

Banca Transilvania S.A.

**CONDENSED CONSOLIDATED AND INDIVIDUAL FINANCIAL
STATEMENTS**

Prepared in accordance with the International Financial Reporting Standards as
endorsed by the European Union

JUNE 30, 2016

(Free translation)*

** Translator's explanatory note: This translation is provided as a free translation from Romanian,
which is the official and binding version.*

INTERIM REPORT

Banca Transilvania S.A.

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Banca Transilvania S.A.

Consolidated and Individual Statement of Comprehensive Income

For the six-months period ended June 30, 2016

	Notes	Group		Bank	
		30-06-2016 <i>RON thousand</i>	30-06-2015 <i>RON thousand</i>	30-06-2016 <i>RON thousand</i>	30-06-2015 <i>RON thousand</i>
Interest income		1,027,789	1,204,154	1,001,276	769,444
Interest expense		(145,949)	(264,077)	(143,583)	(247,407)
Net interest income	5	881,840	940,077	857,693	522,037
Fee and commission income		307,311	279,370	294,840	260,848
Fee and commission expense		(48,838)	(49,572)	(51,893)	(49,943)
Net fee and commission income	6	258,473	229,798	242,947	210,905
Net trading income	7	79,743	60,299	80,675	69,824
Net income from sale of available for sale financial instruments	8	269,758	200,286	269,498	200,490
Contribution to Bank Deposit Guarantee Fund and Bank Resolution Fund		(72,792)	(95,216)	(72,792)	(80,944)
Other operating income	9	61,953	42,916	37,180	24,479
Operating income		1,478,975	1,378,160	1,415,201	946,791
Net income/expense from impairment losses on assets, other liabilities and loan commitments	10	(317,923)	(336,124)	(325,216)	(236,795)
Personnel expenses	11	(318,079)	(292,421)	(304,816)	(243,812)
Amortization	20	(45,153)	(40,911)	(35,680)	(26,942)
Other operating expenses	12	(232,730)	(248,902)	(211,191)	(212,935)
Operating expenses		(913,885)	(918,358)	(876,903)	(720,484)
Gain from acquisition		-	1,650,600	-	-
Profit before income tax		565,090	2,110,402	538,298	226,307
Income tax expense	13	(84,019)	(38,816)	(80,042)	(36,099)
Net profit for the period		481,071	2,071,586	458,256	190,208
Profit attributable to:					
Shareholders of the Bank		479,716	2,070,721	458,256	190,208
Non-controlling interests		1,355	865	-	-
Net profit for the period		481,071	2,071,586	458,256	190,208
Basic earnings per share	32	0.1316	0.5679	0.1257	0.0522
Diluted earnings per share	32	0.1313	0.5679	0.1254	0.0522

Banca Transilvania S.A.

Consolidated and Individual Statement of Comprehensive Income (continued)

For the six-months period ended June 30, 2016

	Notes	Group		Bank	
		30-06-2016	30-06-2015	30-06-2016	30-06-2015
		RON thousand	RON thousand	RON thousand	RON thousand
Net profit for the period		481,071	2,071,586	458,256	190,208
Items which may never be reclassified to profit or loss					
Increases/decreases from revaluation of tangible assets, net of tax		-	-	-	-
Other items of comprehensive income		68	(649)	6	(297)
Items which are or may be reclassified to profit or loss					
Fair value reserves (financial instruments available for sale), net of tax, of which:					
Net income from sale of available for sale financial instruments transferred to statement of comprehensive income		(84,230)	(273,905)	(90,056)	(271,640)
Fair value changes to available for sale financial instruments, net of tax		(226,597)	(168,240)	(226,378)	(168,411)
		142,367	(105,665)	136,322	(103,229)
Total comprehensive income for the period		396,909	1,797,032	368,206	(81,729)
Total comprehensive income attributable to:					
Shareholders of the Bank		395,554	1,796,167	-	-
Non-controlling interests		1,355	865	-	-
Total comprehensive income for the period		396,909	1,797,032	368,206	(81,729)

Ömer Tetik
General Director

George Călinescu
Deputy General Director

Banca Transilvania S.A.

Consolidated and Individual Statement of Financial Position

For the six-months period ended June 30, 2016

	Notes	Group		Bank	
		30-06-2016 RON thousand	31-12-2015 RON thousand	30-06-2016 RON thousand	31-12-2015 RON thousand
Assets					
Cash and cash equivalents at Central Bank	14	5,096,741	4,997,930	5,096,698	4,997,896
Placements with banks	15	2,524,615	3,908,864	2,503,770	3,889,483
Financial assets at fair value through profit or loss	16	154,142	161,028	59,456	56,819
Loans and advances to customers (net)	17	25,485,186	24,894,560	25,851,184	25,107,527
Net finance lease investments	18	428,709	331,054	-	-
Investment securities available for sale	19	13,430,694	12,242,959	13,525,778	12,332,576
Investment securities, held-to-maturity	19	16,775	12,942	-	-
Investment in equity		-	-	84,928	84,886
Tangible assets	20	504,857	452,266	348,104	337,076
Intangible assets	20	75,221	74,472	68,399	72,425
Goodwill	20	2,774	376	-	-
Deferred tax assets		50,031	113,906	48,273	111,162
Other assets	21	372,937	388,735	304,581	352,815
Total assets		48,142,682	47,579,092	47,891,171	47,342,665
Liabilities					
Deposits from banks	23	509,462	388,425	509,462	388,425
Deposits from customers	24	38,926,528	38,301,741	39,020,732	38,395,292
Borrowings from banks and other financial institutions	25	1,403,607	1,129,702	1,337,930	985,142
Other subordinated liabilities	26	412,998	416,424	412,935	416,352
Provisions for other risks and loan commitments	27	697,046	708,199	692,041	705,596
Other liabilities	28	701,643	360,140	617,026	334,097
Total liabilities excluding financial liabilities to holders of fund units		42,651,284	41,304,631	42,590,126	41,224,904
Financial liabilities to holders of fund units		32,823	33,648	-	-
Total liabilities		42,684,107	41,338,279	42,590,126	41,224,904
Equity					
Share capital	29	3,112,539	3,112,505	3,112,539	3,112,505
Treasury shares		(13,447)	(11,806)	-	-
Share premiums		28,360	28,316	28,360	28,316
Retained earnings		1,817,622	2,523,109	1,663,305	2,389,102
Revaluation reserve		25,502	26,470	26,436	27,377
Reserves from available-for-sale assets		91,281	175,511	97,872	187,928
Other reserves		381,227	380,588	372,533	372,533
Total equity attributable to shareholders of the Bank		5,443,084	6,234,693	5,301,045	6,117,761
Non-controlling interests		15,491	6,120	-	-
Total equity		5,458,575	6,240,813	5,301,045	6,117,761
Total liabilities and equity		48,142,682	47,579,092	47,891,171	47,342,665

Ömer Tetik
General Director

George Călinescu
Deputy General Director

Banca Transilvania S.A.

Consolidated statement of changes in equity

For the six-months period ended June 30, 2016

In RON thousand	Attributable to the shareholders of the Bank								
	Share capital	Treasury shares	Share premiums	Revaluation reserves	Available for sale financial assets reserves	Other reserves	Retained earnings	Non-controlling interests	Total
Balance as at January 1st, 2016	3,112,505	(11,806)	28,316	26,470	175,511	380,588	2,523,109	6,120	6,240,813
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	-	479,716	1,355	481,071
Other comprehensive income, net de tax									
Gains / (losses) from changes in fair value of financial assets available for sale (net of tax)	-	-	-	-	(84,230)	-	-	-	(84,230)
Retained earnings from revaluation reserves	-	-	-	(968)	-	-	968	-	-
Distribution to statutory reserves	-	-	-	-	-	639	(639)	-	-
Other items of comprehensive income	-	-	-	-	-	-	68	-	68
Total comprehensive income for the period	-	-	-	(968)	(84,230)	639	480,113	1,355	396,909
Contributions and distributions to shareholders									
Share capital increase by conversion of bonds into shares	34	-	44	-	-	-	-	-	78
Acquisition of treasury shares	-	(1,641)	-	-	-	-	-	-	(1,641)
Recognition benefit granted to employees as instrument of equity	-	-	-	-	-	-	15,000	-	15,000
Dividends distributed to shareholders	-	-	-	-	-	-	(1,200,000)	-	(1,200,000)
Non-controlling interests	-	-	-	-	-	-	(600)	8,016	7,416
Total contributions and distributions to shareholders	34	(1,641)	44	-	-	-	(1,185,600)	8,016	(1,179,147)
Balance as at June 30, 2016	3,112,539	(13,447)	28,360	25,502	91,281	381,227	1,817,622	15,491	5,458,575

Banca Transilvania S.A.

Consolidated statement of changes in equity

For the six-months period ended June 30, 2016

Attributable to the shareholders of the Bank

<i>In RON thousand</i>	Share capital	Treasury shares	Share premiums	Revaluation reserves	Available for sale financial assets reserves	Other reserves	Retained earnings	Non-controlling interests	Total
Balance as at January 1st, 2015	2,695,125	(21,253)	38,873	27,000	189,897	266,241	597,213	4,167	3,797,263
Total comprehensive income for the year									
Net profit for the year	-	-	-	-	-	-	2,446,129	1,888	2,448,017
Other comprehensive income, net of tax									
Gains / (losses) from changes in fair value of financial assets available for sale (net of tax)	-	-	-	-	(14,386)	-	-	-	(14,386)
Revaluation reserve for tangible assets, net of tax	-	-	-	909	-	-	-	-	909
Retained earnings from revaluation reserves	-	-	-	(1,439)	-	-	1,439	-	-
Distribution to statutory reserves	-	-	-	-	-	114,347	(114,347)	-	-
Other items of comprehensive income	-	-	-	-	-	-	(753)	-	(753)
Total comprehensive income for the year	-	-	-	(530)	(14,386)	114,347	2,332,468	1,888	2,433,787
Contributions and distributions to shareholders									
Increase in share capital through conversion of reserves from the profit	406,823	-	-	-	-	-	(406,823)	-	-
Increase in share capital through conversion of liabilities in shares	10,557	-	(10,557)	-	-	-	-	-	-
Acquisitions of treasury shares	-	(65,857)	-	-	-	-	-	-	(65,857)
Share-based payments	-	75,304	-	-	-	-	251	-	75,555
Non-controlling interests	-	-	-	-	-	-	-	65	65
Total contributions and distributions to shareholders	417,380	9,447	(10,557)	-	-	-	(406,572)	65	9,763
Balance as at December 31, 2015	3,112,505	(11,806)	28,316	26,470	175,511	380,588	2,523,109	6,120	6,240,813

Banca Transilvania S.A.

Individual statement of changes in equity

For the six-months period ended June 30, 2016

<i>In RON thousand</i>	Attributable to the shareholders of the Bank							Total
	Share capital	Treasury shares	Shares premiums	Revaluation reserves	Available for sale financial assets reserves	Other reserves	Retained earnings	
Balance as at January 1st, 2016	3,112,505	-	28,316	27,377	187,928	372,533	2,389,102	6,117,761
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	458,256	458,256
Other comprehensive income, net de tax								
Gains/losses from changes in fair value of financial assets available for sale (net of tax)	-	-	-	-	(90,056)	-	-	(90,056)
Retained earnings from revaluation reserves	-	-	-	(941)	-	-	941	-
Other items of comprehensive income	-	-	-	-	-	-	6	6
Total comprehensive income for the period	-	-	-	(941)	(90,056)	-	459,203	368,206
Contributions and distributions to shareholders								
Increase in share capital through conversion of reserves from the profit	-	-	-	-	-	-	-	-
Increase in share capital through conversion of liabilities in shares	34	-	44	-	-	-	-	78
Recognition benefit granted to employees as instrument of equity	-	-	-	-	-	-	15,000	15,000
Dividends distributed to shareholders	-	-	-	-	-	-	(1,200,000)	(1,200,000)
Total contributions / distributions to shareholders	34	-	44	-	-	-	(1,185,000)	(1,184,922)
Balance as at June 30, 2016	3,112,539	-	28,360	26,436	97,872	372,533	1,663,305	5,301,045

Banca Transilvania S.A.

Consolidated statement of changes in equity

For the six-months period ended June 30, 2016

<i>In RON thousand</i>	Attributable to the shareholders of the Bank							Total
	Share capital	Treasury shares	Share premiums	Revaluation reserves	Available for sale financial assets reserves	Other reserves	Retained earnings	
Balance as at January 1st, 2015	2,695,125	(10,468)	38,873	27,852	201,142	259,277	490,160	3,701,961
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	-	-	2,417,668	2,417,668
Other comprehensive income, net of tax								
Gains/losses from changes in fair value of financial assets available for sale (net of tax)	-	-	-	-	(13,214)	-	-	(13,214)
Revaluation reserve for tangible assets, net of tax	-	-	-	909	-	-	-	909
Retained earnings from revaluation reserves	-	-	-	(1,384)	-	-	1,384	-
Distribution to statutory reserves	-	-	-	-	-	113,256	(113,256)	-
Other items of comprehensive income	-	-	-	-	-	-	(336)	(336)
Total comprehensive income for the year	-	-	-	(475)	(13,214)	113,256	2,305,460	2,405,027
Contributions and distributions to shareholders								
Increase in share capital through conversion of reserves from profit	406,823	-	-	-	-	-	(406,823)	-
Increase in share capital through conversion of liabilities in shares	10,557	-	(10,557)	-	-	-	-	-
Acquisitions of treasury shares	-	(65,857)	-	-	-	-	-	(65,857)
Share-based payments	-	76,325	-	-	-	-	305	76,630
Total contributions / distributions to shareholders	417,380	10,468	(10,557)	-	-	-	(406,518)	10,773
Balance as at December 31, 2015	3,112,505	-	28,316	27,377	187,928	372,533	2,389,102	6,117,761

Banca Transilvania S.A.

Consolidated and individual statement of cash flows

For the six-months period ended June 30, 2016

	Notes	Group		Bank	
		30-06-2016	30-06-2015	30-06-2016	30-06-2015
<i>In RON thousand</i>					
Cash flow from / (used in) operating activity					
Net profit for the period		481,071	2,071,586	458,256	190,208
Amortization / depreciation	20	45,153	40,911	35,680	26,942
Impairments allowance and write-offs of financial assets, other liabilities and loan commitments	10	364,411	362,048	353,109	254,806
Adjustment of financial assets at fair value through profit or loss		4,703	(6,181)	4,529	(541)
Gains from increasing of purchased loans recoverable value		(61,314)	(303,367)	(61,266)	-
Income tax expense	13	84,019	38,816	80,042	36,099
Interest income		(1,027,789)	(1,204,154)	(1,001,276)	(769,444)
Interest expense		145,949	264,077	143,583	247,407
Tax paid/received		79,942	(96,752)	82,999	(95,927)
Other adjustments		(30,219)	1,523,217	(29,226)	3,121
Net profit adjusted with non-monetary items		85,926	2,690,201	66,430	(107,329)
Change in investment securities		(1,414,038)	(695,012)	(1,413,046)	604,657
Change in placement with banks		(318,740)	338,160	(339,781)	(1,780,587)
Change in loans and advances to customers		(843,150)	(7,199,088)	(1,017,205)	(2,586,139)
Change in net lease investments		(53,958)	(14,312)	-	-
Change in financial assets at fair value through profit or loss		2,183	(56,302)	(7,166)	123
Change in other assets		3,046	(229,535)	32,135	(51,675)
Change in deposits from customers		652,737	5,605,710	121,007	1,895,793
Change in deposits from banks		121,007	137,463	653,391	699,666
Change in other liabilities		200,655	321,314	182,095	190,388
Interest collected		1,134,209	888,869	1,132,424	885,279
Interest paid		(174,469)	(264,584)	(171,835)	(271,906)
Net cash from/ (used in) operating activity		(604,592)	1,522,884	(761,551)	(521,730)
Net acquisitions of tangible and intangible assets		(94,240)	(117,520)	(35,878)	(13,094)
Sales of tangible and intangible assets		1,324	3,207	164	823
Acquisitions of shares		(7,890)	(357,955)	(42)	(357,955)
Dividends received	13	5,768	593	5,768	593
Net cash flow from/(used in) investment activity		(95,038)	(471,675)	(29,988)	(369,633)
Net proceeds /(payments) from borrowings from banks and other financial institutions, subordinated liabilities and debt securities issued, net of payments		275,333	454,208	353,845	411,611
Dividend payments		(1,187,662)	-	(1,187,662)	-
Acquisitions of held to maturity securities		(3,770)	-	-	-
Proceeds / payments for treasury shares		-	(26,044)	-	(17,575)
Net cash flow used in financing activity		(916,099)	428,164	(833,817)	394,036

Banca Transilvania S.A.

Consolidated and individual statement of cash flows *(continued)*

For the six-months period ended June 30, 2016

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Net increase / (decrease) in cash and cash equivalents	(1,615,729)	1,479,373	(1,625,356)	(497,327)
Cash and cash equivalents at January 1st	8,607,236	6,398,180	8,597,019	6,381,816
Cash and cash equivalents at June 30	6,991,507	7,877,553	6,971,663	5,884,489

Reconciliation of cash and cash equivalents with the consolidated and individual statement of financial position as at June 30

<i>In RON thousand</i>	Note	Group		Bank	
		30-06-2016	30-06-2015	30-06-2016	30-06-2015
Cash and cash equivalents at Central Bank	14	5,096,741	3,921,723	5,096,698	3,361,527
Placements with other banks, less than 3 months maturity	15	1,458,477	3,391,530	1,438,673	1,958,600
Reverse repo transactions	15	336,837	564,707	336,837	564,707
Securities less than 3 months maturity	19	100,452	-	100,452	-
Less accrued interest		(1,000)	(407)	(997)	(345)
Cash and cash equivalents in the cash flow statement		6,991,507	7,877,553	6,971,663	5,884,489

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

1. Reporting entity and basis of presentation

a) Reporting entity

Banca Transilvania S.A (“Bank”) is a bank registered in Romania. The Bank commenced its activity as a bank in 1993, being licensed by the National Bank of Romania to conduct banking activities. The Bank started its activity in 1994 and the services performed relate to banking operations for legal entities and private individuals.

The Group Banca Transilvania (“Group”) comprises the parent-bank, Banca Transilvania S.A., and its subsidiaries based in Romania and Moldova. The consolidated and individual financial statements of the Bank as at June 30, 2016 include Banca Transilvania S.A (“Parent-company” or “BT”) and its subsidiaries (hereinafter “Group”).

The Group operates in the following lines of business: banking, which is performed by Banca Transilvania S.A. (“Bank”), leasing and consumer loans, which are conducted mainly by BT Leasing Transilvania IFN S.A., BT Operational Leasing S.A., BT Direct IFN S.A. and BT Leasing MD S.R.L., asset management, which is carried out by BT Asset Management S.A.I.S.A. Furthermore, the Bank has control in 3 investment funds which are also consolidated through the global consolidation method.

The Bank operates through its registered office located in Cluj-Napoca 60 branches, 457 agencies, 33 working points, 7 divisions of doctors and 1 regional center located in Bucharest (2015: 60 branches, 455 agencies, 31 working points, 9 divisions of doctors and 1 regional center located in Bucharest).

In 2013 the Bank opened a branch in Italy, which started its activity from operational point of view in 2014.

The number of active employees of the Group at June 30, 2016 was 7,488 employees (December 31, 2015: 7,227 employees).

The number of active employees of the Bank at June 30, 2016 was 6,996 employees (December 31, 2015: 6,854 employees).

The head-office of the Bank is 8 Baritiu Street, Cluj-Napoca, Romania.

The ownership structure of the Bank is the following:

	June 30, 2016	December 31, 2015
European Bank for Reconstruction and Development (“EBRD”)	11.46%	11.46%
Romanian private individuals	17.11%	16.77%
Romanian companies	28.78%	32.99%
Foreign private individuals	1.90%	1.89%
Foreign companies	40.75%	36.89%
Total	100%	100%

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

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

1. Reporting entity and basis of presentation (continued)

b) Statement of compliance

The interim condensed consolidated and individual financial statements of the Bank and the Group as at June 30, 2016 have been prepared in accordance with IAS 34 “Interim financial reporting”, as endorsed by the European Union. They do not include all the information necessary for a complete set of financial statement in compliance with the Financial Reporting Standards (“IFRS”), as ratified by the European Union. However, certain explanatory notes are included in order to explain the events and the transactions that are significant to the understanding of the changes in the financial position and performance of the Bank and the Group since the last consolidated and individual financial statements as at and for the year ended December 31, 2015.

c) Basis of measurement

The *interim condensed* consolidated and individual financial statements have been prepared on a amortized cost basis, except the following fair value basis: financial assets and liabilities at fair value through profit or loss, whereas available for sale financial instruments through reserves, except those for which a reliable measurement of fair value is not available.

d) Functional and presentation currency

The items included in the financial statements 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 consolidated and individual financial statements are presented in Romanian lei “RON”, which is the Group’s and the Bank’s functional and presentation currency, rounded to the nearest thousand.

The exchange rates of the major currencies were the following:

Currency	June 30, 2016	December 31, 2015	Variation %
Euro (EUR)	1: LEU 4.5210	1: LEU 4.5245	-0.08%
US Dollar (USD)	1: LEU 4.0624	1: LEU 4.1477	-2.06%

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

1. Reporting entity and basis of presentation (continued)

e) Use of estimates and significant judgments

The preparation of the interim consolidated and individual financial statements in accordance with IFRS as endorsed by the European Union implies that the management uses estimations and judgments that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses.

The significant accounting methods and policies have been consistently applied by the Group and the Bank during the financial years presented in these consolidated and individual financial statements.

2. Significant accounting policies

With the exception of the details below the accounting policies applied by the Bank and its Group entities in these condensed stand alone and consolidated interim financial statements are the same as those applied in the stand alone and consolidated financial statements as at December 31, 2015.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Notes to the condensed consolidated and individual financial statements

3. Segment reporting

The business segment reporting format is the Group's and Bank's primary basis of segment reporting. Transactions between business segments are conducted at arm's length. Segment assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The Group's and Bank's segment reporting comprises the following main business segments:

- Corporate customers - within corporate banking the Group and the Bank provide corporations with a range of banking products and services, including lending and deposit taking, providing cash management, foreign commercial business, investment advices, financial planning, securities business, project and structured finance transactions, syndicated loans and asset backed transactions.
- SME - is a client segment for which the Group and the Bank developed and provided personalized products, easy to access and which cover their business needs: loans, saving products, current account transactions.
- Individuals - the Group and the Bank provide individuals with a range of banking products and services, including lending (consumer loans, vehicles purchase, personal needs, and mortgages), savings and deposit taking business, payment services and securities business.
- Treasury - incorporating of work services for cash.
- Leasing and customer finance - within leasing the Group includes financial products and services provided by the leasing and consumer finance entities of the Group.
- Other - the Group and the Bank incorporate in this category the services offered by other financial entities within the Group: asset management, brokerage, factoring and real estate.

The tables below presents financial information per segments in the consolidated/separated statement of financial position and the operational result before net expenses with the impairment allowance for loans and advances to customers, for the financial year ended at June 30, 2016 and comparative data at December 31, 2015.

The tables also presents financial information per segments for individual statement of comprehensive income for the period ended at June 30, 2016 and comparative data at June 30, 2015 and for consolidated statement of comprehensive income for the period ended at June 30, 2016. The information per segments for consolidated statement of comprehensive income for the period ended at June 30, 2015 was not included because at that time the merger with Volksbank was underway, and the allocation of expenses and revenues, for the period, by BT's business segments could not be done.

Banca Transilvania S.A.

Notes to the separate and consolidated financial statements

3. Segment reporting (continued)

Business segments as at June 30, 2016

RON thousand	Corporated		SME		Individuals		Treasury		Leasing and consumer finance		Others		Eliminations & adjustments		Unallocated		TOTAL	
	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015
Gross loans	11,278,229	11,027,416	3,056,731	3,077,213	14,307,402	13,635,384	-	-	623,913	517,614	28,438	137,455	(55,292)	(382,767)	-	-	28,779,421	28,012,315
Provisions	(1,631,228)	(1,650,588)	(274,496)	(335,67)	(825,454)	(646,228)	-	-	(79,779)	(80,006)	(58)	(78,488)	5,489	4,279	-	-	(2,865,526)	(2,786,701)
Loans net of provisions	9,587,001	9,376,829	2,782,235	2,741,543	13,481,948	12,989,155	-	-	544,134	437,608	28,38	58,967	(509,803)	(378,488)	-	-	25,913,895	25,225,614
Securities net of provisions	-	-	-	-	-	-	13,809,150	12,602,106	-	-	160,452	162,876	(144,075)	(135,342)	-	-	13,825,527	12,629,640
Treasury and inter-bank operations	-	-	-	-	-	-	7,376,552	8,674,668	13,001	43,98	105,158	69,321	(97,271)	(33,886)	-	-	7,397,440	8,694,083
Tangible and intangible assets	106,066	125,856	60,664	64,729	139,381	164,071	36,278	46,831	100,114	70,632	81,552	54,619	(12,03)	376	-	-	582,852	527,114
Other assets	149,524	211,847	30,282	48,364	133,675	160,376	85,316	106,704	31,578	24,298	117,69	80,451	(125,097)	(129,339)	-	-	422,968	502,641
Total Assets	9,842,591	9,714,532	2,873,181	2,854,636	13,815,004	13,313,602	21,307,296	21,430,309	688,827	576,518	493,232	426,234	(877,449)	(736,739)	-	-	48,142,682	47,579,092
Deposits and current accounts	9,642,503	9,673,482	4,724,145	5,235,410	24,654,084	23,286,400	509,462	388,425	131	158	3,462	50	(97,797)	(93,759)	-	-	33,435,990	38,690,166
Loans from banks and other financial institutions	367,737	343,304	259,856	338,886	17,033	23,776	693,304	279,166	509,287	430,904	67,524	913	(511,134)	(377,644)	-	-	1403,607	1129,702
Subordinated liabilities	-	-	-	-	-	-	412,935	416,352	-	-	-	-	63	72	-	-	412,998	416,424
Other liabilities	447,111	401,295	90,549	91,615	389,721	303,795	255,117	202,127	34,985	15,846	215,807	102,1	(11,778)	(14,791)	-	-	1,431,512	1,101,987
Total Liabilities	10,457,351	10,618,081	5,074,550	5,665,921	25,070,838	23,613,971	1,870,818	1,286,070	544,403	446,908	286,793	193,45	(620,646)	(486,122)	-	-	42,684,107	41,338,279
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,458,575	6,240,813
Total Liabilities and Equity	10,457,351	10,618,081	5,074,550	5,665,921	25,070,838	23,613,971	1,870,818	1,286,070	544,403	446,908	286,793	193,45	(620,646)	(486,122)	5,458,575	6,240,813	48,142,682	47,579,092

Banca Transilvania S.A.

Notes to the separate and consolidated financial statements

3. Segment reporting (continued)

Business segments as at June 30, 2016

Group

<i>In RON thousand</i>	Corporate	SME	Retail Banking	Treasury	Leasing and consumer finance	Others	Eliminations & adjustments	Total
Net interest income	164,653	96,572	354,715	91,351	22,589	152,628	(668)	881,840
Net commission income	60,934	95,536	86,879	(402)	427	15,649	(550)	258,473
Net trading income	14,276	21,881	30,716	13,802	307	(1,260)	21	79,743
Net gain from sale of available-for-sale financial instruments	-	-	185,035	43,076	-	41,647	-	269,758
Contribution to the Bank Deposit Guarantee Fund and Bank Resolution Fund	(18,719)	(9,926)	(44,147)	-	-	-	-	(72,792)
Other operating income	12,922	445	16,812	-	20,553	16,439	(5,218)	61,953
Total Income	234,066	204,508	630,010	147,827	43,876	225,103	(6,415)	1,478,975
Personnel expenses	(85,485)	(61,895)	(141,938)	(10,503)	(7,617)	(10,641)	-	(318,079)
Operating expenses	(42,930)	(29,354)	(87,219)	(12,572)	(17,678)	(11,865)	5,594	(196,024)
Advertising and promotional expenses	(2,555)	(2,846)	(6,322)	(345)	(115)	(185)	-	(12,368)
Depreciation and amortization	(10,071)	(5,540)	(15,962)	(3,236)	(8,336)	(2,008)	-	(45,153)
Other expenses	(5,969)	(4,158)	(10,737)	(1,155)	(619)	(1,700)	-	(24,338)
Total Expenses	(147,010)	(103,793)	(262,178)	(27,811)	(34,365)	(26,399)	(5,594)	(595,962)
Operational result before impairment losses for assets and provisions for other risks and loan commitments	87,056	100,715	367,832	120,016	9,511	198,704	(821)	883,013

The explanatory notes to the consolidated and individual financial statements from pages 12 to 42 form an integral part to these consolidated and individual financial statements.

Banca Transilvania S.A.

Notes to the separate and consolidated financial statements

3. Segment reporting (continued)

Business segments as at June 30, 2016

Bank

In RON thousand

	Corporate		SME		Individuals		Treasury		Other		TOTAL	
	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015	30-Jun-16	2015
Gross loans	11,278,229	11,027,416	3,056,731	3,077,213	14,307,402	13,635,384	-	-	-	-	28,642,362	27,740,013
Provisions	(1,691,228)	(1,650,588)	(274,496)	(335,670)	(825,454)	(646,228)	-	-	-	-	(2,791,178)	(2,632,486)
Loans net of provisions	9,587,001	9,376,829	2,782,235	2,741,543	13,481,948	12,989,155	-	-	-	-	25,851,184	25,107,527
Securities and other treasury operations	-	-	-	-	-	-	13,809,150	12,602,106	-	-	13,809,150	12,602,106
Treasury and inter-bank operations	-	-	-	-	-	-	7,376,552	8,674,668	-	-	7,376,552	8,674,668
Tangible and intangible assets	106,066	125,856	60,664	64,729	199,381	164,071	36,278	46,831	14,114	8,014	416,503	409,501
Other assets	149,524	211,847	30,282	48,364	133,675	160,376	85,316	106,704	38,985	21,572	437,782	548,863
Total Assets	9,842,591	9,714,532	2,873,181	2,854,636	13,815,004	13,313,602	21,307,296	21,430,309	53,099	29,586	47,891,171	47,342,665
Deposits from customers	9,642,503	9,873,482	4,724,145	5,235,410	24,654,084	23,286,400	509,462	388,425	-	-	39,530,194	38,783,717
Loans from banks and other financial institutions	367,737	343,304	259,856	338,896	17,033	23,776	693,304	279,166	-	-	1,337,930	985,142
Subordinated liabilities	-	-	-	-	-	-	412,935	416,352	-	-	412,935	416,352
Other liabilities	447,111	401,295	90,549	91,615	399,721	303,795	255,117	202,127	116,569	40,861	1,309,067	1,039,693
Total Liabilities	10,457,351	10,618,081	5,074,550	5,665,921	25,070,838	23,613,971	1,870,818	1,286,070	116,569	40,861	42,590,126	41,224,904
Equity	-	-	-	-	-	-	-	-	5,301,045	6,117,761	5,301,045	6,117,761
Total Liabilities and Equity	10,457,351	10,618,081	5,074,550	5,665,921	25,070,838	23,613,971	1,870,818	1,286,070	5,417,614	6,158,622	47,891,171	47,342,665

Banca Transilvania S.A.

Notes to the consolidated and separate financial statements

3. Segment reporting (continued)

Business segments as at June 30, 2016

Bank

In RON thousand

	Corporate banking		SME		Retail banking		Treasury		Other		Total	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Net interest income	164,653	142,367	96,572	82,550	354,715	188,314	91,351	72,406	150,402	36,400	857,693	522,037
Net fee and commission income	60,934	56,486	95,536	81,119	86,879	73,628	(402)	(328)	-	-	242,947	210,905
Net trading income	14,276	10,939	21,881	14,197	30,716	19,413	13,802	25,275	-	-	80,675	69,824
Net gain from sale of available-for-sale financial instruments	-	-	-	-	185,035	-	43,076	140,649	41,387	59,841	269,498	200,490
Contribution to the Bank Deposits Guarantee Fund and Bank Resolution Fund	(18,719)	(21,103)	(9,926)	(9,744)	(44,147)	(50,097)	-	-	-	-	(72,792)	(80,944)
Other operational income	12,922	10,731	445	248	16,812	12,010	-	-	7,001	1,490	37,180	24,479
Total Income	234,066	199,420	204,508	168,370	630,010	243,268	147,827	238,002	198,790	97,731	1,415,201	946,791
Staff expenses	(85,485)	(76,019)	(61,895)	(56,346)	(141,938)	(101,061)	(10,503)	(8,424)	(4,995)	(1,962)	(304,816)	(243,812)
Operational expenses	(42,930)	(38,830)	(29,354)	(28,716)	(87,219)	(65,745)	(12,572)	(8,421)	(4,421)	(43,584)	(176,496)	(185,296)
Marketing and advertising expenses	(2,555)	(1,668)	(2,846)	(3,478)	(6,322)	(5,727)	(345)	(337)	(122)	(53)	(12,190)	(11,263)
Depreciation and amortisation	(10,071)	(8,630)	(5,540)	(4,336)	(15,962)	(10,149)	(3,236)	(3,366)	(871)	(461)	(35,680)	(26,942)
Other expenses	(5,969)	(4,620)	(4,158)	(3,275)	(10,737)	(6,428)	(1,155)	(754)	(486)	(1,299)	(22,505)	(16,376)
Total Expenses	(147,010)	(129,767)	(103,793)	(96,151)	(262,178)	(189,110)	(27,811)	(21,302)	(10,895)	(47,359)	(551,687)	(483,689)
Operational result before impairment losses for assets and provisions for other risks and loan commitments	87,056	69,653	100,715	72,219	367,832	54,158	120,016	216,700	187,895	50,372	863,514	463,102

The explanatory notes to the consolidated and individual financial statements from pages 12 to 42 form an integral part to these consolidated and individual financial statements.

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

4. Consolidated financial assets and liabilities

Accounting classifications and fair values

<i>In RON thousand</i>	Notes	Financial assets at fair value through profit or loss(**)	Loans and advances and net lease investments	Financial assets available for sale	Amortized cost	Total accounting value	Fair value
June 30, 2016 Unaudited (*)							
Financial assets							
Cash and cash equivalents at Central Bank	14	-	-	-	5,096,741	5,096,741	5,096,741
Placements with banks	15	-	-	-	2,524,615	2,524,615	2,524,615
Financial assets at fair value through profit or loss	16	154,142	-	-	-	154,142	154,142
Loans and advances to customers	17	-	25,485,186	-	-	25,485,186	25,754,276
Net lease investment	18	-	428,709	-	-	428,709	428,709
Investment securities available for sale	19	-	-	13,430,694	-	13,430,694	13,430,694
Investment securities held to maturity		-	-	-	16,775	16,775	16,775
Total financial assets		154,142	25,913,895	13,430,694	7,638,131	47,136,862	47,405,952
Financial liabilities							
Deposits from banks	23	-	-	-	509,462	509,462	509,462
Deposits from customers	24	-	-	-	38,926,528	38,926,528	38,955,510
Borrowings from banks and other financial institutions	25	-	-	-	1,403,607	1,403,607	1,403,607
Other subordinated liability	26	-	-	-	412,998	412,998	412,998
Total financial liabilities		-	-	-	41,252,595	41,252,595	41,281,577

(**)This category only includes financial assets held for trading

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

4. Consolidated financial assets and liabilities (continued)

Accounting classifications and fair values

<i>In RON thousand</i>	Notes	Financial assets at fair value through profit or loss(**)	Loans and advances and net lease investments	Financial assets available for sale	Amortized cost	Total accounting value	Fair value
December 31, 2015							
Financial assets							
Cash and cash equivalents at Central Bank	14	-	-	-	4,997,930	4,997,930	4,997,930
Placements with banks	15	-	-	-	3,908,864	3,908,864	3,908,864
Financial assets at fair value through profit or loss	16	161,028	-	-	-	161,028	161,028
Loans and advances to customers	17	-	24,894,560	-	-	24,894,560	25,280,986
Net lease investment	18	-	331,054	-	-	331,054	331,054
Investment securities available for sale	19	-	-	12,242,959	-	12,242,959	12,242,959
Investment securities held to maturity		-	-	-	12,942	12,942	12,944
Total financial assets		161,028	25,225,614	12,242,959	8,919,736	46,549,337	46,935,765
Financial liabilities							
Deposits from banks	23	-	-	-	388,425	388,425	388,425
Deposits from customers	24	-	-	-	38,301,741	38,301,741	38,339,782
Borrowings from banks and other financial institutions	25	-	-	-	1,129,702	1,129,702	1,129,702
Other subordinated liability	26	-	-	-	416,424	416,424	416,424
Total financial liabilities		-	-	-	40,236,292	40,236,292	40,274,333

(**)This category only includes financial assets held for trading

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

4. Individual financial assets and liabilities

Accounting classifications and fair values

<i>In RON thousand</i>	Notes	Financial assets at fair value through profit or loss(**)	Loans and advances and net lease investments	Financial assets available for sale	Amortized cost	Total accounting value	Fair value
June 30, 2016 Unaudited (*)							
Financial Assets							
Cash and cash equivalents at Central Bank	14	-	-	-	5,096,698	5,096,698	5,096,698
Placements with banks	15	-	-	-	2,503,770	2,503,770	2,503,770
Financial assets at fair value through profit or loss	16	59,456	-	-	-	59,456	59,456
Loans and advances to customers	17	-	25,851,184	-	-	25,851,184	26,120,274
Investment securities available for sale	19	-	-	13,525,778	-	13,525,778	13,525,778
Total financial assets		59,456	25,851,184	13,525,778	7,600,468	47,036,886	47,305,976
Financial liabilities							
Deposits from banks	23	-	-	-	509,462	509,462	509,462
Deposits from customers	24	-	-	-	39,020,732	39,020,732	39,049,714
Borrowings from banks and other financial institutions	25	-	-	-	1,337,930	1,337,930	1,337,930
Other subordinated liability	26	-	-	-	412,935	412,935	412,935
Total financial liabilities		-	-	-	41,281,059	41,281,059	41,310,041

(**)This category only includes financial assets held for trading

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

4. Individual financial assets and liabilities (continued)

Accounting classifications and fair values

<i>In RON thousand</i>	Notes	Financial assets at fair value through profit or loss	Loans and advances and net lease investments	Financial assets available for sale	Amortized cost	Total accounting value	Fair value
December 31, 2015							
Financial Assets							
Cash and cash equivalents at Central Bank	14	-	-	-	4,997,896	4,997,896	4,997,896
Placements with banks	15	-	-	-	3,889,483	3,889,483	3,889,483
Financial assets at fair value through profit or loss	16	56,819	-	-	-	56,819	56,819
Loans and advances to customers	17	-	25,107,527	-	-	25,107,527	25,493,953
Investment securities available for sale	19	-	-	12,332,576	-	12,332,576	12,332,576
Total financial assets		56,819	25,107,527	12,332,576	8,887,379	46,384,301	46,770,727
Financial liabilities							
Deposits from banks	23	-	-	-	388,425	388,425	388,425
Deposits from customers	24	-	-	-	38,395,292	38,395,292	38,433,333
Borrowings from banks and other financial institutions	25	-	-	-	985,142	985,142	985,142
Other subordinated liability	26	-	-	-	416,352	416,352	416,352
Total financial liabilities		-	-	-	40,185,211	40,185,211	40,223,252

(**) This category only includes financial assets held for trading

Notes to the condensed consolidated and individual financial statements

5. Net interest income

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Interest income				
Loans and advances to customers (i)	804,771	750,207	799,625	639,962
Current accounts at banks	2,751	5,316	2,751	4,750
Investment securities available for sale	133,352	118,138	132,620	109,812
Placements with banks	5,120	9,370	5,014	14,920
Net lease investments	20,481	17,756	-	-
Increasing of purchased loans recoverable amount	61,314	303,367	61,266	-
<i>Total interest income</i>	<i>1,027,789</i>	<i>1,204,154</i>	<i>1,001,276</i>	<i>769,444</i>
Interest expense				
Deposits from customers	124,560	241,241	124,662	227,511
Borrowings from banks and other financial institutions	20,911	22,387	18,459	19,311
Deposits from banks	462	390	462	585
Net lease investments	16	59	-	-
<i>Total interest expense</i>	<i>145,949</i>	<i>264,077</i>	<i>143,583</i>	<i>247,407</i>
Net interest income	881,840	940,077	857,693	522,037

(i) Interest income as at June 30, 2016 includes the impaired net interest income on financial assets in total amount of 74,010 RON thousand (June 30, 2015: 94,758 RON thousand) for the Group and 70,769 RON thousand (June 30, 2015: 74,673 RON thousand) for the Bank.

Income and interest expenses in assets and liabilities other than those designated at fair value through profit and loss were calculated using the effective interest rate method.

6. Net fee and commission income

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Fee and commission income				
Transactions	283,303	258,709	270,950	240,917
Loans management, factoring and guarantees issuance	23,806	20,442	23,817	19,918
Finance lease management	130	165	-	-
Other fee and commission income	72	54	73	13
<i>Total fee and commission income</i>	<i>307,311</i>	<i>279,370</i>	<i>294,840</i>	<i>260,848</i>
Fee and commission expense				
Bank commissions	39,417	38,897	39,304	38,634
Transactions	8,020	9,176	6,467	6,025
Loan commissions	999	1,171	5,720	4,956
Other fee and commission expenses	402	328	402	328
<i>Total fee and commission expense</i>	<i>48,838</i>	<i>49,572</i>	<i>51,893</i>	<i>49,943</i>
Net fee and commission income	258,473	229,798	242,947	210,905

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

7. Net trading income

In RON thousand

	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Net income from foreign exchange transactions	80,998	48,863	81,096	65,336
Net income/(expense) from financial assets at fair value through profit or loss	(5,490)	2,630	(4,288)	842
Net income/(expenses) from revaluation of assets and liabilities in foreign currency	4,235	8,806	3,867	3,646
Total	79,743	60,299	80,675	69,824

8. Net gain from sale of financial instruments available for sale

	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
<i>In RON thousand</i>				
Income from sale of financial instruments available for sale	301,114	274,599	300,655	273,784
Loss from sale of financial instruments available for sale	(31,356)	(74,313)	(31,157)	(73,294)
Total	269,758	200,286	269,498	200,490

Income from sale of financial instruments available for sale for six months as at June 30, 2016 include the gain share related to the sale transaction of Visa Europe to Visa Inc, allocated in cash to the Bank and a contingent of future performance component of Visa Inc.

9. Contribution to Bank Deposit Guarantee Fund and Bank Resolution Fund

The deposits of private individuals and of certain legal entities, including small and medium enterprises, are guaranteed up to a certain ceiling (100,000 EUR) by the Bank Deposit Guarantee Fund ("Fund") in accordance with the legislation in force. (Law no. 311/2015 regarding the Deposit Guarantee Schemes and the Bank Deposit Guarantee Fund and Law no.312/2015 regarding the Recovery and resolution of banks and investment companies)

Banks in Romania are obliged to pay a grant amount to BDGF ("Bank Deposit Guarantee Fund"), as guarantee of customer deposits in case of insolvency of a credit institution and an annual contribution to the Bank Resolution Fund.

Banca Transilvania S.A.

Notes to the condensed consolidated and individual financial statements

9. Contribution to Bank Deposit Guarantee Fund and Bank Resolution Fund (continued)

The consolidated and individual statements were impacted by the separation of the annual contributions into the two Funds as follows:

	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
<i>Contribution to</i>				
Bank Deposit Guarantee Fund	(58,192)	(81,617)	(58,192)	(73,540)
Bank Resolution Fund	(14,600)	(13,599)	(14,600)	(7,404)
Total	(72,792)	(95,216)	(72,792)	(80,944)

Starting with 2015, the Group applied the stipulations of IFRIC 21 “Levies”, through which this contribution to the Fund corresponds to the definition of a tax that must be registered in full at the moment of event which generates the tax payment obligation.

10. Net expense from impairment losses on assets, other liabilities and loan commitments

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Net impairment losses (i)	374,263	345,593	370,092	250,628
Loans and net lease investments written-off	7,283	15,197	131	35
Loan commitments and other recoveries	(17,135)	1,258	(17,114)	4,143
Recoveries of loans and net lease investments written-off	(46,488)	(25,924)	(27,893)	(18,011)
Net expense from impairment losses on assets, other liabilities and loan commitments	317,923	336,124	325,216	236,795

(i) Impairment losses on assets include the following:

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Loans and advances to customers	375,263	353,069	371,856	251,330
Net lease investments	728	(7,848)	-	-
Investment securities	-	-	-	(700)
Other assets	(1,728)	(1,441)	(1,764)	(2)
Property and equipment	-	1,813	-	-
Net impairment losses	374,263	345,593	370,092	250,628

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11. Personnel expenses

In RON thousand

	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Wages and salaries	232,939	215,725	220,861	168,452
Contribution to social security	35,428	32,572	33,431	25,836
Employee bonuses	15,000	38,112	15,000	38,112
Other expenses related to personnel	13,855	10,738	13,305	9,597
Contribution to health fund	13,326	13,376	12,667	10,708
Contribution to unemployment fund	1,616	1,615	1,552	1,310
Untaken holiday and other staff provision charge	5,915	(19,717)	8,000	(10,203)
Total	318,079	292,421	304,816	243,812

12. Other operating expenses

In RON thousand

	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Operating lease (rent)	46,509	48,294	49,020	42,347
Repairs and maintenance	37,459	38,666	37,011	30,843
Materials and consumables	18,133	14,110	15,251	15,403
Post and telecommunications	17,522	15,312	17,024	13,352
Advertising and promotional expenses	23,732	16,391	23,467	19,171
Security and protection expenses	3,123	6,594	3,058	6,305
Taxes	6,081	12,087	5,725	11,122
Electricity and heating	8,363	9,802	7,941	8,018
Transport and travel expenses	7,457	7,155	7,315	6,515
Legal, advisory and consulting expenses	11,741	44,339	11,328	38,059
Insurance premiums expenses	5,401	4,529	5,077	4,053
Losses on disposal of tangible and intangible assets	1,324	-	-	-
Archiving services expenses	2,099	295	2,099	295
Others guarantees evaluation expenses	1,893	-	1,893	-
Sales of goods from leasing contracts expenses	10,295	1,495	-	-
Other operating expenses	31,598	29,833	24,982	17,452
Total	232,730	248,902	211,191	212,935

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13. Income tax expense

Income tax at June 30, 2016 comprises current tax and deferred tax. Income tax is recognized in the result for the period or in equity if related to equity items.

Current tax is the expected tax payable on the profit for the period, using tax rates applied at the date of the condensed consolidated and individual financial statements, of the financial position and any adjustments relating to prior periods. The adjustments that influence the tax base of current tax are: non-deductible expenses, non-taxable income, expenses similar items, respectively income and tax deductions similar.

Expense similar items include prudential filters that are “positive differences between prudential value adjustments / expected losses determined based on methodologies applicable starting with the financial year 2012, and the adjustments for depreciation determined under IFRS, corresponding to financial assets covered by those methodologies, within the limits of which they are deducted from own funds under applicable prudential regulations.

From fiscal point of view, prudential filters are deducted in the calculation of current tax, and their reduction or cancellation is taxed in the order of their registration. On June 30, 2016, prudential filters were determined, following legislative changes, as 40% of the difference referred to in the previous paragraph.

The applied accounting policy took into account the significant uncertainties regarding the tax treatment of the gain from acquisition and replenishment of reserves previously deducted by Volksbank Romania.

For these two issues, the Bank requested individual solutions in order to clarify the concerned tax treatment. At the date of the approval of the financial statements, one had received the drafting tax solutions, which expressed the opinion on the taxation of earnings from acquisition and resumption of the previous reserves deducted, but the final solutions for the fiscal treatment had not been issued by the representatives of the Ministry of Public Finance.

The deferred tax asset generated by the tax losses of Volksbank Romania S.A. was partially recognized until the reporting date considering the interpretation of IAS 12 “Income tax” regarding the recognition of deferred tax assets resulting from business mergers, correlated with tax legislation in Romania. In recognition of deferred tax asset, the Bank considered budgeted profits for each entity within the Group that was subject to approval by the General Meeting of Shareholders. As at June 30, 2016 the deferred tax asset is recognized in the consolidated and individual financial statements in amount of 60,215 RON thousand. (June 30, 2015: 0 RON thousand.). The deferred tax asset is diminished as the Group realize fiscal profits and recover the tax losses carried forward.

Income tax expenses of the Bank and the Group are as follows:

	Group		Bank	
<i>In RON thousand</i>	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Current tax expense at 16% (2015: 16%) of taxable profits determined in accordance with Romanian law	4,053	25,413	-	23,417
Deferred tax expense	79,966	13,403	80,042	12,682
Total income tax expense	84,019	38,816	80,042	36,099

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14. Cash and cash equivalents at Central Bank

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Minimum mandatory reserve	4,288,615	4,156,382	4,288,615	4,156,382
Cash on hand and other valuables	808,126	841,548	808,083	841,514
Total	5,096,741	4,997,930	5,096,698	4,997,896

15. Placements with banks

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Current accounts with other banks	288,623	111,173	282,446	106,975
Sight and term deposits with other banks	1,559,169	3,422,498	1,544,501	3,407,315
Reverse repo transactions	336,837	100,400	336,837	100,400
Loans and advances to banks	339,986	274,793	339,986	274,793
Total	2,524,615	3,908,864	2,503,770	3,889,483

As at June 30, 2016 the placements with banks include reverse repo transactions and term deposits with 3 months maturity which are included in the consolidated and individual statement of cash flows as at June 30, 2016, as: RON thousand 336,837 reverse repo transactions and RON thousand 1,458,477 term deposits for Group and RON thousand 1,438,673 term deposits for Bank.

16. Financial assets at fair value through profit and loss

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
<i>Trading assets</i>	154,142	161,028	59,456	56,819
Total	154,142	161,028	59,456	56,819

On 30 June 2016, the Group held shares listed on the Bucharest Stock Exchange S.A. and on the main stock exchanges in Europe.

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17. Loans and advances to customers

The Group's commercial lending activity is concentrated on Romanian legal entities and private individuals. Concentration of loans and advances to customers by industry as at 30 June 2016 and 31 December 2015 is the following:

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Private individuals	14,451,448	13,758,761	14,307,265	13,633,430
Manufacturing	3,226,558	3,391,176	3,226,558	3,372,420
Trading	3,206,835	3,264,798	3,206,835	3,207,234
Agriculture	1,352,329	1,268,937	1,352,329	1,268,248
Construction	1,233,010	1,127,896	1,233,010	1,127,801
Services	1,134,304	1,115,208	1,134,238	1,114,086
Real estate	637,785	698,339	678,653	739,208
Transport	728,664	661,549	728,664	661,345
Free lancers	554,429	538,883	554,429	538,883
Energy industry	523,195	531,070	523,195	531,070
Financial institutions	163,888	162,039	614,474	498,283
Chemical industry	297,647	314,868	303,942	314,868
Mining industry	171,755	164,432	171,755	164,432
Telecommunications	185,615	156,468	185,615	156,468
Governmental bodies	15,334	17,761	15,334	17,761
Fishing industry	12,270	15,785	12,270	15,785
Others	393,796	427,284	393,796	378,691
Total loans and advances to customers before impairment allowance(**)	28,288,862	27,615,254	28,642,362	27,740,013
Impairment losses on loans	(2,803,676)	(2,720,694)	(2,791,178)	(2,632,486)
Total loans and advances to customers, net of impairment losses	25,485,186	24,894,560	25,851,184	25,107,527

(**)Total loans and advances to customers before the adjustments of impairment is decreased by the balance of fair value adjustments to the loan portfolio Volksbank Romania S.A., determined on the basis of the valuation report. As at June 30, 2016 the balance of these adjustments is RON thousand 648,231 (December 31,2015: RON thousand 805,524). The resumption of such adjustments as a result of the revision of the increasing voluntary flows is recording in the "Interest income" – see Note 8(ii).

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17. Loans and advances to customers (continued)

Movement in impairment losses on loans and advances to customers:

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Balance at January 1st	2,720,694	2,424,791	2,632,486	2,337,129
Net impairment change (Note 13)	375,263	875,194	371,856	874,532
Effect of discounting the current value	82,133	104,648	82,133	104,648
Impairment allowances on written off loans (Note 4b)	(365,540)	(729,798)	(286,423)	(729,682)
Impairment of other debts taken at merger	-	5,653	-	5,653
FX gain/loss	(8,874)	40,206	(8,874)	40,206
Balance for the period	2,803,676	2,720,694	2,791,178	2,632,486

18. Net lease investments

The Group acts as a lessor under finance lease, mainly for financing motor vehicles and equipment. The lease agreements are denominated in EUR, RON and MDL and typically run for a period between two and five years, with transfer of ownership of the leased asset at the end of the lease term. Interest is charged over the period of the lease based on fixed interest rates. The lease receivables are secured by the underlying assets and by other collateral. The breakdown of investments in leases according to their maturity is presented below:

<i>In RON thousand</i>	Group	
	30.06.2016	31.12. 2015
Total investments in leases, net unearned finance income	490,559	397,061
Impairment allowances	(61,850)	(66,007)
Total net lease investments	428,709	331,054

The lease contracts are generated and managed through BT Leasing Transilvania IFN S.A., BT Leasing Moldova S.R.L. and BT Operational Leasing S.A. Net lease investments include also consumer loans granted by the Group through BT Direct IFN S.A.

The provision for net lease investments can be detailed as follows:

<i>In RON thousand</i>	Group	
	30.06.2016	31.12.2015
Balance at the beginning of the year	66,007	78,699
Net impairment provision expense	728	7,703
Written – off lease investment provision	(4,885)	(20,395)
Balance at the end of the year	61,850	66,007

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19. Investment securities

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Investment securities available-for-sale				
Unlisted securities and other fixed income instruments:	13,189,333	11,915,553	13,169,577	11,895,223
Treasury securities issued by the Romanian Government, of which:	8,673,493	8,413,107	8,653,737	8,392,777
- discount certificates	388,782	577,853	388,782	577,853
- coupon certificates	27,864	29,323	27,864	29,323
- benchmark bonds (RON)	7,791,281	7,183,869	7,771,525	7,163,539
- treasury certificates with coupon (EUR)	465,566	622,062	465,566	622,062
EURO bonds issued by Romanian Government on external markets	3,598,578	2,902,986	3,598,578	2,902,986
USD bonds issued by Romanian Government on external markets	819,441	417,755	819,441	417,755
Bonds, of which	97,821	181,705	97,821	181,705
- issued by Bucharest Municipality	59,602	153,234	59,602	153,234
- issued by Alba Iulia Municipality	464	491	464	491
- issued by Black Sea	8,570	-	8,570	-
- issued by Transelectrica	29,185	27,980	29,185	27,980
<i>Listed shares</i>	43,668	121,229	43,569	121,144
<i>Fund units</i>	159,296	164,006	274,267	274,069
<i>Certificates of participation</i>	35,273	39,048	35,273	39,048
<i>Equity investments measured at cost, out of which:</i>	3,124	3,123	3,092	3,092
<i>Gross value</i>	3,132	3,131	3,092	3,092
<i>Impairment allowances</i>	(8)	(8)	-	-
Total investment securities available-for-sale	13,430,694	12,242,959	13,525,778	12,332,576

As at June 30, 2016 securities with less 3 months maturity are included in the consolidated and individual statement of cash flows as: RON thousand 100,452 available for sale securities (RON thousand 0 as at June 30, 2015)

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20. Tangible and intangible assets

During the 6 months ended June 30, 2016, the Group acquired tangible assets amounting to RON thousand 83,048 of which RON thousand 34,023 related to Banca Transilvania and RON thousand 13,872 from the acquisition of Sinteza S.A.

Net book value of tangible assets at the end of this period at Group level amounts to RON thousand 504,857, and for the Bank is in amount of RON thousand 348,104.

During the 6 months ended June 30, 2016, the Group acquired intangible assets amounting to RON thousand 17,309, of which RON thousand 9,382 related to Banca Transilvania and RON thousand 7,175 as a result of the acquisition of S.C.Capital Partners S.R.L. assets by BT Securities.

Net book value of intangible assets at the end of this period at Group level amounts to RON thousand 77,995, and for the Bank is in amount of RON thousand 68,399.

Group amortization expense for tangible and intangible assets at the end of the 6 months ended June 30, 2016, amounts to RON thousand 45,153 (of which related tangible and intangible assets of the Bank in amount of RON thousand 35,680).

21. Other assets

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Amounts under settlement	37,239	37,616	37,226	37,602
Inventories	127,122	112,861	85,276	95,495
Prepayments	27,953	21,016	25,108	19,335
Sundry debtors	57,203	62,254	45,081	55,081
VAT and other taxes to be received	59,814	15,738	44,909	826
Other instruments to be settled	41,793	39,107	41,793	39,107
Current tax asset	48,655	132,651	50,770	133,769
Other assets	13,943	9,393	2,437	859
Less impairment allowance for other assets	(40,785)	(41,901)	(28,019)	(29,259)
Total	372,937	388,735	304,581	352,815

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22. Volksbank Romania S.A. acquisition

On 10 December 2014 the Group signed the share purchase agreement for 100% of the shares of Volksbank Romania SA, after which there was a period of waiting for the approvals from the Competition Council and National Bank of Romania in order to close the transaction. The Group took control over Volksbank Romania SA on 7 April 2015.

In the 9 months period until 30 December 2015, (effective date of the merger), Volksbank Romania SA contributed to the Group's results with a net profit of RON 394,604 thousand. (June 30, 2015: RON thousand 252,655) If the acquisition had taken place before 1 January 2015, the management estimates that the contribution to the net consolidated results would have been RON 404,604 thousand. (June 30, 2015: RON thousand 262,655) This estimated result is based on the assumptions that the preliminary fair value adjustment recorded at the acquisition date would have remained the same if the acquisition had taken place on 1 January 2015.

Consideration transferred

The fair value of the compensation fully transferred at the acquisition date was RON 357,955 thousand, and on 11 July 2015 an amount of RON 11,048 thousand was paid back by the seller in accordance with the acquisition contract. Consequently, the final value of the compensation was RON 346,907 thousand. From this amount, EUR 58,000 thousand (RON 262,421 thousand equivalent as at 31 December 2015) have been transferred to an escrow account to cover certain risks that may rise in a timeframe of almost 1 year after the acquisition date. The risks did not materialise and the amount was transferred to the sellers with value date 1 March 2016.

The Bank did not issue new shares for Volksbank Romania S.A. acquisition.

Separately recognised transactions

At the acquisition date, the Group transferred to the former shareholders of Volksbank Romania SA the outstanding balance of the parent financing lines in amount of EUR million 451 and CHF million 206.

Acquired assets and liabilities assumed

According to IFRS 3, an acquirer of a business recognises the assets acquired and liabilities assumed at their acquisition-date fair values. The fair value of Volksbank Romania S.A.'s assets and liabilities was determined based a valuation report prepared by PriceWaterhouseCoopers Management Consultants S.R.L., an independent valuator member of ANEVAR.

The valuation report was prepared based on the facts and circumstances that existed on the date on which the Group took control over Volksbank Romania SA (7 April 2015) and the final version was received in December 2015 – at this date, the acquisition accounting was considered to be final. Changes in estimates determined by subsequent facts and circumstances arising after the date of control, were not included in the acquisition accounting and were booked separately, in accordance with the applicable standards.

The significant judgments related fair values of assets and liabilities Volksbank Romania S.A. at the acquisition date include:

- For the loan portfolio: net risk fee to be reimbursed to clients, CHF conversion haircut and implementation outcome, value of the expected and incurred losses;
- Restructuring related costs: investments in progress, obsolete tangible and intangible assets, personnel related liabilities, etc.;
- Provisions for risks and charges: mainly related to litigations and other risks.

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22. Volksbank Romania S.A. acquisition (continued)

Assets acquired and liabilities assumed (continued)

The Bank and the Group have analysed the credit and deposit contracts acquired from Volksbank Romania S.A from a legal point of view. Further to this analysis, there were no significant legal and operational risks identified other than those already covered by provisions according to the bank's policies.

The table below summarizes the amounts recognized at acquisition date in terms of assets acquired and liabilities assumed (before transfer operation of financing granted to former shareholders) according to the above details:

<i>In RON thousand</i>	Fair value at acquisition
Cash, cash equivalents and placements with banks	2,683,458
Securities	1,603,065
Loans and advances granted to customers (net)	5,779,601
Other assets	144,029
Deposits from banks and customers	(4,367,107)
Borrowings from banks	(2,857,201)
Other liabilities and provisions	(988,338)
Total net assets acquired	<u>1,997,507</u>

At the date of acquisition, loans to customers have a contractual value of RON thousand 8,839,416 of which an amount of RON thousand 3,059,815 is estimated that will not be collected.

According to IFRS 3 “Business Combinations”, the Bank retroactively adjusted the temporarily recognized values from the valuation preliminary report as at June 30, 2015 in the consolidated profit and loss account as at June 30, 2016.

The adjustment reflects the impact of the final valuation report of Volksbank Romania S.A.

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Notes to the condensed consolidated and individual financial statements

22. Volksbank Romania S.A. acquisition (continued)

Assets acquired and liabilities assumed (continued)

The impact of the retroactive adjustments Profit and Loss Account compared to on June 30, 2015 is as follows:

<i>RON thousand</i>		30-06-2015	
	Before restatement	The effect of restatement	After restatement
Net interest income	641,757	298,320	940,077
Net fee and commission income	229,748	50	229,798
Net trading income	60,330	(31)	60,299
Net gain from sale of financial instruments available for sale	200,286	-	200,286
Contribution to Bank Deposit Guarantee Fund	(95,216)	-	(95,216)
Other operating income	61,003	(18,087)	42,916
Operating income	1,097,908	280,252	1,378,160
Net income/expense from impairment losses on assets, other liabilities and loan commitments	237,873	(573,997)	(336,124)
Personnel expenses	(292,663)	242	(292,421)
Amortization	(40,911)	-	(40,911)
Other operating expenses	(248,902)	-	(248,902)
Operating expenses	(344,603)	(573,755)	(918,358)
Acquisition income	1,564,480	86,120	1,650,600
Profit before income tax	2,317,785	(207,383)	2,110,402
Income tax expense	(38,816)	-	(38,816)
Profit for the period	2,278,969	(207,383)	2,071,586

Bargaining gain

The Group results for the six-month period ended on June 30, 2015 include the gain from the acquisition of Volksbank Romania S.A. in amount of RON thousand 1,650,600.

Bargaining gain has been determined as a difference between the compensation paid (acquisition price in amount of RON 346,907 thousand) and the fair value of the assets and liabilities of Volksbank Romania SA at the takeover date (in amount of RON 1,997,507 thousand).

The transaction resulted in a gain due to the circumstances in the fall of the year 2014 on the banking market in Romania, which was a buyers' market, as well as the time pressure for the sellers in closing the transaction.

The sellers accepted the minimisation of losses in Romania by recovering a significant part of the intragroup funding, agreeing to an adjustment on the net assets in accordance with the very prudent approach of the buyer, adjustment which was reflected in the price paid. The management of risks existing in Volksbank Romania after closing the transaction and the circumstances more favourable than at the acquisition date, which were reanalysed after closing the transaction, led to a valuation of the net assets higher than the price paid.

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Notes to the condensed consolidated and individual financial statements

22. Volksbank Romania S.A. acquisition (continued)

Operational expenses related to Volksbank Romania S.A. acquisition and merger

Acquisition related expenses are the acquisition costs incurred by the Group to complete the business combination. These costs included intermediation fees, legal fees, accounting, valuation and other professional and consultancy charges, general administrative expenses.

The costs associated with the acquisition and integration of Volksbank Romania S.A. as at June 30, 2015 were RON thousand 42.309 and they were included in "Other operational expenses" on the Profit and Loss Account.

23. Deposits from banks

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Sight deposits	481,687	342,765	481,687	342,765
Term deposits	27,775	45,660	27,775	45,660
Total	509,462	388,425	509,462	388,425

24. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Current accounts	12,350,739	11,666,350	12,418,142	11,714,624
Sight deposits	440,965	561,097	440,965	561,097
Term deposits	25,599,972	25,521,282	25,629,667	25,566,720
Collateral deposits	534,852	553,012	531,958	552,851
Total	38,926,528	38,301,741	39,020,732	38,395,292

Deposits from customers can also be analyzed as follows:

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Retail customers	24,657,392	23,286,325	24,653,930	23,286,251
Corporate customers	14,269,136	15,015,416	14,366,802	15,109,041
Total	38,926,528	38,301,741	39,020,732	38,395,292

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25. Borrowings from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Borrowings from commercial banks	50,081	88,823	-	-
Borrowings from development banks	551,118	647,122	535,522	591,385
Repurchase agreements	693,303	276,319	693,303	276,319
Other funds from financial institutions	109,105	117,438	109,105	117,438
Total	1,403,607	1,129,702	1,337,930	985,142

26. Other subordinated liabilities

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Loans from financial institutions	366,905	370,176	366,905	370,176
Convertible bonds	46,093	46,248	46,030	46,176
Total	412,998	416,424	412,935	416,352

Subordinated liabilities consist of three loans in EUR totaling EUR Mio 45, equivalent of RON thousand 203,445 (2015: EUR Mio 45, equivalent of RON thousand 203,603), and one loan in USD in amount of USD Mio 40, equivalent of RON thousand 162,496 (2015: USD Mio 40, equivalent of RON thousand 165,908).

In 2013 Banca Transilvania S.A. issued convertible bonds worth EUR Mio 30, equivalent of RON thousand 134,541 at EURIBOR6M + 6,25%, maturing in 2020. On June 30, 2016 the amount of convertible bonds was EUR 9,910,264, equivalent of RON thousand 44,804.

27. Provisions for other risks and loan commitments

Provisions for other risks and loan commitments are presented below:

<i>In RON thousand</i>	Group		Bank	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Provisions for loan commitments	47,148	52,127	47,159	52,135
Provisions for employee benefits in the form of compensated absences	3,044	5,934	3,000	5,000
Provisions for other employee benefits	10,343	1,538	10,000	-
Provisions for risks and charges(*)	636,511	648,600	631,882	648,461
Total	697,046	708,199	692,041	705,596

(*) Provisions for other risks and charges include mainly provisions for litigations and other risks recognized after the merger with Volksbank Romania S.A.

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28. Other liabilities

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Amounts under settlement	451,374	219,578	414,718	202,101
Other fees payable	63,724	44,868	62,045	42,747
Sundry creditors	68,946	36,421	34,487	25,836
Lease liabilities (i)	2,148	1,311	-	-
Other liabilities	115,451	57,962	105,776	63,413
Total	701,643	360,140	617,026	334,097

29. Share capital

The share capital of the Bank at June 30, 2016 consisted of 3,026,037,641 ordinary shares with a nominal value of RON 1 each (December 31, 2015: 3,026,003,679 shares of nominal value of RON 1 each). The shareholding structure is presented in Note 1.

30. Related parties transactions

During the 1st semester of 2016, the following transactions were carried out with the main shareholders:

<i>RON thousand</i>	Group		Bank	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Liabilities				
Current accounts, deposits, accruals	173,966	92,004	173,966	92,004
Loans from financial institutions	199,653	286,893	184,057	231,156
Subordinated loans	163,091	166,353	163,091	166,353
Subordinated securities	20,454	20,422	20,390	20,350
Income statement				
Interest and commission income	4	14	4	14
Performance fee income	-	133	-	-
Interest and commission expense	10,307	21,460	9,374	19,937

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30. Related parties transactions (continued)

During the period ended June 30 2016, the following transactions were carried out with key personnel and related parties:

<i>RON thousand</i>	Group		Bank	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Assets				
Loans to key personnel and related parties, accruals and provisions	30,395	73,324	27,142	23,608
Liabilities				
Current accounts with BT, deposits and accruals	43,526	32,352	33,188	30,214
Commitments to key personnel	5,932	7,021	5,445	6,742
Income statement				
Interest and commission income	627	3,690	574	1,664
Interest and commission expense	130	423	98	373

31. Commitments and contingencies

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

<i>In RON thousand</i>	Group		Bank	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Guarantees issued	1,854,180	1,756,296	1,861,849	1,761,395
Loan commitments	4,429,579	4,453,841	4,712,597	4,526,418
Total	6,283,759	6,210,137	6,574,446	6,287,813

Commitments to customers were provisioned at Group level in amount of RON thousand 47,147 as at June 30, 2016 (December 31, 2015: RON thousand 52,127), and at Bank level in amount of RON thousand 47,159 (December 31, 2015: RON thousand 52,135).

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32. Earnings per share

The calculation of basic earnings per share (basic or diluted) is based on net profit attributable to ordinary shareholders of RON thousand 458,256 (June 30, 2015: RON thousand 190,208) at individual level and RON thousand 479,716 (June 30, 2015: RON thousand 2,070,721) at consolidated level, and the weighted average number of ordinary shares outstanding during the year, as follows:

	Group		Bank	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
Ordinary shares issued at January 1	3,026,003,679	2,608,623,861	3,026,003,679	2,608,623,861
Effect of shares issued at June 30	620,033,962	417,379,818	620,033,962	417,379,818
Weighted average number of shares as at June 30	3,646,037,641	3,026,003,679	3,646,037,641	3,026,003,679

The earning per share reflects the increase of capital registered in July 2016 in amount of RON 620,000,000 (after the reporting period but before the authorization of the financial statements).

33. Share capital management

In accordance with the legal regulations in force regarding capital adequacy, the own funds of the Bank and Group include:

- Tier I own funds, comprising mainly subscribed and paid up capital, share premiums, eligible reserves, minus: the value of intangible assets, own shares, unrealized revenue related to the securities portfolio, taxes and penalties related to reserves without taxation, operations in conditions of favor;
- Tier II own funds, comprising the value of subordinated loans.

The Bank applies the (EU) Regulation no. 575/2013 in order to determine the own funds and the capital adequacy.

Notes to the condensed consolidated and individual financial statements

33. Share capital management (continued)

The Group's and Bank's own funds, as well as the capital requirements as at June 30, 2016 and December 31, 2015, in accordance with the regulations in force, are as follows:

<i>In RON thousand</i>	Group		Bank	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Tier I capital	4,712,421	5,808,329	4,592,412	5,655,552
Tier II capital	353,368	376,497	353,368	376,497
Total capital of the Group	5,065,789	6,184,826	4,945,780	6,032,049
Value of credit risk exposures	20,831,863	19,855,143	20,564,955	19,591,248
Market value and freight risk exposures	5,117,027	4,236,125	5,059,760	4,168,805
Value of operational risk exposures	4,280,859	3,495,554	4,120,310	3,333,266
Credit valuation adjustment	4,165	10,510	4,165	8,690
Total exposure risk	30,233,914	27,597,332	29,749,190	27,102,009

Note: The calculation of Bank's own funds does not include the result for the period ended June 30, 2016, and it includes the Bank's result for the year ended December 31, 2015.

34. Subsequent events after the date of consolidated and individual statement of financial position

In July 2016, there was registered a share capital increase in amount of RON 620,000,000 as a result of the approval and authorizations received from the Financial Supervision Authority.

Starting August 8, 2016 in the Group operates a new subsidiary, BT Microfinance IFN SA, with the next shareholder structure: Banca Transilvania SA owns 99 % of the share capital amounting to RON 1,742,400 and BT Investment SRL owns 1% of the share capital amounting to RON 17,600.

Ömer Tetik
General Director

George Călinescu
Deputy General Director