

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

As of September 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 September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
Interest income calculated using the effective interest method		2,809,665	7,772,772	2,099,575	6,131,517	2,407,826	7,102,273	1,944,864	5,513,858
Other income like interest		169,020	421,066	97,246	262,510	13,083	29,386	11,927	28,369
Interest expense calculated using the effective interest method		(1,088,649)	(3,173,930)	(930,852)	(2,597,970)	(995,562)	(3,024,817)	(892,161)	(2,437,410)
Other similar interest expense		(3,038)	(8,465)	(977)	(2,552)	(3,561)	(10,528)	(1,864)	(5,272)
Net interest income	5	1,886,998	5,011,443	1,264,992	3,793,505	1,421,786	4,096,314	1,062,766	3,099,545
Fee and commission income		668,110	1,812,176	540,685	1,493,721	549,968	1,541,109	462,691	1,290,521
Fee and commission expense		(274,592)	(722,658)	(205,717)	(552,046)	(222,441)	(603,441)	(176,408)	(475,320)
Net fee and commission income	6	393,518	1,089,518	334,968	941,675	327,527	937,668	286,283	815,201
Net trading income	7	168,786	646,556	195,918	524,841	97,476	469,427	168,314	451,461
Net gain/(loss) realised from financial assets measured at fair value through comprehensive income	8	59,100	144,030	41,513	126,599	58,976	142,686	40,778	125,855
Net gain/(loss) realised from financial assets which are required to be measured at fair value through profit or loss	9	40,998	107,826	25,470	78,859	56,820	187,763	36,511	85,219
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	10	(1,099)	(89,564)	(763)	(92,831)	-	(74,514)	-	(86,886)
Other operating income	11	105,442	319,533	90,999	255,908	52,401	211,936	52,780	150,871
Operating income		2,653,743	7,229,342	1,953,097	5,628,556	2,014,986	5,971,280	1,647,432	4,641,266
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	12.a	(154,073)	(212,898)	(168,286)	(225,842)	(57,301)	(91,263)	(159,093)	(143,628)
(Other) Provisions and reversal of provisions	12.b	3,374	7,249	557	10,566	1,778	4,879	2,742	3,694
Personnel expenses	13	(666,518)	(1,832,675)	(471,013)	(1,450,418)	(479,870)	(1,444,479)	(386,821)	(1,208,122)
Depreciation and amortization		(130,419)	(372,051)	(113,228)	(331,479)	(105,685)	(317,913)	(101,268)	(298,554)
Other operating expenses	14	(446,124)	(1,188,695)	(254,701)	(751,362)	(344,570)	(966,158)	(210,623)	(628,312)
Operating expenses		(1,393,760)	(3,599,070)	(1,006,671)	(2,748,535)	(985,648)	(2,814,934)	(855,063)	(2,274,922)
Bargain gain		674,271	807,423						
Profit before income tax		1,934,254	4,437,695	946,426	2,880,021	1,029,338	3,156,346	792,369	2,366,344
Income tax expense (-)	15	(172,660)	(530,156)	(236,605)	(588,533)	(130,626)	(447,487)	(201,884)	(506,892)
Net profit for the period		1,761,594	3,907,539	709,821	2,291,488	898,712	2,708,859	590,485	1,859,452
Net Profit of the Group attributable to:									
Equity holders of the Bank		1,711,959	3,752,796	688,942	2,212,206	-	-	-	-
Non-controlling interests		49,635	154,743	20,879	79,282	-	-	-	-
Net profit for the period		1,761,594	3,907,539	709,821	2,291,488	898,712	2,708,859	590,485	1,859,452
Basic earnings per share		1.8694	4.0979	0.7528	2.4172	-	-	-	-
Diluted earnings per share		1.8694	4.0979	0.7528	2.4172	-	-	-	-

Interim Condensed Consolidated and Separate Statement of Comprehensive Income

	Group				Bank			
	3 months ended	9 months ended	3 months ended	9 months ended	3 months ended	9 months ended	3 months ended	9 months ended
	September 30, 2024	September 30, 2024	September 30, 2023	September 30, 2023	September 30, 2024	September 30, 2024	September 30, 2023	September 30, 2023
<i>RON thousand</i>								
Net Profit for the period	1,761,594	3,907,539	709,821	2,291,488	898,711	2,708,858	590,485	1,859,452
Items that will not be reclassified as profit or loss, net of tax	-	906	941	(52)	-	949	-	(941)
Other elements of comprehensive income	-	906	941	(52)	-	949	-	(941)
Income tax on items which may not be reclassified to other comprehensive income	-	-	-	-	-	-	-	-
Items which are or may be reclassified to profit or loss	377,664	323,467	150,794	1,366,109	376,095	309,153	34,338	1,243,348
Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:	458,004	387,536	99,249	1,534,868	448,922	369,408	41,367	1,482,192
Net loss (-)/gain from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit or loss account	(59,100)	(144,030)	(41,513)	(126,599)	(58,976)	(142,686)	(40,778)	(125,855)
Fair value changes of financial assets measured at fair value through other items of comprehensive income	517,104	531,566	140,762	1,661,467	507,898	512,094	82,145	1,608,047
Effect of reclassification of financial assets measured at fair value through other items of comprehensive income to amortized cost	-	-	-	-	-	-	-	-
Translation of financial information of foreign operations to presentation currency	(6,301)	(917)	68,777	81,375	14	(9)	(91)	(222)
Income tax on items which are or may be reclassified to profit or loss	(74,039)	(63,152)	(17,232)	(250,134)	(72,841)	(60,246)	(6,938)	(238,622)
Total comprehensive income for the period	2,139,258	4,231,912	861,556	3,657,545	1,274,806	3,018,960	624,823	3,101,859
Total comprehensive income attributable to:								
Equity holders of the Bank	2,089,623	4,077,169	840,677	3,578,263	-	-	-	-
Non-controlling interest	49,635	154,743	20,879	79,282	-	-	-	-
Total comprehensive income for the period	2,139,258	4,231,912	861,556	3,657,545	1,274,806	3,018,960	624,823	3,101,859

The interim consolidated and separate financial statements were approved by the Board of Directors on November 6, 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

<i>In RON thousand</i>	Notes	Group		Bank	
		30-09-2024 RON thousand	31-12-2023 RON thousand	30-09-2024 RON thousand	31-12-2023 RON thousand
Assets					
Cash and current accounts with Central Banks	16	29,407,784	24,252,600	23,788,489	22,286,257
Derivatives		131,737	124,817	127,149	124,817
Financial assets held for trading	18.a	378,059	345,756	21,180	36,303
Financial assets which are required to be measured at fair value through profit or loss	18.b	1,359,279	1,232,598	1,872,754	1,670,155
Financial assets measured at fair value through other items of comprehensive income	21	40,083,110	40,600,026	39,366,897	40,264,202
- of which pledged securities (repo agreements)		667,827	368,480	667,827	368,480
Financial assets at amortized cost - of which:		119,088,628	95,733,542	106,158,076	93,979,518
- Placements with banks and public institutions	17	6,617,978	12,272,959	7,226,324	12,619,341
- Loans and advances to customers	19	88,593,370	72,008,224	78,154,133	71,550,404
- Debt instruments	21	21,106,410	9,472,245	18,325,813	7,980,071
- Other financial assets	22	2,770,870	1,980,114	2,451,806	1,829,702
Finance lease receivables	20	5,563,382	3,562,683	-	-
Investments in subsidiaries		-	-	2,568,049	873,300
Investment in associates		-	1,326	-	-
Property and equipment and investment property		1,490,486	1,278,903	770,159	755,413
Intangible assets		866,255	693,671	643,005	562,009
Goodwill		154,363	154,363	-	-
Right-of-use assets		493,883	514,060	679,917	697,963
Current tax receivables		-	-	-	-
Deferred tax assets		314,522	354,481	281,565	337,282
Other non-financial assets	23	399,839	320,399	201,434	197,752
Total assets		199,731,327	169,169,225	176,478,674	161,784,971

Banca Transilvania S.A.

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

In RON thousand	Notes	Group		Bank	
		30-09-2024 RON thousand	31-12-2023 RON thousand	30-09-2024 RON thousand	31-12-2023 RON thousand
Liabilities					
Derivatives		234,310	88,809	223,953	88,809
Deposits from banks	24	713,638	1,034,613	405,502	1,081,766
Deposits from customers	25	159,986,715	138,052,954	142,798,194	134,443,350
Loans from banks and other financial institutions	26	13,313,261	9,548,567	12,277,686	8,583,795
Subordinated liabilities	27	2,463,885	2,423,218	2,457,149	2,403,652
Lease liabilities		518,765	533,351	659,061	669,778
Other financial liabilities	29	3,920,838	2,521,170	2,818,845	1,847,667
Current tax liability		260,915	103,884	210,308	113,280
Provisions for other risks and loan commitments	28	771,121	651,144	541,657	551,539
Other non-financial liabilities	30	386,848	288,057	215,943	171,969
Total liabilities excluding financial liabilities to holders of fund units		182,570,296	155,245,767	162,608,298	149,955,605
Financial liabilities to holders of fund units		32,012	26,950	-	-
Total liabilities		182,602,308	155,272,717	162,608,298	149,955,605
Equity					
Share capital		9,255,299	8,073,083	9,255,299	8,073,083
Treasury shares		(15,287)	(28,269)	-	(12,982)
Share premiums		31,235	31,235	28,614	28,614
Retained earnings		7,041,134	5,444,429	4,635,511	4,095,127
Revaluation reserves from tangible and intangible assets		40,145	43,839	25,006	28,738
Reserves on financial assets measured at fair value through other items of comprehensive income		(1,163,786)	(1,488,214)	(1,189,077)	(1,498,237)
Other reserves		1,148,279	1,147,889	1,115,023	1,115,023
Total equity attributable to equity holders of the Bank		16,337,019	13,223,992	13,870,376	11,829,366
Non-controlling interest		792,000	672,516	-	-
Total equity		17,129,019	13,896,508	13,870,376	11,829,366
Total liabilities and equity		199,731,327	169,169,225	176,478,674	161,784,971

The interim consolidated and separate financial statements were approved by the Board of Directors on November 6, 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 nine-month period ended September 30, 2024

Group	Attributable to the equity holders of the Bank									
	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	Total
<i>In RON thousand</i>										
Balance as of 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	-	-	-	-	-	-	3,752,796	3,752,796	154,743	3,907,539
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	324,428	-	-	324,428	-	324,428
Retained earnings from revaluation reserves	-	-	-	(3,732)	-	-	3,732	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	(961)	(961)	-	(961)
Other items of comprehensive income, net of tax	-	-	-	-	-	-	906	906	-	906
Total comprehensive income for the period	-	-	-	(3,732)	324,428	-	3,756,473	4,077,169	154,743	4,231,912
Contributions of/distributions to the shareholders										
Increase in share capital through the conversion of debt	1,182,216	-	-	-	-	-	(1,182,216)	-	-	-
Distribution to statutory reserves	-	-	-	-	-	390	(390)	-	-	-
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	-	-	-	-	-	-	147,095	147,095	-	147,095
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	5,062	5,062	-	5,062
Other adjustments	-	-	-	38	-	-	8,708	8,746	(35,259)	(26,513)
Total contributions of/distributions to the shareholders	1,182,216	12,982	-	38	-	390	(2,159,768)	(964,142)	(35,259)	(999,401)
Balance as of September 30, 2024	9,255,299	(15,287)	31,235	40,145	(1,163,786)	1,148,279	7,041,134	16,337,019	792,000	17,129,019

(*) 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 916,879,846 shares.

Banca Transilvania S.A.

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

For the nine-month period ended September 30, 2023

Group <i>In RON thousand</i>	Attributable to the equity holders of the Bank									
	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 of 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	-	-	-	-	-	-	2,212,206	2,212,206	79,282	2,291,488
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	1,296,840	-	-	1,296,840	-	1,296,840
Retained earnings from revaluation reserves	-	-	-	(10,564)	-	-	10,564	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	-	-	69,269	69,269	-	69,269
Other items of comprehensive income, net of tax	-	-	-	-	-	-	(52)	(52)	-	(52)
Total comprehensive income for the period	-	-	-	(10,564)	1,296,840	-	2,291,987	3,578,263	79,282	3,657,545
Contributions of/distributions to the shareholders										
Increase in share capital through the conversion of debt	910,000	-	-	-	-	-	(910,000)	-	-	-
Distribution to statutory reserves	-	-	-	-	-	430	(430)	-	-	-
Acquisition of treasury shares	-	(19,347)	-	-	-	-	-	(19,347)	-	(19,347)
Payments of treasury shares	-	68,810	-	-	-	-	(66,329)	2,481	-	2,481
Dividends distributed to shareholders (*)	-	-	-	-	-	-	(902,456)	(902,456)	-	(902,456)
SOP 2022 Scheme	-	-	-	-	-	-	49,144	49,144	-	49,144
Transfer of retained earnings to liabilities to holders of fund units	-	-	-	-	-	-	365	365	-	365
Other adjustments	-	-	867	(21,558)	-	-	127,874	107,183	33,539	140,722
Total contributions of/distributions to the shareholders	910,000	49,463	867	(21,558)	-	430	(1,701,832)	(762,630)	33,539	(729,091)
Balance as of September 30, 2023	8,073,083	(15,287)	32,102	38,233	(2,431,652)	990,011	5,048,009	11,734,499	665,488	12,399,987

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.13 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 nine-month period ended September 30, 2024

Bank	Attributable to the equity holders of the Bank							
	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
<i>In RON thousand</i>								
Balance as of 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	-	-	-	-	-	-	2,708,858	2,708,858
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	309,160	-	-	309,160
Retained earnings from revaluation reserves	-	-	-	(3,732)	-	-	3,732	-
Other items of comprehensive income, net of tax	-	-	-	-	-	-	942	942
Statement of comprehensive income for the period	-	-	-	(3,732)	309,160	-	2,713,532	3,018,960
Contributions of/distributions to the shareholders								
Increase in share capital by incorporating the reserves make up of profit	1,182,216	-	-	-	-	-	(1,182,216)	-
Acquisition of treasury shares	-	(106,206)	-	-	-	-	-	(106,206)
Payments of treasury shares	-	119,188	-	-	-	-	(138,027)	(18,839)
Dividends distributed to shareholders (*)	-	-	-	-	-	-	(1,000,000)	(1,000,000)
SOP 2023 Scheme	-	-	-	-	-	-	147,095	147,095
Total contributions of/distributions to the shareholders	1,182,216	12,982	-	-	-	-	(2,173,148)	(977,950)
Balance as of September 30, 2024	9,255,299	-	28,614	25,006	(1,189,077)	1,115,023	4,635,511	13,870,376

(*) 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 916,879,846 shares.

Banca Transilvania S.A.

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

For the nine-month period ended September 30, 2023

Bank	Attributable to the equity holders of the Bank							
	Share capital	Treasury shares	Share premiums	Revaluation reserves	Reserves from financial assets measured through other items of comprehensive income	Other reserves	Retained earnings	Total
<i>In RON thousand</i>								
Balance as of 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	-	-	-	-	-	-	1,859,452	1,859,452
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	1,300,256	-	-	1,300,256
Retained earnings from revaluation reserves	-	-	-	(11,160)	-	-	11,160	-
Other items of comprehensive income, net of tax	-	-	-	-	-	-	(1,127)	(1,127)
Statement of comprehensive income for the period	-	-	-	(11,160)	1,300,256	-	1,869,485	3,158,581
Contributions of/distributions to the shareholders								
Increase in share capital by incorporating the reserves make up of profit	910,000	-	-	-	-	-	(910,000)	-
Acquisition of treasury shares	-	(19,347)	-	-	-	-	-	(19,347)
Payments of treasury shares	-	68,810	-	-	-	-	(66,329)	2,481
Dividends distributed to shareholders (*)	-	-	-	-	-	-	(902,456)	(902,456)
SOP 2022 Scheme	-	-	-	-	-	-	49,142	49,142
Total contributions of/distributions to the shareholders	910,000	49,463	-	-	-	-	(1,829,643)	(870,180)
Balance as of September 30, 2023	8,073,083	-	28,614	24,518	(2,436,397)	958,598	3,598,162	10,246,578

(*) The gross dividend per share approved by the Bank's Board of Directors and paid is RON 1.13 for a reference share capital (share capital registered at the Trade Register) of 798,658,233 shares.

Interim Condensed Consolidated and Separate Statement of Cash Flows

For the nine-month period ended September 30

In RON thousand	Notes	Group		Bank	
		30-09-2024	30-09-2023	30-09-2024	30-09-2023
Cash-flow from operating activities					
Profit for the period		3,907,539	2,291,488	2,708,859	1,859,452
Adjustments for:					
Depreciation and amortization		372,051	331,479	317,913	298,554
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		418,397	405,327	206,906	275,065
Adjustment of financial assets at fair value through profit or loss		(107,826)	(78,859)	(187,763)	(85,219)
Income tax expense		530,156	588,533	447,487	506,892
Interest income		(8,193,838)	(6,394,027)	(7,131,659)	(5,542,227)
Interest expense		3,182,395	2,600,522	3,035,345	2,442,682
Other adjustments		252,186	(156,761)	321,241	(242,685)
Net profit adjusted with non-monetary elements		361,060	(412,298)	(281,671)	(487,486)
Changes in operating assets and liabilities (*)					
Change in financial assets at amortized cost and placements with banks		(15,061,243)	(1,469,794)	(9,893,490)	(1,082,121)
Change in loans and advances to customers		(4,027,346)	(4,378,341)	(6,443,651)	(5,085,538)
Change in finance lease receivables		(1,130,810)	(390,107)	-	-
Change in financial assets at fair value through profit or loss		21,815	(65,292)	(14,836)	(96,988)
Change in financial assets held for trading and measured at fair value through profit or loss -derivatives		(3,750)	24,580	(2,332)	24,580
Change in equity instruments		(9,023)	10,823	15,123	(5,078)
Changes in debt instruments		(23,280)	(17,175)	-	-
Change in other financial assets		(581,232)	(206,002)	(630,629)	31,013
Change in other assets		(117,927)	(120,728)	(82,193)	(95,674)
Change in deposits from customers		8,301,158	9,758,478	8,274,470	9,645,830
Change in deposits from banks		(628,159)	(1,358,045)	(675,667)	(1,269,518)
Change in financial liabilities held-for-trading		140,819	6,716	135,144	6,716
Change in repo operations		337,546	(1,255,305)	299,176	(1,255,305)
Change in other financial liabilities		1,214,487	968,127	965,953	615,403
Change in other liabilities		(244,983)	1,111	(93,484)	5,533
Income tax (paid)/recovered		(401,842)	(179,404)	(354,990)	(107,086)
Interest received		6,369,079	5,017,185	5,419,922	4,256,278
Interest paid		(2,457,705)	(1,842,484)	(2,507,961)	(1,726,373)
Net cash-flow from/ (used in) operating activities		(7,941,336)	4,092,045	(5,871,116)	3,374,186

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

For the nine-month period ended September 30

In RON thousand	Notes	Group		Bank	
		30-09-2024	30-09-2023	30-09-2024	30-09-2023
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income		(13,839,352)	(13,482,353)	(12,957,981)	(13,451,345)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		14,796,654	13,633,342	14,273,231	13,599,452
Net acquisitions of property and equipment		(103,213)	(113,943)	(112,874)	(47,535)
Net acquisitions intangible assets		(235,504)	(157,798)	(180,889)	(122,594)
Proceeds from disposal of property and equipment		1,221	1,482	3,267	684
Acquisitions of net equity investments of cash acquired from business combinations (**)		2,926,938	-	(1,691,490)	-
Income from sale of shares		-	-	-	-
Dividends collected		15,448	9,189	23,572	5,912
Interest received		1,127,925	1,186,108	1,123,539	1,181,761
Net cash-flow used in investment activities		4,690,117	1,076,027	480,375	1,166,335
Cash-flow from financing activities					
Gross proceeds from loans from banks and other financial institutions		3,802,060	3,979,916	3,482,920	3,898,154
Gross payments from loans from banks and other financial institutions		(3,728,292)	(545,734)	(120,188)	(120,360)
Gross proceeds from subordinated loans from banks and other financial institutions		-	991,660	-	991,660
Gross payments from subordinated loans from banks and other financial institutions		(12,424)	-	-	-
Repayment of the principal portion of the lease liabilities		(126,564)	(114,280)	(130,085)	(119,842)
Dividend payments		(923,761)	(748)	(923,761)	(748)
Payments for treasury shares		(106,206)	(19,347)	(106,206)	(19,347)
Interest paid		(493,368)	(136,964)	(453,262)	(95,404)
Net cash-flow from / (used in) financing activities		(1,588,555)	4,154,503	1,749,418	4,534,113

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

(**) Refers to the acquisition of BCR Chisinau S.A., BTP Store Hub Turda S.R.L. and the entities from OTP Group in 2024. Please see note 35. Business Combinations

In RON thousand	Notes	Group		Bank	
		30-09-2024	30-09-2023	30-09-2024	30-09-2023
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		4,154	25,784	4,715	60,181
Net increase/decrease (-) in cash and cash equivalents		(4,843,928)	9,296,791	(3,646,038)	9,014,453
Cash and cash equivalents as of September 30	16	31,282,598	27,781,871	29,108,971	24,417,607

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation

a) Reporting entity

Banca Transilvania S.A.

Banca Transilvania S.A. (the “Parent company”, “BT”) is a joint-stock company 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 interim condensed consolidated and separate financial statements as of September 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., Salt Bank S.A. and OTP Bank Romania 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., BT Leasing MD S.R.L. and OTP Leasing Romania IFN S.A. asset management through BT Asset Management S.A.I. S.A. brokerage and investments through BT Capital Partners S.A. and pension funds management BT Pensii S.A.. Additionally, the Bank also has control over 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 Victoriabank S.A. in BCR Chisinau S.A., and since May 2024, the Group has control in BTP Store Hub Turda S.R.L. through Fondul Imobiliar de Investitii Alternative BT Property. Also, starting with July 2024, the Group has control in OTP Bank Romania S.A., OTP Leasing Romania IFN S.A., OTP Advisors S.R.L., OTP Factoring S.R.L., REA Project One Company S.R.L., GOVCKA Project Company S.R.L. și OTP Consulting Romania S.R.L..

The Bank carries out its banking activity through: 42 branches, 457 agencies, 3 work units, 8 healthcare division units, 2 private banking agencies in Romania, 1 branch in Italy, 1 regional office located in Bucharest, 1 Head Office located in Bucharest and 1 Head Office located in Cluj-Napoca (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 of September 30, 2024 was 13,813 (December 31, 2023 11,841 employees). The Bank’s number of active employees as of September 30, 2024 was 9,638 (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:

	30-09-2024	30-09-2023
NN Group (*)	9.36%	9.47%
The European Bank for Reconstruction and Development (“EBRD”)	5.16%	6.87%
Romanian individuals	24.10%	22.28%
Romanian companies	44.95%	44.24%
Foreign individuals	1.12%	1.09%
Foreign companies	15.31%	16.05%
Total	100%	100%

(*) NN Group N.V. and the pension funds managed by NN Pensii SAF PAP 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.

The explanatory notes to the financial statements from page 11 to page 64 are an integral part of these financial statements. 11

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 Asistenta in Brokeraj S.R.L.	Insurance broker	100%	100%
BT Asiom Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Safe Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Intermedieri Agent de Asigurare S.R.L.	Insurance broker	100%	100%
BT Leasing MD S.R.L.	Leasing	100%	100%
BT 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)		
BT Pensii S.A.		100%	100%
Salt Bank S.A.	Financial and banking activities	100%	100%
Avant Leasing IFN S.A.	Financial leasing	100%	100%
BT Broker de Asigurare S.R.L.	Insurance broker	100%	100%
Code Crafters by BT S.R.L.	Custom software development activities	100%	100%
BTP One S.R.L.	Renting and subletting of own or rented real estate	100%	100%
BTP Retail S.R.L.	Renting and subletting of own or rented real estate	100%	100%
BTP Store Hub Turda S.R.L.	Renting and subletting of own or rented real estate	100%	-
OTP Bank Romania S.A.	Financial and banking activities	100%	-
OTP Leasing Romania IFN S.A.	Leasing	100%	-
OTP Advisors S.R.L.	Investments	100%	-
OTP Factoring S.R.L.	Asset management	100%	-
REA Project One Company S.R.L.	Real estate development	100%	-
GOVCKA Project Company S.R.L.	Real estate development	100%	-
	Other activities auxiliary to financial services, except insurance and pension funding		
OTP Consulting Romania S.R.L.		100%	-

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

b) Declaration of conformity

The interim condensed consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by the European Union, effective as of the Group’s and Bank’s interim reporting date, September 30, 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.

Financial information for the periods of 9 months and 3 months, respectively, ended at September 30, 2024 is unaudited and unreviewed. Financial information for the periods of 9 months and 3 months, respectively, ended at September 30, 2023 are unaudited and unreviewed and the financial information for December 31, 2023 is audited.

c) Basis of measurement

The interim condensed consolidated and separate financial statements were prepared on historical cost basis, except for the financial instruments recognized at fair value through profit or loss, the financial instruments 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

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	30-09-2024	31-12-2023	Fluctuation %
Euro (EUR)	1: RON 4.9756	1: RON 4.9746	0.02%
American dollar (USD)	1: RON 4.4451	1: RON 4.4958	-1.13%

e) Use of estimates and judgements

The preparation of the interim condensed consolidated and separate financial 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.

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*)

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

(i) Impairment losses on loans and advances to customers

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

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 ("ECL") estimation considers the visible effects of the current and future expected market conditions on the individual/collective assessment of expected credit losses on loans and advances to customers. Hence, the Group and the Bank have estimated the expected credit losses for loans and advances to customers and receivables from finance lease based on the internal methodology and assessed that no further expected credit losses is required except as already provided for in the interim condensed consolidated and separate financial statements.

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

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

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

Optimistic scenario – Macro indicators (average)	2024	2025	2026
Real PIB (% 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 PIB (% 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 PIB (% 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

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 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	-37 mio RON

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

	2024	2025	2026
Real PIB (% 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

The incorporation of forward-looking elements reflects the expectations of the Group and the Bank and involves the creation of scenarios, including an assessment of the probability for each scenario. The Group and the Bank have drawn up statistical analyses and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

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 within different support investment programs. 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, 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.

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)

Also, product portfolios were analyzed with high associated credit risk and the typologies of customers and business 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 our policy regarding the post-model adjustments, also continuous reviewing of its levels considering macroeconomic expectation, 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 18.8% of total ECL (versus 16.6% accounted for 31.12.2023) considering:

- expectation related to sensitive industries and high-risk products (supplementary ECL representing 0.9% of total ECL, versus 2.1%)*;
- expectations regarding the increase in default rates taking into account high inflation, rising interest rates (supplementary ECL representing 17.9% of total ECL, versus 13.9%)**;
- 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).

* in the category of “sensitive industries”, are 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 4 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.

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 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 mark-up variations at 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 it. In terms of interest rate risk, the pressure was felt on net interest margin due to interest rates levels.

The trading book of the Group and the Bank consist of bonds, equities, collective investment units and derivatives, whose valuation was affected by market volatilities, reserves registering a downward trend and reaching in the negative zone. The most significant part of the trading book is represented by bonds, of which the majority are kept at fair value through other comprehensive income, thus allowing that market-to-market impact to be observable in other comprehensive income and not in Consolidated and Separate Statement of Profit or Loss. Note 4 provides more details on the fair value measurement of financial instruments.

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

(ii) Tax disputes

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

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

The Bank's estimation in regard to presenting the gain from the acquisition as non-taxable income in the interim condensed consolidated and separate financial statements as of September 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.

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*)

- 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 favor of the Bank, confirming the Bank's approach to consider the bargain gain as non-taxable income.

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

On October 12, 2021, the High Court of Cassation and Justice of Romania suspended the judgement of the review request, and the Court of Justice of European Union was notified. The Court of Justice of European Union issued a decision in this case on April 27, 2023. On June 14, 2023, a new deadline took place in the file before the High Court of Cassation and Justice of Romania, where Banca Transilvania S.A. submitted a new request for a preliminary ruling to the Court of Justice of the European Union, under the conditions of extensive case supporting arguments.

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

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

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

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*)

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, totalizing RON 264,096 thousand. Additionally, to these tax liabilities will be due ancillary tax obligations.

The Bank filed an appeal against the tax decision taken by the tax authorities following the documentary check of the years 2017 and 2018 detailed above and filed a request to suspend this decision in Court during June 2023.

However, in order to limit a potential negative impact from ancillary tax liabilities in case of an unfavorable legal decision, Banca Transilvania S.A. decided to pay on July 5, 2023 the amount of RON 264 million representing additional tax liabilities established following the documentary check for 2017 and 2018.

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

On October 3, 2023, the tax authorities rejected the bank's appeal against the decision to change the taxable base established by RIF, and on October 11, 2023, they also rejected the tax appeal raised by Banca Transilvania S.A. regarding the payment of tax amounts established under documentary checks. Going forward, on March 20, 2024, the Bank submitted to the Cluj Court of Appeal, the request to sue against the decision to adjust the taxable base established by the RIF, and on April 1, 2024, the Bank submitted to the Court of Appeal Cluj, the request to sue against the decision issued by the DGAMC as a result of the documentary verification.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

(ii) Tax disputes (*continued*)

The Bank analyzed 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 acted 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 September 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 S.A. and Bancpost S.A. merger. The provision is periodically reviewed by the Bank by incorporating historical data regarding new litigations in the last years (a show-up ratio) and the loss probability for such cases (calculated as a historical positive versus negative outcome of litigations). The last review for abusive clauses provision has been performed as of September 30, 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. The interim condensed consolidated financial statements also include provisions related to litigation for abusive clauses taken over following the acquisition of OTP Bank Romania.

(iv) Other significant litigation

The Bank's subsidiary, Victoriabank S.A., was notified on July 6, 2020 that it is being investigated in a case instrumented by the Prosecutor's Office of the Republic of Moldova, and on August 6, 2020, a precautionary seizure was placed on some of the subsidiary's assets. In order to cover the claims in the file - amounting to approximately RON 474 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

1. 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 S.A. 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 September 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 of 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

2. Material accounting policies

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

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.

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).

Notes to the Interim Condensed Consolidated and Separate Financial Statements

2. Material accounting policies (*continued*)

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

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.

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., OTP 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (*continued*)

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.

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

Medium Corporate Customers („MidCo”): The Group and the Bank include in this category mainly the companies with an annual turnover between 20 and 200 million RON. By setting such value thresholds in the classification of MidCo clients, the Bank can address the most frequent requests coming from this category of clients: tailored financing solutions, access to a wide range of banking services, pricing based on financial performance, dedicated and flexible relationship management, operational agility.

Depending on the activity type, the customized approach related to customers is supported by two existent specializations, notably Agribusiness and Healthcare.

The MidCo segment includes also entities operating in the public sector, financial institutions or legal entities serving particular functions, included in this category based on specific classification criteria.

The Bank offers a full range of financial services to its Mid Corporate clients, including lending facilities, current operations, treasury services, but also additional services such as bonus packages for employees, structured finance, co-financing of EU funded projects; the Bank also facilitates the access to the services provided by the Group subsidiaries, such as bancassurance, consultancy on mergers and acquisitions, asset management, financial and operating lease, with the purpose to increase its profitability and non-risk income.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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.

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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Other: The Group and the Bank incorporate in this category the services offered by other financial entities within the Group: asset management, brokerage, factoring and real estate, 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 9 months ended on September 30, 2024 and September 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 million RON	> 100 million RON
Medium Corporate Customers	20 -200 million RON	9 -100 million RON
SME Customers	3 - 20 million RON	2 - 9 million RON
Micro Business Customers	0 - 3 million RON	0 - 2 million 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 September 30, 2023, as well as for the 3-month period ended September 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.

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

The table below presents financial information per segments regarding the consolidated statement of financial position for the periods ended on September 30, 2024, and comparative data for December 31, 2023:

Business segments as of September 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	Removals & adjustments	Total
Gross loans and finance lease receivables	29,604,450	14,146,293	7,008,236	6,554,958	40,090,569	-	8,246,012	9,671	(6,287,956)	99,372,233
Provisions for principal Loans and finance lease receivables net of provisions	(887,133)	(902,162)	(560,823)	(698,629)	(1,826,947)	-	(485,941)	(584)	146,738	(5,215,481)
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	28,717,317	13,244,131	6,447,413	5,856,329	38,263,622	-	7,760,071	9,087	(6,141,218)	94,156,752
Treasury and inter-bank operations	-	-	-	-	-	62,915,368	-	534,558	(391,331)	63,058,595
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	37,270,192	330,792	932,661	(2,507,883)	36,025,762
Right-of-use assets	88,540	204,913	182,885	325,373	1,022,562	62,236	182,611	444,023	(2,039)	2,511,104
Other assets	18,460	49,544	40,782	97,444	261,282	13,900	35,297	3,243	(26,069)	493,883
Total assets	1,451,028	910,611	457,384	458,489	2,652,124	-	217,335	567,574	(3,229,314)	3,485,231
Deposits from customers and current accounts	10,433,058	13,076,150	10,040,303	23,822,187	103,264,802	1,665,446	-	6,985	(1,608,578)	160,700,353
Loans from banks and other financial institutions	185,809	317,887	109,874	80,299	192	1,601,162	6,891,226	11,313,826	(7,187,014)	13,313,261
Subordinated liabilities	-	-	-	-	-	2,482,656	-	-	(18,771)	2,463,885
Lease liabilities	119,112	76,142	43,477	37,964	227,214	2,092	35,277	3,357	(25,870)	518,765
Other liabilities	1,165,457	731,993	345,196	321,334	2,063,953	1,304	263,266	792,039	(78,498)	5,606,044
Total liabilities	11,903,436	14,202,172	10,538,850	24,261,784	105,556,161	5,752,660	7,189,769	12,116,207	(8,918,731)	182,602,308
Equity and related items	-	-	-	-	-	-	-	17,129,019	-	17,129,019
Total liabilities and equity	11,903,436	14,202,172	10,538,850	24,261,784	105,556,161	5,752,660	7,189,769	29,245,226	(8,918,731)	199,731,327

The explanatory notes to the financial statements from page 11 to page 64 are an integral part of these financial statements.

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments as of December 31, 2023

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
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 Loans and finance lease receivables net of provisions	(862,525)	(870,182)	(440,455)	(727,415)	(1,683,224)	-	(371,706)	(337)	106,219	(4,849,625)
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	23,633,054	9,455,884	5,457,789	4,840,729	30,828,622	-	5,404,538	5,232	(4,054,941)	75,570,907
Treasury and inter-bank operations	-	-	-	-	-	51,336,974	-	472,915	(34,447)	51,775,442
Property and equipment and investment property, Intangible assets and goodwill	-	-	-	-	-	37,490,235	251,854	607,464	(1,823,994)	36,525,559
Right-of-use assets	103,951	186,358	181,611	245,055	788,770	47,964	176,569	399,958	(1,973)	2,128,263
Other assets	37,066	57,433	44,387	82,799	259,331	13,162	24,309	12,484	(16,911)	514,060
Total assets	789,646	548,044	240,844	221,838	1,542,044	-	193,043	478,275	(1,358,740)	2,654,994
Deposits from customers and current accounts	24,563,717	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
Loans from banks and other financial institutions	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
Subordinated liabilities	256,482	326,772	87,055	62,507	23,629	363,251	4,774,002	7,815,009	(4,160,140)	9,548,567
Lease liabilities	-	-	-	-	-	2,441,255	-	-	(18,037)	2,423,218
Other liabilities	119,145	84,621	43,420	34,827	238,786	800	24,404	4,272	(16,924)	533,351
Total liabilities	731,496	520,038	216,918	181,761	1,354,357	1,043	205,047	545,969	(76,615)	3,680,014
Equity and related items	10,221,997	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
Total liabilities and equity	-	-	-	-	-	-	-	13,896,508	-	13,896,508
	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 64 are an integral part of these financial statements.

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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

Business segments for the 9-month period ended September 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	Removals & adjustments	Total
Net interest income	475,245	380,762	293,958	504,072	1,390,710	767,527	468,524	730,348	297	5,011,443
Net commission income	63,502	102,631	85,057	334,495	422,570	(8,341)	19,154	74,746	(4,296)	1,089,518
Net trading income	16,842	59,525	60,810	112,932	200,575	119,360	13,636	65,630	(2,754)	646,556
Net loss (-)/Net gain from financial assets measured through comprehensive income	-	-	-	-	-	72,874	-	71,156	-	144,030
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	104,964	-	6,450	(3,588)	107,826
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(5,047)	(11,619)	(6,539)	(10,965)	(54,721)	(673)	-	-	-	(89,564)
Other operating income	7,574	9,949	12,475	21,616	164,061	38,756	77,395	165,225	(177,518)	319,533
Total income	558,116	541,248	445,761	962,150	2,123,195	1,094,467	578,709	1,113,555	(187,859)	7,229,342
Personnel expenses	(80,065)	(194,023)	(156,148)	(316,637)	(875,801)	(34,281)	(107,210)	(68,533)	23	(1,832,675)
Other operating expenses	(67,874)	(106,794)	(94,253)	(183,731)	(590,030)	(77,908)	(59,446)	(36,418)	27,759	(1,188,695)
Depreciation and amortization	(11,851)	(34,938)	(33,433)	(75,426)	(198,377)	(12,812)	(17,261)	(8,879)	20,926	(372,051)
Total Expenses	(159,790)	(335,755)	(283,834)	(575,794)	(1,664,208)	(125,001)	(183,917)	(113,830)	48,708	(3,393,421)
Operating profit before net provision expenses for assets, other risks and commitments	398,326	205,493	161,927	386,356	458,987	969,466	394,792	999,725	(139,151)	3,835,921
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	2,218	41,453	(129,437)	49,466	(84,473)	(12,967)	(92,932)	(15)	21,038	(205,649)
Bargain gain	-	-	-	-	-	-	-	-	807,423	807,423
Profit before income tax	400,544	246,946	32,490	435,822	374,514	956,499	301,860	999,710	689,310	4,437,695

The explanatory notes to the financial statements from page 11 to page 64 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 the 9-month period ended September 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	Removals & adjustments	Total
Net interest income	191,976	294,417	227,780	374,587	1,077,852	477,659	321,011	819,710	8,513	3,793,505
Net commission income	43,077	73,289	96,122	319,427	337,441	(2,268)	21,969	47,860	4,758	941,675
Net trading income	13,749	43,863	57,523	91,330	177,133	116,672	9,518	14,100	953	524,841
Net loss (-)/Net gain from financial assets measured through comprehensive income	-	-	-	-	-	64,931	-	61,668	-	126,599
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	77,193	-	1,666	-	78,859
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(5,748)	(8,535)	(4,671)	(11,888)	(61,989)	-	-	-	-	(92,831)
Other operating income	10,885	9,666	4,824	4,457	119,351	1,838	69,323	98,148	(62,584)	255,908
Total income	253,939	412,700	381,578	777,913	1,649,788	736,025	421,821	1,043,152	(48,360)	5,628,556
Personnel expenses	(81,265)	(188,869)	(136,928)	(211,667)	(623,417)	(26,705)	(88,965)	(92,604)	2	(1,450,418)
Other operating expenses	(35,294)	(73,768)	(58,507)	(83,914)	(307,265)	(32,721)	(55,228)	(125,936)	21,271	(751,362)
Depreciation and amortization	(20,741)	(40,991)	(29,717)	(54,571)	(164,309)	(9,832)	(14,003)	(15,344)	18,029	(331,479)
Total Expenses	(137,300)	(303,628)	(225,152)	(350,152)	(1,094,991)	(69,258)	(158,196)	(233,884)	39,302	(2,533,259)
Operating profit before net provision expenses for assets, other risks and commitments	116,639	109,072	156,426	427,761	554,797	666,767	263,625	809,268	(9,058)	3,095,297
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	16,123	16,784	(15,035)	(61,732)	(159,636)	(43,150)	(2,761)	301	33,830	(215,276)
Profit before income tax	132,762	125,856	141,391	366,029	395,161	623,617	260,864	809,569	24,772	2,880,021

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

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

Business segments for the 3-month period ended September 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	Removals & adjustments	Total
Net interest income	211,790	174,513	118,181	187,908	545,250	231,505	177,787	236,782	3,282	1,886,998
Net commission income	28,206	38,901	29,220	118,922	148,410	(3,275)	5,763	28,951	(1,580)	393,518
Net trading income	7,640	22,838	22,148	46,651	76,585	(21,556)	7,022	7,806	(348)	168,786
Net loss (-)/Net gain from financial assets measured through comprehensive income	-	-	-	-	-	30,201	-	28,899	-	59,100
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	40,781	-	403	(186)	40,998
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	22	(26)	(46)	-	(796)	(253)	-	-	-	(1,099)
Other operating income	1,535	1,924	5,063	5,073	41,548	32,354	15,587	86,275	(83,917)	105,442
Total income	249,193	238,150	174,566	358,554	810,997	309,757	206,159	389,116	(82,749)	2,653,743
Personnel expenses	(31,128)	(68,623)	(50,892)	(104,909)	(328,542)	(12,692)	(40,611)	(29,159)	38	(666,518)
Other operating expenses	(27,157)	(41,078)	(29,977)	(61,643)	(217,133)	(27,750)	(21,726)	(28,189)	8,529	(446,124)
Depreciation and amortization	(4,740)	(12,042)	(10,405)	(24,908)	(69,981)	(6,265)	(6,429)	(2,901)	7,252	(130,419)
Total Expenses	(63,025)	(121,743)	(91,274)	(191,460)	(615,656)	(46,707)	(68,766)	(60,249)	15,819	(1,243,061)
Operating profit before net provision expenses for assets, other risks and commitments	186,168	116,407	83,292	167,094	195,341	263,050	137,393	328,867	(66,930)	1,410,682
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(37,884)	26,955	(53,265)	(36,565)	(12,269)	1,464	(40,037)	(651)	1,553	(150,699)
Bargain gain	-	-	-	-	-	-	-	-	674,271	674,271
Profit before income tax	148,284	143,362	30,027	130,529	183,072	264,514	97,356	328,216	608,894	1,934,254

The explanatory notes to the financial statements from page 11 to page 64 are an integral part of these financial statements.

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting (continued)

Business segments for the 3-month period ended September 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	Removals & adjustments	Total
Net interest income	86,637	101,431	85,846	153,943	412,828	42,400	115,519	263,555	2,833	1,264,992
Net commission income	13,847	25,389	34,420	114,001	116,420	(636)	7,895	18,580	5,052	334,968
Net trading income	6,101	15,153	19,645	32,028	65,875	49,417	450	7,151	98	195,918
Net loss (-)/Net gain from financial assets measured through comprehensive income	-	-	-	-	-	21,533	-	19,980	-	41,513
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	24,578	-	892	-	25,470
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	5	(33)	(38)	-	(697)	-	-	-	-	(763)
Other operating income	2,561	2,809	241	717	44,838	62	22,607	42,896	(25,732)	90,999
Total income	109,151	144,749	140,114	300,689	639,264	137,354	146,471	353,054	(17,749)	1,953,097
Personnel expenses	(25,851)	(63,243)	(46,500)	(66,726)	(193,391)	(9,189)	(32,270)	(34,145)	302	(471,013)
Other operating expenses	(11,982)	(26,497)	(19,908)	(28,396)	(105,057)	(11,823)	(18,287)	(37,300)	4,549	(254,701)
Depreciation and amortization	(7,307)	(14,192)	(10,832)	(19,268)	(55,099)	(2,988)	(4,785)	(4,773)	6,016	(113,228)
Total Expenses	(45,140)	(103,932)	(77,240)	(114,390)	(353,547)	(24,000)	(55,342)	(76,218)	10,867	(838,942)
Operating profit before net provision expenses for assets, other risks and commitments	64,011	40,817	62,874	186,299	285,717	113,354	91,129	276,836	(6,882)	1,114,155
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(16,710)	(18,191)	(7,618)	(39,289)	(42,876)	(52,433)	(568)	354	9,602	(167,729)
Profit before income tax	47,301	22,626	55,256	147,010	242,841	60,921	90,561	277,190	2,720	946,426

The explanatory notes to the financial statements from page 11 to page 64 are an integral part of these financial statements.

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 interim condensed consolidated and separate statement of 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 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 bonds measured at 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 items 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 <i>In RON thousand</i>	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
September 30, 2024				
Financial assets held for trading and measured at fair value through profit or loss, of which:	225,124	145,009	7,926	378,059
- Equity instruments	225,124	-	-	225,124
- Debt instruments	-	145,009	7,926	152,935
Derivatives	-	131,737	-	131,737
Financial assets measured at fair value through other items of comprehensive income	39,564,851	136,103	382,156	40,083,110
- Equity instruments	98,690	-	72,936	171,626
- Debt instruments	39,466,161	110,376	309,220	39,885,757
- Loans and advances	-	25,727	-	25,727
Financial assets which are required to be measured at fair value through profit or loss, of which:	848,043	123,383	387,853	1,359,279
- Equity instruments	282,951	-	52,066	335,017
- Debt instruments	565,092	123,383	335,787	1,024,262
Total financial assets measured at fair value in the statement of financial position	40,638,018	404,495	777,935	41,820,448
Non-financial assets at fair value	-	-	1,490,486	1,490,486
- Property and equipment and investment property	-	-	1,490,486	1,490,486
Total assets measured at fair value in the statement of financial position	40,638,018	404,495	2,268,421	43,310,934
Financial liabilities held-for-trading	-	234,310	-	234,310
December 31, 2023				
Financial assets held for trading and measured at fair value through profit or loss, of which:	222,001	113,206	10,549	345,756
- Equity instruments	216,101	-	-	216,101
- Debt instruments	5,900	113,206	10,549	129,655
Derivatives	-	124,817	-	124,817
Financial assets measured at fair value through other items of comprehensive income	39,928,649	276,255	395,122	40,600,026
- Equity instruments	84,401	-	69,759	154,160
- Debt instruments	39,844,248	249,772	325,363	40,419,383
- Loans and advances	-	26,483	-	26,483
Financial assets which are required to be measured at fair value through profit or loss, of which:	803,334	91,276	337,988	1,232,598
- Equity instruments	292,920	-	-	292,920
- Debt instruments	510,414	91,276	337,988	939,678
Total assets measured at fair value in the statement of financial position	40,953,984	605,554	743,659	42,303,197
Non-financial assets at fair value	-	-	1,278,903	1,278,903
- Property and equipment and investment property	-	-	1,278,903	1,278,903
Total assets measured at fair value in the statement of financial position	40,953,984	605,554	2,022,562	43,582,100
Financial liabilities held-for-trading	-	88,809	-	88,809

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

Bank <i>In RON thousand</i>	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
September 30, 2024				
Financial assets held for trading and measured at fair value through profit or loss, of which:	21,180	-	-	21,180
- Equity instruments	21,180	-	-	21,180
Derivatives	-	127,149	-	127,149
Financial assets measured at fair value through other items of comprehensive income	38,890,295	132,359	344,243	39,366,897
- Equity instruments	-	-	21,482	21,482
- Debt instruments	38,890,295	106,632	322,761	39,319,688
- Loans and advances	-	25,727	-	25,727
Financial assets which are required to be measured at fair value through profit or loss, of which:	982,696	529,399	360,659	1,872,754
- Equity instruments	282,426	-	24,872	307,298
- Debt instruments	700,270	529,399	335,787	1,565,456
Total financial assets measured at fair value in the statement of financial position	39,894,171	788,907	704,902	41,387,980
Non-financial assets at fair value	-	-	770,159	770,159
- Property and equipment and investment property	-	-	770,159	770,159
Total assets measured at fair value in the statement of financial position	39,894,171	788,907	1,475,061	42,158,139
Financial liabilities held-for-trading	-	223,953	-	223,953
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 and 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 and 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 on September 30, 2024:

RON thousand	Notes	Carrying amount	Group				Carrying amount	Fair value	Bank			
			Fair value	Fair value hierarchy					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	6,617,978	6,617,978	-	6,617,978	-	7,226,324	7,226,324	-	7,226,324	-	
Loans and advances to customers	19	88,593,370	88,511,871	-	-	88,511,871	78,154,133	78,217,487	-	-	78,217,487	
Finance lease receivables	20	5,563,382	5,684,529	-	-	5,684,529	-	-	-	-	-	
Financial assets at amortized cost - debt instruments	21	21,106,410	21,316,993	17,853,389	1,716,186	1,747,418	18,325,813	18,529,524	16,766,641	-	1,762,883	
Other financial assets	22	2,770,870	2,779,046	-	-	2,779,046	2,451,806	2,459,982	-	-	2,459,982	
Total assets		124,652,010	124,910,417	17,853,389	8,334,164	98,722,864	106,158,076	106,433,317	16,766,641	7,226,324	82,440,352	
Liabilities												
Deposits from banks	24	713,638	713,638	-	713,638	-	405,502	405,502	-	405,502	-	
Deposits from customers	25	159,986,715	160,035,770	-	160,035,770	-	142,798,194	142,847,502	-	142,847,502	-	
Loans from banks and other financial institutions	26	13,313,261	13,318,486	10,150,708	706,221	2,461,557	12,277,686	12,282,911	10,148,218	667,827	1,466,866	
Subordinated liabilities	27	2,463,885	2,463,885	-	-	2,463,885	2,457,149	2,457,149	-	-	2,457,149	
Lease liabilities		518,765	518,765	-	-	518,765	659,061	659,061	-	-	659,061	
Other financial liabilities	29	3,920,838	3,920,838	-	-	3,920,838	2,818,845	2,818,845	-	-	2,818,845	
Total liabilities		180,917,102	180,971,382	10,150,708	161,455,629	9,365,045	161,416,437	161,470,970	10,148,218	143,920,831	7,401,921	

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

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

RON thousand	Notes	Carrying amount	Group				Carrying amount	Fair value	Bank			
			Fair value	Fair value hierarchy					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	22	1,980,114	1,980,114	-	-	1,980,114	1,829,702	1,829,702	-	-	1,829,702	
Total assets		99,296,225	99,376,758	6,276,512	13,704,252	79,395,994	93,979,518	93,931,493	6,182,963	12,619,341	75,129,189	
Liabilities												
Deposits from banks	24	1,034,613	1,034,613	-	1,034,613	-	1,081,766	1,081,766	-	1,081,766	-	
Deposits from customers	25	138,052,954	138,081,222	-	138,081,222	-	134,443,350	134,470,810	-	134,470,810	-	
Loans from banks and other financial institutions	26	9,548,567	9,553,796	6,643,087	-	2,910,709	8,583,795	8,589,024	6,640,249	-	1,948,775	
Subordinated liabilities	27	2,423,218	2,423,218	-	-	2,423,218	2,403,652	2,403,652	-	-	2,403,652	
Lease liabilities		533,351	533,351	-	-	533,351	669,778	669,778	-	-	669,778	
Other financial liabilities	29	2,521,170	2,521,170	-	-	2,521,170	1,847,667	1,847,667	-	-	1,847,667	
Total liabilities		154,113,873	154,147,370	6,643,087	139,115,835	8,388,448	149,030,008	149,062,697	6,640,249	135,552,576	6,869,872	

Notes to the Interim Condensed Consolidated and Separate Financial Statements

5. Net interest income

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Interest income calculated using the effective interest method	2,809,665	7,772,772	2,099,575	6,131,517	2,407,826	7,102,273	1,944,864	5,513,858
- Cash and current accounts with Central Banks at amortized cost	135,713	362,801	110,766	263,407	101,671	310,261	98,599	197,236
- Placements with banks and public institutions at amortized cost	84,790	482,925	81,034	192,202	105,313	509,873	100,560	246,960
- Loans and advances to customers at amortized cost	1,905,074	5,089,214	1,448,093	4,216,921	1,552,613	4,530,844	1,321,931	3,797,351
- Debt instruments at fair value through other items of comprehensive income	400,864	1,172,374	393,551	1,214,554	396,388	1,162,757	391,976	1,209,305
- Debt instruments at amortized cost	283,224	665,458	66,131	244,433	251,841	588,538	31,798	63,006
Other similar income	169,020	421,066	97,246	262,510	13,083	29,386	11,927	28,369
- Finance lease receivables	154,778	390,456	85,318	234,140	-	-	-	-
- Non-recourse factoring receivables	14,242	30,610	11,927	28,369	13,083	29,386	11,927	28,369
Total interest income	2,978,685	8,193,838	2,196,821	6,394,027	2,420,909	7,131,659	1,956,791	5,542,227
Interest expense related to financial liabilities measured at amortized cost	1,088,649	3,173,930	930,852	2,597,970	995,562	3,024,817	892,161	2,437,410
- Cash and current accounts with Central Banks	37	(68)	1	175	-	-	-	-
- Deposits from banks	1,856	3,955	1,844	18,026	880	3,259	2,214	17,342
- Deposits from customers	862,081	2,496,653	750,803	2,218,042	785,088	2,393,513	726,686	2,103,276
- Loans from banks and other financial institutions	224,675	673,390	178,204	361,727	209,594	628,045	163,261	316,792
Other similar expense	3,038	8,465	977	2,552	3,561	10,528	1,864	5,272
- Lease liabilities	3,038	8,465	977	2,552	3,561	10,528	1,864	5,272
Total interest expense	1,091,687	3,182,395	931,829	2,600,522	999,123	3,035,345	894,025	2,442,682
Net interest income	1,886,998	5,011,443	1,264,992	3,793,505	1,421,786	4,096,314	1,062,766	3,099,545

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

Interest income for the period ended at September 30, 2024 includes the net interest income on impaired financial assets amounting RON 278,388 thousand (September 30, 2023: RON 152,706 thousand) for the Group and RON 162,983 thousand (September 30, 2023: RON 127,604 thousand) for the Bank.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

6. Net fee and commission income

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Fee and commission income								
Commissions from treasury and inter-bank operations	93,102	258,322	75,648	211,279	93,086	258,317	75,668	211,297
Client transactions (i)	531,650	1,444,903	436,056	1,200,571	433,934	1,223,555	371,970	1,036,913
Lending activity (ii)	5,369	13,167	3,427	10,432	3,013	9,610	2,648	8,150
Finance lease management	984	4,779	3,316	9,440	-	-	-	-
Asset management (iii)	12,377	33,217	8,526	24,111	-	-	-	-
Other fee and commission income	1,885	5,364	1,558	4,339	116	608	374	1,045
Total fee and commission income from contracts with customers	645,367	1,759,752	528,531	1,460,172	530,149	1,492,090	450,660	1,257,405
Fee income from financial guaranteed contracts (iv)	22,743	52,424	12,154	33,549	19,819	49,019	12,031	33,116
Total fee and commission income	668,110	1,812,176	540,685	1,493,721	549,968	1,541,109	462,691	1,290,521
Fee and commission expense								
Commissions from treasury and inter-bank operations	186,958	503,223	143,389	394,883	159,540	424,604	117,980	326,247
Client transactions	77,880	183,968	55,298	136,098	49,354	132,456	48,137	116,822
Lending activity (ii)	9,143	33,712	6,318	19,121	12,987	44,353	9,667	30,346
Other fees and commissions	611	1,755	712	1,944	560	2,028	624	1,905
Total fee and commission expense	274,592	722,658	205,717	552,046	222,441	603,441	176,408	475,320
Net fee and commission income	393,518	1,089,518	334,968	941,675	327,527	937,668	286,283	815,201

(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 guaranteed 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.

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

7. Net trading income

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Net income from foreign exchange transactions	218,078	567,429	186,012	491,013	162,336	460,715	159,858	433,868
Net income/(expense) from derivatives	(108,372)	(31,912)	(1,618)	(26,035)	(102,223)	(25,652)	(1,612)	(26,130)
Net income/(expense) from financial assets held-for-trading	6,474	64,145	13,168	27,189	(1,819)	680	5,612	12,661
Net income/(expense) from foreign exchange position revaluation	52,606	46,894	(1,644)	32,674	39,182	33,684	4,456	31,062
Net trading income	168,786	646,556	195,918	524,841	97,476	469,427	168,314	451,461

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

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Income from the sale of financial assets measured at fair value through other items of comprehensive income	59,181	144,956	41,885	127,620	59,057	143,612	41,150	126,876
Losses from the sale of financial assets measured at fair value through other items of comprehensive income	(81)	(926)	(372)	(1,021)	(81)	(926)	(372)	(1,021)
Net gain/(loss) realised from financial assets measured at fair value through comprehensive income	59,100	144,030	41,513	126,599	58,976	142,686	40,778	125,855

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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 September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Income from financial assets which are required to be measured at fair value through profit or loss	65,221	198,804	54,985	153,468	80,672	284,328	57,341	167,467
Losses from financial assets which are required to be measured at fair value through profit or loss	(24,223)	(90,978)	(29,515)	(74,609)	(23,852)	(96,565)	(20,830)	(82,248)
Net gain/(loss) realised from financial assets which are required to be measured at fair value through profit or loss	40,998	107,826	25,470	78,859	56,820	187,763	36,511	85,219

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

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

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Contribution to the Bank Deposit Guarantee Fund	904	47,889	800	47,177	-	45,218	-	44,875
Bank Resolution Fund	195	41,675	(37)	45,654	-	29,296	-	42,011
Total	1,099	89,564	763	92,831	-	74,514	-	86,886

Notes to the Interim Condensed Consolidated and Separate Financial Statements

11. Other operating income

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Dividend income	5,643	15,448	384	9,189	103	23,572	51	5,912
Income regarding movable and immovable assets resulting from debt enforcement	459	4,444	-	-	(110)	2,398	240	884
Income from insurance intermediation	59,004	169,979	46,708	126,949	37,984	109,041	31,022	82,671
Income from indemnities, fines and penalties	1,302	4,577	3,182	9,391	603	2,340	1,297	5,364
Income from VISA, MASTERCARD, WU services	982	34,487	9,960	21,399	995	30,885	9,952	21,036
Other operating income (*)	38,052	90,598	30,765	88,980	12,826	43,700	10,218	35,004
Total	105,442	319,533	90,999	255,908	52,401	211,936	52,780	150,871

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

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

<i>In RON thousand</i>	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
Net impairment allowance on assets (i)	248,998	443,682	247,850	428,686	97,684	225,448	199,859	291,202
Net loss on loans written off	207	10,760	3,192	4,228	1	1	1	2
Net loss on finance lease receivables written off	185	370	33	150	-	-	-	-
Provisions for other risks and loan commitments	(2,957)	(24,534)	(3,919)	(6,179)	4,162	(13,664)	(9,821)	(12,445)
Recoveries from loans written off	(92,024)	(212,749)	(78,045)	(190,051)	(44,546)	(120,522)	(30,946)	(135,131)
Recoveries from finance lease receivables written off	(336)	(4,631)	(825)	(10,992)	-	-	-	-
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	154,073	212,898	168,286	225,842	57,301	91,263	159,093	143,628

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

<i>In RON thousand</i>	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
Loans and advances to customers	215,853	367,879	180,991	365,178	96,743	220,151	139,619	229,019
Treasury and inter-bank operations	4,418	5,020	89	(413)	1,773	(5,664)	128	2,451
Finance lease receivables	22,582	49,770	8,168	1,036	-	-	-	-
Investment securities	(3,234)	9,526	56,700	52,260	(6,469)	4,058	57,103	51,780
Other financial assets	9,379	11,487	1,902	10,625	5,637	6,903	3,009	7,952
Net impairment allowance on assets	248,998	443,682	247,850	428,686	97,684	225,448	199,859	291,202

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

(b) (Other) Provisions and reversal of provisions

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Other non-financial assets	987	(326)	(1,044)	(4,761)	(363)	(929)	-	(182)
Property, plant and equipment and intangible assets	(276)	(276)	-	-	-	-	-	-
Litigation and other risks	(4,085)	(6,647)	487	(5,805)	(1,415)	(3,950)	(2,742)	(3,512)
(Other) Provisions and reversal of provisions	(3,374)	(7,249)	(557)	(10,566)	(1,778)	(4,879)	(2,742)	(3,694)

13. Personnel expenses

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Gross salaries	543,104	1,541,830	416,143	1,259,179	402,557	1,207,337	345,280	1,043,034
Social protection contribution	22,856	65,444	18,103	53,404	13,369	37,966	11,185	32,364
Share-based payments to employees	26,421	86,502	15,392	50,235	26,421	83,243	15,395	48,265
3rd Pension Pillar	4,130	12,034	3,143	11,755	3,737	10,895	2,732	10,678
Other staff expenses	36,023	108,269	25,377	78,315	28,923	91,597	22,348	69,602
Net income (-)/expenses with provisions for overdue vacations and other provisions	33,984	18,596	(7,145)	(2,470)	4,863	13,441	(10,119)	4,179
Total	666,518	1,832,675	471,013	1,450,418	479,870	1,444,479	386,821	1,208,122

Notes to the Interim Condensed Consolidated and Separate Financial Statements

14. Other operating expenses

<i>In RON thousand</i>	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
Rent and operating lease expense	2,672	7,485	2,256	6,448	1,694	5,181	1,618	4,630
Repairs and maintenance expenses	118,326	307,016	85,290	227,706	88,784	244,501	72,636	200,034
Advertising, marketing, entertainment and sponsorship expenses	61,062	147,259	28,657	96,688	42,580	101,252	23,554	84,641
Mail, telecommunication and SMS traffic expenses	22,535	64,522	17,925	52,112	16,535	49,377	15,226	44,084
Materials and stationery expenses	28,784	83,783	23,900	69,884	22,693	65,619	21,141	62,432
Other professional fees, including legal expenses	14,641	45,502	10,917	32,385	12,800	39,497	4,734	15,327
Net Income/ Expenses regarding movable and immovable assets resulting from debt enforcement	-	-	(314)	-	-	-	-	-
Electricity and heating	10,232	32,244	10,058	30,450	8,147	27,750	9,237	26,681
Business travel, transportation and temporary relocation expenses	22,967	58,631	16,036	45,973	20,330	53,914	15,183	43,758
Insurance costs	11,218	28,468	8,252	24,475	8,188	23,581	7,369	21,940
Taxes and fees (*)	78,905	225,589	5,830	21,916	70,158	213,319	4,823	18,487
Losses from disposal of tangible assets	(1,676)	-	(10)	-	-	-	54	54
Losses from disposal of intangible assets	280	1,532	-	-	-	-	-	-
Security and protection	9,656	26,644	7,933	22,056	8,486	24,414	7,522	20,906
Expenses related to archiving services	5,415	16,554	4,625	14,239	4,839	15,458	4,379	13,500
Expenses related to database queries from the Trade Register and the Credit Bureau	1,872	7,312	2,048	6,853	1,491	5,407	1,488	5,022
Expenses with foreclosed assets	2,653	8,024	3,588	6,751	1,865	6,155	2,211	5,998
Audit, advisory and other services provided by the independent auditor	2,751	8,312	1,160	7,970	990	4,744	645	5,248
Other operating expenses	53,831	119,818	26,550	85,456	34,990	85,989	18,803	55,570
Total other operating expenses	446,124	1,188,695	254,701	751,362	344,570	966,158	210,623	628,312

(*) Starting from 2024, the "Taxes and fees " line also includes the turnover tax calculated for the reported period, representing 2% of the turnover, amounting RON 72,172 thousand for the Group and RON 65,999 thousand for the Bank for the period of 3 months ended September 30, 2024, respectively amounting RON 205,036 thousand for the Group and RON 197,921 thousand for the Bank for the period of 6 months ended September 30, 2024.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

15. Income tax expense

	Group				Bank			
	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023	3 months ended September 30, 2024	9 months ended September 30, 2024	3 months ended September 30, 2023	9 months ended September 30, 2023
<i>In RON thousand</i>								
Gross Profit	1,934,254	4,437,695	946,426	2,880,021	1,029,338	3,156,346	792,369	2,366,344
Statutory tax rate (2024: 16%; 2023: 16%)(*)	(309,480)	(710,031)	(151,428)	(460,803)	(164,694)	(505,015)	(126,779)	(378,615)
Fiscal effect of income tax on the following elements:	136,820	179,875	(85,177)	(127,730)	34,068	57,528	(75,105)	(128,277)
- Non-taxable income	133,414	175,727	(1,201)	50,419	36,717	86,756	33,528	84,203
- Non-deductible expense	(51,329)	(100,733)	(18,533)	(91,162)	(55,857)	(144,125)	(30,697)	(111,747)
- Tax deductions	54,912	118,285	23,352	104,165	53,289	115,194	22,135	101,567
- Income related items	(349)	(13,754)	(28,051)	(30,499)	(81)	(297)	(71)	(2,300)
- Expense related items	172	350	39,256	39,347	-	-	-	-
- Profit tax related to fiscal uncertainties	-	-	(100,000)	(200,000)	-	-	(100,000)	(200,000)
Income tax expense	(172,660)	(530,156)	(236,605)	(588,533)	(130,626)	(447,487)	(201,884)	(506,892)
- Current tax expense	(172,139)	(536,032)	(215,139)	(579,032)	(135,431)	(452,017)	(201,710)	(506,680)
- Deferred tax expense	(521)	5,876	(15,898)	(9,501)	4,805	4,530	(174)	(212)

(*) Statutory tax rate for BCR Chisinau S.A., Victoriabank 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

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Minimum reserve requirement	24,490,776	19,984,835	19,609,084	18,289,681
Cash on hand and other values	4,917,008	4,267,765	4,179,405	3,996,576
Total	29,407,784	24,252,600	23,788,489	22,286,257

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

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Cash and current accounts with Central Banks (*)	24,881,896	24,244,467	23,786,306	22,280,893
Placements with banks - maturity below 3 months	3,153,924	11,304,732	2,641,371	10,460,417
Reverse-repo transactions	2,501,822	-	2,501,822	-
Loans and advances to credit institutions with maturity below 3 months	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	291,642	-	179,472	-
Financial assets at amortized cost – debt instruments with maturity below 3 months	453,314	573,172	-	8,984
Cash and cash equivalents in the cash flow statement	31,282,598	36,122,371	29,108,971	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 4,547 thousand (2023: RON 8,133 thousand) and at the level of the Bank in the amount of RON 2,183 thousand (2023: RON 5,364 thousand).

17. Placements with banks and public institutions

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Current accounts with other banks	670,267	1,100,282	329,144	678,579
Sight and term deposits with other banks	2,983,511	10,663,188	3,034,667	11,431,273
Reverse repo transactions	2,502,205	-	2,502,205	-
Loans and advances to credit institutions	461,995	509,489	1,360,308	509,489
Total	6,617,978	12,272,959	7,226,324	12,619,341

Except for sale and reverse-repo agreements, the amounts due from other banks are not guaranteed. As of September 30, 2024, the placements with banks included reverse-repo securities, term deposits and loans and advances to credit institutions with maturity up to 3 months, which are also included in the separate and consolidated statement of cash flows, as follows: reverse-repo in amount of RON 2,501,822 thousand, deposits in amount of RON 1,828,536 thousand and loans and advances to credit institutions in amount of RON 0 thousand at Group level, and reverse-repo of RON 2,501,822 thousand, deposits in amount of RON 1,777,320 thousand and loans and advances to credit institutions in amount of RON 0 thousand at Bank level (December 31, 2023: reverse-repo in amount of RON 0 thousand, deposits in amount of RON 9,562,115 thousand at Group level and reverse-repo of RON 0 thousand, deposits in amount of RON 9,367,492 thousand at Bank level).

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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	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Equity instruments	225,124	216,101	21,180	36,303
Debt instruments	152,935	129,655	-	-
Total	378,059	345,756	21,180	36,303

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

For the period ended September 30, 2024, the Group owned significant investments amounting to RON 202,904 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	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Equity instruments	335,017	292,920	307,298	292,472
Debt instruments	1,024,262	939,678	1,565,456	1,377,683
Total	1,359,279	1,232,598	1,872,754	1,670,155

As of September 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 amount of RON 307,298 thousand 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, the Republic of Moldova and Italy. The structure of the credit portfolio of the Group and the Bank as of September 30, 2024 and December 31, 2023 is the following:

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Corporate and government institutions	37,508,863	31,891,157	37,943,710	35,424,045
Small and medium enterprises	13,472,869	10,254,549	11,674,275	9,063,280
Consumer loans and card loans granted to retail customers	16,268,977	13,392,850	14,167,076	12,674,358
Mortgage loans	23,805,134	19,053,459	18,993,544	18,701,951
Loans granted by non-banking financial institutions	2,467,764	2,060,596	-	-
Other	81,769	63,147	72,099	57,578
Total loans and advances to customers before impairment allowance (*)	93,605,376	76,715,758	82,850,704	75,921,212
Allowances for impairment losses on loans	(5,012,006)	(4,707,534)	(4,696,571)	(4,370,808)
Total loans and advances to customers net of impairment allowance	88,593,370	72,008,224	78,154,133	71,550,404

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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 of September 30, 2024 and December 31, 2023, is the following:

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Retail	41,310,088	33,535,169	33,232,730	31,433,875
Trading	9,892,002	8,253,371	8,003,245	7,553,098
Manufacturing	6,577,741	5,247,804	5,465,243	4,916,366
Agriculture	4,613,723	3,304,137	3,595,713	3,188,576
Services	4,352,278	3,545,309	3,671,954	3,260,427
Real Estate	4,451,988	2,905,592	3,112,100	2,960,077
Constructions	3,305,910	2,354,987	2,815,042	2,123,074
Transportation	2,588,723	2,585,858	2,044,397	2,117,656
Self-employed	1,383,965	1,103,274	1,046,980	887,732
Others	1,452,011	1,262,629	1,233,236	1,097,760
Financial Institutions	1,409,089	768,736	6,880,463	4,608,630
Telecommunications	313,522	321,982	281,656	293,838
Energy	1,671,373	1,941,327	1,382,809	1,919,409
Mining Industry	129,082	82,452	97,834	76,976
Chemical Industry	193,899	150,639	152,159	145,467
Government Institutions	9,941,864	9,330,576	9,818,909	9,317,465
Fishing	18,118	21,916	16,234	20,786
Total loans and advances to customers before impairment allowance (*)	93,605,376	76,715,758	82,850,704	75,921,212
Allowances for impairment losses on loans	(5,012,006)	(4,707,534)	(4,696,571)	(4,370,808)
Total loans and advances to customers, net of impairment allowance	88,593,370	72,008,224	78,154,133	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.

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>	30-09-2024	31-12-2023
Finance lease receivables with maturity below 1 year, gross	3,470,443	1,426,123
Finance lease receivables with maturity between 1-2 years, gross	1,084,151	1,112,761
Finance lease receivables with maturity between 2-3 years, gross	880,692	845,466
Finance lease receivables with maturity between 3-4 years, gross	654,995	535,641
Finance lease receivables with maturity between 4-5 years, gross	321,219	259,946
Finance lease receivables with maturity above 5 years, gross	24,949	18,911
Total finance lease receivables, gross	6,436,449	4,198,848
Future interest related to finance lease receivables	(669,592)	(494,074)
Total finance lease receivables, net of future interest	5,766,857	3,704,774
Impairment allowances for finance lease receivables	(203,475)	(142,091)
Total finance lease receivables	5,563,382	3,562,683

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

The explanatory notes to the financial statements from page 11 to page 64 are an integral part of these financial statements. 52

Notes to the Interim Condensed Consolidated and Separate Financial Statements

21. Investment securities

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

In RON thousand	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Debt instruments, of which:	39,885,757	40,419,383	39,319,688	40,218,319
- Central administrations	37,905,758	37,959,831	37,326,148	37,745,421
- Credit institutions	1,472,918	2,068,827	1,472,918	2,068,827
- Other financial companies	488,971	310,847	502,512	324,193
- Non-financial institutions	18,110	79,878	18,110	79,878
Equity instruments, of which:	171,626	154,160	21,482	19,400
- Other financial companies	142,906	121,512	19,454	15,192
- Non-financial institutions	28,720	32,648	2,028	4,208
Loans and advances to customers, of which:	25,727	26,483	25,727	26,483
- Central administrations	25,727	26,483	25,727	26,483
Total	40,083,110	40,600,026	39,366,897	40,264,202

b) Financial assets at amortized cost - debt instruments

For the period ended on September 30, 2024, the Group classified as financial assets measured at amortized cost - debt instruments, bonds in amount of RON 21,106,410 thousand, and bonds in amount of RON 18,325,813 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	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Debt instruments, of which				
- Central Banks	453,314	564,188	-	-
- Central administrations	18,584,944	6,819,530	16,242,386	5,876,660
- Credit institutions	748,916	788,581	764,191	803,465
- Other financial companies	1,273,381	1,255,462	1,273,381	1,255,463
- Non-financial institutions	45,855	44,484	45,855	44,483
Total	21,106,410	9,472,245	18,325,813	7,980,071

22. Other financial assets

In RON thousand	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Amounts under settlement	1,348,373	1,104,646	1,260,122	1,047,869
Non-recourse factoring	761,584	438,740	708,874	438,740
Sundry debtors and advances for non-current assets	621,549	408,708	411,850	286,003
Cheques and other instruments to be encashed	108,900	71,593	82,698	71,593
Other financial assets	29,151	14,577	16,971	7,519
Impairment allowance for other financial assets	(98,687)	(58,150)	(28,709)	(22,022)
Total	2,770,870	1,980,114	2,451,806	1,829,702

As of September 30, 2024, out of RON 2,770,870 thousand (December 31, 2023: RON 1,980,114 thousand), the Group's other impaired financial assets amounted to RON 67,926 thousand (December 31, 2023: RON 41,866 thousand).

As of September 30, 2024 out of RON 2,451,806 thousand (December 31, 2023: RON 1,829,702 thousand), the Bank's other impaired financial assets amounted to RON 3,671 thousand (December 31, 2023: RON 3,897 thousand).

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23. Other non-financial assets

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Inventories and similar assets	142,223	87,945	61,205	55,680
Accrued expenses	155,438	134,465	117,922	121,215
VAT and other taxes to be received	55,657	34,486	2,310	1,523
Other non-financial assets	95,519	79,342	27,164	27,430
Impairment allowance for other non-financial assets	(48,998)	(15,839)	(7,167)	(8,096)
Total	399,839	320,399	201,434	197,752

24. Deposits from banks

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Sight deposits	367,150	497,386	284,415	509,707
Term deposits	346,488	537,227	121,087	572,059
Total	713,638	1,034,613	405,502	1,081,766

25. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Current accounts	75,085,437	69,999,127	68,584,669	67,447,241
Sight deposits	1,839,713	953,695	1,273,767	739,327
Term deposits	81,803,803	66,019,978	71,939,112	65,215,377
Collateral deposits	1,257,762	1,080,154	1,000,646	1,041,405
Total	159,986,715	138,052,954	142,798,194	134,443,350

Deposits from customers can be also analyzed as follows:

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Retail	103,292,819	88,572,664	92,645,098	86,293,705
Legal entities	56,693,896	49,480,290	50,153,096	48,149,645
Total	159,986,715	138,052,954	142,798,194	134,443,350

26. Loans from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Loans from public administrations	30,442	33,048	-	-
Loans from commercial banks	958,016	943,981	377,370	376,530
- Romanian banks	580,646	567,451	-	-
- Foreign banks	377,370	376,530	377,370	376,530
Loans from development banks	1,129,232	1,240,927	1,086,853	1,200,214
Repurchase agreements (repo transactions)	700,996	363,251	662,602	363,251
Other funds from financial institutions	155,839	139,026	2,642	3,551
Issued bonds	10,338,736	6,828,334	10,148,219	6,640,249
Total	13,313,261	9,548,567	12,277,686	8,583,795

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

The covenants stipulated in the loan agreements were met by the Group and the Bank on September 30, 2024 and December 31, 2023.

The table below summarizes the underlying securities of repo agreements:

<i>In RON thousand</i>	Group				Bank			
	30-09-2024		31-12-2023		30-09-2024		31-12-2023	
	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities	Transferred assets	Related liabilities
	667,827	662,602	368,480	363,251	667,827	662,602	368,480	363,251
Total	667,827	662,602	368,480	363,251	667,827	662,602	368,480	363,251

27. Subordinated liabilities

As of September 30, 2024 and December 31, 2023, the covenants stipulated in the loan agreements for subordinated liabilities were met by the Group and the Bank.

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Loans from development banks and financial institutions	-	12,562	-	-
Non-convertible bonds	2,463,885	2,410,656	2,457,149	2,403,652
Total	2,463,885	2,423,218	2,457,149	2,403,652

28. Provisions for other risks and loan commitments

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

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Provisions for loan commitments, financial guarantees and other commitments given	368,563	364,335	307,709	326,004
Provisions for untaken holidays	49,429	37,375	31,292	28,866
Provisions for other employee benefits	143,568	92,956	58,436	48,370
Provisions for litigation, other risks and charges (*)	209,561	156,478	144,220	148,299
Total	771,121	651,144	541,657	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..

29. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Amounts under settlement	3,388,039	1,982,830	2,578,074	1,512,867
Sundry creditors	410,493	456,939	168,852	270,710
Dividends payable	35,861	30,950	35,292	30,950
Other financial liabilities	86,445	50,451	36,627	33,140
Total	3,920,838	2,521,170	2,818,845	1,847,667

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Notes to the Interim Condensed Consolidated and Separate Financial Statements

30. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Other taxes payable	172,593	85,056	121,498	62,840
Other non-financial liabilities	214,255	203,001	94,445	109,129
Total	386,848	288,057	215,943	171,969

31. Earnings per share

The calculation of basic earnings per share was based on the net consolidated, profit attributable to ordinary shareholders of the parent company of RON 3,752,799 thousand (2023: RON 2,212,206 thousand) and on the weighted average number of ordinary shares outstanding during the year of 915,779,165 (September 30, 2023 recalculated: 915,209,823 shares).

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.

On September 30, 2023 and September 30, 2024, 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	
	30-09-2024	30-09-2023
Ordinary shares issued as of 1 January	798,658,233	707,658,233
The impact of shares issued as of 1 January	118,221,613	91,000,000
The impact of the shares repurchased during the year	(1,100,681)	(1,670,023)
The impact of the shares obtained from bonds conversion	-	-
The retroactive adjustment of the weighted average number of outstanding shares as of September 30, 2023	-	118,221,613
Weighted average number of shares	915,779,165	915,209,823
The number of shares that may be issued upon the conversion of bonds into shares	-	-
Weighted average number of diluted shares	915,779,165	915,209,823

32. Capital management

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

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

The National Bank of Romania monitors capital requirements 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements**32. Capital management (continued)**

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, 2024-September 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-September 30, 2024;
- the anticyclical capital buffer specific to the institution of 1% of the value of the risk-weighted valid starting from October 2023.

Own funds adequacy

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

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

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

As of September 30, 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, the 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 17,745,513 thousand as of September 30, 2024 (December 31, 2023: RON 14,954,116 thousand), regulatory capital amounts to RON 10,797,319 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 September 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 and the Bank manage their capital base in a dynamic 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 and the requirements of own funds.

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

<i>In RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Tier 1 own funds	15,643,698	12,692,053	14,210,722	11,363,215
Tier 2 own funds	2,101,815	2,262,063	2,101,616	2,260,454
Total own funds	17,745,513	14,954,116	16,312,338	13,623,669

Notes to the Interim Condensed Consolidated and Separate Financial Statements

32. Capital management (continued)

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

<i>In %</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Core tier one ratio	19.56	18.29	22.88	18.32
Tier 1 ratio	19.56	18.29	22.88	18.32
CAR	22.19	21.55	26.26	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 nine-month period ended September 30, 2024, the current profit on June 30, 2024 was considered in the calculation of own funds. Regulatory capital as of September 30, 2024 and December 31, 2023 was calculated according to the IFRS standards endorsed by the European Union.

33. Credit risk management

The concentration of credit risk related to financial instruments exists for groups of clients or other third parties with similar economic characteristics and whose ability to repay loans is similarly affected by changes in the economic environment. 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 class concentrations of on-balance sheet exposures, related to the portfolio of loans and advances granted to customers, at Bank level, and loans and advances granted to customers and receivables from financial leasing contracts, at Group level:

<i>RON thousand</i>	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Corporate and public institutions	37,508,863	31,891,165	37,943,710	35,424,045
Small and medium enterprises	13,472,869	10,254,551	11,674,275	9,063,280
Consumer loans and card loans granted to retail customers	16,268,977	13,392,845	14,167,076	12,674,358
Mortgage loans	23,805,134	19,053,458	18,993,544	18,701,951
Loans and finance lease receivables granted by non-banking financial institutions	8,234,621	5,765,371	-	-
Other	81,769	63,142	72,099	57,578
Total loans and advances to customers and financial lease receivables before impairment allowance	99,372,233	80,420,532	82,850,704	75,921,212
Allowances for impairment losses on loans and financial lease receivables	(5,215,481)	(4,849,625)	(4,696,571)	(4,370,808)
Total loans and advances to customers and financial lease receivables net of impairment allowance	94,156,752	75,570,907	78,154,133	71,550,404

As of September 30, 2024, the total irrevocable on-balance and off-balance sheet exposure was of RON 105,659,667 thousand (December 31, 2023: RON 85,485,284 thousand) for the Group and RON 86,336,160 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.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

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

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

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

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of September 30, 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	31,230,056	5,541,867	530,358	206,582	37,508,863
Small and medium enterprises	10,061,525	2,697,053	613,401	100,890	13,472,869
Consumer loans and card loans granted to retail customers	12,078,127	3,094,085	952,835	143,930	16,268,977
Mortgage loans	20,661,776	2,840,966	187,093	115,299	23,805,134
Loans and finance lease receivables granted to non-banking financial institutions	6,415,177	1,171,688	517,204	130,552	8,234,621
Other	22	62,712	18,947	88	81,769
Total loans and advances to customers and financial lease receivables before impairment allowance	80,446,683	15,408,371	2,819,838	697,341	99,372,233
Allowances for impairment losses on loans and financial lease receivables	(1,299,804)	(2,031,677)	(1,796,263)	(87,737)	(5,215,481)
Total loans and advances to customers and financial lease receivables net of impairment allowance	79,146,879	13,376,694	1,023,575	609,604	94,156,752

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of December 31, 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

The exposures to credit risk for loans and advances to customers at Bank level, as of September 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	32,653,589	4,739,475	484,351	66,295	37,943,710
Small and medium enterprises	8,710,648	2,389,543	559,452	14,632	11,674,275
Consumer loans and card loans granted to retail customers	10,501,092	2,691,075	905,505	69,404	14,167,076
Mortgage loans	16,376,195	2,424,260	163,939	29,150	18,993,544
Other	22	53,100	18,889	88	72,099
Total loans and advances to customers before impairment allowance	68,241,546	12,297,453	2,132,136	179,569	82,850,704
Allowances for impairment losses on loans	(1,257,817)	(1,906,045)	(1,503,471)	(29,238)	(4,696,571)
Total loans and advances to customers net of impairment allowance	66,983,729	10,391,408	628,665	150,331	78,154,133

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

The exposures to credit risk for loans and advances to customers at Bank level, as of December 31, 2023, are presented below:

At amortized cost <i>In RON thousand</i>	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
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

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 S.A. (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.

Banca Transilvania S.A.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

33. Credit risk management (continued)

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 S.A. 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 September 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	16,106	2,022.8

34. Current tax liability

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

	Group		Bank	
	30-09-2024	31-12-2023	30-09-2024	31-12-2023
Current tax liability	234,505	130,294	236,718	139,690
Assets tax related to fiscal uncertainties	26,410	26,410	26,410	26,410
Total	260,915	103,884	210,308	113,280

35. 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 9 months until September 30, 2024, BCR Chisinau S.A. contributed with a gain of RON 2.3 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 BTP Store Hub Turda S.R.L..

On July 30, 2024, Banca Transilvania S.A. acquired 100% of the shares in OTP Bank Romania S.A.. According to the transaction, Banca Transilvania Financial Group also acquired the shares of other companies owned by OTP group in Romania, respectively OTP Leasing Romania IFN S.A., OTP Factoring SRL, OTP Advisors SRL, OTP Consulting Romania SRL, Rea Project One Company SRL, Govcka Project Company SRL and OTP Bank Romania S.A..

In the period of 2 months until September 30, 2024, OTP group companies contributed with a profit of RON 91.9 million to the Group's results. If the acquisition had taken place on January 1, 2024, the management estimates that the contribution to the consolidated profit would have been of 162.8 million RON. This estimation is based on the assumption that preliminary fair value adjustments registered on the acquisition date would have been the same if the acquisition had taken place on January 1, 2024.

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..

The fair value of the transferred consideration is RON 1,712,357 thousand and was paid in full on the acquisition date. No capital instruments were issued as part of the acquisition of OTP Bank Romania S.A. or in case of the other OTP group companies.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

35. Business combinations (continued)

Assets acquired and liabilities assumed

The table below summarizes the amounts recognized at the acquisition date in respect of the assets acquired and liabilities assumed for BCR Chisinau S.A.:

<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

The table below summarizes the amounts recognized at the acquisition date in respect of the assets acquired and liabilities assumed for the purchased entities from OTP Group:

<i>RON thousand</i>	Accounting Value	Adjustments	Fair Value
Cash, cash equivalents and bank deposits	4,516,091	-	4,516,091
Investment portfolio at amortised cost	1,383,947	(105,788)	1,278,159
Loans and advances granted to customers	12,230,139	(25,506)	12,204,633
Finance lease receivables	856,541	(9,513)	847,028
Tangible and intangible fixed assets, investment property and assets related to the right of use	263,380	(30,067)	233,313
Other assets	296,310	(8,073)	288,237
Deposits from customers	(281,392)	-	(281,392)
Deposits from banks	(12,965,531)	(1,079)	(12,966,610)
Borrowings	(3,294,831)	-	(3,294,831)
Other debts	(456,908)	19,165	(437,743)
Total net assets acquired	2,547,746	(160,861)	2,386,885

Preliminary fair value accounting

According to the International Financial Reporting Standards (IFRS 3 - Business combinations) as at September 30, 2024, the initial booking of the acquisition of OTP group companies might be incomplete with respect to certain balance sheet items. Therefore, the preliminary consolidated financial statements for the 2 months period ended on September 30, 2024 contains provisional values of the acquired companies.

The principles of IFRS 3 - Business combinations allow for a measurement period which cannot exceed one year from the acquisition date. During the measurement period, the provisional values recognized at the acquisition date can be adjusted retroactively after the completion of the assessment report prepared by an independent appraiser at the acquisition date.

For financial reporting purposes as at September 30, 2024, the Group used a preliminary assessment report prepared by PWC Romania.

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;

Notes to the Interim Condensed Consolidated and Separate Financial Statements

35. Business combinations (*continued*)

- **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 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 (in amount of 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 amount of RON 190,297 thousand).

The gain from the acquisition of OTP Bank Romania S.A. and the other OTP group companies in amount of RON 674,528 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 (in amount of RON 1,712,357 thousand) and the part of the fair value of the assets and liabilities of OTP group companies. on the date of taking control (in amount of RON 2,386,885 thousand).

36. Events after the reporting period

As at October 14, 2024, the closing documents for the acquisition of the OTP Asset Management SAI S.A. were signed.

At the date of obtaining control, the net assets according to both acquired entities' records are worth RON 15,758 thousand. 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 Asset Management SAI S.A..

The Group has agreed the acquisition of BRD Pension participation (BRD Societate de Administrare a Fondurilor de Pensii Private) from Société Generale 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 condensed consolidated and separate financial statements were approved by the Board of Directors on November 6, 2024 and were signed on behalf of the Board.

Ömer TETİK
Chief Executive Officer

George CĂLINESCU
Deputy Chief Executive Officer