	8,704	27,360

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

(b) (Other) Provisions and reversal of provisions

<i>In RON thousand</i>	Group		Bank	
	2024	2023	2024	2023
Other non-financial assets	(709)	(1,464)	-	(182)
Litigation and other risks	(3,860)	(5,320)	(3,424)	(705)
(Other) Provisions and reversal of provisions	(4,569)	(6,784)	(3,424)	(887)

13. Personnel expenses

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Gross salaries	449,783	380,391	372,625	318,979
Social protection contribution	18,388	15,304	11,194	9,755
Share-based payments to employees	36,086	27,124	36,086	27,124
3rd Pension Pillar	3,965	4,674	3,602	4,328
Other staff expenses	33,139	23,830	28,747	21,255
Net expenses with provisions for overdue vacations and other provisions	38,512	24,947	29,859	19,194
Total	579,873	476,270	482,113	400,635

14. Other operating expenses

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Rent and operating lease expense	2,480	2,089	1,917	1,512
Repairs and maintenance expenses	86,325	68,502	75,290	60,168
Advertising, marketing, entertainment and sponsorship expenses	31,110	36,535	26,374	32,909
Mail, telecommunication and SMS traffic expenses	18,596	16,525	15,737	13,995
Materials and stationery expenses	25,276	22,395	22,160	20,452
Other professional fees, including legal expenses	10,000	6,455	8,501	3,557
Electricity and heating	10,979	11,344	9,409	9,442
Business travel, transportation and temporary relocation expenses	17,045	14,085	16,035	13,450
Insurance costs	8,536	8,633	7,639	7,778
Taxes (*)	72,107	8,647	70,285	7,945
Security and protection	8,552	7,085	8,030	6,489
Expenses related to archiving services	6,227	4,773	5,963	4,521
Expenses related to database queries from the Trade Register and the Credit Bureau	2,155	2,486	1,614	1,828
Expenses with foreclosed assets	2,267	1,547	2,016	1,414
Audit, advisory and other services provided by the independent auditor	3,320	2,196	2,484	985
Other operating expenses	33,453	27,722	23,587	17,473
Total other operating expenses	338,428	241,019	297,041	203,918

(*) Starting from 2024, the "Taxes and contributions" line also includes the turnover tax calculated for the reported period, representing 2% of the turnover, amounting RON 65,152 thousand for the Group and RON 64,582 thousand for the Bank.

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

15. Income tax expense

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
Gross Profit	1,308,155	968,294	1,072,628	781,905
Statutory tax rate (2024: 16%; 2023: 16%)	(209,305)	(154,927)	(171,620)	(125,105)
Fiscal effect of income tax on the following elements:	33,557	24,334	12,232	19,102
- Non-taxable income	46,937	33,309	29,872	32,363
- Non-deductible expense	(37,718)	(48,135)	(41,145)	(42,464)
- Tax deductions	24,348	31,629	23,506	31,011
- Income related items	(17)	(24,276)	(1)	(1,808)
- Expense related items	7	31,807	-	-
Income tax expense	(175,748)	(130,593)	(159,388)	(106,003)

(*) Income tax rate for Victoriabank S.A., BCR Chişinău S.A. and BT Leasing MD S.R.L. is 12%.

16. Cash and current accounts with Central Banks

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Minimum reserve requirement	21,328,847	19,984,835	19,662,038	18,289,681
Cash on hand and other values	3,914,682	4,267,765	3,641,603	3,996,576
Total	25,243,529	24,252,600	23,303,641	22,286,257

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Cash and current accounts with Central Banks(*)	25,072,184	24,244,467	23,297,742	22,280,893
Placements with banks - maturity below 3 months	10,142,794	11,304,732	9,414,739	10,460,417
Reverse-repo transactions	-	-	-	-
Loans and advances to credit institutions with maturity below 3 months	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	85,885	-	59,795	-
Financial assets at amortized cost – debt instruments	1,169,357	573,172	374,087	8,984
Cash and cash equivalents in the cash flow statement	36,470,220	36,122,371	33,146,363	32,750,294

(*) At Group level, the cash and current accounts with Central Banks do not include the accrual and interest receivable in the amount of RON 8,695 thousand (2023: RON 8,133 thousand) and at the level of the Bank in the amount of RON 5,899 thousand (2023: RON 5,364 thousand)

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

17. Placements with banks and public institutions

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Current accounts with other banks	919,483	1,100,282	456,734	678,579
Term deposit with Central bank	2,883,590	-	2,883,590	-
Sight, collateral and term deposits with other banks	6,953,363	10,663,188	7,508,593	11,431,273
Reverse repo transactions	-	-	-	-
Loans and advances to credit institutions	509,138	509,489	509,138	509,489
Total	11,265,574	12,272,959	11,358,055	12,619,341

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

As at March 31, 2024, 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 8,968,519 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 8,957,617 thousand and loans and advances to credit institutions in amount of RON 0 thousand at Bank level (December 31, 2023: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 9,562,115 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 9,367,492 thousand and loans and advances to credit institutions in amount of RON 0 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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Equity instruments	222,259	216,101	37,375	36,303
Debt instruments	130,305	129,655	-	-
Total	352,564	345,756	37,375	36,303

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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Equity instruments(*)	318,076	292,920	317,534	292,472
Debt instruments	956,910	939,678	1,411,383	1,377,683
Total	1,274,986	1,232,598	1,728,917	1,670,155

(*) The Group and the Bank have included in this category the VISA and Mastercard shares, both the ordinary ones from category A / B, as well as the preferential ones from category C.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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, 2024 and December 31, 2023 is the following:

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Corporate and government institutions	30,652,599	31,891,157	34,172,751	35,424,045
Small and medium enterprises	11,897,142	10,254,549	10,708,405	9,063,280
Consumer loans and card loans granted to retail customers	13,847,969	13,392,850	13,138,342	12,674,358
Mortgage loans	19,407,475	19,053,459	18,992,544	18,701,951
Loans granted by non-banking financial institutions	2,156,245	2,060,596	-	-
Other	68,354	63,147	61,900	57,578
Total loans and advances to customers before impairment allowance	78,029,784	76,715,758	77,073,942	75,921,212
Allowances for impairment losses on loans	(4,743,157)	(4,707,534)	(4,416,329)	(4,370,808)
Total loans and advances to customers net of impairment allowance	73,286,627	72,008,224	72,657,613	71,550,404

The Group's and Bank's commercial lending is concentrated on Romanian and Moldavian companies and individuals. The risk distribution of the credit portfolio per sectors, as at 31 March 2024 and 31 December 2023, is the following:

<i>In RON thousand</i>	Group		Bank	
	2024	2023	2024	2023
Retail	34,364,631	33,535,169	32,192,786	31,433,875
Trading	8,720,959	8,253,371	7,799,602	7,553,098
Manufacturing	5,503,427	5,247,804	5,161,873	4,916,366
Agriculture	3,384,209	3,304,137	3,228,083	3,188,576
Services	3,672,056	3,545,309	3,378,971	3,260,427
Real Estate	2,880,798	2,905,592	2,937,348	2,960,077
Constructions	2,405,247	2,354,987	2,199,796	2,123,074
Transportation	2,600,654	2,585,858	2,179,407	2,117,656
Self-employed	1,068,900	1,103,274	919,135	887,732
Others	1,325,164	1,262,629	1,164,167	1,097,760
Financial Institutions	835,602	768,736	4,716,578	4,608,630
Telecommunications	277,587	321,982	250,877	293,838
Energy Industry	1,299,874	1,941,327	1,274,584	1,919,409
Mining Industry	85,418	82,452	79,354	76,976
Chemical Industry	166,769	150,639	161,933	145,467
Government Institutions	9,417,370	9,330,576	9,409,716	9,317,465
Fishing	21,119	21,916	19,732	20,786
Total loans and advances to customers before impairment allowance	78,029,784	76,715,758	77,073,942	75,921,212
Allowances for impairment losses on loans	(4,743,157)	(4,707,534)	(4,416,329)	(4,370,808)
Total loans and advances to customers, net of impairment allowance	73,286,627	72,008,224	72,657,613	71,550,404

Notes to the Interim Condensed Consolidated and Separate Financial Statements

20. Finance lease receivables

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

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

<i>In RON thousand</i>	2024	2023
Finance lease receivables with maturity below 1 year, gross	1,509,601	1,426,123
Finance lease receivables with maturity between 1-2 years, gross	1,199,543	1,112,761
Finance lease receivables with maturity between 2-3 years, gross	899,323	845,466
Finance lease receivables with maturity between 3-4 years, gross	570,870	535,641
Finance lease receivables with maturity between 4-5 years, gross	260,130	259,946
Finance lease receivables with maturity above 5 years, gross	17,354	18,911
Total finance lease receivables, gross	4,456,821	4,198,848
Future interest related to finance lease receivables	(525,934)	(494,074)
Total finance lease receivables, net of future interest	3,930,887	3,704,774
Impairment allowances for finance lease receivables	(161,290)	(142,091)
Total finance lease receivables	3,769,597	3,562,683

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

21. Investment securities

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

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Debt instruments, of which	40,102,831	40,419,383	39,827,556	40,218,319
- Central Banks	26,090	-	-	-
- Central administrations	37,845,777	37,959,831	37,583,060	37,745,421
- Credit institutions	1,938,307	2,068,827	1,938,307	2,068,827
- Other financial companies	209,714	310,847	223,246	324,193
- Non-financial institutions	82,943	79,878	82,943	79,878
Equity instruments, of which:	157,914	154,160	19,627	19,400
- Other financial companies	125,039	121,512	15,192	15,192
- Non-financial institutions	32,875	32,648	4,435	4,208
Loans and advances to customers	26,509	26,483	26,509	26,483
- Central administrations	26,509	26,483	26,509	26,483
Total	40,287,254	40,600,026	39,873,692	40,264,202

Notes to the Interim Condensed Consolidated and Separate Financial Statements

21. Investment securities (continued)

b) Financial assets at amortized cost - debt instruments

In the period ended on March 31, 2024, the Group classified as financial assets measures at amortized cost - debt instruments, bonds in amount of RON 14,598,967 thousand, and the Bank bonds in amount of RON 12,811,463 thousand (December 31, 2023: RON 9,472,245 thousand for the Group and RON 7,980,071 thousand for the Bank).

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Debt instruments, of which				
- Central Banks	795,272	564,188	-	-
- Central administrations	11,739,648	6,819,530	10,732,209	5,876,660
- Credit institutions	763,622	788,581	778,829	803,465
- Other financial companies	1,255,540	1,255,462	1,255,540	1,255,463
- Non-financial institutions	44,885	44,484	44,885	44,483
Total	14,598,967	9,472,245	12,811,463	7,980,071

22. Other financial assets

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Amounts under settlement	1,722,727	1,104,646	1,674,414	1,047,869
Non-recourse factoring	322,370	438,740	322,370	438,740
Sundry debtors and advances for non-current assets	425,447	408,708	273,607	286,003
Cheques and other instruments to be encashed	61,931	71,593	61,931	71,593
Other financial assets	20,856	14,577	14,129	7,519
Impairment allowance for other financial assets	(53,214)	(58,150)	(15,987)	(22,022)
Total	2,500,117	1,980,114	2,330,464	1,829,702

As at March 31, 2024, out of RON 2,500,117 thousand (December 31, 2023: RON 1,980,114 thousand), the Group's other impaired financial assets amounted to RON 43,341 thousand (December 31, 2023: RON 41,866 thousand).

As at March 31, 2024 out of RON 2,330,464 thousand (December 31, 2023: RON 1,829,702 thousand), the Bank's other impaired financial assets amounted to RON 3,892 thousand (December 31, 2023: RON 3,897 thousand).

23. Other non-financial assets

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Inventories and similar assets	82,384	87,945	53,857	55,680
Prepaid expenses	131,392	134,465	116,169	121,215
VAT and other taxes to be received	17,361	34,486	1,713	1,523
Other non-financial assets	79,330	79,342	29,774	27,430
Impairment allowance for other non-financial assets	(15,081)	(15,839)	(8,096)	(8,096)
Total	295,386	320,399	193,417	197,752

24. Deposits from banks

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Sight demand	253,397	497,386	261,033	509,707
Term deposits	281,287	537,227	281,287	572,059
Total	534,684	1,034,613	542,320	1,081,766

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

25. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Current accounts	68,046,082	69,999,127	65,298,992	67,447,241
Sight demand	985,193	953,695	793,006	739,327
Term deposits	71,075,492	66,019,978	69,834,057	65,215,377
Collateral deposits	1,090,512	1,080,154	1,050,562	1,041,405
Total	141,197,279	138,052,954	136,976,617	134,443,350

Deposits from customers can be also analyzed as follows:

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Retail	90,756,826	88,572,664	88,145,996	86,293,705
Companies	50,440,453	49,480,290	48,830,621	48,149,645
Total	141,197,279	138,052,954	136,976,617	134,443,350

26. Loans from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Loans from government entities	44,659	33,048	-	-
Loans from commercial banks	1,123,307	943,981	376,406	376,530
- Romanian banks	746,901	567,451	-	-
- Foreign banks	376,406	376,530	376,406	376,530
Loans from development banks	1,217,373	1,240,927	1,172,951	1,200,214
Repurchase agreements (repo transactions)	695,058	363,251	695,058	363,251
Other funds from financial institutions	142,543	139,026	3,246	3,551
Issued bonds	6,955,905	6,828,334	6,765,420	6,640,249
Total	10,178,845	9,548,567	9,013,081	8,583,795

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at March 31, 2024 and December 31, 2023.

The table below summarizes the underlying securities of repo agreements

<i>In RON thousand</i>	Group			
	31-03-2024		31-12-2023	
	Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities
Financial assets measured at fair value through other items of comprehensive income	632,198	629,794	368,480	363,251
Financial assets at amortized cost	65,226	65,264	-	-
Total	697,424	695,058	368,480	363,251

<i>In RON thousand</i>	Bank			
	31-03-2024		31-12-2023	
	Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities
Financial assets measured at fair value through other items of comprehensive income	632,198	629,794	368,480	363,251
Financial assets at amortized cost	65,226	65,264	-	-
Total	697,424	695,058	368,480	363,251

The explanatory notes to the financial statements from page 11 to page 55 are an integral part of these financial statements. 45

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

27. Subordinated liabilities

As at March 31, 2024 and December 31, 2023, 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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Loans from development banks and financial institutions	-	12,562	-	-
Non-convertible bonds	2,461,984	2,410,656	2,454,900	2,403,652
Total	2,461,984	2,423,218	2,454,900	2,403,652

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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Provisions for loan commitments, financial guarantees and other commitments given	344,371	364,335	310,688	326,004
Provisions for employee benefits as compensated absences	56,200	37,375	46,224	28,866
Provisions for other employee benefits	116,739	92,956	60,870	48,370
Provisions for litigation, other risks and charges (*)	152,278	156,478	144,536	148,299
Total	669,588	651,144	562,318	551,539

(*) 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.. In this category are also included the provisions related to potential ancillary fiscal obligations related to the SFIA litigation.

29. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Amounts under settlement	4,260,236	1,982,830	3,873,455	1,512,867
Sundry creditors	346,039	456,939	201,884	270,710
Dividends payable	30,646	30,950	30,646	30,950
Other financial liabilities	49,382	50,451	29,873	33,140
Total	4,686,303	2,521,170	4,135,858	1,847,667

30. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Other taxes payable	136,594	85,056	115,979	62,840
Other non-financial liabilities	223,115	203,001	123,878	109,129
Total	359,709	288,057	239,857	171,969

Notes to the Interim Condensed Consolidated and Separate Financial Statements

31. Earnings per share

The calculation of basic earnings per share was based on the net consolidated profit attributable to ordinary shareholders of the parent company of RON 1,051,941 thousand (2023: RON 804,535 thousand) and on the weighted average number of ordinary shares outstanding during the year of 915,872,475 (2023 recalculated: 914,242,888 shares).

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

	Group	
	31-03-2024	31-03-2023
Ordinary shares issued as at 1 January	798,658,233	707,658,233
The impact of shares issued as of 1 January	118,221,613	91,000,000
The impact of the shares repurchased during the year	(1,007,371)	(2,636,958)
The impact of the shares obtained from bonds conversion	-	-
The retroactive adjustment of the weighted average number of outstanding shares as at March 31, 2023	-	118,221,613
Weighted average number of shares	915,872,475	914,242,888
The number of shares that may be issued upon the conversion of bonds into shares	-	-
Weighted average number of diluted shares	915,872,475	914,242,888

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, 2024;
- 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 - March 31, 2024;
- the anticyclical capital buffer specific to the institution of 1% of the value of the risk-weighted valid starting from October 2023.

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, 2024 and December 31, 2023, 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 14,276,030 thousand as of March 31, 2024 (December 31, 2023: RON 14,954,116 thousand), regulatory capital amounts to RON 9,760,937 thousand (December 31, 2023: RON 9,366,727 thousand) and the Group and the Bank have complied with all externally imposed capital requirements for period ended March 31, 2024 and December 31, 2023.

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.

The level and the requirements of own funds as at March 31, 2024 and December 31, 2023 are as follows:

<i>In RON thousand</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Tier 1 own funds	12,033,975	12,692,053	10,717,704	11,363,215
Tier 2 own funds	2,242,055	2,262,063	2,241,402	2,260,454
Total own funds	14,276,030	14,954,116	12,959,106	13,623,669

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

<i>In %</i>	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Core tier one ratio	16.64	18.29	16.59	18.32
Tier 1 ratio	16.64	18.39	16.59	18.32
CAR	19.74	21.55	20.06	21.97

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, 2023. For the three-month period ended March 31, 2024, the current profit was not considered in the calculation of own funds. Regulatory capital as at March 31, 2024 and December 31, 2023 was calculated according to the IFRS standards endorsed by the European Union.

The explanatory notes to the financial statements from page 11 to page 55 are an integral part of these financial statements. 48

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Corporate and public institutions	30,652,599	31,891,165	34,172,751	35,424,045
Small and medium enterprises	11,897,143	10,254,551	10,708,405	9,063,280
Consumer loans and card loans granted to retail customers	13,847,968	13,392,845	13,138,342	12,674,358
Mortgage loans	19,407,474	19,053,458	18,992,544	18,701,951
Loans and finance lease receivables granted by non-banking financial institutions	6,087,133	5,765,371	-	-
Other	68,354	63,142	61,900	57,578
Total loans and advances to customers and financial lease receivables before impairment allowance	81,960,671	80,420,532	77,073,942	75,921,212
Allowances for impairment losses on loans and financial lease receivables	(4,904,447)	(4,849,625)	(4,416,329)	(4,370,808)
Total loans and advances to customers and financial lease receivables net of impairment allowance	77,056,224	75,570,907	72,657,613	71,550,404

At March 31, 2024, the total irrevocable on-balance and off-balance sheet exposure was of RON 86,489,761 thousand (December 31, 2023: RON 85,485,284 thousand) for the Group and RON 80,453,951 thousand (December 31, 2023: RON 79,930,464 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, 2024, 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 2024
<i>In RON thousand</i>					
Corporate and government institutions	25,590,016	4,426,303	557,690	78,590	30,652,599
Small and medium enterprises	8,815,528	2,532,908	527,608	21,099	11,897,143
Consumer loans and card loans granted to retail customers	9,958,454	2,869,412	944,447	75,655	13,847,968
Mortgage loans	16,873,329	2,303,430	197,621	33,094	19,407,474
Loans and finance lease receivables granted to non-banking financial institutions	4,820,636	794,330	394,976	77,191	6,087,133
Other	15	50,701	17,557	81	68,354
Total loans and advances to customers and financial lease receivables before impairment allowance	66,057,978	12,977,084	2,639,899	285,710	81,960,671
Allowances for impairment losses on loans and financial lease receivables	(1,165,412)	(1,974,419)	(1,713,919)	(50,697)	(4,904,447)
Total loans and advances to customers and financial lease receivables net of impairment allowance	64,892,566	11,002,665	925,980	235,013	77,056,224

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, 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 public institutions	27,214,754	3,963,579	629,127	83,705	31,891,165
Small and medium enterprises	7,347,895	2,365,008	520,639	21,009	10,254,551
Consumer loans and card loans granted to retail customers	9,662,434	2,762,363	890,221	77,827	13,392,845
Mortgage loans	16,834,009	1,988,896	196,245	34,308	19,053,458
Loans and finance lease receivables granted to non-banking financial institutions	4,682,085	684,547	370,843	27,896	5,765,371
Other	16	46,376	16,674	76	63,142
Total loans and advances to customers and financial lease receivables before impairment allowance	65,741,193	11,810,769	2,623,749	244,821	80,420,532
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,364,287)	(1,758,552)	(1,673,914)	(52,872)	(4,849,625)
Total loans and advances to customers and financial lease receivables net of impairment allowance	64,376,906	10,052,217	949,835	191,949	75,570,907

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, 2024, 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 2024
<i>In RON thousand</i>					
Corporate and government institutions	29,227,950	4,335,033	532,086	77,682	34,172,751
Small and medium enterprises	7,834,202	2,367,043	489,110	18,050	10,708,405
Consumer loans and card loans granted to retail customers	9,353,078	2,854,244	856,885	74,135	13,138,342
Mortgage loans	16,476,514	2,294,552	188,679	32,799	18,992,544
Other	17	44,305	17,498	80	61,900
Total loans and advances to customers before impairment allowance	62,891,761	11,895,177	2,084,258	202,746	77,073,942
Allowances for impairment losses on loans	(1,098,343)	(1,876,475)	(1,405,185)	(36,326)	(4,416,329)
Total loans and advances to customers net of impairment allowance	61,793,418	10,018,702	679,073	166,420	72,657,613

The exposures to credit risk for loans and advances to customers at Bank level, as at December 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 public institutions	30,843,984	3,896,939	600,660	82,462	35,424,045
Small and medium enterprises	6,427,637	2,222,138	397,984	15,521	9,063,280
Consumer loans and card loans granted to retail customers	9,048,237	2,743,213	806,763	76,145	12,674,358
Mortgage loans	16,498,339	1,982,593	186,710	34,309	18,701,951
Other	17	40,868	16,617	76	57,578
Total loans and advances to customers and financial lease receivables before impairment allowance	62,818,214	10,885,751	2,008,734	208,513	75,921,212
Allowances for impairment losses on loans and advances to customers, financial lease receivables	(1,301,239)	(1,677,555)	(1,356,393)	(35,621)	(4,370,808)
Total loans and advances to customers and financial lease receivables net of impairment allowance	61,516,975	9,208,196	652,341	172,892	71,550,404

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (*continued*)

Synthetic securitisation activity related to the loan portfolio

Banca Transilvania (the Bank) concluded on December 22, 2023 a non-STS synthetic securitisation transaction with the European Investment Fund (EIF) and the European Investment Bank (EIB), effective from March 31, 2024. The synthetic securitization transaction is structured on a portfolio of loans granted to legal entities, initial securitisation in amount of RON 2,027,513 thousand.

During the transaction, the Bank retains at least 5% of the exposure of each loan included in the securitization portfolio.

The credit risk of the mezzanine and senior tranches is transferred to the EIF, while the credit risk of the junior tranche is assumed by the Bank.

EIF - as Guarantor, issued an irrevocable and unconditional Financial Guarantee in favour of Banca Transilvania (the Beneficiary) to guarantee, in relation to each reference obligation, the payment of the loss, should such loss be allocated to the mezzanine and senior tranche, totaling RON 1,995,072 thousand which represents 98.4% of securitised portfolio. The scheduled maturity date of the guarantee is December 31, 2039.

The EIF guarantee is counter-guaranteed by the EIB through a back-to-back hedge arrangement.

The Bank's objective is to support the real economy by transferring the benefits of more efficient use of the Bank's capital to customers. To this end, Banca Transilvania has concluded with the EIB a Mezzanine Retrocession Agreement and Commitment Agreement for increased support for SMEs and Midcaps and a Senior Restitution Agreement and Commitment Agreement for increased support for SMEs and Midcaps.

34. Current tax liability

Below is listed the structure of the current tax liability for the Group and the Bank:

	Group		Bank	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Current tax liability	161,845	130,294	169,397	139,690
Profit tax related to fiscal uncertainties - asset	26,410	26,410	26,410	26,410
Total	135,435	103,884	142,987	113,280

35. Business combinations

On January 15th, 2024, Victoriabank S.A. Chişinău acquired 100% of the share package in BCR Chişinău S.A.. The Victoriabank S.A. subsidiary is controlled by Banca Transilvania S.A., therefore, starting from this date, Banca Transilvania S.A. also holds control in BCR Chişinău S.A..

In the period of 3 months until March 31, 2024, BCR Chişinău S.A. contributed with a loss of RON 7.22 million to the Group's results.

The consideration transferred

The fair value of the transferred consideration is RON 57,145 thousand and was paid in full on the acquisition date.

No capital instruments were issued as part of the acquisition of BCR Chişinău S.A..

Notes to the Interim Condensed Consolidated and Separate Financial Statements**35. Business Combinations (continued)***Assets acquired and liabilities assumed*

The table below summarizes the amounts recognized at the acquisition date in respect of the assets acquired and liabilities assumed:

RON thousand	Accounting Value	Adjustments	Fair Value
Cash, cash equivalents and bank deposits	274,281	2,691	276,972
Loans and advances granted to customers	297,895	(940)	296,955
Tangible and intangible fixed assets, investment property and assets related to the right of use	5,760	1,839	7,599
Other assets	179,840	4,774	184,614
Deposits from customers	(513,467)	(1,685)	(515,152)
Loans from banks	(22,034)	-	(22,034)
Other debts	(40,002)	883	(39,119)
Total net assets acquired	182,273	7,562	189,835

Fair value measurement

The following valuation techniques were used to determine the fair value of the acquired assets and assumed obligations:

- **Portfolio of loans and receivables from finance leases - performing:** value adjustments have been made to reflect differences in interest rates (contract versus market) as well as lifetime expected credit losses from a participant's perspective over the market. The valuation methodology sought to quantify the possible differences between the interest rates in force and those existing on the market at the valuation date;
- **The portfolio of loans and receivables from financial leasing contracts - non-performing:** the fair value analysis of non-performing loans focused on the ECL estimation, whereby the amount of expected credit losses was estimated taking into account the potential recoveries from guarantees;
- **Assets related to the right of use:** the fair value was estimated by applying specific valuation methods taking into account the type of asset and the available information and the Management Decision related to the future benefits that the respective assets will bring;
- **Loans from banks and financial institutions:** adjustments were made to reflect the difference between contractual and market interest rates;
- **Lease liabilities:** in accordance with the requirements of IFRS 16, the fair value of the lease liabilities was determined as the present value of the remaining lease payments.

Bargain gain

The Group's results for the period ended March 31, 2024 include the *acquisition gain* from the acquisition of BCR Chişinău S.A. in the amount of RON 132,690 thousand.

The *acquisition gain* was determined as the difference between the consideration paid (RON 57,145 thousand) and the part of the fair value of the assets and liabilities of BCR Chişinău S.A. on the date of taking control (in the amount of RON 189,835 thousand).

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

No significant subsequent events were identified after reporting the interim consolidated and separate statement of financial position.

The interim consolidated and separate financial statements were approved by the Board of Directors on May 10, 2024 and were signed on behalf of the Board.

Ömer TETIK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer