

Banca Transilvania S.A.

Banca Transilvania S.A.

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**INTERIM CONDENSED CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS**

As at June 30, 2024

Banca Transilvania S.A.

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Banca Transilvania S.A.

Interim Condensed Consolidated and Separate Statement of Profit or Loss

RON thousand	Notes	Group				Bank			
		3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Interest income calculated using the effective interest method		2,489,080	4,963,107	2,085,128	4,031,942	2,357,514	4,694,447	1,819,594	3,568,994
Other interest like income		135,687	252,046	90,202	165,264	8,219	16,303	8,429	16,442
Interest expense calculated using the effective interest method		(1,040,678)	(2,085,281)	(887,905)	(1,667,118)	(1,012,425)	(2,029,255)	(820,920)	(1,545,249)
Other interest like expense		(2,622)	(5,427)	(860)	(1,575)	(3,512)	(6,967)	(1,771)	(3,408)
Net interest income	5	1,581,467	3,124,445	1,286,565	2,528,513	1,349,796	2,674,528	1,005,332	2,036,779
Fee and commission income		598,024	1,144,066	499,733	953,036	517,375	991,141	435,071	827,830
Fee and commission expense		(239,705)	(448,066)	(180,923)	(346,329)	(203,163)	(381,000)	(157,016)	(298,912)
Net fee and commission income	6	358,319	696,000	318,810	606,707	314,212	610,141	278,055	528,918
Net trading income	7	286,909	477,770	193,678	328,923	215,428	371,951	160,632	283,147
Net gain/loss (-) realised from financial assets measured at fair value through other items of comprehensive income	8	23,046	84,930	18,242	85,086	23,037	83,710	18,239	85,077
Net gain/loss (-) realised from financial assets which are required to be measured at fair value through profit or loss	9	22,605	66,828	29,887	53,389	70,715	130,943	30,831	48,708
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(17,171)	(88,465)	(247)	(92,068)	(9,843)	(74,514)	2,385	(86,886)
Other operating income	11	104,433	214,091	88,060	164,909	82,931	159,535	54,752	98,091
Operating income		2,359,608	4,575,599	1,934,995	3,675,459	2,046,276	3,956,294	1,550,226	2,993,834
Impairment (-) or reversal of impairment on financial assets not measured at fair value through profit or loss	12(a)	(51,315)	(58,825)	(102,556)	(57,556)	(76,497)	(33,962)	(24,102)	15,465
(Other) Provisions and reversal of provisions	12(b)	(694)	3,875	3,225	10,009	(323)	3,101	65	952
Personnel expenses	13	(586,284)	(1,166,157)	(503,135)	(979,405)	(482,496)	(964,609)	(420,666)	(821,301)
Depreciation and amortization		(122,348)	(241,632)	(111,586)	(218,251)	(108,033)	(212,228)	(99,682)	(197,286)
Other operating expenses	14	(404,143)	(742,571)	(255,642)	(496,661)	(324,547)	(621,588)	(213,771)	(417,689)
Operating expenses		(1,164,784)	(2,205,310)	(969,694)	(1,741,864)	(991,896)	(1,829,286)	(758,156)	(1,419,859)
Bargain gain		462	133,152	-	-	-	-	-	-
Profit before income tax		1,195,286	2,503,441	965,301	1,933,595	1,054,380	2,127,008	792,070	1,573,975
Income tax expense (-)	15	(181,748)	(357,496)	(221,335)	(351,928)	(157,473)	(316,861)	(199,005)	(305,008)
Net profit for the period		1,013,538	2,145,945	743,966	1,581,667	896,907	1,810,147	593,065	1,268,967
Net Profit of the Group attributable to:									
Equity holders of the Bank		988,896	2,040,837	718,729	1,523,264	-	-	-	-
Non-controlling interests		24,642	105,108	25,237	58,403	-	-	-	-
Net profit for the period		1,013,538	2,145,945	743,966	1,581,667	896,907	1,810,147	593,065	1,268,967
Basic earnings per share		1.0805	2.2299	0.7860	1.6659	-	-	-	-
Diluted earnings per share		1.0805	2.2299	0.7860	1.6659	-	-	-	-

Banca Transilvania S.A.

Interim Condensed Consolidated and Separate Statement of Comprehensive Income

RON thousand

Notes	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Net Profit for the period	1,013,538	2,145,945	743,966	1,581,667	896,907	1,810,147	593,065	1,268,967
Items that will not be reclassified as profit or loss, net of tax	906	906	(993)	(993)	949	949	(941)	(941)
Other elements of comprehensive income	906	906	(993)	(993)	949	949	(941)	(941)
Items which are or may be reclassified to profit or loss	(101,801)	(54,197)	657,880	1,215,315	(101,820)	(66,942)	657,121	1,209,010
Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:	(116,570)	(70,468)	783,157	1,435,619	(121,570)	(79,514)	783,561	1,440,825
Net gain /loss (-) from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account	(23,046)	(84,930)	(18,242)	(85,086)	(23,037)	(83,710)	(18,239)	(85,077)
Fair value changes of financial assets measured at fair value through other items of comprehensive income	(93,524)	14,462	801,399	1,520,705	(98,533)	4,196	801,800	1,525,902
Translation of financial information of foreign operations to presentation currency	(4,792)	5,384	1,227	12,598	(71)	(23)	(119)	(131)
Income tax on items which are or may be reclassified to profit or loss	19,561	10,887	(126,504)	(232,902)	19,821	12,595	(126,321)	(231,684)
Total comprehensive income for the period	912,643	2,092,654	1,400,853	2,795,989	796,036	1,744,154	1,249,245	2,477,036
Total comprehensive income attributable to:								
Equity holders of the Bank	888,001	1,987,546	1,375,616	2,737,586	-	-	-	-
Non-controlling interest	24,642	105,108	25,237	58,403	-	-	-	-
Total comprehensive income for the period	912,643	2,092,654	1,400,853	2,795,989	796,036	1,744,154	1,249,245	2,477,036

The financial statements were approved by the Board of Directors on August 19, 2024 and were signed on its behalf by:

Ömer TETIK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer

Banca Transilvania S.A.

Interim Condensed Consolidated and Separate Statement of Financial Position

		Group		Bank	
<i>In RON thousand</i>	Notes	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Assets					
Cash and current accounts with Central Banks	16	27,131,184	24,252,600	24,860,151	22,286,257
Derivatives	39	151,444	124,817	151,444	124,817
Financial assets held for trading	18	364,003	345,756	23,569	36,303
Financial assets which are required to be measured at fair value through profit or loss	18	1,313,430	1,232,598	1,849,782	1,670,155
Financial assets measured at fair value through other items of comprehensive income	21	40,409,630	40,600,026	39,994,154	40,264,202
- of which pledged securities (repo agreements)		975,353	368,480	975,353	368,480
Financial assets at amortized cost - of which:		100,423,066	95,733,542	98,741,839	93,979,518
- Placements with banks and public institutions	17	5,104,958	12,272,959	4,308,009	12,619,341
- Loans and advances to customers	19	74,205,293	72,008,224	75,074,430	71,550,404
- Debt instruments	21	18,805,432	9,472,245	17,202,781	7,980,071
- Other financial assets	25	2,307,383	1,980,114	2,156,619	1,829,702
Finance lease receivables	20	4,583,067	3,562,683	-	-
Investments in subsidiaries		-	-	876,578	873,300
Investment in associates		-	1,326	-	-
Property and equipment and investment property		1,375,501	1,278,903	778,435	755,413
Intangible assets		776,081	693,671	623,430	562,009
Goodwill		154,363	154,363	-	-
Right-of-use assets		499,785	514,060	702,167	697,963
Deferred tax assets		367,107	354,481	349,602	337,282
Other non-financial assets	26	345,030	320,399	216,894	197,752
Total assets		177,893,691	169,169,225	169,168,045	161,784,971

Banca Transilvania S.A.

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

<i>In RON thousand</i>	<i>Notes</i>	Group		Bank	
		30-06-2024	31-12-2023	30-06-2024	31-12-2023
Liabilities					
Derivatives		142,524	88,809	142,524	88,809
Deposits from banks	27	610,968	1,034,613	617,516	1,081,766
Deposits from customers	28	142,671,139	138,052,954	139,022,502	134,443,350
Loans from banks and other financial institutions	29	10,132,577	9,548,567	9,026,756	8,583,795
Subordinated liabilities	30	2,411,832	2,423,218	2,405,188	2,403,652
Lease liabilities		523,567	533,351	680,588	669,778
Other financial liabilities	32	5,128,888	2,521,170	3,665,030	1,847,667
Current tax liability	41	186,323	103,884	182,335	113,280
Provisions for other risks and loan commitments	31	610,886	651,144	535,884	551,539
Other non-financial liabilities	33	451,861	288,057	320,573	171,969
Total liabilities excluding financial liabilities to holders of fund units		162,870,565	155,245,767	156,598,896	149,955,605
Financial liabilities to holders of fund units		31,045	26,950	-	-
Total liabilities		162,901,610	155,272,717	156,598,896	149,955,605
Equity					
Share capital	34	8,073,083	8,073,083	8,073,083	8,073,083
Treasury shares		(15,287)	(28,269)	-	(12,982)
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		6,480,792	5,444,429	4,891,377	4,095,127
Revaluation reserves from tangible and intangible assets		41,338	43,839	26,211	28,738
Reserves on financial assets measured at fair value through other items of comprehensive income		(1,547,503)	(1,488,214)	(1,565,159)	(1,498,237)
Other reserves		1,148,269	1,147,889	1,115,023	1,115,023
Total equity attributable to equity holders of the Bank		14,211,927	13,223,992	12,569,149	11,829,366
Non-controlling interest		780,154	672,516	-	-
Total equity		14,992,081	13,896,508	12,569,149	11,829,366
Total liabilities and equity		177,893,691	169,169,225	169,168,045	161,784,971

The financial statements were approved by the Board of Directors on August 19, 2024 and were signed on its behalf by:

Ömer TETIK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer

Banca Transilvania S.A.

Interim Condensed Consolidated Statement of Changes in Equity

For the six-month period ended June 30, 2024

Group

Attributable to the equity holders of the Bank

In RON thousand

	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
Balance as at January 01, 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	-	-	-	-	-	-	2,040,836	2,040,836	105,109	2,145,945
Profit/(Losses) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	(59,289)	-	-	(59,289)	-	(59,289)
Retained earnings from revaluation reserves	-	-	-	(2,527)	-	-	2,527	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	5,092	5,092	-	5,092
Other items of comprehensive income, net of tax	-	-	-	-	-	-	906	906	-	906
Total comprehensive income for the period	-	-	-	(2,527)	(59,289)	-	2,049,361	1,987,545	105,109	2,092,654
Contributions of/distributions to the shareholders										
Distribution to statutory reserves	-	-	-	-	-	380	(380)	-	-	-
Acquisition of treasury shares	-	(106,206)	-	-	-	-	-	(106,206)	-	(106,206)
Payments of treasury shares	-	119,188	-	-	-	-	(138,027)	(18,839)	-	(18,839)
Dividends distributed to shareholders(*)	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
SOP 2023 Scheme	-	-	-	-	-	-	120,674	120,674	-	120,674
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	4,094	4,094	-	4,094
Other items	-	-	-	26	-	-	641	667	2,529	3,196
Total contributions of/distributions to the shareholders	-	12,982	-	26	-	380	(1,012,998)	(999,610)	2,529	(997,081)
Balance as at June 30, 2024	8,073,083	(15,287)	31,235	41,338	(1,547,503)	1,148,269	6,480,792	14,211,927	780,154	14,992,081

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.2521 for a reference share capital (share capital registered at the Trade Register) of 798,658,233 shares

The explanatory notes to the financial statements from page 11 to page 88 are an integral part of these financial statements.

Banca Transilvania S.A.

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

For the six-month period ended June 30, 2023

Group

Attributable to the equity holders of the Bank

In RON thousand

	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
Balance as at January 01, 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	-	-	-	-	-	-	1,523,263	1,523,263	58,404	1,581,667
Profit/(Losses) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	1,204,733	-	-	1,204,733	-	1,204,733
Retained earnings from revaluation reserves	-	-	-	(7,371)	-	-	7,371	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	10,582	10,582	-	10,582
Other items of comprehensive income, net of tax	-	-	-	-	-	-	(993)	(993)	-	(993)
Total comprehensive income for the period	-	-	-	(7,371)	1,204,733	-	1,540,223	2,737,585	58,404	2,795,989
Contributions of/distributions to the shareholders										
Distribution to statutory reserves	-	-	-	-	-	442	(442)	-	-	-
Acquisition of treasury shares	-	(19,347)	-	-	-	-	-	(19,347)	-	(19,347)
Payments of treasury shares	-	68,810	-	-	-	-	(66,329)	2,481	-	2,481
SOP 2022 Scheme	-	-	-	-	-	-	33,749	33,749	-	33,749
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	(28)	(28)	-	(28)
Other items	-	-	-	-	-	-	(1,515)	(1,515)	10,521	9,006
Total contributions of/distributions to the shareholders	-	49,463	-	-	-	442	(34,565)	15,340	10,521	25,861
Balance as at June 30, 2023	7,163,083	(15,287)	31,235	62,984	(2,523,759)	990,023	5,963,512	11,671,791	621,592	12,293,383

The explanatory notes to the financial statements from page 11 to page 88 are an integral part of these financial statements.

Banca Transilvania S.A.

Interim Condensed Separate Statement of Changes in Equity

For the six-month period ended June 30, 2024

Bank	Attributable to the equity holders of the Bank							
					Reserves from financial assets measured through other items of comprehensive income			
<i>In RON thousand</i>	Share capital	Treasury shares	Share premiums	Revaluation reserves		Other reserves	Retained earnings	Total
Balance as at January 01, 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	-	-	-	-	-	-	1,810,147	1,810,147
Profit/(Losses) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	(66,922)	-	-	(66,922)
Retained earnings from revaluation reserves	-	-	-	(2,527)	-	-	2,527	-
Other items of comprehensive income, net of tax	-	-	-	-	-	-	929	929
Statement of comprehensive income for the period	-	-	-	(2,527)	(66,922)	-	1,813,603	1,744,154
Contributions of/distributions to the shareholders								
Acquisition of treasury shares	-	(106,206)	-	-	-	-	-	(106,206)
Pay own shares	-	119,188	-	-	-	-	(138,027)	(18,839)
Dividends distributed to shareholders (*)	-	-	-	-	-	-	(1,000,000)	(1,000,000)
SOP 2023 Scheme	-	-	-	-	-	-	120,674	120,674
Total contributions of/distributions to the shareholders	-	12,982	-	-	-	-	(1,017,353)	(1,004,371)
Balance as at June 30, 2024	8,073,083	-	28,614	26,211	(1,565,159)	1,115,023	4,891,377	12,569,149

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.2521 for a reference share capital (share capital registered at the Trade Register) of 798,658,233 shares

Banca Transilvania S.A.

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

For the six-month period ended June 30, 2023

Bank	Attributable to the equity holders of the Bank							
					Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
<i>In RON thousand</i>	Share capital	Treasury shares	Share premiums	Revaluation reserves				
Balance as at January 01, 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	-	-	-	-	-	-	1,268,967	1,268,967
Profit/(Losses) from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	1,209,120	-	-	1,209,120
Retained earnings from revaluation reserves	-	-	-	(7,393)	-	-	7,393	-
Other items of comprehensive income, net of tax	-	-	-	-	-	-	(1,051)	(1,051)
Statement of comprehensive income for the period	-	-	-	(7,393)	1,209,120		1,275,309	2,477,036
Contributions of/distributions to the shareholders								
Acquisition of treasury shares	-	(19,347)	-	-	-	-	-	(19,347)
Pay own shares	-	68,810	-	-	-	-	(66,329)	2,481
SOP 2022 Scheme	-	-	-	-	-	-	33,747	33,747
Total contributions of/distributions to the shareholders	-	49,463	-	-	-	-	(32,582)	16,881
Balance as at June 30, 2023	7,163,083	-	28,614	28,285	(2,527,533)	958,598	4,801,047	10,452,094

Interim Condensed Consolidated and Separate Statement of Cash Flows

For the six-month period ended June 30

In RON thousand	Notes	Group		Bank	
		30-06-2024	30-06-2023	30-06-2024	30-06-2023
Cash-flow from operating activities					
Profit for the period		2,145,945	1,581,667	1,810,147	1,268,967
Adjustments for:					
Depreciation and amortization		241,632	218,251	212,228	197,286
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		175,675	159,553	106,837	87,768
Adjustment of financial assets at fair value through profit and loss		(66,828)	(53,389)	(130,943)	(48,708)
Income tax expense		357,496	351,928	316,861	305,008
Interest income		(5,215,153)	(4,197,206)	(4,710,750)	(3,585,436)
Interest expense		2,090,708	1,668,693	2,036,222	1,548,657
Other adjustments		(117,283)	35,761	271,452	27,041
Net profit adjusted with non-monetary elements		(387,808)	(234,742)	(87,946)	(199,417)
Changes in operating assets and liabilities					
Change in financial assets at amortized cost and placements with banks		(9,097,553)	(424,067)	(7,414,731)	(189,450)
Change in loans and advances to customers		(2,106,279)	(1,342,273)	(3,401,164)	(1,650,990)
Change in finance lease receivables		(1,007,772)	(145,949)	-	-
Change in financial assets at fair value through profit or loss		(14,004)	(62,791)	(48,684)	(89,007)
Change in financial assets held for trading and measured at fair value through profit or loss - derivatives		(26,627)	24,008	(26,627)	24,008
Change in equity instruments		(5,783)	11,445	12,734	(4,706)
Changes in debt instruments		(12,464)	(5,270)	-	-
Change in other financial assets		(342,354)	75,378	(344,100)	453,649
Change in other assets		(99,588)	(80,655)	(86,060)	(85,040)
Change in deposits from customers		4,509,971	7,292,733	4,473,343	5,539,261
Change in deposits from banks		(423,127)	(1,220,765)	(463,721)	(1,192,343)
Change in financial liabilities held-for-trading		53,715	2,500	53,715	2,500
Change in repo operations		610,492	(1,025,034)	610,492	(1,025,034)
Change in other financial liabilities		2,594,721	265,930	1,805,120	221,822
Change in other liabilities		24,595	67,890	7,965	65,688
Income tax (paid)/recovered		(277,430)	(83,289)	(247,532)	(40,728)
Interest received		4,054,292	3,256,543	3,571,403	2,726,461
Interest paid		(1,548,700)	(1,112,449)	(1,736,495)	(1,021,938)
Net cash-flow from operating activities		(3,501,710)	5,259,143	(3,322,288)	3,534,736

Interim Condensed Consolidated and Separate Statement of Cash Flows (*continued*) For the Six-month period ended June 30

<i>In RON thousand</i>		Group		Bank	
	Notes	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(8,267,830)	(9,549,533)	(7,769,413)	(9,546,008)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		8,463,946	8,922,324	8,034,547	8,920,565
Net acquisitions of property and equipment		(91,434)	(43,529)	(76,933)	(28,046)
Net acquisitions intangible assets		(161,345)	(84,665)	(126,823)	(72,680)
Proceeds from disposal of property and equipment		(1,676)	990	1,658	306
Acquisitions of net equity investments of cash acquired from business combinations (*)		168,596	-	(19)	-
Acquisition of equity investments		-	-	-	-
Dividends collected		15,307	8,805	23,469	5,861
Interest received		788,019	720,024	784,577	719,994
Net cash-flow used in investment activities		913,583	(25,584)	871,063	(8)
Cash-flow from financing activities					
Gross proceeds from loans from banks and other financial institutions		300,827	3,022,871	-	2,959,250
Gross payments from loans from banks and other financial institutions		(291,820)	(320,171)	(88,397)	(88,753)
Gross proceeds from subordinated debts from banks and financial institutions		-	991,660	-	991,660
Subordinated loan payments from banks and financial institutions		(12,424)	-	-	-
Repayment of the principal portion of the lease liabilities		(81,803)	(74,985)	(84,752)	(78,529)
Dividend payments		(918,544)	(409)	(918,544)	(409)
Payments for treasury shares		(106,206)	(19,347)	(106,206)	(19,347)
Interest paid		(474,024)	(114,204)	(444,745)	(84,373)
Net cash-flow used in financing activities		(1,583,994)	3,485,415	(1,642,644)	3,679,499

(*) Refers to the acquisition of BCR Chisinau S.A. and Funshop Park Turda SRL in 2024

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Cash and cash equivalents at January 1	36,122,372	18,459,296	32,750,294	15,342,973
The impact of exchange rate variations on cash and cash equivalents	68,939	19,023	67,012	16,961
Net increase/decrease (-) in cash and cash equivalents	(4,241,060)	8,699,951	(4,160,881)	7,197,266
Cash and cash equivalents as at June 30	31,950,251	27,178,270	28,656,425	22,557,200

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation

a) Reporting entity

Banca Transilvania S.A.

Banca Transilvania S.A. (the “Parent company”, “BT”) is a joint-stock company registered in Romania. The Bank started its activity as a banking institution in 1993 and is licensed by the National Bank of Romania (“BNR”, the “Central Bank”) to conduct banking activities. The Bank started its activity in 1994 and its main operations involve banking services for legal entities and individuals. Banca Transilvania Group (the “Group”) includes the Parent company and its subsidiaries, based in Romania and in the Republic of Moldova. The consolidated and separate financial statements as of June 30, 2024 include the Parent company and its subsidiaries (hereinafter referred to as the “Group”).

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

Starting with January 2024, the Group has control, through Victoria Bank SA in BCR Chisinau SA, and since May 2024 the Group has control in Funshop Park Turda SRL through BT Property Alternative Investment Real Estate Fund.

The Bank carries out its banking activity through its head office located in Cluj-Napoca and 42 branches, 456 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 (December 31, 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 June 30, 2024 was 12,201 (December 31, 2023: 11,841 employees).

The Bank’s number of active employees as at June 30, 2024 was 9,676 (December 31, 2023: 9,547 employees).

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

The ownership structure of the Bank is presented below:

	30-06-2024	30-06-2023
NN Group (*)	9.37%	9.43%
The European Bank for Reconstruction and Development (“EBRD”)	6.88%	6.87%
Romanian individuals	23.51%	22.97%
Romanian companies	44.20%	44.05%
Foreign individuals	1.11%	1.08%
Foreign companies	14.93%	15.60%
Total	100%	100%

(*) NN Group N.V. and the pension funds managed by NN Pensii SAFPAP S.A. and NN Asigurari de Viata 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 2024	Percentage of direct and indirect stake 2023
Victoriabank S.A.	Financial and banking activities and investments subject to license	44.63%	44.63%
BCR Chisinau S.A.	Financial and banking activities and investments subject to license	44.63%	-
BT Capital Partners S.A.	Investments	99.62%	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 Asistentă în 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 Microfinantare 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%
	Activities of pension funds (except those in the public social security system)	100%	100%
BT Pensii S.A.	Financial and banking activities	100%	100%
Salt Bank S.A.	Financial leasing	100%	100%
Avant Leasing IFN S.A.	Insurance broker	100%	100%
BT Broker de Asigurare S.R.L.	Custom software development	100%	100%
Code Crafters by BT S.R.L.	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%
Fun Shop Park Turda SRL	Renting and subletting of own or rented real estate	100%	-

b) Declaration of conformity

The interim condensed consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union, effective as at the Group's and Bank's interim reporting date, June 30, 2024.

They do not include all the information required for a complete set of financial statements in accordance with the International Financial Reporting Standard ("IFRS") endorsed by the European Union.

However, certain notes are included in order to explain the events and transactions that are significant in order to understand the changes in the Group's and the Bank's financial position and performance as of the last annual separate and consolidated financial statements as of and for the year ended December 31, 2023.

The financial information as of and for the 6-month period ended June 30, 2024 and 6 months ended June 30, 2023 is reviewed. The financial information for the 3-month periods ended June 30, 2024 as well as for the 3-month period ended June 30, 2023 is unaudited and unreviewed, and the financial information for December 31, 2023 is audited.

The explanatory notes to the financial statements from page 11 to page 88 are an integral part of these financial statements.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

c) Basis of measurement

The interim condensed consolidated and separate financial statements were prepared on historical cost basis, except for the financial instruments recognized at fair value through profit and loss, the financial instruments recognized at fair value through other items of comprehensive income and the revaluation of property and equipment, intangible assets 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”), euro (“EUR”) and the Moldovan leu (“MDL”). The interim condensed consolidated and separate financial statements are presented in Romanian lei “RON”, rounded to the nearest thousand.

The exchange rates for the major foreign currencies were:

Currency	30-06-2024	31-12-2023	Variation %
Euro (EUR)	1: RON 4.9771	1: RON 4.9746	0.05%
American dollar (USD)	1: RON 4.6489	1: RON 4.4958	3.41%

e) Use of estimates and judgements

The preparation of the interim condensed consolidated and separate statements 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, revenues and expenses. The estimates and associated assumptions are based on historical data and various other factors that are considered to be relevant under the given circumstances, the result of which forms the basis of the judgements used in assessing the carrying value of the assets and liabilities for which no other evaluation sources are available. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis.

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

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

(i) Impairment losses on loans and advances to customers

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

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

When scheduling future cash flows, the management uses estimates based on the past experience related to losses from loans with similar risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any gaps between estimated losses and actual losses, but also to assess the effects of the local financial market uncertainties on the valuation of assets and the debtors' operating environment.

The expected credit 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 amounts 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 in 2024 reflect a macroeconomic environment with uncertainties and risks for the population and economic agents characterized by the persistence of geopolitical tensions, disruptions in the supply chain, labour shortages corroborated with tightening of financial conditions and maintaining a high level of inflation, being exacerbated by the war in Ukraine, to which is added the conflict in the Middle East, concluding in new challenges that affect the economic and business activity.

Part of the impact on the expected losses from the credit risk related to the year 2024 was the result of the review of the macroeconomic scenarios.

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation (continued)

e) Use of estimates and judgements (continued)

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

The weights percentages allocated to the scenarios used by the Bank on June 30, 2024, are: 55 % (December 31, 2023: 55%) on base scenario, 35% (December 31, 2023: 35%) on pessimistic scenario and 10% (December 31, 2023: 10%) on the optimistic one.

Optimistic scenario – Macro indicators (average)	2024	2025	2026
Real GDP (% each year)	2.79	4.11	4.17
Unemployment rate (%)	5.49	5.38	5.15
Inflation (hicp, %)	5.95	4.21	3.51
ROBOR 3M (%)	5.64	4.20	3.48
EURIBOR 3M (%)	3.40	2.47	1.73
House prices (% YoY)	3.84	4.58	4.70
Base scenario - Macro indicators	2024	2025	2026
Real GDP (% each year)	2.35	3.00	3.17
Unemployment rate (%)	5.60	5.58	5.47
Inflation (hicp, %)	6.14	4.77	4.27
ROBOR 3M (%)	5.89	5.05	4.43
EURIBOR 3M (%)	3.71	2.91	2.34
House prices (% YoY)	2.72	3.27	3.26
Pessimistic scenario - Macro indicators	2024	2025	2026
Real GDP (% each year)	0.27	0.65	0.93
Unemployment rate (%)	5.64	5.77	5.70
Inflation (hicp, %)	7.13	7.80	6.47
ROBOR 3M (%)	6.43	6.96	6.29
EURIBOR 3M (%)	3.81	3.44	3.24
House prices (% YoY)	1.12	-0.11	-1.05

The table below illustrates the impact of changing scenarios weights for optimistic and pessimistic scenario, at the Bank level:

Changes in weights	100% pessimist	100% baseline	100% optimistic
ECL movement	+37 Mio RON	-16 mio RON	-38 mio RON

For comparison, macroeconomic indicators used at the end of 2023, for the baseline scenario are:

	2024	2025	2026
Real GDP (% each year)	2.91	3.53	3.84
Unemployment rate (%)	5.51	5.49	5.46
Inflation (%)	5.48	5.23	4.76
ROBOR 3M (%)	5.27	4.25	3.92
EURIBOR 3M (%)	3.55	2.68	2.60
House prices (% YoY)	2.20	2.10	2.00

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

The incorporation of forward-looking elements reflects the expectations of the Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario. Scenario weights are determined by a statistical analysis but also by an expert opinion, considering the possible results of each scenario.

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

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

The Group and the Bank decided to keep the other adjustments since the effects of the energy crisis and the turbulences that the economic environment is going through on the background of inflation and the ongoing conflict in Eastern Europe cannot be reasonably estimated, and the government aid in the economy is still active or will be supplemented. During the year 2024, the Bank revised the assumptions regarding post-model adjustments related to macroeconomic risks specific to certain industries that were heavily affected by supply chain disruptions and rising energy costs, classified as sensitive sectors. The revision aimed to evaluate whether corrective measures are necessary, either to eliminate or introduce new sensitive sectors. The decision was to maintain the current scheme until the end of the year, with continuous monitoring of portfolios to proactively identify difficulties/ stress signals and intervene specifically on this type of post-model adjustments, if necessary.

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

Also, product portfolios was analyzed 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 19.75% of total ECL (versus 16.6% accounted for 31.12.2023):

- 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 (supplementary ECL representing 0%, versus 0.6% of total ECL).

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*)

- expectation related to sensitive industries and high-risk products (supplementary ECL representing 1.75% of total ECL, versus 2.1%)*;
- expectations regarding the increase in default rates taking into account high inflation, rising interest rates (supplementary ECL representing 18.0% of total ECL, versus 13.9%)**;

* in the category of “sensitive industries”, were included those sectors of activity with products dependent on raw materials whose processing requires high energy consumption (energy-consuming industries), considering that this will have a major impact on operating income and profitability and the ability to repayment, especially since the inflationary spiral has also affected the increasing interest rates. Also, including traders with products within agriculture area. The framework is not applied for loans originated after March 2024 – as companies financials are considered to be embedded in the new allocated rating. At the same time, it was considered that certain lending products (such as those in the area of unsecured loans granted to clients assessed with a pre-default rating) should be classified as having a significant increase in risk, considering that the impact of the risk events stated including in Note 40 will overwhelmingly affects this area. Those mentioned measures determined the classification in stage 2 of the facilities granted to borrowers who find themselves in the exposed situation and have a qualitatively lower rating (not default, not predefault), and as a direct effect, the determination of additional adjustments.

** the post-model adjustment has an impact in the forward looking estimation area.

We consider the main determining factor for the introduction of this adjustment to be the economic environment faced with a series of uncertainties, our opinion being that certain macroeconomic shocks can still have an impact on default rates, even if in the past this has not been concretely highlighted (time lagging between event and effect), moreover, they led to an insignificant increase or decrease in default rate forecasts.

For example, the inflation rate, although it is in a downward trend, it is maintained at high levels and is predicted to be at a level above the average observed for the history used in the modeling. A similar behavior can be observed in the case of the interest rate. Moreover, the legislative changes regarding taxes that come into force in 2024 will keep prices at a high level. Thus, it was decided to apply a 'true range' type adjustment that captures the difference between the maximum and minimum default rate observed. This adjustment was applied differently depending on the line of business (individuals, large companies, respectively SME legal entities), but also depending on the degree of risk of the portfolio (guaranteed, unguaranteed, fx currency).

In the context of the 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 variations in mark- to market, recently characterized by a stabilizing trend.

The Group and the Bank stands on a comfortable position of liquidity, therefore the market disruptions didn't seriously affect them. In terms of interest rate risk, the pressure was felt on net interest margin due to interest rates levels. The financial instruments measured at fair value of the Group and the Bank consist of bonds, equities, collective investment units and derivatives, whose valuation was affected by market volatilities, reserves registering a slightly upward trend but still remaining in the negative zone. The most significant part of the trading book is represented by bonds, of which the majority are kept at fair value through other comprehensive income, thus allowing that market-to-market impact to be observable in other comprehensive income and not in Consolidated and Separate Statement of Profit or Loss. Note 4 provides more details on the fair value measurement of financial instruments.

At the same time, the Group and the Bank hold, outside the trading book (in the banking book), 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.

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

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 June 30, 2024 and in the consolidated and separate 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;
- 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.

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*)

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. 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.

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)

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 and in the interim condensed consolidated and separate financial statements as of June 30, 2024 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.

(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 Romania and Bancpost S.A. merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years (a show-up ratio) and the loss probability for such cases (calculated as a historical positive versus negative outcome of litigations).

The last review for abusive clauses provision has been performed as of June 30, 2024 when the Bank adjusted the provision based on the trend of such new litigations (show-up ratio) and the probability loss estimated at this date.

(iv) Other significant details about 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 481 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 Group and the Bank did not recognize a provision for this case, but will monitor the evolution of the topic at each reporting date, in accordance with the relevant provisions of the accounting regulations. For other significant litigation and regulatory enforcement matters, the Group believes the possibility of an outflow of funds is more than remote but less than probable but the amount is not reliably estimable, and accordingly such matters are not included in the contingent liability estimates. The Group and the Bank will monitor the evolution of the topics at each reporting date, in accordance with the relevant provisions of the accounting regulations.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

Reporting entity and basis of preparation (*continued*)

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

(v) *Global minimum top-up tax*

The Group adopted in 2023 the International Tax Reform—Model Rules of Pillar Two (Amendments to IAS 12) published on May 23, 2023. The amendments provide a mandatory temporary exception from the accounting of deferred tax for the additional tax, with immediate applicability, and require a new disclosure on the exposure to Pillar two.

The Group has applied a mandatory temporary exemption from accounting for the deferred tax for the impact of the additional tax on December 31, 2023, which is accounted for as it is recognised as a current tax. The Group operates in Romania, a country that has adopted the new legislation for the implementation of the global minimum tax. The Group also operates in the Republic of Moldova, a tax jurisdiction that has not yet adopted the legislation on the global minimum tax, but has expressed its intention to implement these rules in the domestic legislation.

The group expects not to be impacted by the new legislation for transactions carried out in Romania, where the legal tax rate is 16%, and at the same time where Banca Transilvania pays an additional tax for credit institutions, which leads to an increase in the effective tax rate, calculated at the jurisdiction level, to over 16%.

However, the Group expects to be impacted by the new legislation for transactions carried out in Moldova, where the legal tax rate is 12% and the national legislation does not contain any tax provision regarding the Model Rules of the second pillar. Thus, the estimated tax impact recorded on June 30, 2024, for transactions carried out in Moldova is RON thousand 825, representing additional corporate income tax to be paid in 2026, in the Netherlands or in Romania, according to the allocation rules between jurisdictions.

2. Material accounting policies

The material accounting methods and policies applied by the Bank and the Group entities in these interim condensed consolidated and separate financial statements are the ones also applied in the consolidated and separate financial statements as at and for the fiscal year ended December 31, 2023, except for the followings:

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 January 1, 2024. 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, 2024 and may be applied earlier.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current issued by IASB on January 23, 2020 and **Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants** issued by IASB on October 31, 2022. 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 January 1, 2024.

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

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*)

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback issued by IASB on September 22, 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.

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, no new and revised IFRS Accounting Standards have been issued and adopted by the EU but are not yet effective.

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.

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

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments issued by IASB on May 30, 2024. Amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. Amendments also clarify the date on which a financial asset or financial liability is derecognised and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - Annual Improvements to IFRS Accounting Standards - Volume 11 issued by IASB on July 18, 2024. These amendments include clarifications, simplifications, corrections and changes in the following areas: (a) hedge accounting by a first-time adopter (IFRS 1); (b) gain or loss on derecognition (IFRS 7); (c) disclosure of deferred difference between fair value and transaction price (IFRS 7); (d) introduction and credit risk disclosures (IFRS 7); (e) lessee derecognition of lease liabilities (IFRS 9); (f) transaction price (IFRS 9); (g) determination of a 'de facto agent' (IFRS 10); (h) cost method (IAS 7).

IFRS 18 Presentation and Disclosures in Financial Statements issued by IASB on April 9, 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.

IFRS 19 Subsidiaries without Public Accountability: Disclosures issued by IASB on May 9, 2024. Standard permits a subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

IFRS 14 Regulatory Deferral Accounts issued by IASB on January 30, 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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 September 11, 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.

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

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

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

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

The segment reporting of the Group is described below:

Large Corporate Clients („LaCo”): The Group and the Bank include in this category, mainly, companies/group of companies with an annual turnover exceeding RON 200 million, as well as legal entities created to serve a particular function (SPV), public entities and financial institutions included in this category based on specific classification criteria. The companies in this category usually have specific and sophisticated needs. Through its centralized and customized approach, the Bank seeks to ensure high operational efficiency, a prompt assessment of the specific needs of this type of clients in order to offer the appropriate customized solutions, but also an in-depth perspective of the risk profile in order to maintain a high quality loan portfolio.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (*continued*)

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

Medium Corporate Customers („Corporate”): The Group and the Bank include in this category mainly the companies with an annual turnover between 20 and 200 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 3 and 20 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 3 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (*continued*)

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.

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 do not fall into the existing categories and result from financial and strategic decisions taken centrally.

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 Chisinau S.A. and the financial lease activity of BT Leasing MD S.R.L.; however, the impact of these entities on the balance sheet or income statement is not material at Group level. There is no further information regarding the geographical distribution used by the management of the Group and the Bank; therefore it is not presented here.

For periods of 6 months ended at June 30, 2024 and June 30, 2023, the Group or the Bank did not record income exceeding 10% of total income in relation to a single customer.

Starting with 2024, the turnover value thresholds set to define the limits of classification in the segments: Large Corporate Customers, Medium Corporate Customers, SME Customers, and Micro Business Customers, have been modified according to the following table:

Segments:	Current thresholds	Previously used thresholds
Large Corporate Customers	> 200 milion RON	> 100 milion RON
Medium Corporate Customers	20 -200 milion RON	9 -100 milion RON
SME Customers	3 - 20 milion RON	2 - 9 milion RON
Micro Business Customers	0 - 3 milion RON	0 - 2 milion RON

The financial information per segments regarding the comparative data of the consolidated statement of the financial position as of December 31, 2023, as well as the comparative data of the consolidated statement of operating income before net expenses with impairment adjustments for loans and advances granted to customers as of June 30, 2023 as well as for the 3-month period ended June 30, 2023 have been restated according to the new value thresholds for classification in the segments: Large Corporate Clients, Medium Corporate Clients, SME Clients, and Micro Business Clients.

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 June 30, 2024, and comparative data for December 31, 2023:

Business segments as at June 30, 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	25,660,489	10,984,496	5,704,682	5,742,478	33,785,680	-	7,129,388	7,464	(5,247,379)	83,767,298
Provisions for principal Loans and finance lease receivables net of provisions	(856,461)	(865,679)	(511,590)	(652,934)	(1,783,962)	-	(433,583)	(424)	125,695	(4,978,938)
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	24,804,028	10,118,817	5,193,092	5,089,544	32,001,718	-	6,695,805	7,040	(5,121,684)	78,788,360
Treasury and inter-bank operations	-	-	-	-	-	60,914,985	-	519,627	(390,673)	61,043,939
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	31,887,858	328,615	1,399,677	(1,380,008)	32,236,142
Right-of-use assets	47,123	154,562	171,844	345,301	919,323	48,622	176,699	444,491	(2,020)	2,305,945
Other assets	15,200	46,364	41,811	109,383	259,481	13,142	38,493	3,572	(27,661)	499,785
Total assets	890,587	559,908	288,607	291,591	1,734,587	-	213,614	533,650	(1,493,024)	3,019,520
Deposits from customers and current accounts	9,497,983	11,824,669	8,733,925	20,192,947	93,698,508	709,417	-	2,872	(1,378,214)	143,282,107
Loans from banks and other financial institutions	182,960	344,623	102,207	84,257	6,801	985,566	5,947,406	7,725,311	(5,246,554)	10,132,577
Subordinated liabilities	-	-	-	-	-	2,430,187	-	-	(18,355)	2,411,832
Lease liabilities	117,099	72,435	42,798	38,262	237,125	1,124	38,466	3,712	(27,454)	523,567
Other liabilities	1,246,253	764,643	371,610	366,277	2,319,931	1,233	242,151	1,334,064	(94,635)	6,551,527
Total liabilities	11,044,295	13,006,370	9,250,540	20,681,743	96,262,365	4,127,527	6,228,023	9,065,959	(6,765,212)	162,901,610
Equity and related items	-	-	-	-	-	-	-	14,992,081	-	14,992,081
Total liabilities and equity	11,044,295	13,006,370	9,250,540	20,681,743	96,262,365	4,127,527	6,228,023	24,058,040	(6,765,212)	177,893,691

The explanatory notes to the financial statements from page 11 to page 88 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	Large	Mid					Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
<i>In RON thousand</i>	Corporate	Corporate	SME	Micro	Retail	Treasury				
Gross loans and finance lease receivables	24,495,579	10,326,066	5,898,243	5,568,144	32,511,846	-	5,776,244	5,569	(4,161,160)	80,420,532
Provisions for principal	(862,525)	(870,182)	(440,455)	(727,415)	(1,683,224)	-	(371,706)	(337)	106,219	(4,849,625)
Loans and finance lease receivables net of provisions	23,633,054	9,455,884	5,457,789	4,840,729	30,828,622	-	5,404,538	5,232	(4,054,941)	75,570,907
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	51,336,974	-	472,915	(34,447)	51,775,442
Treasury and inter-bank operations	-	-	-	-	-	37,490,235	251,854	607,464	(1,823,994)	36,525,559
Property and equipment and investment property, Intangible assets and goodwill	103,951	186,358	181,611	245,055	788,770	47,964	176,569	399,958	(1,973)	2,128,263
Right-of-use assets	37,066	57,433	44,387	82,799	259,331	13,162	24,309	12,484	(16,911)	514,060
Other assets	789,646	548,044	240,844	221,838	1,542,044	-	193,043	478,275	(1,358,740)	2,654,994
Total assets	24,563,717	10,247,719	5,924,631	5,390,421	33,418,767	88,888,335	6,050,313	1,976,328	(7,291,006)	169,169,225
Deposits from customers and current accounts	9,114,874	11,784,649	9,048,912	19,929,075	88,569,988	2,465,711	-	3,962	(1,829,604)	139,087,567
Loans from banks and other financial institutions	256,482	326,772	87,055	62,507	23,629	363,251	4,774,002	7,815,009	(4,160,140)	9,548,567
Subordinated liabilities	-	-	-	-	-	2,441,255	-	-	(18,037)	2,423,218
Lease liabilities	119,145	84,621	43,420	34,827	238,786	800	24,404	4,272	(16,924)	533,351
Other liabilities	731,496	520,038	216,918	181,761	1,354,357	1,043	205,047	545,969	(76,615)	3,680,014
Total liabilities	10,221,997	12,716,080	9,396,305	20,208,170	90,186,760	5,272,060	5,003,453	8,369,212	(6,101,320)	155,272,717
Equity and related items	-	-	-	-	-	-	-	13,896,508	-	13,896,508
Total liabilities and equity	10,221,997	12,716,080	9,396,305	20,208,170	90,186,760	5,272,060	5,003,453	22,265,720	(6,101,320)	169,169,225

The explanatory notes to the financial statements from page 11 to page 88 are an integral part of these financial statements.

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 June 30, 2024, and comparative data for June 30, 2023:

Business segments for 6-month period ended June 30, 2024

Group	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
<i>In RON thousand</i>										
Net interest income	263,455	206,249	175,777	316,164	845,460	536,022	290,737	493,566	(2,985)	3,124,445
Net commission income	35,296	63,730	55,837	215,573	274,160	(5,066)	13,391	45,795	(2,716)	696,000
Net trading income	9,202	36,687	38,662	66,281	123,990	140,916	6,614	57,824	(2,406)	477,770
Net loss (-) /gain from financial assets measured through comprehensive income	-	-	-	-	-	42,673	-	42,257	-	84,930
Net loss (-) /gain from financial assets which are required to be measured through profit and loss	-	-	-	-	-	64,183	-	6,047	(3,402)	66,828
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(5,069)	(11,593)	(6,493)	(10,965)	(53,925)	(420)	-	-	-	(88,465)
Other operating income	6,039	8,025	7,412	16,543	122,513	6,402	61,808	78,950	(93,601)	214,091
Total income	308,923	303,098	271,195	603,596	1,312,198	784,710	372,550	724,439	(105,110)	4,575,599
Personnel expenses	(48,937)	(125,400)	(105,256)	(211,728)	(547,259)	(21,589)	(66,599)	(39,374)	(15)	(1,166,157)
Other operating expenses	(40,717)	(65,716)	(64,276)	(122,088)	(372,897)	(50,158)	(37,720)	(8,229)	19,230	(742,571)
Depreciation and amortization	(7,111)	(22,896)	(23,028)	(50,518)	(128,396)	(6,547)	(10,832)	(5,978)	13,674	(241,632)
Total Expenses	(96,765)	(214,012)	(192,560)	(384,334)	(1,048,552)	(78,294)	(115,151)	(53,581)	32,889	(2,150,360)
Operating profit before net provision expenses for assets, other risks and commitments	212,158	89,086	78,635	219,262	263,646	706,416	257,399	670,858	(72,221)	2,425,239
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	40,102	14,498	(76,172)	86,031	(72,204)	(14,431)	(52,895)	636	19,485	(54,950)
Bargain gain	-	-	-	-	-	-	-	-	133,152	133,152
Profit before income tax	252,260	103,584	2,463	305,293	191,442	691,985	204,504	671,494	80,416	2,503,441

The explanatory notes to the financial statements from page 11 to page 88 are an integral part of these financial statements.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments for 6-month period ended June 30, 2023

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
Net interest income	105,339	192,986	141,934	220,644	665,024	435,259	205,492	556,155	5,680	2,528,513
Net commission income	29,230	47,900	61,702	205,426	221,021	(1,632)	14,074	29,280	(294)	606,707
Net trading income	7,648	28,710	37,878	59,302	111,258	67,255	9,068	6,949	855	328,923
Net gain/(loss) from financial assets measured through comprehensive income	-	-	-	-	-	43,398	-	41,688	-	85,086
Net gain/(loss) from financial assets which are required to be measured through profit and loss	-	-	-	-	-	52,615	-	774	-	53,389
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(5,753)	(8,502)	(4,633)	(11,888)	(61,292)	-	-	-	-	(92,068)
Other operating income	8,324	6,857	4,583	3,740	74,513	1,776	46,716	55,252	(36,852)	164,909
Total income	144,788	267,951	241,464	477,224	1,010,524	598,671	275,350	690,098	(30,611)	3,675,459
Personnel expenses	(55,414)	(125,626)	(90,428)	(144,941)	(430,026)	(17,516)	(56,695)	(58,459)	(300)	(979,405)
Other operating expenses	(23,312)	(47,271)	(38,599)	(55,518)	(202,208)	(20,898)	(36,941)	(88,636)	16,722	(496,661)
Depreciation and amortization	(13,434)	(26,799)	(18,885)	(35,303)	(109,210)	(6,844)	(9,218)	(10,571)	12,013	(218,251)
Total Expenses	(92,160)	(199,696)	(147,912)	(235,762)	(741,444)	(45,258)	(102,854)	(157,666)	28,435	(1,694,317)
Operating profit before net provision expenses for assets, other risks and commitments	52,628	68,255	93,552	241,462	269,080	553,413	172,496	532,432	(2,176)	1,981,142
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	32,833	34,975	(7,417)	(22,443)	(116,760)	9,283	(2,193)	(53)	24,228	(47,547)
Profit before income tax	85,461	103,230	86,135	219,019	152,320	562,696	170,303	532,379	22,052	1,933,595

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the 3-month period ended at June 30, 2024, and comparative data for 3-month period ended June 30, 2023:

Business segments for 3-month period ended June 30, 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
Net interest income	136,029	100,183	86,679	161,297	425,012	273,968	154,993	249,282	(5,976)	1,581,467
Net commission income	17,711	31,360	28,527	109,460	145,329	(2,668)	5,704	26,072	(3,176)	358,319
Net trading income	4,391	17,978	20,498	34,884	66,139	93,614	3,378	48,107	(2,080)	286,909
Net loss (-) / gain from financial assets measured through comprehensive income	-	-	-	-	-	11,729	-	11,317	-	23,046
Net loss (-)/ gain from financial assets which are required to be measured through profit and loss	-	-	-	-	-	20,649	-	5,358	(3,402)	22,605
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(689)	(3,138)	(2,017)	(1,449)	(9,758)	(120)	-	-	-	(17,171)
Other operating income	5,420	6,391	5,782	11,818	53,892	5,583	48,748	44,304	(77,505)	104,433
Total income	162,862	152,774	139,469	316,010	680,614	402,755	212,823	384,440	(92,139)	2,359,608
Personnel expenses	(24,179)	(61,431)	(50,165)	(104,690)	(280,636)	(9,321)	(34,119)	(21,724)	(19)	(586,284)
Other operating expenses	(25,763)	(33,424)	(32,485)	(58,214)	(204,883)	(37,351)	(18,410)	(4,573)	10,960	(404,143)
Depreciation and amortization	(3,633)	(11,382)	(10,870)	(25,430)	(66,688)	(2,938)	(5,657)	(2,970)	7,220	(122,348)
Total Expenses	(53,575)	(106,237)	(93,520)	(188,334)	(552,207)	(49,610)	(58,186)	(29,267)	18,161	(1,112,775)
Operating profit before net provision expenses for assets, other risks and commitments	109,287	46,537	45,949	127,676	128,407	353,145	154,637	355,173	(73,978)	1,246,833
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(39,658)	11,275	(35,571)	(9,457)	37,326	(12,379)	(24,083)	238	20,300	(52,009)
Bargain gain	-	-	-	-	-	-	-	-	462	462
Profit before income tax	69,629	57,812	10,378	118,219	165,733	340,766	130,554	355,411	(53,216)	1,195,286

The explanatory notes to the financial statements from page 11 to page 88 are an integral part of these financial statements.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments for 3-month period ended June 30, 2023

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
Net interest income	58,807	120,877	77,974	127,869	376,904	179,662	109,324	232,285	2,863	1,286,565
Net commission income	16,351	23,041	32,406	109,574	114,338	(1,201)	7,441	18,661	(1,801)	318,810
Net trading income	3,792	14,855	19,416	31,207	59,663	46,843	5,155	11,959	788	193,678
Net gain/(loss) from financial assets measured through comprehensive income	-	-	-	-	-	9,305	-	8,937	-	18,242
Net gain/(loss) from financial assets which are required to be measured through profit and loss	-	-	-	-	-	29,233	-	654	-	29,887
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	156	(371)	(372)	326	14	-	-	-	-	(247)
Other operating income	4,852	4,279	2,788	2,570	39,801	1,568	22,721	30,311	(20,830)	88,060
Total income	83,958	162,681	132,212	271,546	590,720	265,410	144,641	302,807	(18,980)	1,934,995
Personnel expenses	(27,553)	(62,839)	(48,325)	(73,972)	(222,723)	(8,797)	(28,677)	(29,949)	(300)	(503,135)
Other operating expenses	(12,189)	(25,059)	(20,644)	(28,366)	(105,673)	(12,002)	(17,541)	(43,161)	8,993	(255,642)
Depreciation and amortization	(6,858)	(13,174)	(9,983)	(18,036)	(55,828)	(3,519)	(5,344)	(4,851)	6,007	(111,586)
Total Expenses	(46,600)	(101,072)	(78,952)	(120,374)	(384,224)	(24,318)	(51,562)	(77,961)	14,700	(870,363)
Operating profit before net provision expenses for assets, other risks and commitments	37,358	61,609	53,260	151,172	206,496	241,092	93,079	224,846	(4,280)	1,064,632
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	16,987	(21,329)	8,494	(22,526)	(89,434)	8,452	(9,262)	919	8,368	(99,332)
Profit before income tax	54,345	40,280	61,755	128,645	117,062	249,544	83,817	225,765	4,088	965,300

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 classification, 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.

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, property and equipment and investment property measured at fair value in the statement of financial position, at the end of the reporting period, by fair value levels:

Group		Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobserva- ble inputs	Total
<i>In RON thousand</i>	Note				
June 30, 2024					
Financial assets held for trading and measured at fair value through profit or loss, of which:	21.a)	221,884	131,729	10,390	364,003
- <i>Equity instruments</i>		221,884	-	-	221,884
- <i>Debt instruments</i>		-	131,729	10,390	142,119
Derivatives	43	-	151,444	-	151,444
Financial assets measured at fair value through other items of comprehensive income	24	39,878,024	247,988	283,618	40,409,630
- <i>Equity instruments</i>		93,041	-	72,084	165,125
- <i>Debt instruments</i>		39,784,983	222,640	211,534	40,219,157
- <i>Loans and advances</i>		-	25,348	-	25,348
Financial assets which are required to be measured at fair value through profit or loss, of which:	21.b)	815,666	102,063	395,701	1,313,430
- <i>Equity instruments</i>		249,822	-	50,122	299,944
- <i>Debt instruments</i>		565,844	102,063	345,579	1,013,486
Total financial assets measured at fair value in the statement of financial position		40,915,574	633,224	689,709	42,238,507
Non-financial assets at fair value		-	-	1,375,501	1,375,501
- <i>Property and equipment and investment property</i>	26	-	-	1,375,501	1,375,501
Total assets measured at fair value in the statement of financial position		40,915,574	633,224	2,065,210	43,614,008
Financial liabilities held-for-trading	43	-	142,524	-	142,524
December 31, 2023					
Financial assets held for trading and measured at fair value through profit or loss, of which:	21.a)	222,001	113,206	10,549	345,756
- <i>Equity instruments</i>		216,101	-	-	216,101
- <i>Debt instruments</i>		5,900	113,206	10,549	129,655
Derivatives	43	-	124,817	-	124,817
Financial assets measured at fair value through other items of comprehensive income	24	39,928,649	276,255	395,122	40,600,026
- <i>Equity instruments</i>		84,401	-	69,759	154,160
- <i>Debt instruments</i>		39,844,248	249,772	325,363	40,419,383
- <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:	21.b)	803,334	91,276	337,988	1,232,598
- <i>Equity instruments</i>		292,920	-	-	292,920
- <i>Debt instruments</i>		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
- <i>Property and equipment and investment property</i>	26	-	-	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	43	-	88,809	-	88,809

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)

	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobserva ble inputs	Total
Bank				
<i>In RON thousand</i>				
June 30, 2024				
Financial assets held for trading and measured at fair value through profit or loss, of which:	23,569	-	-	23,569
- Equity instruments	23,569	-	-	23,569
Derivatives	-	151,444	-	151,444
Financial assets measured at fair value through other items of comprehensive income	39,601,884	145,741	246,529	39,994,154
- Equity instruments	-	-	21,646	21,646
- Debt instruments	39,601,884	120,393	224,883	39,947,160
- Loans and advances	-	25,348	-	25,348
Financial assets which are required to be measured at fair value through profit or loss, of which:	947,944	506,137	395,701	1,849,782
- Equity instruments	249,299	-	50,122	299,421
- Debt instruments	698,645	506,137	345,579	1,550,361
Total financial assets measured at fair value in the statement of financial position	40,573,397	803,322	642,230	42,018,949
Non-financial assets at fair value	-	-	778,435	778,435
- Property and equipment and investment property	-	-	778,435	778,435
Total assets measured at fair value in the statement of financial position	40,573,397	803,322	1,420,665	42,797,384
Financial liabilities held-for-trading	-	142,524	-	142,524
December 31, 2023				
Financial assets held for trading and measured at fair value through profit or loss, of which:	36,303	-	-	36,303
- Equity instruments	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
- Equity instruments	-	-	19,400	19,400
- Debt instruments	39,633,547	246,065	338,707	40,218,319
- Loans and advances	-	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
- Equity instruments	292,472	-	-	292,472
- Debt instruments	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
- Property and equipment and investment property	-	-	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 Group and the Bank included in the category of assets that are not held at fair value: placements with banks and public institutions, financial assets measured at amortized cost - debt instruments and in the category of liabilities: deposits from banks and from customers.

The fair value of customer deposits was determined as the difference between the interest rates related to the current portfolio at the end of the reporting period and the prevailing interest rates offered by the Group and the Bank, at the end of the financial period. For time deposits, a calculation of updated cash flows was performed using the margins related to new deposits, taking into account the characteristics of each deposit, product type, currency, interest rate type, customer segmentation.

The fair value of the customer checking and savings accounts was estimated to be equal to the book value, there being no evidence of product characteristics that would require a value different from that currently in the books.

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

The fair value of impaired loans and advances to customers and impaired finance lease receivables was determined based on the cash flows estimated to be generated by the portfolio. These amounts have been updated using the interest rates that would currently be offered to customers for similar products (the offer available at the reporting date) considering the characteristics of each credit and leasing contract, namely product type, currency, interest rate type, customer segmentation.

For the impaired loan and finance lease receivables portfolio, a similar discounted cash flow calculation resulted in a fair value calculation that can approximate the net book value.

For loans from banks and other financial institutions and subordinated liabilities, fair value is determined by using discounted cash flows based on interest rates offered for similar products and over comparable time horizons. Calculation of the fair value of the loans from banks and other financial institutions and subordinated liabilities, resulted in a fair value result that may be approximately the same as the net book value.

In the case of debt securities, level 3 includes all cases not found in the previous levels: no price, price provided by a single entity or derived, by interpolation or spread, from one of the level 2 prices.

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 June 30, 2024:

<i>In RON thousand</i>	Notes	Group						Bank			
		Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets											
Placements with banks and public institutions	17	5,104,958	5,104,958	-	5,104,958		4,308,009	4,308,009	-	4,308,009	-
Loans and advances to customers	19	74,205,293	73,830,537	-	-	73,830,537	75,074,430	74,784,398	-	-	74,784,398
Finance lease receivables	20	4,583,067	4,663,679	-	-	4,663,679	-	-	-	-	-
Financial assets at amortized cost - debt instruments	21	18,805,432	18,953,488	15,377,906	1,539,858	2,035,724	17,202,781	17,332,829	15,281,833	-	2,050,996
Other financial assets	25	2,307,383	2,308,356	-	-	2,308,356	2,156,619	2,157,592	-	-	2,157,592
Total assets		105,006,133	104,861,018	15,377,906	6,644,816	82,838,296	98,741,839	98,582,828	15,281,833	4,308,009	78,992,986
Liabilities											
Deposits from banks	27	610,968	610,968	-	610,968	-	617,516	617,516	-	617,516	-
Deposits from customers	28	142,671,139	142,736,315	-	142,736,315	-	139,022,502	139,083,507	-	139,083,507	-
Loans from banks and other financial institutions	29	10,132,577	10,133,967	6,562,028	975,353	2,596,586	9,026,756	9,028,146	6,559,383	975,353	1,493,410
Subordinated liabilities	30	2,411,832	2,411,832	-	-	2,411,832	2,405,188	2,405,188	-	-	2,405,188
Lease liabilities		523,567	523,567	-	-	523,567	680,588	680,588	-	-	680,588
Other financial liabilities	32	5,128,888	5,128,888	-	-	5,128,888	3,665,030	3,665,030	-	-	3,665,030
Total liabilities		161,478,971	161,545,537	6,562,028	144,322,636	10,660,873	155,417,580	155,479,975	6,559,383	140,676,376	8,244,216

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	Group					Bank				
		Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets											
Placements with banks 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	25	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	27	1,034,613	1,034,613	-	1,034,613	-	1,081,766	1,081,766	-	1,081,766	-
Deposits from customers	28	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	29	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	30	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	32	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			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
<i>In RON thousand</i>								
Interest income calculated using the effective interest method	2,489,080	4,963,107	2,085,128	4,031,942	2,357,514	4,694,447	1,819,594	3,568,994
- Cash and cash equivalent at amortised cost	116,943	227,088	95,552	152,641	108,059	208,590	70,135	98,637
- Placements with banks and public institutions at amortised cost	173,972	398,135	67,084	111,168	172,691	404,560	85,812	146,400
- Loans and advances to customers at amortised cost	1,591,861	3,184,140	1,419,377	2,768,828	1,494,095	2,978,231	1,242,356	2,475,420
- Debt instruments at fair value through other items of comprehensive income	387,063	771,510	403,699	821,003	384,807	766,369	401,849	817,329
- Debt instruments at amortised cost	219,241	382,234	99,416	178,302	197,862	336,697	19,442	31,208
Other similar interest income	135,687	252,046	90,202	165,264	8,219	16,303	8,429	16,442
- Finance lease receivables	127,467	235,678	81,772	148,822	-	-	-	-
- Non-recourse factoring receivables and other adjustments	8,220	16,368	8,430	16,442	8,219	16,303	8,429	16,442
Total interest income	2,624,767	5,215,153	2,175,330	4,197,206	2,365,733	4,710,750	1,828,023	3,585,436
Interest expense related to financial liabilities measured at amortized cost	1,040,678	2,085,281	887,905	1,667,118	1,012,425	2,029,255	820,920	1,545,249
- Cash and current accounts with Central Banks	(105)	(105)	154	174	-	-	-	-
- Deposits from banks	856	2,099	3,137	16,182	812	2,379	2,986	15,128
- Deposits from customers	815,481	1,634,572	774,502	1,467,239	802,510	1,608,425	723,010	1,376,590
- Loans from banks and other financial institutions	224,446	448,715	110,112	183,523	209,103	418,451	94,924	153,531
Other similar expense	2,622	5,427	860	1,575	3,512	6,967	1,771	3,408
- Lease liabilities	2,622	5,427	860	1,575	3,512	6,967	1,771	3,408
Total interest expense	1,043,300	2,090,708	888,765	1,668,693	1,015,937	2,036,222	822,691	1,548,657
Net interest income	1,581,467	3,124,445	1,286,565	2,528,513	1,349,796	2,674,528	1,005,332	2,036,779

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

Interest income for the period ended at June 30, 2024 includes the net interest income on impaired financial assets amounting RON 164,620 thousand (June 30, 2023: RON 106,462 thousand) for the Group and RON 111,725 thousand (June 30, 2023: RON 90,614 thousand) for the Bank.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

6. Net fee and commission income

	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
<i>In RON thousand</i>								
Fee and commission income								
Commissions from treasury and inter-bank operations	85,374	165,220	69,879	135,631	85,377	165,231	69,877	135,629
Client transactions (i)	479,744	913,253	403,206	764,515	413,393	789,621	351,600	664,943
Lending activity (ii)	4,344	7,798	3,495	7,005	3,849	6,597	2,718	5,502
Finance lease management	959	3,795	3,198	6,124	-	-	-	-
Asset management (iii)	11,094	20,840	7,845	15,585	-	-	-	-
Other fee and commission income	1,605	3,479	1,417	2,781	100	492	309	671
Total fee and commission income from contracts with	583,120	1,114,385	489,040	931,641	502,719	961,941	424,504	806,745
Fee income from financial guarantee contracts (iv)	14,904	29,681	10,693	21,395	14,656	29,200	10,567	21,085
Total fee and commission income	598,024	1,144,066	499,733	953,036	517,375	991,141	435,071	827,830
Fee and commission expense								
Commissions from treasury and inter-bank operations	162,096	316,265	131,237	251,494	135,680	265,064	109,305	208,267
Client transactions	52,307	106,088	41,503	80,800	39,251	83,102	35,510	68,685
Lending activity (ii)	24,830	24,569	7,437	12,803	27,521	31,366	11,429	20,679
Other fees and commissions	472	1,144	746	1,232	711	1,468	772	1,281
Fee and commission expenses	239,705	448,066	180,923	346,329	203,163	381,000	157,016	298,912
Net fee and commission income	358,319	696,000	318,810	606,707	314,212	610,141	278,055	528,918

(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 IFRS15 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

7. Net trading income

	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
<i>In RON thousand</i>								
Net income from foreign exchange transactions	178,929	349,351	155,649	305,001	153,321	298,379	139,098	274,010
Net income/(expense) from derivatives	63,089	76,460	2,076	(24,417)	63,174	76,571	2,006	(24,518)
Net income/(expense) from financial assets held-for-trading	47,220	57,671	15,062	14,021	1,375	2,499	2,881	7,049
Net income/(expense) from foreign exchange position revaluation	(2,329)	(5,712)	20,891	34,318	(2,442)	(5,498)	16,647	26,606
Net trading income	286,909	477,770	193,678	328,923	215,428	371,951	160,632	283,147

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

	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
<i>In RON thousand</i>								
Income from the sale of financial assets measured at fair value through other items of comprehensive income	23,458	85,775	18,345	85,735	23,449	84,555	18,342	85,726
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(412)	(845)	(103)	(649)	(412)	(845)	(103)	(649)
Net gain/loss realised from financial assets measured at fair value through comprehensive income	23,046	84,930	18,242	85,086	23,037	83,710	18,239	85,077

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

	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
<i>In RON thousand</i>								
Losses from financial assets which are required to be measured at fair value through profit or loss	(44,869)	(66,755)	(19,410)	(45,094)	(44,576)	(72,713)	(27,929)	(61,418)
Income from financial assets which are required to be measured at fair value through profit or loss	67,474	133,583	49,297	98,483	115,291	203,656	58,760	110,126
Net gain/loss realised from financial assets which are required to be measured at fair value through profit or loss	22,605	66,828	29,887	53,389	70,715	130,943	30,831	48,708

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Contribution to the Bank Deposit Guarantee Fund	1,242	46,985	2,361	46,377	343	45,218	1,604	44,875
Bank Resolution Fund	15,929	41,480	(2,114)	45,691	9,500	29,296	(3,989)	42,011
Total	17,171	88,465	247	92,068	9,843	74,514	(2,385)	86,886

11. Other operating income

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Dividend income	9,805	9,805	8,805	8,805	23,469	23,469	5,861	5,861
Income regarding movable and immovable assets resulting from debt enforcement	1,323	3,985	(201)	-	896	2,508	234	644
Income from insurance intermediation	60,640	110,975	48,068	80,241	37,284	71,057	32,623	51,649
Income from indemnities, fines and penalties	1,376	3,275	3,723	6,209	721	1,737	2,620	4,067
Income from VISA, MASTERCARD, WU services	4,106	33,505	13	11,439	497	29,890	-	11,084
Income from transfer of securities accounted at cost	-	-	-	-	-	-	-	-
Other operating income (i)	27,183	52,546	27,652	58,215	20,064	30,874	13,414	24,786
Total	104,433	214,091	88,060	164,909	82,931	159,535	54,752	98,091

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

12. Net expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments

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

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Net impairment allowance on assets (i)	127,904	194,684	152,688	180,836	119,060	127,764	63,983	91,343
Net loss on loans written off	10,531	10,553	456	1,036	-	-	-	1
Net loss on finance lease receivables written off	56	185	38	117	-	-	-	-
Provisions for other risks and loan commitments	(1,975)	(21,577)	(3,950)	(2,260)	(3,558)	(17,826)	(4,452)	(2,624)
Recoveries from loans written off	(81,086)	(120,725)	(42,043)	(112,006)	(39,005)	(75,976)	(35,429)	(104,185)
Recoveries from finance lease receivables written off	(4,115)	(4,295)	(4,633)	(10,167)	-	-	-	-
Net expenses/ (Net profit) from impairment allowance, expected losses on financial assets not measured at fair value through profit or loss	51,315	58,825	102,556	57,556	76,497	33,962	24,102	(15,465)

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

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Loans and advances to customers	104,609	152,026	144,968	184,187	109,580	123,408	63,398	89,400
Treasury and inter-bank operations	(658)	602	677	(502)	(5,638)	(7,437)	406	2,323
Finance lease receivables	8,041	27,188	5,443	(7,132)	-	-	-	-
Investment securities	8,802	12,760	(5,006)	(4,440)	7,817	10,527	(5,359)	(5,323)
Other financial assets	7,110	2,108	6,606	8,723	7,301	1,266	5,538	4,943
Net impairment allowance on assets	127,904	194,684	152,688	180,836	119,060	127,764	63,983	91,343

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

(b) (Other) Provisions and reversal of provisions

	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
<i>In RON thousand</i>								
Other non-financial assets	(604)	(1,313)	(2,253)	(3,717)	(566)	(566)	-	(182)
Litigation and other risks	1,298	(2,562)	(972)	(6,292)	889	(2,535)	(65)	(770)
(Other) Provisions and reversal of provisions	694	(3,875)	(3,225)	(10,009)	323	(3,101)	(65)	(952)

13. Personnel expenses

	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
<i>In RON thousand</i>								
Gross salaries	548,943	998,726	462,645	843,036	432,155	804,780	378,775	697,754
Social protection contribution	24,200	42,588	19,997	35,301	13,403	24,597	11,424	21,179
Share-based payments to employees	23,995	60,081	7,719	34,843	20,736	56,822	5,746	32,870
3rd Pension Pillar	3,939	7,904	3,938	8,612	3,556	7,158	3,618	7,946
Other staff expenses	39,107	72,246	29,108	52,938	33,927	62,674	25,999	47,254
Net expenses with provisions for overdue vacations and other provisions	(53,900)	(15,388)	(20,272)	4,675	(21,281)	8,578	(4,896)	14,298
Total	586,284	1,166,157	503,135	979,405	482,496	964,609	420,666	821,301

The Bank has established a Stock Option Plan (SOP) program, within which the Bank's staff can exercise their right and option to acquire a number of shares issued by the Bank.

Vesting conditions for 2024 related to SOP 2023:

- Achievement of performance and prudential indicators during 2023;
- Compliance with certain individual eligibility and/or performance criteria, in accordance with the applicable remuneration policy and standard, related to the year for which shares are granted;
- Being an employee upon the granting of the SOP right (May 26, 2023) and when exercising such right (starting from May 27, 2024);

Notes to the Interim Condensed Consolidated and Separate Financial Statements

13. Personnel expenses (*continued*)

Contractual vesting period for the shares granted for the year 2023 through SOP:

- Release after May 27, 2024;
- Deferral period for the identified personnel subject to applicable restrictions, pursuant to internal regulations in force.

The impact in profit or loss of a possible value change of the shares which are to be granted to the employees under the Stock Option Plan for 2022, by a maximum of +/-15,00% regulated by the Bucharest Stock Exchange, would be of RON +/- 19,281 thousand.

Vesting conditions for 2025 related to SOP 2024:

- Achievement of performance and prudential indicators during 2024;
- Compliance with certain individual eligibility and/or performance criteria, in accordance with the applicable remuneration policy and standard, related to the year for which shares are granted;
- Being an employee upon the granting of the SOP right (May 24, 2024) and when exercising such right (starting from May 26, 2025).

Contractual vesting period for the shares granted for the year 2024 through SOP:

- Release after May 26, 2025;
- Deferral period for the identified personnel subject to applicable restrictions, pursuant to internal regulations in force.

The movement of transactions relating to share-based payments during 2024 and 2023 is presented below:

<i>In RON thousand</i>	30-06-2024	31-12-2023
Balance as at January 1	65,916	63,862
Rights granted during the year	(74,176)	(62,531)
Expense with employee benefits in the form of share-based payments	56,822	64,585
Closing balance at the end of period	48,562	65,916

Until June 30, 2024 3,447,238 shares were granted to employees; during the year 2023, a number of 3,551,421 shares was granted to the employees:

Granting date	Number of shares	Contractual vesting period	Vesting conditions
Shares granted to employees for the year 2023	3,252,385	With immediate release on May 27, 2024	Achievement of performance and prudential indicators during 2023.
	194,853	Deferral by trust agreement for 4-5 years	Compliance with the conditions stipulated in the applicable remuneration policy and standard, related to the year for which shares are granted, as well as with the conditions of the trust agreement.

A total of 981,131 shares were deferred for a period of one year to be granted in 2025.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

14. Other operating expenses

<i>In RON thousand</i>	Group				Bank			
	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Rent and operating lease expense	2,333	4,813	2,103	4,192	1,570	3,487	1,500	3,012
Repairs and maintenance expenses	102,365	188,690	76,133	144,635	80,427	155,717	67,230	127,398
Advertising, marketing, entertainment and sponsorship expenses	55,087	86,197	31,496	68,031	32,298	58,672	28,178	61,087
Mail, telecommunication and SMS traffic expenses	23,391	41,987	17,662	34,187	17,105	32,842	14,863	28,858
Materials and consumables expenses	29,723	54,999	23,589	45,984	20,766	42,926	20,839	41,291
Other professional fees, including legal expenses	20,861	30,861	15,013	21,468	18,196	26,697	7,036	10,593
Expenses regarding movable and immovable assets resulting from debt enforcement	-	-	314	314	-	-	-	-
Electricity and heating	11,033	22,012	9,048	20,392	10,194	19,603	8,002	17,444
Business travel, transportation and temporary relocation expenses	18,619	35,664	15,852	29,937	17,549	33,584	15,125	28,575
Insurance costs	8,714	17,250	7,590	16,223	7,754	15,393	6,793	14,571
Taxes and fees (*)	74,577	146,684	7,439	16,086	72,876	143,161	5,719	13,664
Losses from the sale and scrapping of tangible assets	1,676	1,676	10	10	-	-	-	-
Losses from the sale and scrapping of intangible assets	1,252	1,252	-	-	-	-	-	-
Security and protection	8,436	16,988	7,038	14,123	7,898	15,928	6,895	13,384
Expenses related to archiving services	4,912	11,139	4,841	9,614	4,656	10,619	4,600	9,121
Expenses related to database queries from the Trade Register and the Credit Bureau	3,285	5,440	2,319	4,805	2,302	3,916	1,706	3,534
Expenses with foreclosed assets	3,104	5,371	1,616	3,163	2,274	4,290	2,373	3,787
Audit, advisory and other services provided by the independent auditor	2,241	5,561	4,614	6,810	1,270	3,754	3,618	4,603
Other operating expenses	32,534	65,987	28,965	56,687	27,412	50,999	19,294	36,767
Total other operating expenses	404,143	742,571	255,642	496,661	324,547	621,588	213,771	417,689

(*) 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 for the period of 3 months ended June 30, 2024, respectively amounting RON 65,152 thousand for the Group and RON 131,922 thousand for the Bank for the period of 6 months ended June 30, 2024.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

15. Income tax expense

	Group				Bank			
<i>In RON thousand</i>	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023	3 months ended June 30, 2024	6 months ended June 30, 2024	3 months ended June 30, 2023	6 months ended June 30, 2023
Gross Profit	1,195,286	2,503,441	965,301	1,933,595	1,054,380	2,127,008	792,070	1,573,975
Statutory tax rate (2024: 16%; 2023: 16%)*	(191,246)	(400,551)	(154,448)	(309,375)	(168,701)	(340,321)	(126,731)	(251,836)
Fiscal effect of income tax on the following elements:	9,498	43,055	(66,887)	(42,553)	11,228	23,460	(72,274)	(53,172)
- Non-taxable income	(4,624)	42,313	18,311	51,620	20,167	50,039	18,312	50,675
- Non-deductible expense	(11,686)	(49,404)	(24,494)	(72,629)	(47,123)	(88,268)	(38,586)	(81,050)
- Tax deductions	39,025	63,373	49,184	80,813	38,399	61,905	48,421	79,432
- Income related items	(13,388)	(13,405)	21,828	(2,448)	(215)	(216)	(421)	(2,229)
- Expense related items	171	178	(31,716)	91	-	-	-	-
- Profit tax related to fiscal uncertainties	-	-	(100,000)	(100,000)	-	-	(100,000)	(100,000)
Income tax expense	(181,748)	(357,496)	(221,335)	(351,928)	(157,473)	(316,861)	(199,005)	(305,008)
- Current tax expense	(175,118)	(363,893)	(215,620)	(354,690)	(146,806)	(316,586)	(190,741)	(304,970)
- Deferred tax expense	(6,630)	6,397	(5,715)	2,762	(10,667)	(275)	(8,264)	(38)

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

16. Cash and current accounts with Central Banks

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Minimum reserve requirement	22,550,147	19,984,835	20,576,799	18,289,681
Cash on hand and other values	4,581,037	4,267,765	4,283,352	3,996,576
Total	27,131,184	24,252,600	24,860,151	22,286,257

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

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Cash and current accounts with Central Banks (*)	27,007,138	24,244,467	24,856,285	22,280,893
Placements with banks - maturity below 3 months	2,806,477	11,304,732	2,233,246	10,460,417
Reverse-repo transactions	1,566,894	-	1,566,894	-
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	51,846	-	-	-
Financial assets at amortized cost – debt instruments with maturity below 3 months	517,896	573,172	-	8,984
Cash and cash equivalents in the cash flow statement	31,950,251	36,122,371	28,656,425	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 6,176 thousand (2023: RON 8,133 thousand) and at the level of the Bank in the amount of RON 3,866 thousand (2023: RON 5,364 thousand).

17. Placements with banks

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Current accounts with other banks	622,187	1,100,282	421,597	678,579
Term deposit with Central bank	-	-	-	-
Sight and term deposits with other banks	2,455,191	10,663,188	1,858,832	11,431,273
Reverse repo transactions	1,567,680	-	1,567,680	-
Loans and advances to credit institutions	459,900	509,489	459,900	509,489
Total	5,104,958	12,272,959	4,308,009	12,619,341

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

As at June 30, 2024, the placements with banks included reverse-repo securities and term deposits 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 1,566,894 thousand and deposits in amount of RON 1,610,623 thousand at Group level, reverse-repo of RON 1,566,894 thousand and deposits in amount of RON 1,583,368 thousand at Bank level (2023: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 9,562,115 thousand at Group level, and reverse-repo in amount of RON 0 thousand, deposits in amount of RON 9,367,492 thousand at Bank level).

Notes to the Interim Condensed Consolidated and Separate Financial Statements

18. Financial assets at fair value through profit or loss

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

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

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Equity instruments	221,884	216,101	23,569	36,303
Debt instruments	142,119	129,655	-	-
Total	364,003	345,756	23,569	36,303

For the period ended June 30, 2024, the Group held shares listed on the Bucharest Stock Exchange and the main stock exchanges in Europe.

For the period ended June 30, 2024, the Group owned significant investments amounting to RON 197,093 thousand in the following entities: Evergent Investments S.A. and Transilvania Investments Alliance S.A. (December 31, 2023: RON 179,052 thousand in Evergent Investments S.A. and Transilvania Investments Alliance S.A.).

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

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

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Equity instruments	299,944	292,920	299,421	292,472
Debt instruments	1,013,486	939,678	1,550,361	1,377,683
Total	1,313,430	1,232,598	1,849,782	1,670,155

As of June 30, 2024, the Group had significant investments in financial assets which are required to be measured at fair value through profit or loss as follows:

- equity instruments, in the amount of 299,421 thousand lei in VISA Inc. and Mastercard (December 31, 2023: RON 292,472 thousand),
- debt instruments, units in investment funds (the most significant being the investment funds managed by BT Asset Management) and participation certificates.

19. Loans and advances to customers

The commercial lending activity of the Group and the Bank focuses on granting loans to individuals and legal entities domiciled in Romania and the Republic of Moldova.

The structure of the credit portfolio of the Group and the Bank as at June 30, 2024 and December 31, 2023 is the following:

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Corporate and government institutions	31,409,991	31,891,157	36,017,978	35,424,045
Small and medium enterprises	11,444,416	10,254,549	10,895,377	9,063,280
Consumer loans and card loans granted to retail customers	14,274,103	13,392,850	13,628,332	12,674,358
Mortgage loans	19,446,392	19,053,459	19,012,198	18,701,951
Loans granted by non-banking financial institutions	2,361,414	2,060,596	-	-
Other	73,973	63,147	66,507	57,578
Total loans and advances to customers before impairment allowance (*)	79,010,289	76,715,758	79,620,392	75,921,212
Allowances for impairment losses on loans	(4,804,996)	(4,707,534)	(4,545,962)	(4,370,808)
Total loans and advances to customers net of impairment allowance	74,205,293	72,008,224	75,074,430	71,550,404

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The commercial lending activity of the Group and the Bank focuses on granting loans to individuals and legal entities domiciled in Romania and the Republic of Moldova.

The risk distribution of the credit portfolio per sectors, as at June 30, 2024 and December 31, 2023, is the following:

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Retail	34,874,614	33,535,169	32,707,037	31,433,875
Trading	8,340,095	8,253,371	7,535,594	7,553,098
Manufacturing	5,837,779	5,247,804	5,529,614	4,916,366
Agriculture	3,348,173	3,304,137	3,262,272	3,188,576
Services	3,737,900	3,545,309	3,526,009	3,260,427
Real Estate	3,102,540	2,905,592	3,172,771	2,960,077
Constructions	2,552,028	2,354,987	2,438,452	2,123,074
Transportation	2,536,765	2,585,858	2,242,281	2,117,656
Self-employed	1,198,884	1,103,274	952,240	887,732
Others	1,314,835	1,262,629	1,200,920	1,097,760
Financial Institutions	826,751	768,736	5,789,202	4,608,630
Telecommunications	294,613	321,982	274,270	293,838
Energy Industry	1,159,022	1,941,327	1,114,859	1,919,409
Mining Industry	75,951	82,452	74,030	76,976
Chemical Industry	164,524	150,639	160,113	145,467
Government Institutions	9,629,601	9,330,576	9,625,380	9,317,465
Fishing	16,214	21,916	15,348	20,786
Total loans and advances to customers before impairment allowance (*)	79,010,289	76,715,758	79,620,392	75,921,212
Allowances for impairment losses on loans	(4,804,996)	(4,707,534)	(4,545,962)	(4,370,808)
Total loans and advances to customers, net of impairment allowance	74,205,293	72,008,224	75,074,430	71,550,404

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The movement's effect in impairment allowances on loans and advances to customers at Group level as at June 30, 2024 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2024	(1,328,178)	(1,730,647)	(1,607,808)	(40,901)	(4,707,534)
Increase due to issue or acquisition	(471,263)	(301,258)	(51,902)	-	(824,423)
Decrease due to derecognition	220,452	240,624	164,350	3,978	629,404
Increase or decrease due to the change in credit risk (net) and transfers	183,316	(203,629)	(257,531)	(5,921)	(283,765)
Increase or decrease due to changes without derecognition (net)	223,524	62,529	54,766	(1,410)	339,409
Increase or decrease due to the update of the institution's estimation methodology (net)	(39)	-	-	-	(39)
Decrease of impairment allowances due to write-offs	151	1,274	35,396	4,260	41,081
Other adjustments	(953)	599	998	227	871
Closing balance as at June 30, 2024	(1,172,990)	(1,930,508)	(1,661,731)	(39,767)	(4,804,996)

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The movement in impairment allowances on loans and advances to customers at Group level as at June 30, 2023 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2023	(1,138,960)	(1,680,377)	(1,488,706)	(74,586)	(4,382,629)
Increase due to issue or acquisition	(482,092)	(357,024)	(46,571)	-	(885,687)
Decrease due to derecognition	252,578	325,037	74,355	22,333	674,303
Increase or decrease due to the change in credit risk (net) and transfers	66,783	(68,871)	(219,563)	(1,804)	(223,455)
Increase or decrease due to changes without derecognition (net)	139,815	55,668	73,643	(5,886)	263,240
Decrease of impairment allowances due to write-offs	170	6,690	21,692	4,225	32,777
Other adjustments	(580)	(773)	16,556	(17,911)	(2,708)
Closing balance as at June 30, 2023	(1,162,286)	(1,719,650)	(1,568,594)	(73,629)	(4,524,159)

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The movement in impairment allowances on loans and advances to customers at Bank level as at June 30, 2024 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2024	(1,301,239)	(1,677,555)	(1,356,393)	(35,621)	(4,370,808)
Increase due to issue or acquisition	(523,536)	(296,095)	(51,472)	-	(871,103)
Decrease due to derecognition	260,924	235,515	102,668	1,256	600,363
Increase or decrease due to the change in credit risk (net) and transfers	156,556	(191,794)	(225,698)	(596)	(261,532)
Increase or decrease due to changes without derecognition (net)	223,813	63,657	56,468	(1,553)	342,385
Decrease of impairment allowances due to write-offs	151	1,274	8,195	4,260	13,880
Other adjustments	(871)	161	1,335	228	853
Closing balance as at June 30, 2024	(1,184,202)	(1,864,837)	(1,464,897)	(32,026)	(4,545,962)

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The movement in impairment allowances on loans and advances to customers at Bank level as at June 30, 2023 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition (Stage 1)	Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2023	(1,081,557)	(1,636,145)	(1,253,317)	(53,122)	(4,024,141)
Increase due to issue or acquisition	(479,830)	(354,092)	(46,203)	-	(880,125)
Decrease due to derecognition	251,699	323,887	67,116	5,563	648,265
Increase or decrease due to the change in credit risk (net) and transfers	53,760	(72,722)	(185,483)	(1,802)	(206,247)
Increase or decrease due to changes without derecognition (net)	136,061	60,617	79,267	(4,659)	271,286
Decrease of impairment allowances due to write-offs	170	6,690	19,644	4,225	30,729
Other adjustments	(651)	(1,042)	(1,254)	(126)	(3,073)
Closing balance as at June 30, 2023	(1,120,348)	(1,672,807)	(1,320,230)	(49,921)	(4,163,306)

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>	30-06-2024	31-12-2023
Finance lease receivables with maturity below 1 year, gross	1,897,865	1,426,123
Finance lease receivables with maturity between 1-2 years, gross	1,466,776	1,112,761
Finance lease receivables with maturity between 2-3 years, gross	1,063,473	845,466
Finance lease receivables with maturity between 3-4 years, gross	654,070	535,641
Finance lease receivables with maturity between 4-5 years, gross	278,398	259,946
Finance lease receivables with maturity above 5 years, gross	20,509	18,911
Total finance lease receivables, gross	5,381,091	4,198,848
Future interest related to finance lease receivables	(624,082)	(494,074)
Total finance lease receivables, net of future interest	4,757,009	3,704,774
Impairment allowances for finance lease receivables	(173,942)	(142,091)
Total finance lease receivables	4,583,067	3,562,683

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

20. Finance lease receivables (*continued*)

The movement in impairment allowances on finance lease receivable at Group level in June 30, 2024 and June 30, 2023 was the following:

Group 2024	Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2024	(36,109)	(27,905)	(66,106)	(11,971)	(142,091)
Increase due to issue or acquisition	(5,905)	(4,639)	(3,843)	-	(14,387)
Decrease due to derecognition	2,784	1,711	8,924	18	13,437
Increase or decrease due to the change in credit risk (net) and transfers	(9,984)	(1,194)	(16,257)	2,228	(25,207)
Increase or decrease due to changes without derecognition (net)	93	29	437	(6,244)	(5,685)
Other adjustments	(305)	(1,723)	2,019	-	(9)
Closing balance as at June 30, 2024	(49,426)	(33,721)	(74,826)	(15,969)	(173,942)

Group 2023	Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)	Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)	Assets impaired on initial recognition (POCI)	Total
Opening balance as at January 1, 2023	(22,684)	(18,824)	(76,142)	(15,715)	(133,365)
Increase due to issue or acquisition	(8,110)	(6,412)	(1,862)	-	(16,384)
Decrease due to derecognition	1,039	2,041	3,301	35	6,416
Increase or decrease due to the change in credit risk (net) and transfers	3,197	4,575	16,209	3,423	27,404
Increase or decrease due to changes without derecognition (net)	(17)	17	(568)	8	(560)
Other adjustments	58	99	(163)	15	9
Closing balance as at June 30, 2023	(26,517)	(18,504)	(59,225)	(12,234)	(116,480)

Notes to the Interim Condensed Consolidated and Separate Financial Statements

21. Investment securities

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

In RON thousand	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Debt instruments, of which	40,219,157	40,419,383	39,947,160	40,218,319
- Central banks	51,846	-	-	-
- Central administrations	38,215,402	37,959,831	37,981,902	37,745,421
- Credit institutions	1,450,746	2,068,827	1,450,746	2,068,827
- Other financial companies	483,335	310,847	496,684	324,193
- Non-financial institutions	17,828	79,878	17,828	79,878
Equity instruments, of which:	165,125	154,160	21,646	19,400
- Other financial companies	136,243	121,512	19,456	15,192
- Non-financial institutions	28,882	32,648	2,190	4,208
Loans and advances to customers	25,348	26,483	25,348	26,483
- Central administrations	25,348	26,483	25,348	26,483
Total	40,409,630	40,600,026	39,994,154	40,264,202

The evolution of securities in the category “Financial assets measured at fair value through other items of comprehensive income” is presented in the table below:

In RON thousand	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
As at January 1	40,600,026	43,485,732	40,264,202	43,124,154
Acquisitions	8,267,830	17,936,513	7,769,413	17,817,334
Sales and repurchases	(8,463,946)	(23,271,444)	(8,034,547)	(23,121,982)
Coupon and amortization in P&L during the period (note 5)	771,510	1,614,924	766,369	1,607,502
Coupon collected at term during the period	(788,019)	(1,748,651)	(784,577)	(1,741,572)
Gain/(Loss) from the measurement at fair value	(69,346)	2,596,009	(78,179)	2,593,659
Exchange rate differences	91,575	(13,057)	91,473	(14,893)
Closing balance	40,409,630	40,600,026	39,994,154	40,264,202

b) Financial assets at amortized cost - debt instruments

For the period ended on June 30, 2024, the Group classified as financial assets measured at amortized cost - debt instruments, bonds in amount of RON 18,805,432 thousand, and bonds in amount of RON 17,202,781 thousand for the Bank (December 31, 2023: RON 9,472,245 thousand for the Group and RON 7,980,071 thousand for the Bank).

In RON thousand	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Debt instruments, of which				
- Central Banks	517,896	564,188	-	-
- Central administrations	16,224,703	6,819,530	15,125,006	5,876,660
- Credit institutions	743,113	788,581	758,055	803,465
- Other financial companies	1,274,313	1,255,462	1,274,313	1,255,463
- Non-financial institutions	45,407	44,484	45,407	44,483
Total	18,805,432	9,472,245	17,202,781	7,980,071

Notes to the Interim Condensed Consolidated and Separate Financial Statements

21. Investment securities (continued)

b) Financial assets at amortized cost - debt instruments (continued)

The movement of securities in the category of financial assets measured at amortized cost - debt instruments is presented in the table below:

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
As at January 1	9,472,246	2,059,712	7,980,072	975,159
Acquisitions	20,154,941	34,002,713	10,518,824	7,321,026
Sales and repurchases	(10,948,809)	(26,858,671)	(1,366,364)	(319,102)
Coupon and amortization in P&L during the year (Note 5)	382,234	335,292	336,697	125,533
Coupon collected at term during the year	(264,163)	(137,761)	(260,274)	(126,349)
Recognition of expected credit losses (ECL) in accordance with IFRS 9	(9,483)	(13,847)	(12,001)	(13,363)
Exchange rate differences	18,466	84,807	5,827	17,167
Closing balance	18,805,432	9,472,245	17,202,781	7,980,071

22. Tangible assets and investment property and intangible assets (including goodwill)

The net carrying amount of tangible assets and investment property at the end of this period amounts to RON 1,375,501 thousand for the Group (December 31, 2023: 1,278,903 thousand), of which RON 778,435 thousand for the Bank (December 31, 2023: 755,413 thousand).

The net carrying amount of intangible assets (goodwill included) at the end of this period amounts to RON 930,444 thousand for the Group (December 31, 2023: RON 848,034 thousand), and RON 623,430 thousand for the Bank (December 31, 2023: RON 562,009 thousand).

The depreciation and amortization expense related to tangible and intangible assets for the Group at the end of the 6-month period ended June 30, 2024 amounts to RON 165,853 thousand (June 30, 2023: RON 149,369 thousand), of which the amortization expense related to tangible and intangible assets for the Bank is RON 134,605 thousand (June 30, 2023: RON 126,427 thousand).

At June 30, 2024, the goodwill was reviewed for impairment in light of significant event, no impairment adjustments were necessary.

23. Right-of-use assets and Lease Liabilities

The Group and the Bank have lease agreements on land, buildings and vehicles. Rental contracts are typically made for fixed periods of 1 year to 94 years, but may have extension options.

As at June 30, 2024 and December 31, 2023 the right of use assets of the Group by class of underlying items is analyzed as follows:

<i>In RON thousand</i>	Group				Total
	Lands	Buildings	Auto	Equipment	
Carrying amount at January 1, 2024	6,522	492,191	15,347	-	514,060
Additions	278	60,177	7,301	-	67,756
Disposals	(1,067)	(3,891)	(1,295)	-	(6,253)
Depreciation charge	(660)	(72,541)	(2,577)	-	(75,778)
Carrying amount at June 30, 2024	5,073	475,936	18,776	-	499,785

Notes to the Interim Condensed Consolidated and Separate Financial Statements

23. Right-of-use assets and Lease Liabilities (*continued*)

<i>In RON thousand</i>	Group				
	Lands	Buildings	Auto	Equipment	Total
Carrying amount at January 1, 2023	2,914	471,218	13,784	41	487,957
Additions	5,090	165,048	10,360	-	180,498
Disposals	(337)	(8,167)	(3,734)	(41)	(12,279)
Depreciation charge	(1,145)	(135,908)	(5,063)	-	(142,116)
Carrying amount at December 31, 2023	6,522	492,191	15,347	-	514,060

As at June 30, 2024 and December 31, 2023 the right of use assets of the Bank by class of underlying items is analyzed as follows:

<i>In RON thousand</i>	Bank				
	Lands	Buildings	Auto	Equipment	Total
Carrying amount at January 1, 2024	5,231	683,531	9,201	-	697,963
Additions	215	81,477	2,249	-	83,941
Disposals	-	(992)	(1,123)	-	(2,115)
Depreciation charge	(573)	(75,798)	(1,251)	-	(77,622)
Carrying amount at June 30, 2024	4,873	688,218	9,076	-	702,167

<i>In RON thousand</i>	Bank				
	Lands	Buildings	Auto	Equipment	Total
Carrying amount at January 1, 2023	2,914	684,390	9,453	41	696,798
Additions	3,677	144,595	5,418	-	153,690
Disposals	(337)	(3,531)	(3,047)	(41)	(6,956)
Depreciation charge	(1,023)	(141,923)	(2,623)	-	(145,569)
Carrying amount at December 31, 2023	5,231	683,531	9,201	-	697,963

At June 30, 2024 the interest expense on lease liabilities was RON 5,427 thousand for the Group and at the Bank level in the amount of RON 6,967 thousand (June 30, 2023 RON 1,575 thousand for the Group, and at the Bank level RON 3,408 thousand).

At Group level as well as at Bank level, expenses related to short-term leases and leases of low-value assets, that are not shown as short-term leases, are included in "Other operating expenses", as below:

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Expense relating to short-term leases	454	728	330	500
Expense relating to leases of low-value assets that are not shown above as short-term leases	2,991	2,664	2,544	2,239

At June 30, 2024 the total cash outflow for leases was RON 81,695 thousand for the Group and for the Bank it was RON 81,803 thousand (at December 31, 2023: RON 144,756 thousand for the Group and RON 168,719 thousand at the Bank level).

Notes to the Interim Condensed Consolidated and Separate Financial Statements

24. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Group level, for the period ended June 30, 2024:

<i>In RON thousand</i>	December 31, 2023	Business combination	Recognized in profit or loss	Recognized in other items of comprehensive income	Recognized directly in shareholders' equity	June 30, 2024
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:						
Interbank financial assets	-	-	162	-	(162)	-
Loans and finance lease receivables	6,211	-	(1,430)	-	(85)	4,696
Financial assets measured at fair value through other items of comprehensive income	312,109	-	18	11,183	(12)	323,298
Financial assets at amortized cost	2,733	-	(2,291)	-	(442)	-
Financial assets at fair value through profit or loss	22,196	-	10,591	-	-	32,787
Other assets	6,503	-	471	(640)	57	6,391
Property and equipment and intangible assets	(17,850)	-	1,047	26	(4,700)	(21,477)
Right of Use Assets	(676)	-	605	-	-	(71)
Provisions and other liabilities	23,255	-	(2,776)	-	1,004	21,483
Deferred tax assets and liabilities	354,481	-	6,397	10,569	(4,340)	367,107
Recognition of deferred tax asset	383,232	-	18,944	(152)	322	402,346
Recognition of deferred tax liability	(28,751)	-	(12,547)	10,721	(4,662)	(35,239)
Deferred tax assets and liabilities	354,481	-	6,397	10,569	(4,340)	367,107

Deferred tax assets/liabilities at Bank level, for the period ended June 30, 2024:

<i>In RON thousand</i>	December 31, 2023	Recognized in profit or loss	Recognized in other items of comprehensive income	Recognized directly in shareholders' equity	June 30, 2024
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other items of comprehensive income	313,470	-	12,591	-	326,061
Other assets	11,683	(2,255)	4	-	9,432
Property and equipment and intangible assets	(4,616)	401	-	-	(4,215)
Right of Use Assets	(644)	644	-	-	-
Provisions and other liabilities	17,389	935	-	-	18,324
Deferred tax assets and liabilities	337,282	(275)	12,595	-	349,602
Recognition of deferred tax asset	344,282	11,746	(240)	-	355,788
Recognition of deferred tax liability	(7,000)	(12,021)	12,835	-	(6,186)
Deferred tax assets and liabilities	337,282	(275)	12,595	-	349,602

Notes to the Interim Condensed Consolidated and Separate Financial Statements

24. Deferred tax assets and liabilities (*continued*)

Deferred tax assets/liabilities' movements at Group level, for the period ended December 31, 2023:

<i>In RON thousand</i>	December 31, 2022	Business combination	Recognized in profit or loss	Recognized in other items of comprehensive income	Recognized directly in shareholders' equity	December 31, 2023
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:						
Loans and receivables	33,169	-	(31,197)	64	4,175	6,211
Financial assets measured at fair value through other items of comprehensive income	727,594	-	(206)	(415,279)	-	312,109
Financial assets at amortized cost	-	-	2,823	-	(90)	2,733
Financial assets at fair value through profit or loss	16,050	-	6,146	-	-	22,196
Other assets	18,774	-	(84)	(12,457)	270	6,503
Property and equipment and intangible assets	(20,889)	-	6,803	(1,677)	(2,087)	(17,850)
Right of Use Assets	(522)	-	(187)	30	3	(676)
Provisions and other liabilities	17,429	-	4,508	418	900	23,255
Tax losses carried forward	-	-	-	-	-	-
Deferred tax asset / (liability)	791,605	-	(11,394)	(428,901)	3,171	354,481
Recognition of deferred tax asset	816,776	-	(21,610)	(416,683)	4,749	383,232
Recognition of deferred tax liability	(25,171)	-	10,216	(12,218)	(1,578)	(28,751)
Deferred tax asset / (liability)	791,605	-	(11,394)	(428,901)	3,171	354,481

Deferred tax assets/liabilities' movements at Bank level, for the period ended December 31, 2023:

<i>In RON thousand</i>	December 31, 2022	Recognized in profit or loss	Recognized in other items of comprehensive income	Recognized directly in shareholders' equity	December 31, 2023
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other items of comprehensive income	728,351	-	(414,881)	-	313,470
Other assets	11,969	(285)	(1)	-	11,683
Property and equipment and intangible assets	(6,061)	2,961	(1,516)	-	(4,616)
Right of Use Assets	(487)	(157)	-	-	(644)
Provisions and other liabilities	14,028	3,361	-	-	17,389
Deferred tax asset / (liability)	747,800	5,880	(416,398)	-	337,282
Recognition of deferred tax asset	755,201	5,518	(416,437)	-	344,282
Recognition of deferred tax liability	(7,401)	362	39	-	(7,000)
Deferred tax asset / (liability)	747,800	5,880	(416,398)	-	337,282

Notes to the Interim Condensed Consolidated and Separate Financial Statements

25. Other financial assets

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Amounts under settlement	1,315,159	1,104,646	1,263,278	1,047,869
Non-recourse factoring	507,473	438,740	507,473	438,740
Sundry debtors and advances for non-current assets	450,843	408,708	322,685	286,003
Cheques and other instruments to be encashed	70,992	71,593	70,992	71,593
Other financial assets	22,150	14,577	15,481	7,519
Impairment allowance for other financial assets	(59,234)	(58,150)	(23,290)	(22,022)
Total	2,307,383	1,980,114	2,156,619	1,829,702

As at June 30, 2024, out of RON 2,307,383 thousand (December 31, 2023: RON 1,980,114 thousand), the Group's other impaired financial assets amounted to RON 38,805 thousand (December 31, 2023: RON 41,866 thousand).

As at June 30, 2024 out of RON 2,156,619 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).

26. Other non-financial assets

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Inventories and similar assets	81,818	87,945	51,435	55,680
Prepaid expenses	173,162	134,465	154,126	121,215
VAT and other taxes to be received	16,598	34,486	1,892	1,523
Other non-financial assets	87,366	79,342	16,971	27,430
Impairment allowance for other non-financial assets	(13,914)	(15,839)	(7,530)	(8,096)
Total	345,030	320,399	216,894	197,752

27. Deposits from banks

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Sight deposits	489,854	497,386	496,402	509,707
Term deposits	121,114	537,227	121,114	572,059
Total	610,968	1,034,613	617,516	1,081,766

28. Deposits from customers

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Current accounts	69,516,735	69,999,127	67,510,303	67,447,241
Sight deposits	1,027,781	953,695	873,587	739,327
Term deposits	70,971,504	66,019,978	69,524,400	65,215,377
Collateral deposits	1,155,119	1,080,154	1,114,212	1,041,405
Total	142,671,139	138,052,954	139,022,502	134,443,350

Deposits from customers can be also analyzed as follows:

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Retail	93,700,422	88,572,664	90,648,952	86,293,705
Legal entities	48,970,717	49,480,290	48,373,550	48,149,645
Total	142,671,139	138,052,954	139,022,502	134,443,350

Notes to the Interim Condensed Consolidated and Separate Financial Statements

29. Loans from banks and other financial institutions

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Loans from central administrations	41,546	33,048	-	-
Loans from commercial banks	1,056,817	943,981	377,263	376,530
- Romanian banks	679,554	567,451	-	-
- Foreign banks	377,263	376,530	377,263	376,530
Loans from development banks	1,151,937	1,240,927	1,113,090	1,200,214
Repurchase agreements (repo transactions)	973,964	363,251	973,964	363,251
Other funds from financial institutions	160,922	139,026	3,057	3,551
Issued bonds	6,747,391	6,828,334	6,559,382	6,640,249
Total	10,132,577	9,548,567	9,026,756	8,583,795

The interest rates for the loans from banks and financial institutions were situated in the following ranges:

	30-06-2024		31-12-2023	
	Minimum	Maximum	Minimum	Maximum
EUR	0.15%	8.88%	0.15%	8.88%
RON	5.10%	Robor 3m+3.3%	0.00%	Robor 3m+3.3%
MDL	3.00%	6.60%	0.00%	7.46%

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at June 30, 2024 and December 31, 2023.

The table below summarizes the underlying securities of repo agreements:

	Group				Bank			
<i>In RON thousand</i>	30-06-2024		31-12-2023		30-06-2024		31-12-2023	
	Carrying amount		Carrying amount		Carrying amount		Carrying amount	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities
	975,353	973,964	368,480	363,251	975,353	973,964	368,480	363,251
Total	975,353	973,964	368,480	363,251	975,353	973,964	368,480	363,251

30. Subordinated liabilities

As at June 30, 2024 and December 31, 2023, the covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank.

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Loans from development banks and financial institutions	-	12,562	-	-
Non-convertible bonds	2,411,832	2,410,656	2,405,188	2,403,652
Total	2,411,832	2,423,218	2,405,188	2,403,652

Notes to the Interim Condensed Consolidated and Separate Financial Statements

31. Provisions for other risks and loan commitments

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

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Provisions for loan commitments, financial guarantees and other commitments given	340,708	364,335	305,508	326,004
Provisions for untaken holidays	51,044	37,375	41,407	28,866
Provisions for other employee benefits	65,469	92,956	43,457	48,370
Provisions for litigation, other risks and charges (*)	153,665	156,478	145,512	148,299
Total	610,886	651,144	535,884	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..

32. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Amounts under settlement	4,574,787	1,982,830	3,342,118	1,512,867
Sundry creditors	446,534	456,939	250,422	270,710
Dividends payable	40,564	30,950	40,564	30,950
Other financial liabilities	67,003	50,451	31,926	33,140
Total	5,128,888	2,521,170	3,665,030	1,847,667

33. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Other taxes payable	216,404	85,056	197,012	62,840
Other non-financial liabilities	235,457	203,001	123,561	109,129
Total	451,861	288,057	320,573	171,969

34. Share capital

The statutory share capital of the Bank at June 30, 2024, as recorded with the Trade Register was represented by 798,658,233 ordinary shares with a nominal value of RON 10 each (December 31, 2023: 798,658,233 shares with a nominal value of RON 10 each). The shareholders structure of the Bank is presented in Note 1.

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Paid share capital recorded with the Trade Register	7,986,582	7,986,582	7,986,582	7,986,582
Share capital adjustment to inflation	89,899	89,899	89,899	89,899
Share capital adjustment with unrealized revaluation reserves of tangible assets	(3,398)	(3,398)	(3,398)	(3,398)
Total	8,073,083	8,073,083	8,073,083	8,073,083

Notes to the Interim Condensed Consolidated and Separate Financial Statements

35. Related-party transactions

Entities are considered to be related parties if one of them has the capacity to control the other or to exercise significant influence on the other entity's management process related to financial or operational decisions.

The Group and the Bank are engaged in transactions with related parties, shareholders and key management personnel. All these transactions were carried out under conditions similar to those applicable to third party agreements, in terms of interest rates and collateral clauses. The transactions /balances with subsidiary entities were eliminated from the scope of consolidation.

Transactions with other related parties include transactions with the major shareholders, family members of the key management personnel and companies where they are shareholders while having a relationship with the Bank. The transactions /balances with subsidiary entities are presented below:

In RON thousand

	30-06-2024			31-12-2023		
Group	Key management personnel	Other related-parties	Total	Key management personnel	Other related-parties	Total
Assets						
Granted loans - net amount	14,826	65,527	80,353	13,260	81,573	94,833
Liabilities						
Deposits from customers	53,322	626,963	680,285	56,929	559,437	616,366
Loans from financial institutions	-	166,800	166,800	-	251,460	251,460
Debt securities	-	508,836	508,836	-	514,556	514,556
Commitments						
Loan commitments and financial guarantees given	2,548	21,451	23,999	2,504	13,491	15,995
Notional value of exchange operations	29,420	55,306	84,726	30,824	94,119	124,943
Statement of profit or loss	6 months ended June 30, 2024			6 months ended June 30, 2023		
Interest income	374	2,438	2,812	427	2,467	2,894
Interest expense	802	41,319	42,121	645	26,851	27,496
Fee and commission income	11	156	167	8	98	106

Notes to the Interim Condensed Consolidated and Separate Financial Statements

35. Related-party transactions (continued)

Bank – In RON thousand

	30-06-2024			Total	31-12-2023			Total
	Subsidiaries	Key management personnel	Other related-parties		Subsidiaries	Key management personnel	Other related-parties	
Assets								
Correspondent accounts at credit institutions	21	-	-	21	147	-	-	147
Deposits with credit institutions	34,168	-	-	34,168	1,297,057	-	-	1,297,057
Granted loans	5,065,368	9,072	64,694	5,139,134	3,994,144	9,487	77,320	4,080,951
Equity investments	876,578	-	-	876,578	873,300	-	-	873,300
Financial assets at amortized cost	14,942	-	-	14,942	14,883	-	-	14,883
Financial assets measured at fair value through other items of comprehensive income – debt instruments	11,645	-	-	11,645	11,637	-	-	11,637
Financial assets required to be measured at fair value through profit or loss - debt instruments	558,361	-	-	558,361	456,702	-	-	456,702
Right of use assets	248,698	-	-	248,698	225,966	-	-	225,966
Other assets	7,989	-	-	7,989	6,677	-	-	6,677
Liabilities								
Correspondent accounts from credit institutions	4,044	-	-	4,044	4,341	-	-	4,341
Deposits from customers	1,310,233	39,583	621,575	1,971,391	511,882	35,342	548,073	1,095,297
Loans from financial institutions	-	-	138,622	138,622	-	-	152,800	152,800
Debt securities	5,470	-	497,356	502,826	-	-	497,127	497,127
Lease liabilities	202,860	-	-	202,860	177,982	-	-	177,982
Other liabilities	6,367	-	-	6,367	10,226	-	-	10,226
Commitments								
Loan commitments and financial guarantees given	1,123,285	2,071	21,373	1,146,729	451,742	1,943	9,045	462,730
Loan commitments and financial guarantees received	1,838	-	-	1,838	-	-	-	-
Notional value of exchange operations	1,212,376	18,279	51,684	1,282,339	937,890	12,792	84,687	1,035,369

Notes to the Interim Condensed Consolidated and Separate Financial Statements

35. Related-party transactions (*continued*)

Bank – In RON thousand

	30-06-2024				30-06-2023			
	Subsidiaries	Key management personnel	Other related-parties	Total	Subsidiaries	Key management personnel	Other related-parties	Total
Statement of profit or loss								
Interest income	149,726	233	2,409	152,368	120,623	322	2,208	123,153
Interest expense	9,539	644	39,724	49,907	5,374	494	25,553	31,421
Fee and commission income	2,237	8	149	2,394	2,633	7	88	2,728
Fee and commission expense	8,286	-	-	8,286	8,619	-	-	8,619
Net Gain/(Loss) from derivative instruments held-for-trading	(59)	-	-	(59)	10	-	-	10
Dividend income	16,429	-	-	16,429	416	-	-	416
Realised loss from financial assets required to be measured at fair value through profit or loss	66,760	-	-	66,760	(3,906)	-	-	(3,906)
Other income	20,529	-	-	20,529	17,033	-	-	17,033
Other expenses	13,923	-	-	13,923	12,393	-	-	12,393

Notes to the Interim Condensed Consolidated and Separate Financial Statements

35. Related-party transactions (*continued*)

Transactions with key management personnel

As at the end of June 30, 2024, the expenses related to the fixed and variable remunerations of the members of the Board of Directors and of the Executive Management of the Group amounted to RON 27,770 thousand (June 30, 2023: RON 25,001 thousand) and of the Bank amounted to RON 10,093 thousand (June 30, 2023: RON 8,675 thousand).

Compensation for the key personnel of the Group:

<i>In RON thousand</i>		30-06-2024			30-06-2023		
Group	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar	
Short-term employee benefits	39,668	9,417	29	35,915	8,664	33	
Benefits for Termination of the Employment Contract	400	100	-	-	-	-	
Share based payments	39,215	190	-	15,169	-	-	
Debt instrument-based payments	145	36	-	249	62	-	
Total compensations and benefits	79,428	9,743	29	51,333	8,726	33	

Compensation for the key personnel of the Bank:

<i>In RON thousand</i>		30-06-2024		30-06-2023		
Bank	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar	Total	of which social security contributions	of which employer contributions to the 3rd Pension Pillar
Short-term employee benefits	21,428	5,139	25	19,562	4,741	27
Share based payments	33,908	-	-	12,954	-	-
Total compensations and benefits	55,336	5,139	25	32,516	4,741	27

36. Commitments and contingencies

a) Commitments and contingencies

At any time, the Group and the Bank have outstanding commitments to extend loans. These commitments are in the form of approved limits for credit cards and overdraft facilities. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one month to one year.

The Group provides financial guarantees and letters of credit to guarantee the performance of its customers in relation to third parties. These agreements have fixed limits and generally extend for a period of up to one year. Maturities are not concentrated in a specific period.

The contractual amounts of commitments and contingencies are set out in the following table by categories. The amounts reflected in the table under commitments are presented based on the assumption that they have been fully granted.

Notes to the Interim Condensed Consolidated and Separate Financial Statements**36. Commitments and contingencies (continued)****a) Commitments and contingencies (continued)**

The amounts reflected in the table as guarantees and letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties completely failed to meet the contractual terms and conditions.

	Group		Bank	
In RON thousand	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Guarantees issued, of which	3,507,785	3,367,190	3,455,678	3,333,926
- Good performance guarantees	848,283	1,216,163	812,928	1,183,356
- Financial guarantees	2,659,502	2,151,027	2,642,750	2,150,570
Loan commitments	23,179,370	20,646,286	23,113,633	20,076,945
Total	26,687,155	24,013,476	26,569,311	23,410,871

The provisions for loan commitments to customers were in amount of RON 340,708 thousand, at Group level (December 31, 2023: RON 364,335 thousand) and at Bank level RON 305,508 thousand (December 31, 2023: RON 326,004 thousand).

b) Transfer pricing and taxation

The taxation system in Romania has faced multiple changes in the recent years and is in a continuous process of update and improvement. As a consequence, the tax legislation is still subject to various interpretations. In certain cases, the tax authorities may treat certain issues in a different manner, determining the calculation of additional taxes, interest and penalties for delay (the total current rate is of 0.03% per day of delay).

In Romania the fiscal year remains open for fiscal audit for 5 years. According to the Bank's management, the tax duties included in these financial statements are appropriate.

The tax legislation in Romania considers the "market value" principle, according to which transactions between related parties must be performed at market value.

The taxpayers involved in related-party transactions must prepare and provide to the Romanian tax authorities the transfer pricing file, upon request.

The failure to provide the transfer pricing file or the submission of an incomplete transfer pricing file may lead to penalties for non-compliance; apart from the transfer pricing file, the tax authorities may interpret transactions and circumstances in a manner which is different from the management's interpretation and, consequently, may impose additional tax duties resulting from the adjustment of transfer prices.

The management of the Group and of the Bank considers that no losses should be incurred in the event of a fiscal audit for the verification of transfer prices. However, the impact of potential different interpretations of the tax authorities cannot be accurately estimated. However, the fiscal risk is low because the vast majority of transactions are between group entities, which are in Romania, without cross-border risk.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

37. 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 2,040,837 thousand (2023: RON 1,523,264 thousand) and on the weighted average number of ordinary shares outstanding during the year of 915,222,777 (2023 recalculated: 914,383,987 shares).

On June 30, 2024 and June 30, 2023, the Bank no longer held convertible bonds, the number of diluted shares in circulation being the same as the weighted average number of shares and the diluted earnings per share is the same as the basic earnings per share.

	Group	
	30-06-2024	30-06-2023
Ordinary shares issued as at January 1	798,658,233	707,658,233
The impact of shares issued as of January 1*	118,221,613	91,000,000
The impact of the shares repurchased during the year	(1,657,069)	(2,495,859)
The impact of the shares obtained from bonds conversion	-	-
The retroactive adjustment of the weighted average number of outstanding shares as at June, 2023	-	118,221,613
Weighted average number of shares	915,222,777	914,383,987
The number of shares that may be issued upon the conversion of bonds into shares	-	-
Weighted average number of diluted shares	915,222,777	914,383,987

*The amount of 118,221,613 represents the number of shares related to the share capital increase that took place after the reporting date, until the date of approval of these Financial Statements and which was retrospectively reflected in the calculation.

38. 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-June 30, 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-June 30, 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

38. 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 June 30, 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 17,483,899 thousand as of June 30, 2024 (December 31, 2023: RON 14,954,116 thousand), regulatory capital amounts to RON 9,025,170 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 June 30, 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

38. Capital management (continued)

Own funds adequacy (continued)

The level and the requirements of own funds as at June 30, 2024 and December 31, 2023 are as follows:

	Group		Bank	
<i>In RON thousand</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Tier 1 own funds	15,362,583	12,692,053	14,098,634	11,363,215
Tier 2 own funds	2,121,316	2,262,063	2,120,888	2,260,454
Total own funds	17,483,899	14,954,116	16,219,522	13,623,669

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

	Group		Bank	
<i>In %</i>	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Core tier one ratio	22.98	18.29	24.20	18.32
Tier 1 ratio	22.98	18.29	24.20	18.32
CAR	26.15	21.55	27.84	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 six-month period ended June 30, 2024, the current profit of the bank was considered in the calculation of own funds. Regulatory capital as at June 30, 2024 and December 31, 2023 was calculated according to the IFRS standards endorsed by the European Union.

39. Derivatives

The structure of the derivative instruments held by the Group and by the Bank as of June 30, 2024 is the following:

	Group			Bank		
<i>In RON thousand</i>	Fair value of Assets	Fair value Liabilities	Notional	Fair value of Assets	Fair value Liabilities	Notional
Interest rate swaps	92,022	109,699	5,923,987	92,022	109,699	5,923,987
Currency swaps	50,051	30,369	1,592,672	50,051	30,369	1,592,672
Exchange rate forward agreements	9,371	2,456	3,504,154	9,371	2,456	3,504,154
Total derivative financial instruments	151,444	142,524	11,020,813	151,444	142,524	11,020,813

The structure of the derivative instruments held by the Group and by the Bank as at December 31, 2023 is the following:

	Group			Bank		
<i>In RON thousand</i>	Fair value of Assets	Fair value Liabilities	Notional	Fair value of Assets	Fair value Liabilities	Notional
Interest rate swaps	63,122	69,291	3,604,555	63,122	69,291	3,604,555
Currency swaps	55,824	15,532	945,174	55,824	15,532	945,174
Exchange rate forward agreements	5,871	3,986	1,176,357	5,871	3,986	1,176,357
Total derivative financial instruments	124,817	88,809	5,726,086	124,817	88,809	5,726,086

The explanatory notes to the financial statements from page 11 to page 88 are an integral part of these financial statements.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management

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

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

<i>RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Corporate and public institutions	31,409,991	31,891,165	36,017,978	35,424,045
Small and medium enterprises	11,444,416	10,254,551	10,895,377	9,063,280
Consumer loans and card loans granted to retail customers	14,274,103	13,392,845	13,628,332	12,674,358
Mortgage loans	19,446,392	19,053,458	19,012,198	18,701,951
Loans and finance lease receivables granted by non-banking financial institutions	7,118,424	5,765,371	-	-
Other	73,972	63,142	66,507	57,578
Total loans and advances to customers and financial lease receivables before impairment allowance	83,767,298	80,420,532	79,620,392	75,921,212
Allowances for impairment losses on loans and financial lease receivables	(4,978,938)	(4,849,625)	(4,545,962)	(4,370,808)
Total loans and advances to customers and financial lease receivables net of impairment allowance	78,788,360	75,570,907	75,074,430	71,550,404

As of June 30, 2024, the total irrevocable on-balance and off-balance sheet exposure was of RON 88,618,791 thousand (December 31, 2023: RON 85,485,284 thousand) for the Group and RON 83,230,448 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management (*continued*)

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

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

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of June 30, 2024, are presented below:

	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
At amortized cost					
<i>In RON thousand</i>					
Corporate and public institutions	26,332,283	4,458,893	548,936	69,879	31,409,991
Small and medium enterprises	8,413,536	2,477,095	534,625	19,160	11,444,416
Consumer loans and card loans granted to retail customers	10,519,013	2,758,101	925,446	71,543	14,274,103
Mortgage loans	16,778,531	2,443,909	192,882	31,070	19,446,392
Loans and finance lease receivables granted to non-banking financial institutions	5,597,021	971,336	442,629	107,438	7,118,424
Other	22	55,787	18,075	88	73,972
Total loans and advances to customers and financial lease receivables before impairment allowance	67,640,406	13,165,121	2,662,593	299,178	83,767,298
Allowances for impairment losses on loans and financial lease receivables	(1,222,416)	(1,964,229)	(1,736,557)	(55,736)	(4,978,938)
Total loans and advances to customers and financial lease receivables net of impairment allowance	66,417,990	11,200,892	926,036	243,442	78,788,360

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management (*continued*)

Gross value of loans and advances, lease receivables granted to clients, Stage 1	Very low risk	Low risk	Moderate risk	Sensitive risk	Total 2024
Corporate and public institutions	13,648,672	8,733,997	3,813,973	135,641	26,332,283
Small and medium enterprises	3,049,477	4,354,701	1,009,356	2	8,413,536
Consumer loans and card loans granted to retail customers	5,763,532	4,088,858	648,201	18,422	10,519,013
Mortgage loans	9,706,957	6,432,886	562,644	76,044	16,778,531
Loans and finance lease receivables granted by non-banking financial institutions	4,457,733	1,137,818	1,470	-	5,597,021
Other	-	-	5	17	22
Total loans and advances to customers and financial lease receivables before impairment allowance	36,626,371	24,748,260	6,035,649	230,126	67,640,406
Allowances for impairment losses on loans and financial lease receivables	(226,209)	(567,328)	(396,137)	(32,742)	(1,222,416)
Total loans and advances to customers and financial lease receivables net of impairment allowance	36,400,162	24,180,932	5,639,512	197,384	66,417,990

Gross value of loans and advances, lease receivables granted to clients, Stage 1	0 days	1-15 days	16-30 days	Total 2024
Corporate and public institutions	26,310,496	21,787	-	26,332,283
Small and medium enterprises	8,335,363	68,794	9,379	8,413,536
Consumer loans and card loans granted to retail customers	10,272,545	214,814	31,654	10,519,013
Mortgage loans	16,479,460	261,117	37,954	16,778,531
Loans and finance lease receivables granted by non-banking financial institutions	5,274,769	133,323	188,929	5,597,021
Other	22	-	-	22
Total loans and advances to customers and financial lease receivables before impairment allowance	66,672,655	699,835	267,916	67,640,406
Allowances for impairment losses on loans and financial lease receivables	(1,175,397)	(26,173)	(20,846)	(1,222,416)
Total loans and advances to customers and financial lease receivables net of impairment allowance	65,497,258	673,662	247,070	66,417,990

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management (*continued*)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	Total 2024
Corporate and public institutions	3,018,784	1,016,776	423,333	4,458,893
Small and medium enterprises	1,537,020	589,213	350,862	2,477,095
Consumer loans and card loans granted to retail customers	1,574,226	797,974	385,901	2,758,101
Mortgage loans	1,884,434	400,591	158,884	2,443,909
Loans and finance lease receivables granted by non-banking financial institutions	897,986	66,734	6,616	971,336
Other	7,479	48,308	-	55,787
Total loans and advances to customers and financial lease receivables before impairment allowance	8,919,929	2,919,596	1,325,596	13,165,121
Allowances for impairment losses on loans and financial lease receivables	(766,336)	(686,610)	(511,283)	(1,964,229)
Total loans and advances to customers and financial lease receivables net of impairment allowance	8,153,593	2,232,986	814,313	11,200,892

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	Total 2024
Corporate and public institutions	4,458,645	-	248	4,458,893
Small and medium enterprises	2,444,051	18,278	14,766	2,477,095
Consumer loans and card loans granted to retail customers	2,650,428	81,229	26,444	2,758,101
Mortgage loans	2,348,368	85,420	10,121	2,443,909
Loans and finance lease receivables granted by non-banking financial institutions	897,986	60,397	12,953	971,336
Other	55,764	9	14	55,787
Total loans and advances to customers and financial lease receivables before impairment allowance	12,855,242	245,333	64,546	13,165,121
Allowances for impairment losses on loans and financial lease receivables	(1,879,770)	(57,492)	(26,967)	(1,964,229)
Total loans and advances to customers and financial lease receivables net of impairment allowance	10,975,472	187,841	37,579	11,200,892

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management *(continued)*

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	Over 90 days	Total 2024
Corporate and public institutions	342,546	6,119	24,267	176,004	548,936
Small and medium enterprises	144,867	11,726	31,553	346,479	534,625
Consumer loans and card loans granted to retail customers	181,498	88,695	65,925	589,328	925,446
Mortgage loans	75,352	42,466	25,634	49,430	192,882
Loans and finance lease receivables granted by non-banking financial institutions	193,958	50,905	26,682	171,084	442,629
Other	16,402	-	6	1,667	18,075
Total loans and advances to customers and financial lease receivables before impairment allowance	954,623	199,911	174,067	1,333,992	2,662,593
Allowances for impairment losses on loans and financial lease receivables	(495,095)	(87,346)	(97,668)	(1,056,448)	(1,736,557)
Total loans and advances to customers and financial lease receivables net of impairment allowance	459,528	112,565	76,399	277,544	926,036

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of 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 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

40. Credit risk management *(continued)*

Gross value of loans and advances, lease receivables granted to clients, Stage 1	Very low risk	Low risk	Moderate risk	Sensitive risk	Total 2023
Corporate and public institutions	15,365,050	9,068,726	2,707,216	73,761	27,214,753
Small and medium enterprises	3,220,049	3,302,019	825,827	-	7,347,895
Consumer loans and card loans granted to retail customers	5,109,834	3,870,005	658,021	24,574	9,662,434
Mortgage loans	9,766,590	6,249,633	712,053	105,733	16,834,009
Loans and finance lease receivables granted by non-banking financial institutions	3,562,617	1,118,352	1,117	-	4,682,086
Other	-	-	2	14	16
Total loans and advances to customers and financial lease receivables before impairment allowance	37,024,140	23,608,735	4,904,236	204,082	65,741,193
Allowances for impairment losses on loans and financial lease receivables	(282,384)	(665,077)	(398,781)	(18,045)	(1,364,287)
Total loans and advances to customers and financial lease receivables net of impairment allowance	36,741,756	22,943,658	4,505,455	186,037	64,376,906

Gross value of loans and advances, lease receivables granted to clients, Stage 1	0 days	1-15 days	16-30 days	Total 2023
Corporate and public institutions	27,196,089	18,443	221	27,214,753
Small and medium enterprises	7,151,589	175,496	20,810	7,347,895
Consumer loans and card loans granted to retail customers	9,354,754	246,838	60,842	9,662,434
Mortgage loans	16,441,647	314,864	77,498	16,834,009
Loans and finance lease receivables granted by non-banking financial institutions	4,490,660	38,383	153,043	4,682,086
Other	16	-	-	16
Total loans and advances to customers and financial lease receivables before impairment allowance	64,634,755	794,024	312,414	65,741,193
Allowances for impairment losses on loans and financial lease receivables	(1,328,196)	(16,412)	(19,679)	(1,364,287)
Total loans and advances to customers and financial lease receivables net of impairment allowance	63,306,559	777,612	292,735	64,376,906

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management (*continued*)

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	Total 2023
Corporate and public institutions	3,312,007	513,631	137,941	3,963,579
Small and medium enterprises	1,725,638	462,041	177,329	2,365,008
Consumer loans and card loans granted to retail customers	1,602,473	769,167	390,723	2,762,363
Mortgage loans	1,407,670	409,874	171,352	1,988,896
Loans and finance lease receivables granted by non-banking financial institutions	631,702	46,403	6,442	684,547
Other	5,593	40,783	-	46,376
Total loans and advances to customers and financial lease receivables before impairment allowance	8,685,083	2,241,899	883,787	11,810,769
Allowances for impairment losses on loans and financial lease receivables	(843,394)	(555,767)	(359,391)	(1,758,552)
Total loans and advances to customers and financial lease receivables net of impairment allowance	7,841,689	1,686,132	524,396	10,052,217

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	Total 2023
Corporate and public institutions	3,957,918	5,661	-	3,963,579
Small and medium enterprises	2,282,420	69,686	12,901	2,365,008
Consumer loans and card loans granted to retail customers	2,626,011	108,126	28,226	2,762,363
Mortgage loans	1,885,104	87,600	16,192	1,988,896
Loans and finance lease receivables granted by non-banking financial institutions	631,701	40,983	11,863	684,547
Other	46,316	41	19	46,376
Total loans and advances to customers and financial lease receivables before impairment allowance	11,429,470	312,097	69,202	11,810,769
Allowances for impairment losses on loans and financial lease receivables	(1,640,703)	(90,489)	(27,360)	(1,758,552)
Total loans and advances to customers and financial lease receivables net of impairment allowance	9,788,767	221,608	41,842	10,052,217

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management *(continued)*

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	Over 90 days	Total 2023
Corporate and public institutions	321,960	58,546	33,317	215,304	629,127
Small and medium enterprises	138,097	63,351	40,745	278,446	520,639
Consumer loans and card loans granted to retail customers	168,147	92,615	68,064	561,395	890,221
Mortgage loans	75,896	42,972	21,626	55,751	196,245
Loans and finance lease receivables granted by non-banking financial institutions	169,429	47,329	21,453	132,632	370,843
Other	15,207	4	7	1,456	16,674
Total loans and advances to customers and financial lease receivables before impairment allowance	888,736	304,817	185,212	1,244,984	2,623,749
Allowances for impairment losses on loans and financial lease receivables	(448,397)	(163,904)	(100,069)	(961,544)	(1,673,914)
Total loans and advances to customers and financial lease receivables net of impairment allowance	440,339	140,913	85,143	283,440	949,835

The exposures to credit risk for loans and advances to customers at Bank level, as of June 30, 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 public institutions	31,049,766	4,372,521	525,812	69,879	36,017,978
Small and medium enterprises	7,978,117	2,383,618	517,413	16,229	10,895,377
Consumer loans and card loans granted to retail customers	9,918,820	2,749,583	889,037	70,892	13,628,332
Mortgage loans	16,359,913	2,437,425	184,057	30,803	19,012,198
Other	22	48,381	18,016	88	66,507
Total loans and advances to customers before impairment allowance	65,306,638	11,991,528	2,134,335	187,891	79,620,392
Allowances for impairment losses on loans	(1,184,202)	(1,864,837)	(1,464,897)	(32,026)	(4,545,962)
Total loans and advances to customers net of impairment allowance	64,122,436	10,126,691	669,438	155,865	75,074,430

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management (*continued*)

Gross value of loans and advances granted to clients, Stage 1	Very low risk	Low risk	Moderate risk	Sensitive risk	Total 2024
Corporate and public institutions	17,942,168	9,157,985	3,813,972	135,641	31,049,766
Small and medium enterprises	3,049,476	3,919,282	1,009,357	2	7,978,117
Consumer loans and card loans granted to retail customers	5,763,532	3,491,638	645,228	18,422	9,918,820
Mortgage loans	9,706,957	6,017,300	559,612	76,044	16,359,913
Other	-	-	5	17	22
Total loans and advances to customers before impairment allowance	36,462,133	22,586,205	6,028,174	230,126	65,306,638
Allowances for impairment losses on loans	(257,751)	(498,281)	(395,428)	(32,742)	(1,184,202)
Total loans and advances to customers net of impairment allowance	36,204,382	22,087,924	5,632,746	197,384	64,122,436

Gross value of loans and advances granted to clients, Stage 1	0 days	1-15 days	16-30 days	Total 2024
Corporate and public institutions	31,027,980	21,786	-	31,049,766
Small and medium enterprises	7,929,413	39,976	8,728	7,978,117
Consumer loans and card loans granted to retail customers	9,706,844	183,830	28,146	9,918,820
Mortgage loans	16,076,538	248,452	34,923	16,359,913
Other	22	-	-	22
Total loans and advances to customers before impairment allowance	64,740,797	494,044	71,797	65,306,638
Allowances for impairment losses on loans	(1,170,503)	(11,382)	(2,317)	(1,184,202)
Total loans and advances to customers net of impairment allowance	63,570,294	482,662	69,480	64,122,436

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	Total 2024
Corporate and public institutions	2,932,372	1,016,816	423,333	4,372,521
Small and medium enterprises	1,444,506	589,213	349,899	2,383,618
Consumer loans and card loans granted to retail customers	1,570,467	793,215	385,901	2,749,583
Mortgage loans	1,880,304	398,237	158,884	2,437,425
Other	74	48,307	-	48,381
Total loans and advances to customers before impairment allowance	7,827,723	2,845,788	1,318,017	11,991,528
Allowances for impairment losses on loans	(683,471)	(671,896)	(509,470)	(1,864,837)
Total loans and advances to customers net of impairment allowance	7,144,252	2,173,892	808,547	10,126,691

Gross value of loans and advances granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	Total 2024
Corporate and public institutions	4,372,273	-	248	4,372,521
Small and medium enterprises	2,351,536	17,347	14,735	2,383,618
Consumer loans and card loans granted to retail customers	2,646,669	76,885	26,029	2,749,583
Mortgage loans	2,344,238	83,369	9,818	2,437,425
Other	48,358	9	14	48,381
Total loans and advances to customers before impairment allowance	11,763,074	177,610	50,844	11,991,528
Allowances for impairment losses on loans	(1,796,942)	(44,642)	(23,253)	(1,864,837)
Total loans and advances to customers net of impairment allowance	9,966,132	132,968	27,591	10,126,691

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management (continued)

Gross value of loans and advances granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	over 90 days	Total 2024
Corporate and public institutions	342,547	6,119	24,267	152,879	525,812
Small and medium enterprises	143,049	10,948	30,599	332,817	517,413
Consumer loans and card loans granted to retail customers	169,269	83,612	61,412	574,744	889,037
Mortgage loans	70,613	40,083	24,824	48,537	184,057
Other	16,404	-	3	1,609	18,016
Total loans and advances to customers before impairment allowance	741,882	140,762	141,106	1,110,585	2,134,335
Allowances for impairment losses on loans	(428,724)	(68,128)	(83,515)	(884,530)	(1,464,897)
Total loans and advances to customers net of impairment allowance	313,158	72,634	57,590	226,056	669,438

The exposures to credit risk for loans and advances to customers at Bank level, as of 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 before impairment allowance	62,818,214	10,885,751	2,008,734	208,513	75,921,212
Allowances for impairment losses on loans	(1,301,239)	(1,677,555)	(1,356,393)	(35,621)	(4,370,808)
Total loans and advances to customers 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

40. Credit risk management *(continued)*

Gross value of loans and advances granted to clients, Stage 1	Very low risk	Low risk	Moderate risk	Sensitive risk	Total 2023
Corporate and public institutions	18,438,052	9,624,954	2,707,217	73,761	30,843,984
Small and medium enterprises	2,625,327	2,976,483	825,827	-	6,427,637
Consumer loans and card loans granted to retail customers	5,109,837	3,260,232	653,594	24,574	9,048,237
Mortgage loans	9,766,590	5,919,811	706,205	105,733	16,498,339
Other	-	-	2	15	17
Total loans and advances to customers before impairment allowance	35,939,806	21,781,480	4,892,845	204,083	62,818,214
Allowances for impairment losses on loans	(287,203)	(598,395)	(397,596)	(18,045)	(1,301,239)
Total loans and advances to customers net of impairment allowance	35,652,603	21,183,085	4,495,249	186,038	61,516,975

Gross value of loans and advances granted to clients, Stage 1	0 days	1-15 days	16-30 days	Total 2023
Corporate and public institutions	30,832,623	11,361	-	30,843,984
Small and medium enterprises	6,357,065	63,340	7,232	6,427,637
Consumer loans and card loans granted to retail customers	8,771,295	221,044	55,898	9,048,237
Mortgage loans	16,119,852	306,837	71,650	16,498,339
Other	17	-	-	17
Total loans and advances to customers before impairment allowance	62,080,852	602,582	134,780	62,818,214
Allowances for impairment losses on loans	(1,285,007)	(12,941)	(3,291)	(1,301,239)
Total loans and advances to customers net of impairment allowance	60,795,845	589,641	131,489	61,516,975

Notes to the Interim Condensed Consolidated and Separate Financial Statements

40. Credit risk management *(continued)*

Gross value of loans and advances granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	Total 2023
Corporate and public institutions	3,245,367	513,631	137,941	3,896,939
Small and medium enterprises	1,594,150	453,056	174,932	2,222,138
Consumer loans and card loans granted to retail customers	1,590,297	762,193	390,723	2,743,213
Mortgage loans	1,403,166	408,074	171,353	1,982,593
Other	83	40,785	-	40,868
Total loans and advances to customers before impairment allowance	7,833,063	2,177,739	874,949	10,885,751
Allowances for impairment losses on loans	(779,881)	(540,959)	(356,715)	(1,677,555)
Total loans and advances to customers net of impairment allowance	7,053,182	1,636,780	518,234	9,208,196

Gross value of loans and advances granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	Total 2023
Corporate and public institutions	3,891,278	5,661	-	3,896,939
Small and medium enterprises	2,150,931	59,589	11,618	2,222,138
Consumer loans and card loans granted to retail customers	2,613,835	101,951	27,427	2,743,213
Mortgage loans	1,880,600	86,554	15,439	1,982,593
Other	40,808	40	20	40,868
Total loans and advances to customers before impairment allowance	10,577,452	253,795	54,504	10,885,751
Allowances for impairment losses on loans	(1,577,190)	(77,761)	(22,604)	(1,677,555)
Total loans and advances to customers net of impairment allowance	9,000,262	176,034	31,900	9,208,196

Gross value of loans and advances granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	over 90 days	Total 2023
Corporate and public institutions	319,343	57,560	33,318	190,439	600,660
Small and medium enterprises	81,613	34,904	32,268	249,199	397,984
Consumer loans and card loans granted to retail customers	156,006	87,476	62,724	500,557	806,763
Mortgage loans	72,154	41,561	19,824	53,171	186,710
Other	15,209	4	6	1,398	16,617
Total loans and advances to customers before impairment allowance	644,325	221,505	148,140	994,764	2,008,734
Allowances for impairment losses on loans	(370,176)	(133,520)	(82,782)	(769,915)	(1,356,393)
Total loans and advances to customers net of impairment allowance	274,149	87,985	65,358	224,849	652,341

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40. 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 2,027.5 million.

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, representing 1.6% from initial portfolio, is assumed by the Bank.

EIF - as Guarantor, issued an irrevocable and unconditional Financial Guarantee in favour of Banca Transilvania (the Beneficiary) to guarantee the coverage of the loss related to each reference obligation, should such loss be allocated to the mezzanine and senior tranche, initial total amount of RON 1,995.1 million which represents 98.4% of securitised portfolio, after exceeding the losses retained by the Bank related to junior tranche and synthetic excess spread (cumulatively 2.8% of the total volume of the initial 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 the end-customer, in the form of a lower cost of loan. To this end, Banca Transilvania has concluded with the EIB a Mezzanine and a Senior Retrocession Agreement and Commitment Agreement for increased support for SMEs and Midcaps, to supply new lending of more than RON 2.64 billion, including also projects aligned with climate action and environmental sustainability, thus supporting the transition to a low-carbon economy.

The below stated amounts represent the securitized portfolio as of June 30, 2024:

RON million

	Date of contract	End of maturity	Portfolio type	Maximum amount of securitized portfolio	Securitized portfolio (Nb. Loans)	Outstanding amount
EIF synthetic securitization	2023	2039	SME & CO	2,027.5	14,710	2,025.2

41. Current tax liability

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

	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Current tax liability	212,733	130,294	208,745	139,690
Assets tax receivable related to fiscal uncertainties	26,410	26,410	26,410	26,410
Total	186,323	103,884	182,355	113,280

Notes to the Interim Condensed Consolidated and Separate Financial Statements**42. Business combinations**

On January 15, 2024, Victoriabank S.A. Chisinau acquired 100% of the share package in BCR Chisinau 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 Chisinau S.A.

In the period of 6 months until June 30, 2024, BCR Chisinau S.A. contributed with a loss of RON 2.63 million to the Group's results.

On May 23, 2024, the Group acquired, through the Fondul Imobiliar de Investitii Alternative BT Property, 100% of the shares in Funshop Park Turda S.R.L..

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 Chisinau S.A..

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:

<i>RON thousand</i>	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	1,840	7,600
Other assets	179,840	4,403	184,243
Deposits from customers	(513,467)	(1,686)	(515,153)
Loans from banks	(22,034)	-	(22,034)
Other debts	(40,002)	1,716	(38,286)
Total net assets acquired	182,273	8,024	190,297

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 gain from the acquisition of BCR Chisinau S.A. in the amount of RON 133,152 thousand does not constitute a taxable transfer for the difference between the market price of the transferred assets and liabilities and their tax value.

The *Bargain 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 Chisinau S.A. on the date of taking control (in the amount of RON 190,297 thousand).

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43. Events after the reporting period

As a result of the Decisions of the Extraordinary General Meeting of Banca Transilvania S.A. Shareholders on April 25, 2024, it was decided to increase the share capital by the amount of RON 1,182,216,130 by issuing a number of 118,221,613 new shares, with a nominal value of RON 10/share. The increase of the share capital was achieved by incorporating the reserves constituted from the net profit of the year 2023, in the amount of RON 1,182,216,130, by issuing a number of 118,221,613 shares with a nominal value of RON 10/share, for the benefit of shareholders registered in the Shareholders' Register held by the Central Depository on the registration date set by the General Meeting of Shareholders as of July 19, 2024. The share capital after the share capital increase is RON 9,168,798,460, divided into 916,879,846 shares, each with a nominal value of RON 10. The completion of the legal procedures regarding this increase and the allocation of new shares to the shareholders produced effects starting on July 22, 2024.

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.).

As at July 30, 2024, the closing documents for the acquisition of the entire 100% stake held by OTP Bank Nyrt and Merkantil Bank Zrt. in the share capital of OTP Bank Romania S.A. were signed, following the receipt of necessary approvals from supervisory authorities. The amount paid by Banca Transilvania S.A. for both entities was EUR 340,199,349. The completion of the transaction in relation to OTP Asset Management SAI S.A. will take place at a later date, after receiving the necessary legal approvals from the supervisory authorities.

At the date of obtaining control, the net assets according to both acquired entities' records are worth RON 2,535.5 million. In order to comply with the provisions of the International Financial Reporting Standards (IFRS 3 "Business Combinations") at the date of publication of these Interim Condensed Consolidated and Separate Financial Statements, Banca Transilvania Group, together with an independent valuer, is in the process of measuring the fair value of the assets and liabilities of OTP Bank Romania Group.

The Group has agreed the acquisition of BRD Pension participation (BRD Societate de Administrare a Fondurilor de Pensii Private) from Société General during May 2024 and is in process to complete all legal steps and related authorization from Financial Supervision Authority.

The present financial statements were not affected by these subsequent events.

The interim consolidated and separate financial statements were approved by the Board of Directors on August 19, 2024 and were signed on behalf of the Board.

Ömer TETIK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer