Half Year Report

30 June 2023

According to Financial Supervisory Authority Regulation no 5/2018

(Annex no 14)

Contents

Idea Bank

HALF YEAR REPORT 30 JUNE 2023

- Report date: **25 August 2023**
- Name of issuer: **IDEA BANK S.A.**
- Registered Office: **5-7 Dimitrie Pompeiu Boulevard, 6th floor, 2nd district, Bucharest**
- Phone / fax: **021.318.95.15 – 021.318.95.16**
- Tax identification no: **10318789**
- Order number with the Trade Registry: **J40/2416/12.03.1998**
- Regulated market on which the issued securities are traded: **Bucharest Stock Exchange (BSE)**
- Share capital subscribed and paid: **251,975,609.90 RON**
- Main characteristics of the securities issued by the company: **Subordinated bonds of 5,000,000 EUR through the Alternative Trading System (ATS)**

Idea Bank

1. The Company and its Shareholders

1.1. Idea Bank S.A. Profile

Idea Bank S.A. Group (the “Group”) includes the parent bank, Idea Bank S.A. (the “Bank”) and its subsidiaries headquartered in Romania.

Idea Bank S.A. (former Romanian International Bank S.A., “RIB”, until 20 April 2015) is a bank established in 1998. On 4th of December 2013, the bank was acquired by the Getin Holding Spolka Akcyjna group from Poland, Wroclaw, 66 Gwiazdzisa, which became the sole shareholder of the Bank on 4 December 2013. Since 29th of October 2021, date on which transaction for the acquisition of the entire package of shares Idea Bank S.A. held by Getin Holding Group, Banca Transilvania holds directly and indirectly 100% of bank’s shares.

The Bank operates under the Companies Law no.31 / 1990 and the Emergency Ordinance no.99 / 2006 on credit institutions and capital adequacy (as amended and supplemented). According to article 6 of the Articles of Incorporation, the main object of activity of the Bank is "other monetary intermediation activities" - CAEN Code 6419.

The bank is registered with the Trade Register under no. J40/2416/12.03.1998, having the fiscal registration code R10318789. The bank is registered in the Bank Register with the number P.J.R. 40-043, PDCP 769 of 1998.

Idea Bank has been operating as a cashless bank since June 14, 2022 and aims at a complete digital transformation process, so that it will became first fully digital bank "made in Romania", without banking units, thus offering customers banking services only through digital channels. Specifically, the bank will offer its services through a mobile banking (and wallet) application. As an element of differentiation from other neo-banks or fintechs that offer such platforms, Idea Bank intends to provide customer support services through its own call center.

1.2. Idea Bank S.A.

Idea Bank Group includes, beside Idea Bank S.A., the following entities:

Subsidiary	Year of incorporation	Direct and indirect holdings of Idea Bank in subsidiaries	Main line of business
Idea Leasing IFN S.A.	2000	88,6713%	Financial leasing with legal entities
Idea Broker de Asigurare S.R.L.	2004	88,6713%	Insurance activity carried out by insurance agents and brokers

1.3. Idea Bank S.A. Shareholding

As of 30 June 2023, the Bank’s shareholding structure was the following:

Shareholder name, citizenship	Percentage of holdings at 30 June 2023
Banca Transilvania S.A., Romania	99,99999996031%
BT Investments S.R.L., Romania	0,00000003969%

Idea Bank

Banca Transilvania is a joint-stock company incorporated in 1993, headquartered in Cluj-Napoca having majority Romanian shareholders – 65.90% as of March 2023. Currently, Banca Transilvania is on the first place in the Romanian banking sector.

The shareholder structure of Banca Transilvania is in a continuous modification due to the fact that its shares are actively traded on the stock exchange, in accordance with the Law 52/1994 and Financial Supervisory Authority regulations in the field. Currently, Banca Transilvania shares are quoted in the first category of the Bucharest Stock Exchange.

1.4. Idea Bank S.A. Position within Idea Bank Group

As at 30.06.2023, the Bank's assets account for 94% of total assets of Idea Bank Group.

1.5. Idea Bank S.A. Position within the Banking Sector

As of 30 June 2023, according to the statistics issued by the National Bank of Romania, Idea Bank has a market share 0.32%[1] based on net assets. The decrease in market share is due to sale of the portfolio of clients to BT which were not adaptable to the new digital strategy and due to disruption of commercial activity following the focus on the digital project.

Market share - BANK	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
TOTAL ASSETS	0.48%	0.45%	0.34%	0.34%	0.32%

1.6. Key Figures

Key Indicators (RON thousands / %)	Bank			Group		
	Jun-23	Dec-22	Jun-22	Jun-23	Dec-22	Jun-22
Balance sheet composition						
Total assets	2,312,816	2,292,726	2,286,723	2,462,337	2,407,409	2,377,693
Total liabilities	2,068,858	2,074,513	2,060,238	2,226,273	2,167,843	2,140,392
Total equity	243,958	218,213	226,485	236,064	239,566	237,301
Lending						
Net Interest Margin (NIM)	2.2%	2.5%	3.0%	2.6%	2.7%	3.0%
Capital adequacy						
Capital Adequacy Ratio (CAR)	16.1%	16.4%	17.3%	15.4%	16.3%	16.8%
Assets quality						
EBA-defined NPL ratio	4.4%	4.2%	4.1%	4.6%	4.4%	4.4%
EBA-defined NPL coverage ratio	61.9%	65.2%	63.7%	60.0%	63.6%	61.6%
Cost of risk (COR)	1.0%	1.7%	1.5%	1.2%	1.8%	1.6%
Liquidity and funding						
Loans / deposits	5122.7%	1555.1%	694.5%	6646.4%	1779.5%	776.9%
Profitability						
Return on Assets (ROA)	2.0%	-0.5%	0.0%	-0.1%	-0.3%	0.0%
Return on Equity (ROE)	20.1%	-6.2%	0.0%	-1.3%	-3.2%	-0.3%
Cost-to-income ratio (CIR)	54.9%	86.0%	79.8%	82.4%	81.4%	82.4%
Operating income	68,309	104,233	71,034	67,051	152,322	91,611
Provisions expenses	(7,494)	(28,484)	(14,214)	(9,696)	(31,816)	(15,132)
Gross result	23,294	(13,880)	131	2,080	(3,484)	1,033
Net result	23,192	(14,105)	(38)	(1,545)	(7,705)	(420)
Network						
Number of branches and POSs	-	-	-	9	9	9
Number of employees	135	140	142	276	273	269

[1] *According to NBR statistical data*

Idea Bank

2. The Romanian Banking System

According to the Stability Report issued in June 2023 by the National Bank of Romania, the structural developments at the beginning of 2023 show a marginal increase in the banking sector's appetite for government securities (after a decrease in the previous year), a return in the growth of deposits attracted from the real sector and the growing appetite for term deposits, marginally increase external financing and maintain a high foreign currency lending flow to non-financial institutions.

Indicator	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	EU average (Mar. 2023)	
Structure of banking system								
Number of credit institutions	34	34	34	34	32	32	*n/a*	
Total net assets *(RON bill.)*	639.8	641.8	664.4	679.3	701.0	712.6	*n/a*	
Capital adequacy								
Capital Adequacy Ratio (≥8%)	23.3%	21.4%	21.4%	21.5%	23.4%	21.6%	19.8%	↑
Asset quality								
Impaired loans *(% in total loans)*	1.1%	1.0%	1.0%	1.1%	0.9%	0.9%	*n/a*	
NPL ratio	3.4%	3.3%	3.0%	2.8%	2.7%	2.7%	1.8%	↑
NPL coverage by provisions	66.1%	67.2%	66.9%	65.8%	65.6%	66.2%	43.6%	↑
Liquidity								
Loan-to-Deposit Ratio	64.0%	66.5%	68.2%	69.0%	65.7%	65.2%	109.3%	↓
LCR	*238.6%*	*212.0%*	*195.2%*	*188.0%*	*209.2%*	219.5%	163.7%	↑
Profitability								
ROA	1.3%	1.1%	1.4%	1.5%	1.4%	1.8%	0.7%	↑
ROE	12.3%	11.6%	15.0%	15.5%	15.1%	19.7%	10.4%	↑
Cost / income ratio	54.7%	60.3%	56.1%	53.6%	53.3%	52.0%	59.2%	↓

The share of government securities in total assets increased from 18.4% (December 2022, a minimum of the last five years) to 20% (March 2023), denominated mainly in lei, with average initial maturities of over 2 years. The share of total government receivables (securities and loans) in total assets remained high (23% March 2023), revealing one of the strongest links between the state and banks compared to other European countries.

The annual increases in deposits in March 2023 (9% for households, respectively 11% for companies) were mainly determined by the dynamics of deposits in lei, in the context of higher remunerative interest rates. In structure, between March 2022 and March 2023, there is an important migration from demand deposits to term deposits, especially on maturities of up to 1 year. Against the background of the NBR's increase in the monetary policy rate and firm control over liquidity, banks increased interest rates on new deposits in order to attract the necessary sources of financing on longer maturities. Thus, the interest rate on existing term deposits in lei increased significantly, from 1.9% (March 2022) to 6.8% (March 2023) for households, respectively from 3.0% to 6.3% for companies, in the same period of time.

The continued high interest rates and the relative stability of the EUR/RON exchange rate are associated with a decrease in newly granted loans in RON in the first three months of 2023, for all categories of customers (-11.5% YoY), but especially for non-financial institutions (-15.7%).

The liquidity of the banking sector has recently improved significantly, reflected both in terms of specific indicators and the strengthening of the position of net creditor in relation to the central bank. Starting with the end of the previous year, banks recorded an increasing liquidity surplus, placing liquidity at the NBR deposit facility in the amount of about RON 26 billion (daily average) in March 2023.

The solvency of the Romanian banking sector remained at an adequate level in 2022, with the total capital ratio standing at 23.4% (December 2022), fuelled by the incorporation of profits for the financial year, a consequence of the NBR's recommendation not to distribute dividends. Although decreasing, the capital position remained robust at the end of March 2023 (21.6%), with the total capital ratio remaining above the European average of 19.4% (December 2022). The adjustment recorded in the first quarter of 2023 compared to the end of 2022 was due to the reduction of own funds volume by 4%, mainly due to the dissipation of the effects of the "CRR Quick Fix" package, but also due to the increase in lending, which contributed to the increase in risk-weighted exposures by 3.7%.

Relevant indicators measuring asset quality continued their improving trend. Despite the uncertain economic context characterised by high interest rates and inflation, the NPL ratio declined in the course of 2022, falling within the EBA92 low risk range in the second half of the year, registering a slight marginal increase in March 2023 to 2.73%. Domestic banks maintained a prudent policy of setting up impairment adjustments, registering a modest increase of 0.3% in the coverage ratio with provisions to 66.2% (March 2023). This indicator continues to be comfortably above the European average of 43.4%.

The Romanian banking sector recorded a net financial result of RON 10.1 billion in 2022, on account of the upward evolution of operating profit, despite the increase in net expenses with adjustments for expected credit losses. ROA (1.5%) and ROE (16.4%) remained elevated in the context of rising interest rates as of December 2022, which influenced interest income more consistently compared to financing costs, reaching 1.8% respectively 19.7% as of March 2023. The polarisation of profitability continued, driven by the size and corporate governance of credit institutions. The market share of loss-making banks recorded a minimum of 0.7%, below the EU average.

3. Idea Bank Results in the First Six Months of 2023

3.1. Executive Summary

In the first semester of 2023, Idea Bank's activity was focused on preparing the bank to launch the digital project, according to its strategy. In this context, Idea Bank restricted its commercial activity from March 2022, transferred contracts and customers to Banca Transilvania in June 2022, but continued the financing activity of the leasing subsidiary, respectively the acquisition of receivables in 2023.

Thus, in the first half of 2023 compared to June 2022, the Total Assets indicator at bank level increased by 1.1% and at group level by 3.6%, supported by the increase in leasing receivables (20.2% at bank level, respectively 22.8% at group level) which compensated for the decrease in the consumer loan portfolio. The determining share in both the bank's and group's balance sheet is held by loans (65.5% Bank / 67.2% Group), followed by liquid assets (29.5% Bank and 28.4% Group), while other assets (3.4% Bank / 2.8% Group) and fixed assets (1.5% Bank / 1.6% Group) hold a small weight.

Cash and current accounts with the central bank increased by 3.9% (Bank/Group), based on the new financing structure and business model. These items represented 14.4% of the Bank's total assets and 13.5% of the Group's, respectively.

The quality of the loan portfolio is in line with the average of the banking system, due to a strict control of risk and the implementation of scoring models based on machine learning that substantially improve the predictability of credit risk. The non-performing exposures ratio according to the European Banking Authority (EBA) is 4.4% (Bank) and 4.6% Group respectively as at June 30, 2023, slightly above the average of the banking system. The provision coverage of non-performing exposures according to EBA is 61.9% at bank level, respectively 60% at group level.

The liquidity position of the bank is at a comfortable level. The group financed itself mainly through deposits from the parent bank. As of June 30, 2023, the liquidity coverage ratio (LCR) recorded values above 100%, respectively 1,876.56% at individual level and 2,495.70% at consolidated level.

The solvency of the bank calculated as at June 30, 2023 is 16.1% (15.4% for the Group), above the minimum regulated threshold and including buffers imposed by Central Bank regulations.

Idea Bank Group ended the first half of 2023 with a loss of RON 1,545 thousand, while the bank recorded a profit of RON 23,192 thousand generated by the distribution of dividends from the leasing subsidiary. NIM's net margin is 2.2% at bank and 2.6% at group level, while COR risk cost is 1.0% at bank level and 1.2% at group level, respectively, supported by the leasing receivables portfolio.

3.2. Commercial Activity

3.2.1. Market Positioning

As of June 14, 2022, the Bank operates fully online. Idea Leasing IFN S.A. has restricted its commercial activity starting July 1, 2023.

The number of employees of the Bank at 30 June 2023 is 135 compared to 142 employees as of 30 June 2022, while the number of employees of the Group is 276 as of 30 June 2023 (30 June 2022: 269).

Idea Bank is on the 22nd place in the banking sector as of 30 June 2023 based on total assets, with a market share of 0.32%.

Market share - BANK	Jun-22	Dec-22	Jun-23
LOANS	**0.44%**	**0.42%**	**0.41%**
Individuals	0.34%	0.28%	0.21%
Companies	0.53%	0.55%	0.58%
DEPOSITS	**0.05%**	**0.02%**	**0.01%**
Individuals	0.02%	0.01%	0.01%
Companies	0.09%	0.03%	0.00%

3.2.2. Loans, deposits, clients

The structure of loans to customers, deposits from clients and number of clients, at Bank level, had the following dynamic:

Loans - BANK (thousands lei)	Jun-23	Dec-22	Jun-23 vs Dec-22 (abs.)	Jun-23 vs Dec-22 (%)	Jun-22	Jun-23 vs Jun-22 (abs.)	Jun-23 vs Jun-22 (%)
Individuals	362,102	484,668	(122,566)	-25%	578,058	(93,390)	-16%
Companies	-	554	(554)	-100%	9,265	(8,711)	-94%
Net Loans	362,102	485,222	(123,120)	-25%	587,323	(102,101)	-17%
Financial leasing receivables	1,152,995	1,054,436	98,559	9%	958,862	95,574	10%
Total net loans	**1,515,096**	**1,539,658**	**(24,561)**	**-2%**	**1,546,185**	**(6,527)**	**0%**

Deposits - BANK (thousands lei)	Jun-23	Dec-22	Jun-23 vs Dec-22 (abs.)	Jun-23 vs Dec-22 (%)	Jun-22	Jun-23 vs Jun-22 (abs.)	Jun-23 vs Jun-22 (%)
Individuals	20,002	31,591	(11,589)	-37%	54,330	(22,740)	-42%
Companies	9,574	67,420	(57,846)	-86%	168,311	(100,891)	-60%
Total deposits	**29,576**	**99,010**	**(69,434)**	**-70%**	**222,641**	**(123,631)**	**-56%**

Clients - BANK (number)	Jun-23	Dec-22	Jun-23 vs Dec-22 (abs.)	Jun-23 vs Dec-22 (%)	Jun-22	Jun-23 vs Jun-22 (abs.)	Jun-23 vs Jun-22 (%)
Individuals	20,875	28,315	(7,440)	-26%	27,735	580	2%
Companies	40	104	(64)	-62%	111	(7)	-6%
Total clients	**20,915**	**28,419**	**(7,504)**	**-26%**	**27,846**	**573**	**2%**

On 10 June 2022 the Bank transferred to Banca Transilvania a portfolio of 25,165 clients, a loan portfolio of 354 million in RON eq. and 1,523 million RON eq. of client deposits. As at 30 June 2023, the structure of the loan portfolio is represented 100% by loans to individuals.

The financial leasing receivables purchased from Idea Leasing IFN S.A. represent 76% of the Bank's net loan portfolio.

The main source of financing for the acquisition of lease receivables was supported by deposits from the parent bank

3.2.3. Risk Management

The management of Idea Bank S.A. continuously assesses the risks to which the Bank's activity is or may be exposed, which may affect the achievement of its objectives and takes measures regarding any change in the conditions under which it carries out its activity.

In the context of international events, the main vulnerabilities in Romania are:

1. external developments, as well as the deterioration of internal macroeconomic balances, including as a result of regional and international geopolitical developments, also impacted by the continuation of the war in Ukraine,
2. the turbulence in several countries within the banking sectors,
3. delaying reforms and absorption of European funds, in particular through the National Recovery and Resilience Plan (NRRP),
4. the risk of non-repayment of loans contracted by the non-governmental sector,
5. keeping inflation high, although the indicator is falling.

The energy crisis as well as geopolitical tensions can be an opportunity for investments in clean energy, relocation of supply chains to reduce dependence on suppliers from other continents, accelerate the green transition or structurally change the economy towards one with higher added value. In our country, the funds available for the "REPower EU" package are worth 1.4 billion euros. Romania's economic growth rate for the first quarter of 2023 was 2.8%, down 2 percentage points compared to that recorded in the first quarter of 2022.

Romania's economic growth projections for 2023 point to a slowdown in its pace, similar to the global situation (2.4% for the IMF and 3.2% for the EC projections, respectively), in the context of multiple uncertainties, in particular those regarding the armed conflict between Russia and Ukraine, and against the background of tightening financing conditions and deteriorating demand for exports from the euro area.

Romania is still among the first EU countries in terms of twin deficits: current account deficit and fiscal deficit. The evolution in the first four months of 2023 indicates an increase in the budget deficit by 0.56 percentage points compared to the previous year, to the level of 1.72% of GDP. The current account deficit continued to widen and stood at 8.9% of GDP between Q2 2022 and Q1 2023, representing the highest level among economies in the region. Romania's public debt increased by 20% in March 2023 compared to March 2022, increasing as a share of GDP by 0.7 percentage points to 49.2%.

The repayment capacity of bank loans by companies and households does not indicate a deterioration, but the global and national economic context requires prudent monitoring. The firms' non-performance rate reached 4.1% in March 2023 (down 1.2 percentage points compared to March 2022), but remains elevated in several sectors, such as construction and extractive industries.

Given the stabilization of interbank quotations for the national currency, no further increases in debt service for mortgage loans denominated in lei are expected for the next period, while in the case of loans denominated in euro, the upward trajectory is likely to continue, given the strengthening of monetary policy at European level.

3.3. Financial Results

The below financial result is made based on the individual and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended 30 June 2023 and the comparative periods.

3.3.1. Financial Position

The financial position of **the Bank** and **the Group** at the end of the first half of 2023, compared to the same period of last year, is the following:

Balance sheet - BANK (thousands lei)	Jun-23	% in total	Dec-22	Jun-23 vs Dec-22 (abs.)	Jun-23 vs Dec-22 (%)	Jun-22	Jun-23 vs Jun-22 (abs.)	Jun-23 vs Jun-22 (%)
Cash and current accounts with Central Bank	333,276	14.4%	182,426	150,850	82.7%	320,809	12,467	3.9%
Placements to banks	104,595	4.5%	238,918	(134,323)	-56.2%	31,321	73,274	233.9%
Net loans and advances to customers	1,515,096	65.5%	1,539,658	(24,562)	-1.6%	1,546,185	(31,089)	-2.0%
out of which, financial leasing receivables	1,152,995	49.9%	1,054,436	98,559	9.3%	958,862	194,133	20.2%
Other financial instruments	244,577	10.6%	237,562	7,015	3.0%	271,740	(27,163)	-10.0%
Tangible and intangible assets	35,760	1.5%	29,488	6,272	21.3%	38,182	(2,422)	-6.3%
Other assets	79,512	3.4%	64,674	14,838	22.9%	78,486	1,026	1.3%
Total assets	**2,312,816**	**100.0%**	**2,292,726**	**20,090**	**0.9%**	**2,286,723**	**26,093**	**1.1%**
Deposits from banks	1,969,213	85.1%	1,913,752	55,461	2.9%	1,715,041	254,172	14.8%
Deposits from clients	29,576	1.3%	99,010	(69,434)	-70.1%	222,641	(193,065)	-86.7%
subordinated debts)	46,238	2.0%	46,070	168	0.4%	95,318	(49,080)	-51.5%
Other debts	23,831	1.0%	15,681	8,150	52.0%	27,238	(3,407)	-12.5%
Total liabilities	**2,068,858**	**89.5%**	**2,074,513**	**(5,655)**	**-0.3%**	**2,060,238**	**8,620**	**0.4%**
Share capital	294,150	12.7%	294,150	-	0.0%	294,150	-	0.0%
Share premiums	32,645	1.4%	32,645	-	0.0%	32,645	-	0.0%
Accumulated deficit	(92,599)	-4.0%	(115,791)	23,192	-20.0%	(101,726)	9,127	-9.0%
Other reserves	9,762	0.4%	7,209	2,553	35.4%	1,416	8,346	589.4%
Total equity	**243,958**	**10.5%**	**218,213**	**25,745**	**11.8%**	**226,485**	**17,473**	**7.7%**
Total liabilities and equity	**2,312,816**	**100.0%**	**2,292,726**	**20,090**	**0.9%**	**2,286,723**	**26,093**	**1.1%**

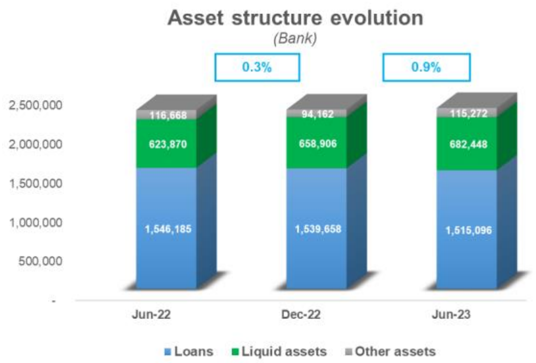
Balance sheet - GROUP (thousands lei)	Jun-23	% in total	Dec-22	Jun-23 vs Dec-22 (abs.)	Jun-23 vs Dec-22 (%)	Jun-22	Jun-23 vs Jun-22 (abs.)	Jun-23 vs Jun-22 (%)
Cash and current accounts with Central Bank	333,279	13.5%	182,428	150,851	82.7%	320,812	12,467	3.9%
Placements to banks	122,436	5.0%	245,398	(122,962)	-50.1%	35,608	86,828	243.8%
Net loans and advances to customers	1,655,009	67.2%	1,644,373	10,636	0.6%	1,623,261	31,747	2.0%
out of which, financial leasing receivables	*1,268,636*	*51.5%*	*1,140,955*	*127,681*	*11.2%*	*1,033,115*	235,521	22.8%
Other financial instruments	244,577	9.9%	237,562	7,015	3.0%	271,740	(27,163)	-10.0%
Tangible and intangible assets	38,179	1.6%	31,598	6,581	20.8%	43,576	(5,397)	-12.4%
Other assets	68,857	2.8%	66,050	2,808	4.3%	82,696	(13,838)	-16.7%
Total assets	**2,462,337**	**100.0%**	**2,407,409**	**54,928**	**2.3%**	**2,377,693**	**84,644**	**3.6%**
Deposits from banks	1,969,213	80.0%	1,913,752	55,461	2.9%	1,715,041	254,172	11.6%
Deposits from clients	24,901	1.0%	92,407	(67,506)	-73.1%	208,935	(184,034)	-55.8%
subordinated debts)	147,034	6.0%	105,524	41,510	39.3%	136,493	10,541	-22.7%
Other debts	85,124	3.5%	56,159	28,965	51.6%	79,923	5,201	-29.7%
Total liabilities	**2,226,273**	**90.4%**	**2,167,843**	**58,430**	**2.7%**	**2,140,392**	**85,880**	**4.0%**
Share capital	294,150	11.9%	294,150	-	0.0%	359,440	(65,290)	-18.2%
Share premiums	32,645	1.3%	32,645	-	0.0%	(32,645)	65,290	-200.0%
Accumulated deficit	(103,903)	-4.2%	(97,848)	(6,055)	6.2%	(92,818)	(11,085)	11.9%
Other reserves	11,669	0.5%	9,116	2,553	28.0%	3,323	8,346	251.1%
Total equity attributable to equity holders of the Bank	**234,561**	**9.5%**	**238,063**	**(3,502)**	**-1.5%**	**237,301**	**(2,740)**	**-1.2%**
Non-controlling interest	1,503	0.1%	1,503	-	100.0%	-	1,503	100.0%
Total equity	**236,064**	**9.6%**	**239,566**	**(3,502)**	**-1.5%**	**237,301**	**(1,237)**	**-0.5%**
Total liabilities and equity	**2,462,337**	**100.0%**	**2,407,409**	**54,928**	**2.3%**	**2,377,693**	**84,644**	**3.6%**

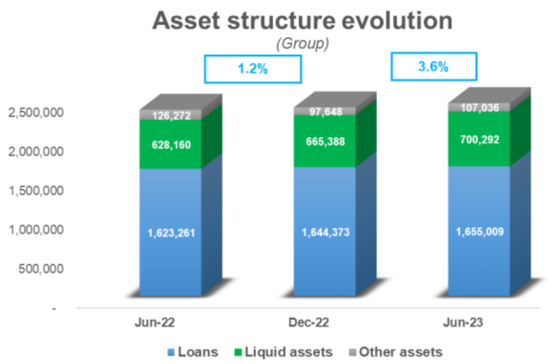
- **Asset composition.** In the context of preparing the digital strategy, Idea Bank restricted its commercial activity from March 2022, transferred contracts and customers to Banca Transilvania in June 2022, but continued the financing activity of the leasing subsidiary, respectively the acquisition of receivables.

Thus, in the first half of 2023 compared to June 2022, the total assets indicator at bank level increased by 1.1% and at group level by 3.6%, supported by the increase in leasing receivables (20.2% at bank level, respectively 22.8% at group level) which compensated for the decrease in the consumer loan portfolio. The determining share in both the bank's and group's balance sheet is held by loans (65.5% Bank / 67.2% Group), followed by liquid assets (29.5% Bank and 28.4% Group), while other assets (3.4% Bank / 2.8% Group) and fixed assets (1.5% Bank / 1.6% Group) hold a small weight.

Cash and current accounts with the central bank increased by 3.9% (Bank/Group), based on the new financing structure and business model. These items represented 14.4% of the Bank's total assets and 13.5% of the Group's, respectively.

Tangible and intangible assets accounted for 1.5% and 1.6% respectively of total assets (both at Bank and Group level).





- **Asset quality**. The quality of the loan portfolio is in line with the average of the banking system, due to a strict risk control and the implementation of scoring models based on machine learning that substantially improve the predictability of credit risk.

The non-performing exposures ratio according to the European Banking Authority (EBA) is 4.4% (Bank) and 4.6% Group respectively as at June 30, 2023, slightly above the average of the banking system. The provision coverage of non-performing exposures according to EBA is 61.9% at bank level, respectively 60% at group level.

- **Liquidity and funding**. The liquidity position of the Bank remains at comfortable level. The Group financed mainly through customer deposits fork parent bank.

As of June 30, 2023, the liquidity coverage ratio (LCR) recorded values above 100%, respectively 1,876.56% at individual level and 2,495.70% at consolidated level.

- **Capital adequacy**. The capitalization is adequate, according to the minimum level regulated by the NBR.

The solvency of the bank calculated as at June 30, 2023 is 16.1% (15.4% for the Group), above the minimum regulated threshold and including buffers imposed by Central Bank regulations. The financial data of Idea Bank S.A. confirm that the Bank has adequate capitalization and an adequate level of liquidity.

3.3.2. Profit and Loss Account

The main elements of the individual and consolidated profit and loss account prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS), compared to the same period last year, are as follows:

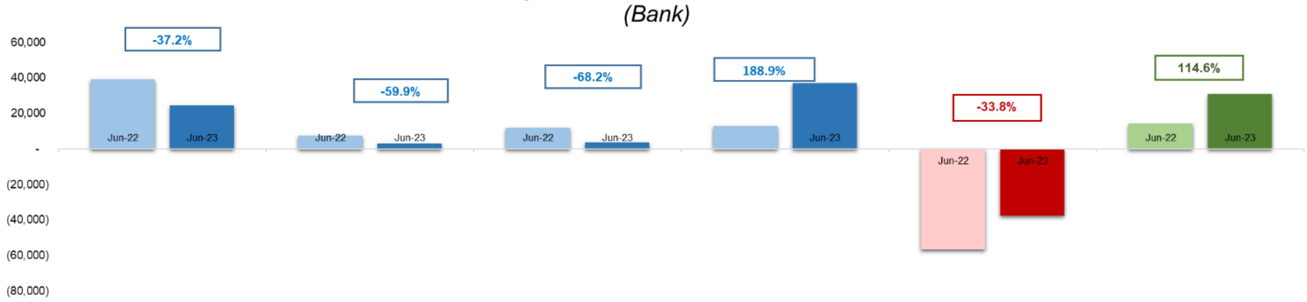
Profit and Loss - BANK (thousands lei)	Jun-23	Jun-22	Jun-23 vs Jun-22 (abs.)	Jun-23 vs Jun-22 (%)
Net interest income	24,472	38,963	(14,491)	-37.2%
Net fee and commission income	2,945	7,344	(4,399)	-59.9%
Net trading income	3,776	11,878	(8,102)	-68.2%
Other operating income	37,116	12,849	24,267	188.9%
Operating income	**68,309**	**71,034**	**(2,725)**	**-3.8%**
Staff expenses	(18,664)	(23,096)	4,432	-19.2%
Other operating expenses	(18,857)	(33,593)	14,736	-43.9%
Operating expenses	**(37,521)**	**(56,689)**	**19,168**	**-33.8%**
Operating result	**30,788**	**14,345**	**16,443**	**114.6%**
Provisions expenses	(7,494)	(14,214)	6,720	-47.3%
Gross result	**23,294**	**131**	**23,163**	**17681.7%**
Income tax expense	(102)	(169)	67	-39.6%
Net result	**23,192**	**(38)**	**23,230**	**-61131.6%**

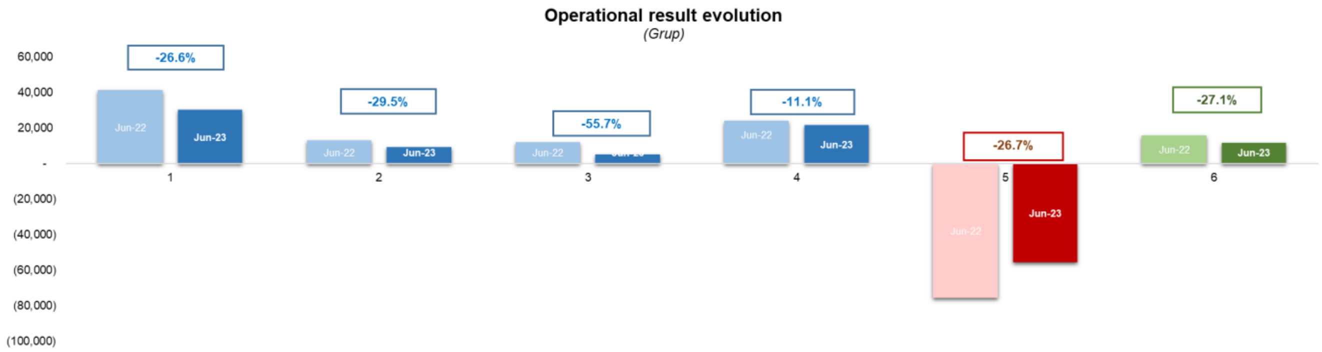
Profit and Loss - GROUP (thousands lei)	Jun-23	Jun-22	Jun-23 vs Jun-22 (abs.)	Jun-23 vs Jun-22 (%)
Net interest income	30,411	41,431	(11,020)	-26.6%
Net fee and commission income	9,437	13,377	(3,940)	-29.5%
Net trading income	5,486	12,372	(6,886)	-55.7%
Other operating income	21,716	24,431	(2,715)	-11.1%
Operating income	**67,051**	**91,611**	**(24,561)**	**-26.8%**
Staff expenses	(30,856)	(35,169)	4,313	-12.3%
Other operating expenses	(24,419)	(40,278)	15,859	-39.4%
Operating expenses	**(55,275)**	**(75,447)**	**20,172**	**-26.7%**
Operating result	**11,776**	**16,164**	**(4,389)**	**-27.1%**
Provisions expenses	(9,696)	(15,132)	5,436	-35.9%
Gross result	**2,080**	**1,033**	**1,047**	**101.4%**
Income tax expense	(3,625)	(1,452)	(2,173)	149.6%
Net result	**(1,545)**	**(420)**	**(1,126)**	**268.2%**

- **Profitability.** Idea Bank Group ended the first half of 2023 with a loss of RON 1,545 thousand, while the bank recorded a profit of RON 23,192 thousand generated by the distribution of dividends from the leasing subsidiary.

NIM's net margin is 2.2% at bank and 2.6% at group level, while COR risk cost is 1.0% at bank level and 1.2% at group level, respectively, supported by leasing receivables portfolio.

Operational result evolution
(Bank)





Net interest income (36% of operating income at bank level and 45% at group level) decreased compared to the same period of 2022, a decrease generated by the fact that the bank stopped commercial activity and maintained the interest line from the portfolio originating before December 2022 and continued the purchase of leasing receivables.

Net fee and commission income (4.3% of operating income at bank level and 14% at group level) had a negative dynamics both at bank level by 59%, caused by the divestment of SME clients who carried out most of the transactions, and at group level of 29%, generated by lower brokerage fees and decrease in the number of contracts in the portfolio compared to the same period in 2022.

Net trading income, an important segment of the bank's activity (6% of the bank's operating income and 8% of the group's operating income) decreased by 68% at the bank's level and by 56% at group level, generated by the migration of portfolios to Banca Transilvania in 2022 and the limitation of commercial activity.

The cost/income ratio recorded a level of 54.9% at bank level and 82.4% at group level compared to June 2022, in the context of lower expenses with the territorial network.

Impairment adjustment expenses decreased by 47% at bank level and by 36% at group level compared to June 2022, driven by different portfolio composition.

3.3.3. Cash Flow

The cash flow statement detailing the cash flows from operating, investment and financing activities is part of the Financial Statements that accompany this report.

3.4. Significant Events that took place in the first six months of 2023

The General Shareholders Meeting of Idea Bank S.A. held on 27.04.2023 decided:

- The approval of the individual and consolidated financial statements of Idea Bank S.A. for the financial year that ended on 31.12.2022 prepared in accordance with the International Financial Reporting Standards adopted by the European Union, accompanied by the Report of the Board of Directors for 2022 and the Report of the independent auditor on the individual and consolidated financial statements at 31 December 2022;
- The discharge of the members of the Board of Directors of Idea Bank S.A. for the financial year 2022;
- The approval of the financial result as at 31 December 2022.

The Board of Directors of Idea Leasing IFN S.A. decided on 30.05.2023 to sell the 600 shares with a face value of 250 lei / share, representing 100% shareholding in Idea Borker de Asigurare S.R.L., to BT Leasing Transilvania IFN S.A.

The General Meeting of Shareholders of Idea Leasing IFN S.A. decided on 20.06.2023 to approve the distribution of dividends worth 40 million lei to the company's shareholders, proportional to the share in the share capital.

The Board of Directors of Idea Leasing IFN S.A. decided on 30.06.2023 to restrict the company's activity by limiting the new business activity starting with 01.07.2023.

4. Other Declarations

4.1. Changes in Share Capital

In the first half of 2023, the Bank's share capital has not changed. As of 30 June 2023, the statutory social capital of the Bank is RON 251,975,609.90 and consists of 2,519,756,099 shares with a nominal value of RON 0.1 each.

4.2. Changes in Bank's Management Structure

At 30 June 2023, the management of Idea Bank is ensured by:

Board of Directors:

1. **Mioara Popescu -** President of the Board of Directors of Idea Bank since 28.04.2022 – first mandate;
2. **Ivo Gueorguiev – Independent** Member of the Board of Directors of Idea Bank since 22.03.2022 – first mandate;
3. **Omer Tetik -** Member of the Board of Directors of Idea Bank since 08.03.2022 – first mandate;
4. **Costel Lionăchescu -** Member of the Board of Directors of Idea Bank since 03.10.2022 – first mandate;
5. **Tiberiu Moisă -** Member of the Board of Directors of Idea Bank since 26.07.2022 – first mandate.

Managing Committee of Idea Bank:

1. **Gabriela Cristina Nistor –** General Manager since October.2022 – first mandate,
2. **Sinan KIRCALI** – Deputy General Manager since April 2022 – first mandate,
3. **Sorin Dumitrescu** - Deputy General Manager since April 2022 – first mandate,
4. **Daniel Constantin Popescu** - Deputy General Manager since December 2022 – first mandate,
5. **Robert Anghel** - Deputy General Manager since June 2023, pending prior approval by the National Bank of Romania - first mandate.

4.3. Significant Transactions

On 30.05.2023, the Board of Directors of Idea Leasing IFN S.A. approved the sale of the 600 shares with a nominal value of 250 lei/share, representing 100% shareholding in Idea Broker de Asigurare S.R.L., to BT Leasing Transilvania IFN S.A., at an initial value of 20 million lei, which will be adjusted based on the report issued by a third party evaluator ANEVAR.

There was no information on the significant major transactions concluded by Idea Bank with the persons with whom it acts in concert or in which these persons were involved in the first half of 2023.

4.4. Transactions with Related Parties

During the first 6 months of 2023, the Bank's activity was carried out under the conditions of the described economic environment, without any events having significant consequences on the level of the Bank's revenues. All transactions with the affiliated parties both individually and consolidated are presented in the Interim Financial Statements on 30 June 2023.

4.5. Other declarations

The main activity of the Bank was performed under normal conditions, with no exceptional circumstances. All legal requirements were followed, in terms of the correct and up-to-date organization and management of accounting, in terms of accounting principles, as well as in terms of complying with the accounting rules and regulations in force.

The bank has not been unable to meet its financial obligations under any circumstances during the first half of 2023.

During the first semester of 2023, the following amendments were made to the Bank's constitutive acts:

1. On 06.03.2023, the rewording of paragraph (6) of Article 21 whereby "*The President may propose the adoption of decisions by correspondence without the need for a meeting of the Council. Decisions taken by correspondence shall be valid if the members of the Council have cast their vote in writing by any form of correspondence including e-mail, and the same rules shall apply to attendance quorums and approval for such decisions.'*

2. *On 27.06.2023, the reformulation of paragraph (1) of Article 26 by which "the Board of Directors delegates the operational management and coordination of the daily activity of the Bank to no more than 5 (five) executive directors (positions assimilated to that of director, provided by Law no. 31/1990, as subsequently amended and supplemented), appointing one of them General Manager of the Bank. The other executive directors shall act as Deputy General Directors of the Bank."*

The Separate and Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (“IFRS”) and in force as at 30 June 2023. The data presented regarding the first semester of 2023 is based on the organisation and accounting rules as stated by the Law no. 82/1991, republished and further amended and completed, with NBR Order no.27/2010 approving the accounting rules under the International Financial Reporting Standards adopted by the European Union, as subsequently amended and supplemented, as well as other NBR instructions in the field.

4.6. Subsequent Events after 30 June 2023

There are no subsequent events after 30 June 2023 to affect presented summarized consolidated and separated financial statements.

ANNEXES: The present report has attached the copies of the following documents:

1. Summarized consolidated and separated financial statements according to the International Financial Reporting Standards (IFRS) as endorsed by the European Union as at 30 June 2023:
   - Consolidated and Separated Statement of Profit or Loss and other Comprehensive Income;
   - Separated and consolidated statement of financial position;
   - Separated and consolidated statement of changes in equity;
   - Separated and consolidated statement of cash flow;
   - Notes to the summarized separated and consolidated financial statements;

2. The statement of the Executive Finance Director of Idea Bank assuming the responsibility for the summarized financial statements for the first semester of 2023.

President of the Board of Directors

Mioara Popescu

CEO

Gabriela Cristina Nistor

Executive Finance Director

Gabriela Andrei

Idea Bank S.A.
CODE LEI: 213800B6NFUNHBD4J569

INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As at June 30, 2023

Idea Bank

CONTENTS

Interim Consolidated and Separate Statement of Profit or Loss

		Group				Bank			
RON thousand	**Notes**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Interest income calculated using the effective interest method		15,769	30,638	19,368	38,553	33,420	68,667	29,292	59,360
Other interest like income		20,927	45,622	11,485	24,253	-	-	-	-
Interest expense calculated using the effective interest method		(21,558)	(45,823)	(9,778)	(21,306)	(20,832)	(44,179)	(9,266)	(20,327)
Other interest like expense		(13)	(27)	(39)	(70)	(9)	(16)	(39)	(70)
Net interest income	5	**15,124**	**30,411**	**21,036**	**41, 431**	**12,579**	**24,472**	**19,987**	**38,963**
Fee and commission income		5,211	10,461	8,775	16,169	1,991	3,712	5,721	10,074
Fee and commission expense		(472)	(1,027)	(1,731)	(2,791)	(446)	(771)	(1,696)	(2,730)
Net fee and commission income	6	**4,740**	**9,433**	**7,044**	**13,377**	**1,545**	**2,941**	**4,025**	**7,344**
Net trading income	7	2,521	5,486	7,266	12,372	1,939	3,776	6,814	11,878
Net gain from financial assets measured at fair value through other items of comprehensive income		-	-	-	-	-	-	-	-
Net gain from financial assets which are required to be measured at fair value through profit and loss		-	-	-	-	-	-	-	-
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	8	(36)	(76)	(513)	(1,031)	(36)	(76)	(513)	(1,031)
Other operating income	9	10,240	21,792	8,498	25,462	169	37,192	308	13,880
Operating income		**32,588**	**67,047**	**43,330**	**91,611**	**16,196**	**68,305**	**30,621**	**71,034**
Expenses (-) from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	10	(5,549)	(9,696)	(5,495)	(15,132)	(4,043)	(7,494)	(5,172)	(14,214)
Personnel expenses	11	(15,182)	(30,856)	(16,722)	(35,169)	(8,969)	(18,664)	(11,027)	(23,096)
Depreciation and amortization		(2,157)	(4,394)	(3,588)	(6,915)	(1,621)	(3,250)	(3,099)	(5,933)
Other operating expenses	12	(9,906)	(20,022)	(9,570)	(33,363)	(7,619)	(15,604)	(6,560)	(27,660)
Operating expenses		**(32,794)**	**(64,968)**	**(35,375)**	**(90,579)**	**(22,252)**	**(45,012)**	**(25,858)**	**(70,903)**
Profit before income tax		**(206)**	**2,079**	**7,956**	**1,033**	**(6,056)**	**23,293**	**4,763**	**131**
Income tax expense (-)	13	(2,013)	(3,625)	(879)	(1.452)	(48)	(102)	(93)	(169)
Net profit for the year		**(2,219)**	**(1,546)**	**7,077**	**(420)**	**(6,104)**	**23,191**	**4,670**	**(38)**
Net Profit of the Group attributable to:									
Equity holders of the Bank		(2,219)	(1,546)	7,077	(420)	(6,104)	23,191	4,670	(38)
Non-controlling interests		-	-	-	-	-	-	-	-
Net profit for the year		**(2,219)**	**(1,546)**	**7,077**	**(420)**	**(6,104)**	**23,191**	**4,670**	**(38)**

Idea Bank

Interim Consolidated and Separate Statement of Other Comprehensive Income

	Group				Bank			
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Net Profit for the period	**(2,219)**	**(1,546)**	**7,077**	**(420)**	**(6,104)**	**23,191**	**4,670**	**(38)**
Items that will not be reclassified as profit or loss, net of tax	**10,463**	**-**	**9,093**	**9,093**	**10,463**	**-**	**9,093**	**9,093**
Increases/decreases from the revaluation of tangible and intangible assets, gross	10,332	-	10,332	10,332	10,332	-	10,332	10,332
Other elements of comprehensive income	1,370	-	-	-	1,370	-	-	-
Tax related to the elements that cannot be classified in the global result	(1,239)	-	(1,239)	(1,239)	(1,239)	-	(1,239)	(1,239)
Items which are or may be reclassified to profit or loss	**(7,189)**	**-**	**720**	**(84)**	**(7,189)**	**-**	**720**	**(84)**
Fair value reserve (financial assets measured at fair value through other items of comprehensive income), of which:	**(8,646)**	**-**	857	(100)	(8,646)	**-**	857	**(100)**
Net gain / loss (-) from disposal of financial assets measured at fair value through other items of comprehensive income, transferred to profit and loss account	-	-	-	-	-	-	-	-
Fair value changes of financial assets measured at fair value through other items of comprehensive income	**(8,646)**	**-**	857	(100)	(8,646)	**-**	857	**(100)**
Translation of financial information of foreign operations to presentation currency	-	-	-	-	-	-	-	-
Income tax on items which are or may be reclassified to profit or loss	**(1,457)**	**-**	**(137)**	**16**	**1,457**	**-**	**(137)**	**16**
Total comprehensive income for the period	**1,055**	**(1,546)**	**16,890**	**8,589**	**(2.830)**	**23,191**	**14,483**	**8,971**
Total comprehensive income attributable to:								
Equity holders of the Bank	1,055	(1,546)	16,890	8,589	(2.830)	23,191	14,483	8,971
Non-controlling interest								
Total comprehensive income for the period	**1,055**	**(1,546)**	**16,890**	**8,589**	**(2.830)**	**23,191**	**14,483**	**8,971**

The interim consolidated and separate financial statements were approved by the Board of Directors on August 23, 2023 and were signed on its behalf by:

Gabriela Nistor
Executive President

Gabriela Andrei
Financial Executive Director

Interim Consolidated and Separate Statement of Financial Position

		Group		Bank	
RON thousand	**Not**	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Assets		***RON thousand***	***RON thousand***	***RON thousand***	***RON thousand***
Cash and current accounts with Central Banks	14	333,279	182,428	333,276	182.426
Derivatives		-	-	-	-
Financial assets held for trading and measured at fair value through profit and loss		-		-	-
Non-trading financial assets mandatorily at fair value through profit or loss		-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	18	244,577	237,562	244,577	237.562
- of which pledged securities (repo agreements)		-	-	-	-
Financial assets at amortized cost - of which:		551,457	790,220	1,646,638	1.787,750
- Placements with banks	15	122,436	245,398	104,595	238.918
- Loans and advances to customers	16	386,373	503,418	1,515,096	1.539.658
- Debt instruments		-	-	-	-
- Other financial assets	22	42,648	41,404	26,947	9.174
Finance lease receivables	17	1,268,636	1,140,955	-	-
Investments in participations		-	-	43,179	43.179
Investment in associates		-	-	-	-
Property and equipment and investment property	19	17,958	17,932	16,004	16.409
Intangible assets	19	20,221	13,667	19,756	13.079
Goodwill		-	-	-	-
Right-of-use assets	20	5,486	6,727	2,126	3.272
Current tax receivables		-	2,473	-	2.473
Deferred tax assets*		1,429	1,365	-	-
Other non-financial assets	23	17,436	14,080	5,403	6.576
Total assets		**2,460,480**	**2,407,409**	**2,310,959**	**2.292.726**

* Deferred tax assets and deferred tax liabilities were presented on net amount in the Note 21, while in the Interim Consolidated and Separate Statement of Financial Position as distinct positions.

Idea Bank

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

RON thousand	Notes	Group		Bank	
		30-06-2023	31-12-2022	30-06-2023	31-12-2022
Liabilities		***RON thousand***	***RON thousand***	***RON thousand***	***RON thousand***
Deposits from banks	24	1,969,213	1,913,752	1,969,213	1,913,752
Deposits from customers	25	24,901	92,407	29,576	99,010
Loans from banks and other financial institutions	26	100,796	59,454	-	-
Subordinated liabilities	27	46,238	46,070	46,238	46,070
Current tax liability		3,747	1,096	2,215	-
Deferred tax liability*		1,001	414	1,001	414
Provisions for other risks and loan commitments	28	7,170	8,367	5,664	3,047
Financial liabilities to hold for sale		-	-	-	-
Lease liabilities		2,409	3,638	2,409	3,638
Other financial liabilities	29	59,123	33,701	9,044	7,498
Other non-financial liabilities	30	9,818	8,943	1,640	1,084
Total liabilities excluding financial liabilities to holders of fund units		**2,224,415**	**2,167,842**	**2,067,000**	**2,074,513**
Financial liabilities to holders of fund units			-		
Total liabilities		**2,224,415**	**2,167,842**	**2,067,000**	**2,074,513**
Equity					
Share capital	31	294,150	294,150	294,150	294,150
Treasury shares		-	-	-	-
Share premiums		32,645	32,645	32,645	32,645
Retained earnings		(103,903)	(97,848)	(92,599)	(115,791)
Revaluation reserves from tangible assets		8,454	8,360	8,382	8,360
Reserves on financial assets measured at fair value through other items of comprehensive income		(5,449)	(7.980)	(5,449)	(7,980)
Other reserves		8,665	8,736	6,829	6,829
Total equity attributable to equity holders of the Bank		**234,561**	**238,063**	**243,958**	**218,213**
Non-controlling interest		1,503	1,503	-	-
Total equity		**236,064**	**239,566**	**243,958**	**218,213**
Total liabilities and equity		**2,460,479**	**2,407,409**	**2,310,958**	**2,292,726**

The interim consolidated and separate financial statements were approved by the Board of Directors on August 23, 2023 and were signed on its behalf by:

Gabriela Nistor
Executive President

Gabriela Andrei
Executive Financial Director

Interim Consolidated Statement of Changes in Equity

For the six-month period ended June 30, 2023

Group	**Attributable to the equity holders of the Bank**									
RON thousand	**Share capital**	**Treasury shares**	**Share premiums**	**Revaluation reserves**	**Reserves from financial assets measured through other items of comprehensive income**	**Other reserves**	**Retained earnings**	**Total attributable to the equity holders of the Bank**	**Non-controlling interest**	**Total**
Balance as at 01 January 2023	**294,150**	**-**	**32,645**	**8,360**	**(7,980)**	**8,736**	**(97,848)**	**238,063**	**1,503**	**239,566**
Profit for the period	-	-	-	-	-	-	(1.546)	(1.546)	-	**(1.546)**
Gains from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax	-	-	-	-	2,530	-	-	2,530	-	**2,530**
Revaluation of tangible assets net of tax	-	-	-	-	-	-	-	**-**	-	**-**
Retained earnings from revaluation reserves	-	-	-	-	-	-	-	-	-	**-**
Distribution to statutory reserves	-	-	-	-	-	-	-	-	-	**-**
Other adjustments	-	-	-	94	1	(72)	23	46	-	**46**
Total comprehensive income for the period	**-**	**-**	**-**	**94**	**2,531**	**(72)**	**(1,523)**	**1,030**	**-**	**1,030**
Contributions of/ distributions to the shareholders										
Payment of own shares	-	-	-	-	-	-	-	-	-	**-**
Dividends distributed to shareholders	-	-	-	-	-	-	(4,531)	(4,531)	-	(4,531)
Other adjustments	-	-	-	-	-	-	-	-	-	**-**
Total contributions of/distributions to the shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(4,531)**	**(4,531)**	**-**	**(4,531)**
Balance as at 30 June 2023	**294,150**	**-**	**32,645**	**8,454**	**(5,449)**	**8,664**	**(103,903)**	**234,562**	**1,503**	**236,065**

Idea Bank

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

For the six-month period ended June 30 2022

Group		**Attributable to the equity holders of the Bank**									
RON thousand	**Note:**	**Share capital**	**Treasury shares**	**Share premiums**	**Revaluation on reserves**	**Reserves from financial assets measured through other items of comprehensive income**	**Other reserves**	**Retained earnings**	**Total attributable to the equity holders of the Bank**	**Non-controlling interest**	**Total**
Balance as at January 01, 2022	31	**294,150**	**-**	**32,645**	**9,165**	**(2,709)**	**8,665**	**(94,027)**	**247,888**	**-**	**247.888**
Profit for the period		-	-	-	-	-	-	(420)	(420)	-	(420)
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(10,924)	-	-	(10,924)	-	(10,924)
Revaluation of tangible assets net of tax		-	-	-	-	-	-	-		-	-
Retained earnings from revaluation reserves		-	-	-	(996)	-	-	996	-	-	-
Distribution to statutory reserves		-	-	-	-	-	-	-	-	-	-
Other items of comprehensive income, net of tax		-	-	-	123	-	-	-	123	-	123
Total comprehensive income of the period		**-**	**-**	**-**	**(873)**	**(10,924)**	**-**	**576**	**(11,221)**	**-**	**(11,221)**
Contributions of/distributions to the shareholders											
Increase in share capital through the conversion of debt		-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares		-	-	-	-	-	-	-	-	-	-
Dividends distributed to shareholders		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	633	633	-	633
Total contributions of/distributions to the shareholders		**-**	**-**	**-**	**-**	**-**	**-**	**633**	**633**	**-**	**633**
Balance as at June 30, 2022		**294,150**	**-**	**32,645**	**8,292**	**(13,633)**	**8,665**	**(92,818)**	**237,300**	**-**	**237,300**

The explanatory notes to the interim condensed consolidated and separate financial statements from page 11 to page 78 are an integral part of these financial statements.

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

For the six-month period ended June 30, 2023

Bank		**Attributable to the equity holders of the Bank**							
RON thousand	**Note:**	**Share capital**	**Treasury shares**	**Share premiums**	**Revaluation reserves**	**Reserves from financial assets measured through other items of comprehensive income**	**Other reserves**	**Retained earnings**	**Total**
Balance as at January 1, 2023	**31**	**294,150**	**-**	**32,645**	**8,360**	**(7,979)**	**6,829**	**(115,790)**	**218,215**
Profit for the period								23,191	**23,191**
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	2,530	-	-	**2,530**
Revaluation of tangible assets net of tax		-	-	-	-	-	-	-	-
Retained earnings from revaluation reserves		-	-	-	-	-	-	-	-
Distribution to statutory reserves		-	-	-	-	-	-	-	-
Other items of comprehensive income, net of tax		-	-	-	22	-	-	-	**22**
Statement of comprehensive income for the period		**-**	**-**	**-**	**22**	**2,530**	**-**	**23,191**	**25,743**
Contributions of/distributions to the shareholders									
Increase in share capital through the conversion of debt		-	-	-	-	-	-	-	-
Acquisition of treasury shares		-	-	-	-	-	-	-	-
Payments of treasury shares to the employees		-	-	-	-	-	-	-	-
Dividends distributed to shareholders		-	-	-	-	-	-	-	-
SOP 2019 use		-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-
Total contributions of/distributions to the shareholders		-	-	-	-	-	-	-	-
Balance as at June 30, 2023		**294,150**	**-**	**32,645**	**8,382**	**(5,449)**	**6.829**	**(92,599)**	**243,958**

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

For the six-month period ended June 30, 2022

Bank		**Attributable to the equity holders of the Bank**							
RON thousand	**Note:**	**Share capital**	**Treasury shares**	**Share premiums**	**Revaluation reserves**	**Reserves from financial assets measured through other items of comprehensive income**	**Other reserves**	**Retained earnings**	**Total**
Balance as at January 1, 2022	**31**	**294,150**	**-**	**32,645**	**9,093**	**(2,709)**	**6,829**	**(102,684)**	**237,324**
Profit for the period		-	-	-	-	-	-	(38)	**(38)**
Loss from fair value changes of financial assets measured at fair value through other items of comprehensive income, net of deferred tax		-	-	-	-	(10,924)	-	-	**(10,924)**
Revaluation of tangible assets net of tax		-	-	-	-	-	-	-	**-**
Retained earnings from revaluation reserves		-	-	-	(996)	-	-	996	-
Distribution to statutory reserves		**-**	**-**	**-**	-	-	-	-	**-**
Other items of comprehensive income, net of tax		-	-	-	-	-	-	-	**-**
Statement of comprehensive income for the period		-	-	-	123	-	-	-	**123**
Contributions of/distributions to the shareholders		-	**-**	**-**	**(873)**	**(10,924)**	-	**958**	**(10,839)**
Increase in share capital through the conversion of debt		-	-	-	-	-	-	-	**-**
Acquisition of treasury shares		-	-	-	-	-	-	-	**-**
Payments of treasury shares to the employees		-	-	-	-	-	-	-	**-**
Dividends distributed to shareholders		-	-	-	**-**	**-**	**-**	-	-
SOP 2019 use		-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-
Total contributions of/distributions to the shareholders		-	-	-	-	-	-	-	-
Balance as at June 30, 2022		**294,150**	**-**	**32,645**	**8,220**	**(13,633)**	**6.829**	**(101,726)**	**226,485**

The interim consolidated and separate financial statements were approved by the Board of Directors on August 23, 2023 and were signed on its behalf by:

Gabriela Nistor
Executive President

Gabriela Andrei
Financial Executive Director

Interim Consolidated and Separate Statement of Cash Flows

For the six-month period ended June 30 2023

		Group		Bank	
RON thousand	**Note**	**30-06-2023**	**30-06-2022**	**30-06-2023**	**30-06-2022**
Cash-flow from operating activities					
Profit for the period		(1,546)	(420)	23,191	(38)
Adjustments for:					
Depreciation and amortization		4,394	6,915	3,250	5,933
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		11,994	15,758	9,792	14,840
Adjustment of financial assets at fair value through profit and loss		-	-	-	-
Income tax expense		3,625	1,452	102	169
Interest income		(76,260)	(62,806)	(68,667)	(59,360)
Interest expense		45,849	21,375	44,195	20,397
Other adjustments		(8,078)	16,818	(64,753)	19,010
Net profit adjusted with non-monetary elements		**(20,023)**	**(908)**	**(52,890)**	**951**
Changes in operating assets and liabilities					
Change in financial assets at amortized cost and placements with banks		-	4,887	-	4,887
Change in loans and advances to customers		17,485	334,591	24,395	336,368
Change in finance lease receivables		(38,190)	5,004	-	-
Change in financial assets at fair value through profit or loss		-	-	-	-
Change in financial assets held for trading and measured at fair value through profit or loss – derivatives		-	1,086	-	1,086
Change in equity instruments		-	-	-	-
Changes in debt instruments		-	-	-	-
Change in other financial assets		1,285	(7.637)	(1,002)	(347)
Change in other assets		(2,713)	(2,460)	1,649	(1,407)
Change in deposits from customers		(68,798)	(2,159,668)	(68,798)	(2,159,668)
Change in deposits from banks		59,131	1,618,231	59,131	1,618,231
Change in financial liabilities held-for-trading		-	(490)	-	(490)
Change in repo operations		-	-	-	-
Change in other financial liabilities		21,334	38,138	1,546	1,459
Change in other liabilities		3,580	(12,690)	3,261	7,000
Income tax (paid)/recovered		(3,151)	(5,349)	-	(747)
Interest received		84,115	3,641	76,583	61
Interest paid		(46,566)	(23)	(46,566)	(23)
Net cash-flow from operating activities		**7,489**	**(183,646)**	**(2,691)**	**(192,639)**

Idea Bank

Interim Consolidated and Separate Statement of Cash Flows (continued)

For the Six-month period ended June 30

		Group		Bank	
RON thousand	**Notes**	**30-06-2023**	**30-06-2022**	**30-06-2023**	**30-06-2022**
Cash-flow used in investment activities					
Acquisition of financial assets measured at fair value through other items of comprehensive income		-	(59,855)	-	(59,855)
Sale/redemption of financial assets measured at fair value through other items of comprehensive income		-		-	-
Net acquisitions of property and equipment		6,773	10,117	7,533	10,226
Net acquisitions intangible assets		(23,478)	(1,561)	(23,478)	(1,052)
Proceeds from disposal of property and equipment and intangible assets		-	1,235	-	1,226
Acquisition of equity investments		-	-	-	-
Dividends collected		36,477	6,483	36,477	6,483
Interest received		176	76,876	176	76,876
Net cash-flow used in investment activities		**19,948**	**33,296**	**20,708**	**33,904**
Gross proceeds from loans from banks and other financial institutions		95,861	54,360	-	-
Gross payments from loans from banks and other financial institutions		(55,045)	(62,030)	-	(2,182)
Gross proceeds from subordinated loans from banks and other financial institutions		-	-	-	-
Gross payments from subordinated loans from banks and other financial institutions		-	-	-	-
Repayment of the principal portion of the lease liabilities		-	-	-	-
Dividend payments		(2,899)	(13,728)	(1,039)	(9,532)
Payments for treasury shares		-	-		-
Interest paid		(1,996)	(4.088)	(451)	(3,300)
Net cash-flow from / (used in) financing activities		**35,920**	**(25,486)**	**(1,490)**	**(15,014)**

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

	Group		Bank	
RON thousand	**30-06-2023**	**30-06-2022**	**30-06-2023**	**30-06-2022**
Cash and cash equivalents at January 1				
The impact of exchange rate variations on cash and cash equivalents	1,120	-	1,120	-
Cash and cash equivalents as at January 1	427,827	542,637	421,344	525,879
Net increase/decrease (-) in cash and cash equivalents	26,768	(176,468)	15,407	(173,749)
Cash and cash equivalents as at June 30	**455,715**	**366,169**	**437,871**	**352,130**

The interim condensed consolidated and separate financial statements were approved by the Board of Directors on August 23, 2023 and were signed on its behalf by:

Gabriela Nistor
Executive President

Gabriela Andrei
Executive Financial Director

The explanatory notes to the interim condensed consolidated and separate financial statements from page 11 to page 83 are an integral part of these financial statements.

Notes to the Interim Condensed Consolidated and Separate Financial Statements

1. Reporting entity and basis of preparation

a) Reporting entity

Idea Bank SA

IDEA Bank SA Group (former Romanian International Bank SA) (the "Group") includes the parent bank, IDEA Bank SA (former Romanian International Bank SA) (the "Bank") and its subsidiaries headquartered in Romania. The interim condensed consolidated and separate financial statements as at June 30, 2023 consist of the financial statements of IDEA Bank SA and its subsidiaries.

The Group operates in the following lines of business: banking - carried out by IDEA Bank SA (the "Bank"), leasing - provided by IDEA Leasing IFN SA, management consultancy - provided by Idea Investment SA, insurance activities carried out by insurance agents and brokers - provided by IDEA Broker de Asigurare SRL.

Idea Bank Group is part of the Banca Transilvania Financial Group, respectively Banca Transilvania, with its registered office in Calea Dorobanților no. 30-36, Cluj-Napoca, Romania.

Idea Bank S.A. is a bank established in 1998, which, during 2021, was acquired by Banca Transilvania, a credit institution in Romania, which became the only shareholder (direct and indirect) of the Bank on October 29 2021. The interim condensed separate and consolidated financial statements are available on the bank's website at financial results (idea-bank.ro).

30 June 2023		**30 June 2022**	
Shareholder name, citizenship	**% stake**	**Shareholder name, citizenship**	**% stake**
Banca Transilvania S.A., România	99.99999996031	Banca Transilvania S.A., România	99.99999996031
B.T. Investments S.R.L., România	0.00000003969	B.T. Investments S.R.L., România	0.00000003969
Total	**100.00**	**Total**	**100.00**

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

Subsidiary	**Field of activity**	**% of direct and indirect stake 30-06-2023**	**% of direct and indirect stake 30-06-2022**
Idea Leasing IFN S.A.	Financial leasing	88.6713%	88.6713%
Idea Broker de Asigurare S.R.L.	Activities of insurance agents and brokers	88.6713%	88.6713%

b) Declaration of conformity

The interim condensed consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union, effective as at the Group's and Bank's interim reporting date, June, 2023. They do not include all the information required for a complete set of financial statements in accordance with the International Financial Reporting Standard ("IFRS") endorsed by the European Union.

Financial information for the periods of 6 months and 3 months ended at June 30, 2023 respectively 6 months and 3 months ended at June 30, 2022 is neither audited nor reviewed.

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

c) Basis of measurement

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

d) Functional and presentation currency - RON

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

e) Use of estimates and judgements

The preparation of the interim condensed consolidated and separate statement in accordance with the IAS 34 "Interim Financial Reporting", as endorsed by the European Union implies that the management uses estimations and judgements that affect the application of accounting policies, as well as the reported value of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical data and various other factors that are 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 are recognized in the period in which the estimate is reviewed, if the review affects only that period, or in the period of the review and future periods if the review affects both current and future periods.

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

2. Significant accounting policies

Information on those estimates used in the application of accounting policies that have a significant effect on the interim condensed consolidated and separate financial statements, as well as estimates involving a significant degree of uncertainty, are presented in Note 4.

The significant accounting policies set out below have been applied consistently by the Bank and the Group's entities throughout all the periods presented in these interim condensed consolidated and separate financial statements.

2. Significant accounting policies *(continued)*

a) Basis for consolidation

According to IFRS 10, control means that an investor has: 1) power over the investee; 2) exposure, or rights to variable returns from its involvement within the investee; 3) the ability to use its power over the investee to affect the amount of the investor's returns. The list of the Group's subsidiaries is presented in Note 1.

(i) Subsidiaries

The Group's subsidiaries are the entities under the Group's direct and indirect management. The management of an entity is reflected by the Group's capacity to exercise its authority in order to influence any variable return to which the Group is exposed based on its involvement in the entity.

The factors that the Group must consider when deciding to include an entity in the consolidation are the following:

- the purpose and relevant activity of the entity;
- the entity's relevant activities and the manner in which they are determined;
- whether the Group's rights ensure its capacity to manage the entity's relevant activities;
- whether the Group is exposed or entitled to variable returns;
- whether the Group can use its capacity in order to influence returns.

If voting rights are relevant, the Group is considered to be in control if it holds, directly or indirectly, more than half of the voting rights of an entity, except when there is proof that another investor has the capacity of control over the relevant activities. Potential voting rights considered as substantial are also taken into account when determining the control of the entity. Moreover, the Group controls an entity even if it does not hold the majority of the voting rights, but however has the effective capacity to control the entity's relevant activities. This may take place if the size and dispersion of the shareholders' holdings give the Group the power to direct the activities in which it has been invested.

Subsidiaries are consolidated from the date on which the management power is transferred to the Group. The Group shall continuously assess control over the investees in, at least at each quarterly reporting date. Therefore, any change in the structure that leads to a change in one or more control factors leads to a reassessment. These include changes in decision-making rights, changes in contractual arrangements, changes in financial or capital structure, as well as changes that occurred following a triggered event that was anticipated in the initial documentation.

(ii) Loss of control

If the parent loses the control of a subsidiary, it derecognizes the assets (including goodwill), the liabilities and the book value of any non-controlling interest at the date such control is lost. Any gain or loss arising from the loss of control is recognized in the profit or loss account.

Upon the loss of control over a subsidiary, the Group: a) derecognizes the assets (including the attributable goodwill) and liabilities of the subsidiary at their book value, b) derecognizes the book value of any non-controlling interests held in the former subsidiary, c) recognizes the consideration received at fair value, as well as any distribution of the subsidiary's shares, d) recognizes any investment in the former subsidiary at fair value and e) recognizes any difference resulting from the above elements as gain or loss in the income statement. Any amounts recognized in the previous periods as other items of comprehensive income in relation to the respective subsidiary, shall be either reclassified in the consolidated statement of profit or loss or transferred to retained earnings, if required by other IFRS standards.

2. Significant accounting policies *(continued)*

a) Basis of consolidation *(continued)*

(iii) Transactions eliminated from consolidation

Intra-group settlements and transactions, as well as any unrealized gains resulted from the intra-group transactions have been fully eliminated in the preparation of the consolidated financial statements. Unrealized gains resulted from transactions with equity accounted investees are eliminated in correlation with the investment in the related entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency transactions

(i) Foreign currency transactions

Transactions in foreign currency are recorded in RON at the official exchange rate at the date of the transaction. The exchange rate differences resulting from such transactions denominated in foreign currency are reflected in the statement of profit or loss at the transaction date and using the exchange rate valid at the respective date.

Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated and separate statement of financial position are translated to the functional currency at the exchange rate valid at that date. FX differences are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated in the functional currency by using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rate valid at the date when the fair value is determined.

The exchange rates for the major foreign currencies were:

Currency	30 June 2023	30 June 2022	Variation %
Euro (“EUR”)	1: LEU 4.9634	1:RON 4.9454	0.36%
United States Dollar (“USD”)	1: LEU 4.7424	1: RON 4.5750	3.65%

c) Interest income and expenses

Recognition of interest income and expenses

Interest income and expense are recorded for all loans and debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination.

2. Significant accounting policies *(continued)*

c) Interest income and expenses *(continued)*

Recognition of interest income and expenses

The Group does not designate loan commitments as financial liabilities at FVTPL.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price).

As a result, the effective interest is credit-adjusted. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortized cost, net of the expected credit loss provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit adjusted effective interest rate is applied to the amortized cost.

d) Fee and commission income

Fee and commission income is recognized over time on a straight line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Such income includes fee income in the banking units (*transactional fees, and execution fees*), fee income in wealth management, fee income related to leasing activity, etc.

Variable fees are recognized only to the extent that management determines that it is highly probable that a significant reversal will not occur.

Other fee and commission income is recognized at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations. Such income includes fees for arranging a sale or purchase of foreign currencies on behalf of a customer, fees for processing payment transactions, fees for cash settlements, collection or cash disbursements.

e) Net trading income

Net trading income represents the difference between the gain and loss related to financial assets held-for trading, foreign exchange transactions, derivatives and foreign exchange position revaluation.

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

The net loss/ gain from financial assets which are required to be measured at fair value through profit or loss includes the gain and loss both from the revaluation at fair value and the sale of financial assets which are required to be measured at fair value through profit or loss.

2. Significant accounting policies *(continued)*

g) Dividend income

Dividend income is recognized in profit or loss at the date when the right to receive such income is established and it is probable that the dividends will be collected. Dividends are reflected as a component of other operating income.
For some of the Bank's subsidiaries, the only profit available for distribution is the profit for the year recorded in the Romanian statutory accounts, which differs from the profit in these interim condensed consolidated and separate financial statements prepared in accordance with IFRS, as endorsed by European Union, due to the differences between the applicable Romanian Accounting Standards and IFRS, as endorsed by the European Union.

h) Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund

The retail deposits and certain legal entity deposits, including SME deposits, are guaranteed up to EUR 100,000 by the Bank Deposit Guarantee Fund (the "FGDB") according to the regulations in force (Law 311/2015 regarding the deposit guarantee scheme and the Deposit Guarantee Fund).

The Romanian credit institutions are obliged to pay an annual contribution to the Deposit Guarantee Fund ("FGBD - Fondul de Garantare a Depozitelor Bancare"), in order to guarantee the clients' deposits in case of the credit institution's insolvency, as well as an annual contribution to the Resolution Fund ("Fondul de Rezolutie").

The Group and the Bank applied IFRIC 21 "Levies", as this contribution to the FGDB corresponds to a tax that needs to be fully recognized as an expense at the time the obligating event occurs.

i) Lease assets and liabilities

Group applies IFRS 16 provisions to all leases, including leases of right-of-use assets in a sublease, except for:

a) leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
b) leases of biological assets within the scope of IAS 41 Agriculture held by a lessee;
c) service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements;
d) licenses of intellectual property granted by a lessor within the scope of IFRS 15 Revenue from Contracts with Customers; and
e) rights held by a lessee under licensing agreements within the scope of IAS 38 Intangible Assets for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

The Group presents in this interim condensed consolidated and separate financial statements, lease assets and liabilities for the following types of transactions:

a) <u>as a lessee:</u>

- Lease of properties used for financial activities;
- Lease of vehicles;
- Lease of other low-value items.

b) <u>as a lessor:</u>

- Finance lease of vehicles and equipment.

2. Significant accounting policies *(continued)*

i) Lease assets and liabilities (continued)

Identification of a lease contract

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset and
(b) the right to direct the use of the identified asset.

a) The Group as a lessee

As per IFRS 16 provisions, a lessee no longer differentiates between finance leases and operating leases and is required to recognize a right-of-use asset and a lease liability at the initial recognition of the contract.

Right of use – initial measurement

The right-of-use asset shall comprise:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Utility costs and non-recoverable taxes (VAT) are not a component of the debt arising from the leasing contract, being recognized as a cost as the invoices issued by the lessor are received.

Lease liability – initial measurement

Represents the present value of the lease payments that are not paid at commencement date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments, less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering all the relevant factors); and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
The Group measures the right-of-use asset using the cost model, less any accumulated depreciation and impairment losses adjusted for any revaluations of the liability arising from the lease.

2. Significant accounting policies *(continued)*

i) Lease assets and liabilities (continued)

a) The group as lessee (continued)

Lease liability – initial measurement

If the lease transfers ownership of the underlying asset to the Group as lessee until the lease term ends, or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group will depreciate the right-of-use asset from the commencement date until the end of the useful life of the underlying asset. Otherwise, the Group will amortise the right-of-use asset from the commencement date until the first date between the end of the useful life of the right-of-use asset and the end of the lease term.

Subsequent measurement of the lease liability

The Group shall assess the lease liability by:

(a) the increase in the carrying amount to reflect interest on the lease liability;
(b) write-down to reflect lease payments made; and
(c) revaluation of the carrying amount to reflect any revaluation or changes in the lease.

After the commencement date, the Group revalue the lease liability to reflect the change in lease payments. The Group recognises the amount of the revaluation of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining revaluation value in the profit or loss account.

b) The group as lessor

Initial assessment

At the commencement date of a lease, the Group, as the lessor, recognises in the statement of financial position the assets held in the finance lease system and presents them as a claim at an amount equal to the net investment in the lease. The group uses the effective interest rate in the lease to measure the net investment in the lease. The effective interest rate in the lease is defined in such a way that the initial direct costs are automatically included in the net investment in the lease. The lease payments included in the measurement of the net lease investment comprise the following payments relating to the right to use the underlying asset during the lease term, which are not paid at the commencement of the lease:

- fixed payments minus any debts related to incentives arising from leases;
- variable lease payments that depend on an index or rate, initially measured on the basis of the index or rate at the start date of the lease;
- any guarantees relating to the residual value provided to the lessor by the lessee, a party associated with the lessee or a third party not associated with the lessor who is financially capable of paying the obligations associated with the guarantee;
- the strike price of a purchase option if the lessee has a reasonable certainty that he will exercise the option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee's exercise of an option to terminate the lease.

The Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis and shall apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income.

2. Significant accounting policies *(continued)*

i) Lease assets and liabilities (continued)

b) The group as lessor (continued)

Initial assessment (continued)

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. It reviews regularly estimated unguaranteed residual values used in computing the gross investment in the lease. If there has been a reduction in the estimated unguaranteed residual value, the Group reviews the income allocation over the lease term and recognizes immediately any reduction in respect of amounts accrued.

j) Income tax expense

Income tax for the year includes the current tax and the deferred tax. The income tax is recognized in the result for the year or in the shareholders' equity, if the tax is related to shareholders' equity items.

Current tax is the tax payable with respect to the profit for the period, determined based on the percentages applied at the date of the consolidated and separate statement of financial position and all the adjustments related to the previous periods. The adjustments which influence the fiscal base of the current tax are: non-deductible expenses, non-taxable income, similar expense/ income items and other tax deductions.

Deferred tax is determined based on the balance sheet liability method for the temporary differences between the fiscal base for the calculation of the tax on assets and liabilities and their accounting value used for reporting under the interim condensed consolidated and separate financial statements. Deferred tax is not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities resulting from transactions which are not business combinations and do not affect the accounting or tax profit and differences resulting from investments in subsidiaries, provided that they are not reversed in the near future and the moment of reversal is being controlled by the entity.

The temporary differences may arise in a business combination, so that an entity may recognize any resulting deferred tax assets or liabilities as identifiable assets and liabilities at the acquisition date. Current and deferred tax assets and liabilities are offset when they come from the same tax reporting entity and relate to the same tax authority and when there is a legal right to set-off. The annual fiscal loss starting 2009, established through the tax statement shall be recovered from the taxable income of the next 7 consecutive years.

To report the unutilized fiscal losses, the deferred tax claims are recognized only to the extent to which it is probable to obtain taxable profit in the future after compensation with the tax loss from the previous years and with the recoverable tax on profit. Deferred tax claims are diminished to the extent to which the related tax benefits are unlikely to be achieved.

For the Bank and its local entities the tax rate used to calculate the current and deferred tax position at June 30, 2023 is 16% (2022: 16%).

2. Significant accounting policies *(continued)*

k) Financial assets

The Group and the Bank classify the financial assets based on the cash flow characteristics of each instrument and the business model within which an asset is held. A business model reflects how the Group and the Bank manage the financial assets in order to achieve its business objectives.

There are three types of business models:

"Hold to collect" business model:

This business model refers to financial assets that are classified in order to collect cash flows (for example: loans, government securities, bonds held outside the trading portfolio). If these assets pass the SPPI test, they are measured at amortized cost and included in the periodical calculation of expected credit losses.

There is no requirement that the assets classified in this category should be held until their maturity; sales are acceptable; if they are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent), when the risk profile of such instruments increases and is no longer in line with the Group's and the Bank's investment policy. A higher frequency of sales during a certain period is not necessarily in contradiction with this business model, if the Group and the Bank are able to justify the reasons for such sales and to prove that such sales do not reflect a change in the current business model.

"Hold to collect and sell" business model:

Under this business model, financial assets are held to collect the contractual cash flows, but they may also be sold in order to cover liquidity requirements or to maintain a certain interest return on the portfolio. They are measured at fair value through other items of comprehensive income (reserves) and may include government securities and bonds.

Other business models:

Are those which do not meeting the criteria of the business models mentioned above, for example business models in which the primary objective is realizing cash flows through sale, held for trading business models, business models under which assets are managed on a fair value basis, business models under which financial assets are acquired for sale/trading and measured through profit or loss (tradable securities, tradable shares, etc.). The portfolio is managed based on the market value evolution in respect of the assets concerned and includes frequent sales and purchases for the purpose of maximizing profit.

The Group and the Bank recognize all financial assets and liabilities at the transaction date. The transaction date is the date when the Group and the Bank undertake to buy or to sell an asset.

At initial recognition, a financial asset can be classified as:

a) measured at amortized cost, provided that the following conditions are cumulatively fulfilled:

- the asset is held under a business model in which the primary objective is to collect contractual cash flows;
- the contractual terms of the financial asset generate cash flows at specific dates, representing solely payments of principal and interest.

2. Significant accounting policies *(continued)*

k) Financial assets *(continued)*

b) measured at fair value through other comprehensive income are provided that the following conditions are cumulatively fulfilled:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) measured at fair value through profit or loss, if financial assets do not meet the criteria according to which the contractual cash flows need to be Solely Payments of Principal and Interest (the SPPI test) or if the assets are held for trading (for example derivatives or fund units). Embedded derivatives are no longer separated from the host financial assets, but will be assessed in their entirety together with the non-derivative financial asset, for the purpose of the contractual cash flow characteristics test.

Investments in equity instruments are always measured at fair value through profit or loss, However, provided that such instruments are not held for trading, the Group and Bank management can make an irrevocable election to present changes in fair value in other comprehensive income (except for dividend income which is recognized in profit or loss).

Therefore, if equity instruments are measured at fair value through other comprehensive income, such instruments will not be classified as monetary items and the accumulated profit or loss, including that resulting from currency exchange, will be transferred to the entity's equity upon the derecognition of such instruments.

If the equity instrument is held for trading, changes in fair value are presented in profit or loss. The gains and losses from investments in equity instruments measured at fair value through profit or loss are included in the statement of profit or loss under "Net trading income" for held for trading equity instruments.

Investments in equity instruments, representing usually strategic investments which are not planned to be disposed of in the foreseeable future and are not included in the trading portfolio, have been classified as financial assets required to be measured at fair value through other comprehensive income. In this case, the Group and the Bank have irrevocably decided to present fair value changes under comprehensive income, whereas the gains or losses related to the respective instruments will be transferred directly to the Group's equity, without being reclassified (or recycled) to profit or loss.

Government bonds, municipal bonds and other bonds issued by financial and non-financial institutions are measured at fair value through other items of comprehensive income, under the provisions of the SPPI test criteria and the "hold to collect and sell" business model. The Group and the Bank recognize an allowance for expected credit losses related to such assets measured at fair value through other items of comprehensive income. This provision will be recognized under other comprehensive income and does not diminish the book value of the financial asset.

Bonds issued by credit institutions and other financial institutions which meet the SPPI test criteria and the "hold to collect" business model are measured at amortized cost. The Group and the Bank recognize impairment allowances related to financial assets measured at amortized cost.

In the separate financial statement, equity instruments representing investments in subsidiaries are measured at fair value through the profit and loss account.

2. Significant accounting policies *(continued)*

k) Financial assets *(continued)*

Derivative instruments are measured at fair value through profit or loss.

Impairment requirements under IFRS 9 are based on expected credit losses and imply the timely recognition of forthcoming estimated credit losses. The Group and the Bank assesses on forward-looking basics the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and fair value through other items of the comprehensive income and the exposure from loan commitments and financial guarantee contracts.

In order to measure expected credit losses, the Group and the Bank are grouping their assets into three categories: stage 1 (assets with no increase in credit risk from initial recognition), stage 2 (assets for which significant increase in credit risk from initial recognition has been observed) and stage 3 (credit-impaired – assets that the Group and the Bank are considering to be nonperforming). More details about how the Group and the Bank are grouping their financial assets can be found in Note 4 "Risk management".

The determination of expected losses at the reporting date relies on the effective interest rate established upon the initial recognition, except financial assets with variable interest rate, for which the expected credit losses must be determined based on the current effective interest rate. As concerns the purchased or originated financial assets that are credit-impaired, the expected credit losses must be determined based on the credit-adjusted effective interest rate established upon the initial recognition.

Under IFRS 9, *a financial asset is credit-impaired* when one or more events have occurred and have a significant impact on the expected future cash flows of the respective financial asset.

The proof that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or past-due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, grants the borrower a concession that would not otherwise be considered;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for the financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

A financial asset classified as impaired upon initial recognition will be maintained as such until its derecognition. The expected credit losses are calculated at each reporting date and they reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Some financial instruments include both a loan and an undrawn commitment component and the Group's and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's and the Bank's exposure to credit losses to the contractual notice period.

2. Significant accounting policies *(continued)*

k) Financial assets *(continued)*

For such financial instruments, and only those financial instruments, the Group and the Bank shall measure expected credit losses over the period that the Group and the Bank are exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. Also, the Group and the Bank recognize a loss allowance for expected credit losses also for financial guarantee accordingly to IFRS9 principles.
Provisions for credit risk associated with loan commitments are considered and recognized at the time when the Group and the Bank records in their off balance sheet records a commitment with the risk of being converted into a loan. The calculation basis for these provisions includes exposures from commitments related to letters of credit, letter of guarantee, uncommitted amount of the loans granted by the Group and the Bank and factoring commitments. The expected credit loss calculation is made according to IFRS 9 and is based on the probability of conversion into credit, the probability of default and loss given default.

Derecognition policy for assets and leasing receivables

Financial assets and leasing receivables or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and

- the Group and the Bank transfer substantially all the risks and rewards of ownership, or
- the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank did not retain control.

The Group and the Bank shall directly reduce the gross carrying amount of a financial asset when they have no reasonable expectations of recovering this financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event (IFRS 9.5.4.4). Other events that lead to a derecognition are:

- Debt forgiveness or receivable write-off;
- Sale/assignment of receivables to a third party;
- Sale of loan portfolios.

Based on an analysis, the Group and the Bank may decide to derecognize an impaired asset by presenting it off-balance sheet (write-off). These assets will continue to be subject to recovery procedures. The assessment of whether a write-off is necessary and appropriate is based on several factors, including debt service analysis and the existence of collateral or other debt recovery sources.

The Group and the Bank enter into transactions where they retain the contractual rights to receive cash flows from assets but assume a contractual obligation to pay those cash flows to other entities and transfer substantially all of the risks and rewards. The transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Group and the Bank:

- Have no obligation to make payments unless they collect equivalent amounts from the assets;
- Are prohibited from selling or pledging the assets; and
- Have an obligation to remit any cash they collect from the assets without material delay.

The Group derecognizes a transferred financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset.
The criteria set at Group level to evaluate modifications leading to derecognition of financial assets, are developed having in mind that they must reflect modifications that are substantial enough (either quantitatively or qualitatively) to satisfy the derecognition requirements in IFRS 9.3.2.3. On the quantitative side, these criteria refer to a significance threshold of 10% by analogy to the de-recognition trigger set by IFRS 9 for modifications of financial liabilities. On the qualitative side, these criteria refer to contractual modifications that are substantially changing the nature of lender’s risks associated with the pre-existing loan contract.

2. Significant accounting policies *(continued)*

l) Financial liabilities

Financial liabilities are classified after the initial measurement at amortized cost, except for derivatives which are measured at fair value through profit or loss. Embedded derivatives are separated from the host contract if the separation criteria mentioned by IFRS 9 are met.
The Group and the Bank do not hold financial liabilities designated at fair value through profit or loss. Financial liabilities cannot be reclassified.

m) Cash and cash equivalents

Cash and cash equivalents include: cash at hand, unrestricted balances held with National Bank of Romania, y and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of fair value changes.

Cash and cash equivalents are carried at amortized cost in the consolidated and separate statement of financial position.

n) Tangible assets

(i) Recognition and measurement

Tangible assets are stated at cost less accumulated depreciation.

Measurement upon initial recognition
The cost of a fixed asset item consists in:

a) the acquisition price, including customs charges and non-refundable acquisition costs, after the deduction of all commercial discounts;
b) any costs directly incurred in order to bring the asset at the adequate location or condition required by the management for proper functioning.

Subsequent measurement

All tangible assets are stated at cost, less the accumulated depreciation.
The costs of tangible assets under construction are capitalized if the criteria for tangible asset recognition are met, notably: they generate future economic benefits, they can be measured reliably and they lead to the improvement of technical parameters, ensuring an ongoing use of the assets under normal conditions. The costs for maintenance and current repairs are not recognized under assets.

Tangible assets under construction are starting to be depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by management. This condition is fulfilled when there is a sign-off for reception and deployment by the asset's users.
The revaluation reserve for premises and equipment included in equity is transferred directly to retained earnings when the revaluation surplus is realized on the retirement or disposal of the asset.

(ii) Subsequent costs

The Group and the Bank recognize in the carrying amount of tangible assets the cost of replacing such an item when that cost is incurred or if it is probable that the future economic benefits embodied with the item may be transferred to the Group and to the Bank and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

2. Significant accounting policies *(continued)*

n) Tangible assets *(continued)*

(iii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of each item of tangible assets. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	50 years
Leasehold improvements (average)	6 years
Computers	4 years
Equipment	2 - 24 years
Furniture	3 - 20 years
Vehicles	4 - 5 years

The leasehold improvements are depreciated over the lease term, which varies between 1 and 15 years. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

o) Investment property

Investment property is property (land, buildings or parts of a building) held by the Group and the Bank to earn rent, for capital appreciation or both, rather than for:

- the use in production, the supply of goods or services or for administrative purposes; or
- the sale in the ordinary course of business.

(i) Recognition and measurement

Investment property is recognized as an asset when:

- it is probable that the future economic benefits that are associated with the investment may flow to the Group and to the Bank;
- the cost of the investment property can be measured reliably.

An investment property is measured initially at cost, including transaction costs. The cost of an investment property includes its purchase price (if purchased) and other directly attributable expenses (e.g. fees for legal services, property transfer taxes and other transaction costs).

(ii) Subsequent measurement

The accounting policy for the subsequent measurement of the investment properties of the Group and the Bank is based on the fair value model. This policy is applied consistently for all the investment properties held by the Group and the Bank.

When the Group and the Bank, as lessees use the fair value model to measure an investment property that is held as a right-of-use asset, they shall measure the right-of-use asset, and not the underlying property, at fair value.

(iii) Transfers

Transfers to or from investment property are made when, and only when, there is a change in use of the asset. For the transfer of an investment property, measured at fair value, to tangible assets, the property's deemed cost for subsequent accounting is its fair value at the date of the change in use. An investment property is derecognized on disposal or when it is permanently withdrawn from use and no future benefits are expected from its disposal. The gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the period of the retirement or disposal.

2. Significant accounting policies *(continued)*

o) Investment property (contin*ued)*

(iv) Disposals

Derecognition of an investment property will be triggered by a change in use or by sale or disposal or when it is permanently withdrawn from use and has no future economic value. When an investment property is disposed of, it is eliminated from the statement of financial position, while the gain or loss on the retirement or disposal of an investment property is recognized in the statement of profit or loss in the period the disposal is related to. The gain or loss arising on disposal is determined as the difference between any disposal proceeds and the carrying amount.

p) Intangible assets

Upon their initial recognition, intangible assets are measured at cost.

The cost elements of intangible assets under construction are capitalized if criteria for intangible asset recognition is being met: future economic benefits associated with the item will flow to the entity, cost of the item can be reliably measured, the result will increase the future performance rate and the asset is separately identifiable within an economic activity. Maintenance costs and technical support are recognized in profit or loss as these are being incurred. Intangible assets in progress are recognized as intangible assets at the moment of reception and deployment.

Costs associated with the development and maintenance of software programs are recognized as an expense when incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and the Bank, and that will probably generate economic benefits exceeding production costs for a period exceeding one year, are recognized as intangible assets.
Subsequent expenditure on software assets is capitalized only if it increases the future performance of such assets, beyond initial specifications and lifespan. All other expenditure is reflected as an expense as incurred.

(i) Software

Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the intangible asset. The estimated useful lives of intangible assets are reviewed at the reporting date and range between 1 and 10 years. The useful life of intangible assets derived from contractual rights should not exceed the validity period of such contractual rights, but it may be shorter depending on the estimated period of use of such assets by the entity.

Intangible assets in progress are not amortized before they are put into service.

q) Non-current assets held-for-sale

An asset is considered as a non-current asset held-for-sale if the following conditions are met: the asset value is recovered through sale and not by its continuous use, the asset must be available for immediate sale and the sale of the asset must be likely to happen, the probability of sale is justified by means of a sales plan at the level of the Group's and the Bank's management and by the active involvement of the Group and the Bank in identifying a buyer.

If the asset is reclassified from tangible assets according to IAS 16, the period between the date of reclassification and the date of sale should not exceed 12 months; the valuation of the asset classified as available-for-sale shall consider the lower value between the book value and the fair value, minus the sales-related costs.

2. Significant accounting policies *(continued)*

r) Impairment of non-financial assets

An impairment loss is recognized if the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group generating cash flows and largely independent from other assets and groups.
Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of any goodwill allocated to the respective cash-generating unit (group of units) and then to reduce the carrying amount of any other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less the cost of sale of such asset or unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset. In respect of other non-financial assets, impairment losses are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss in other non-financial assets than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss on assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

s) Deposits from customers

Customer deposits are initially measured at fair value, minus incremental direct transaction costs, and are subsequently measured at amortized cost by using the effective interest method.

t) Issued bonds, loans from banks and financial institutions

Borrowings such as loans from banks and other financial institutions and issued bonds are initially recognized at fair value, notably as proceeds resulting from such instruments (fair value of consideration received), net of transaction costs incurred. Issued bonds and loans from banks and other financial institutions are subsequently carried at amortized cost. The Group and the Bank classify these instruments as financial liabilities or equity instruments in accordance with the contractual terms of the instrument.

u) Provisions

Provisions for other risks are recognized in the consolidated and separate statement of financial position when the Group and the Bank acquire an obligation as a result of a past event and it is probable that an outflow of economic resources may be required in the future to settle the obligation, such obligation being measured reliably.
The provisions' value is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market conditions and the risks specific to the respective liability.

v) Financial guarantees

Financial guarantees are contracts that require the Group and the Bank to make specific payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognized at their fair value, and the initial fair value is amortized over the lifespan of the financial guarantee. The guarantee liability is subsequently carried at the higher of the amortized amount and the value of the expected credit loss determined in accordance with IFRS 9.

2. Significant accounting policies *(continued)*

w) Employee benefits
Short-term benefits

Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expense as the services are rendered.

I. Implementation of new or reviewed standards and interpretations

The following new standards, as well as updates to existing standards, came into force for annual periods beginning after January 1, 2022 and may be applied earlier.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments. (Effective for annual periods beginning on or after 1 January 2023 early application is permitted)
The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. (Effective for annual periods beginning on or after 1 January 2023 early application is permitted)
The amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.
Amendments to IAS 12 Income Taxes
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective for annual periods beginning on or after 1 January 2023. Early application is permitted)

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability.

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.
Based on the analysis carried out up to the date of preparation of these consolidated and separate financial statements, these standards will not bring significant changes to the accounting for financial instruments and are expected to have an immaterial impact on the Group's consolidated and separate financial statements in the period of initial application. The Group expects that the amendments, when initially applied, will have a material impact on its financial statements, as it currently recognises. However, the quantitative impact of the adoption of the Amendments can only be assessed in the year of initial application of the Amendments, as this will depend on the transfer of asset or businesses to the associate or joint venture that take place during that reporting period.

2. Significant accounting policies *(continued)*

II. Standards and interpretations not yet endorsed by the European Union

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future). The Amendments 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, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group plans to apply the amendments from 1 January 2024.

Amendments to IAS 1 Presentation of Financial Statements Non-Current Liabilities with Covenants (Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted. Specific transition requirements apply for companies that have early-adopted the previously issued but not yet effective 2020 amendments.)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early)

The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction.

The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. The amendments confirm the following:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction. The Group plans to apply the amendments from 1 January 2024. The Group expects that the amendments, when initially applied, would have an immaterial impact on its financial statements, because does not perform such type of transactions.

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 of the mother bank – Banca Transilvania. 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 business segments are organized and managed separately, depending on the nature of products and services provided, each segment being specialized on certain products and operating on different markets. A business segment is a component of the Group and of the Bank:

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

Large Corporate Clients („LaCo"): The Group and the Bank include in this category mainly companies/group of companies with an annual turnover exceeding RON 100 million, as well as legal entities created to serve a particular function (SPV), public entities and financial institutions included in this category based on specific classification criteria. The companies in this category usually have specific and sophisticated needs. Through its centralized and customized approach, the Bank seeks to ensure high operational efficiency, a prompt assessment of the specific needs of this type of clients in order to offer the appropriate customized solutions, but also an in-depth perspective of the risk profile in order to maintain a high quality loan portfolio. The Large Corporate clients have access to an all-inclusive package of banking products and services, the incomes generated by this segment resulting from lending operations, current business operations (transaction banking, treasury, trade finance and retail products) and other related services (leasing, asset management, consultancy on mergers and acquisitions, capital market advisory services). Through the services provided, the Bank aims at extending its cooperation to the business partners of the LaCo segment - clients/suppliers/employees - by focusing on the increase of non-risk income.

Medium Corporate Customers („MidCo"): The Group and the Bank include in this category mainly the companies with an annual turnover between 9 and 100 million RON. By setting such value thresholds in the classification of MidCo clients, the Bank is able to address the most frequent requests coming from this category of clients: tailored financing solutions, access to a wide range of banking services, pricing based on financial performance, dedicated and flexible relationship management, operational agility. Depending on the activity type, the customized approach related to customers is supported by two existent specializations, notably Agribusiness and Healthcare. The MidCo segment includes also entities operating in the public sector, financial institutions or legal entities serving particular functions, included in this category based on specific classification criteria. The Bank offers a full range of financial services to its Mid Corporate clients, including lending facilities, current operations, treasury services, but also additional services such as bonus packages for employees, structured finance, co-financing of EU funded projects; the Bank also facilitates the access to the services provided by the Group subsidiaries, such as bancassurance, consultancy on mergers and acquisitions, asset management, financial and operating lease, with the purpose to increase its profitability and non-risk income.

3. Segment reporting *(continued)*

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

Micro Business clients – company customers with an annual turnover up to 2 million RON.
This category comprises the largest number of companies and the most diverse types of entities, such as limited liability companies, freelancers, sole proprietorships, etc.
The business lifespan (many such clients are fresh companies), the entrepreneur's expertise and the market on which the company operates generate certain needs that the Group and the Bank attempt to serve through product and service packages dedicated to this category of customers, which have become a hallmark in the banking sector over the years.
Lending products are accessed more frequently as the Micro or SME business takes shape: loans for working capital or investments, letters of guarantee, EU project co-financing, credit cards, leasing, invoice discounting or factoring.
Another important category of products refers to general operations, incoming and outgoing payments, cheques, promissory notes, FX operations, salary payment agreements or bancassurance services. Increased attention is given to the digitalization of our products and services, our clients showing more and more interest in internet & mobile banking, e-commerce, last generation POSs and the integration of financial data in the proprietary accounting systems.

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

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

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

Other: The Group and the Bank incorporate in this category the services offered by other financial entities within the Group: leasing and brokerage.

For periods of 6 months ended at June 30, 2023 and June 30, 2022, the Group or the Bank did not record income exceeding 10% of total income in relation to a single customer.

Idea Bank

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting *(continued)*

The table below presents financial information per segments regarding the consolidated statement of financial position for the periods ended at June 30, 2023, and comparative data for December 31, 2022:

Business segments as at June 30, 2023

Group *RON thousand*	**Large Corporate**	**Mid Corporate**	**SME**	**Micro**	**Retail**	**Treasury**	**Leasing granted by non-banking financial institutions**	**Other - Group**	**Removals & adjustments**	**Total**
Gross loans and finance lease receivables	-	-	24	103	413,395	-	1,171,389	157,984	(11,918)	**1,730,977**
Allowances for impairment losses on loans and finance lease receivables	-	-	(24)	(103)	(51,294)	-	(18,394)	(6,153)		**-75,968**
Loans and finance receivables-net					362,102		1,152,994	151,831	(11,918)	**1,655,009**
Portfolio of Debt instruments and Equity instruments, net of provisions	-	-	-	-	-	244,577	-	-	-	**244,577**
Treasury and inter-bank operations	-	-	-	-	-	437,871	-	22,519	(4,675)	**455,715**
Intangible assets	1	4	19	73	8,940	1,788	24,936	2,419	-	**38,179**
Right-of-use assets	-	-	1	4	531	107	1,482	3,360		**5,486**
Other assets	-	-	-	2	8,481	44,872	24,030	42,454	(56,469)	**63,371**
Total assets	**1**	**4**	**20**	**79**	**380,054**	**729,215**	**1,203,443**	**222,582**	**(73,062)**	**2,462,336**
Deposits and current accounts	2,208	6,017	-	4	21,347	1,969,213	-		(4,675)	1,994,114
Loans from banks and other financial institutions	-	-	-	-	-	-	-	100,796	-	100,796
Subordinated liabilities	-	-	-	-	-	46,238	-	-	-	46,238
Finance lease financial liabilities	-	-	-	-	628	-	1,780	-	-	2,409
Other liabilities	163	1,366	8,031	3,907	6,078	1,878	-	74,594	(13,300)	82,716
Total liabilities	**2,371**	**7,383**	**8,031**	**3,911**	**28,054**	**2,017,329**	**1,780**	**175,390**	**(17,975)**	**2,226,273**
Equity and related items	-	-	-	-	-	243,958	-	47,193	-55.087	236,064
Total liabilities and equity	**2,371**	**7,383**	**8,031**	**3,911**	**28,054**	**2,261,287**	**1,780**	**222,583**	**(73,062)**	**2,462,337**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting *(continued)*

Business segments as at December 31, 2022

Group *RON thousand*	**Large Corporate**	**Mid Corporate**	**SME**	**Micro**	**Retail**	**Treasury**	**Leasing granted by non-banking financial institutions**	**Other - Group**	**Intra-group eliminations & adjustments**	**Total**
Gross loans and finance lease receivables	-	-	604	106	541,955	-	1,067,720	112,884	(2,575)	**1,720,694**
Provisions for principal	-	-	(154)	(3)	(57,287)	-	(13,284)	(5,594)	-	**(76,322)**
Loans and finance lease receivables net of provisions	-	-	451	103	484,668	-	1,054,436	107,290	(2,575)	**1,644,373**
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	237,562	-	-	-	**237,562**
Treasury and inter-bank operations	-	-	-	-	-	421,344	-	13,086	(6,604)	**427,826**
Property and equipment and investment property, Intangible assets and goodwill	37	228	1,004	1,153	12,503	2,241	12,322	2,110	-	**31,598**
Right-of-use assets	4	25	111	128	1,388	249	1,367	3,455	-	**6,727**
Other assets	-	-	7	1	6,240	43,179	11,975	41,097	(43,177)	**59,322**
Total assets	**41**	**254**	**1,573**	**1,385**	**504,799**	**704,575**	**1,080,100**	**167,039**	**(52,356)**	**2,407,409**
Deposits from customers and current accounts	10,811	56,345	125	138	31,591	1,913,752	-	-	(6,603)	**2,006,159**
Loans from banks and other financial institutions	-	-	-	-	-	-	-	59,454	-	**59,454**
Subordinated liabilities	-	-	-	-	-	46,070	-	-	-	**46,070**
Lease liabilities	37	278	1,282	816	1,224	-	-	-	-	**3,638**
Other liabilities	105	781	3,601	2,290	5,266	-	-	40,478	-	**52,521**
Total liabilities	**10,954**	**57,404**	**5,008**	**3,245**	**38,081**	**1,959,822**	**-**	**99,932**	**(6,603)**	**2,167,842**
Equity and related items	-	-	-	-	-	218,213	-	67,106	(45,753)	**239,566**
Total liabilities and equity	**10,954**	**57,404**	**5,008**	**3,245**	**38,081**	**2,178,035**	**-**	**167,039**	**(52,356)**	**2,407,409**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting *(continued)*

The table below presents financial information per segments regarding the consolidated statement of the operating profit before net expenses with the impairment allowance for loans and advances to customers, for the periods ended at June 30, 2023, and comparative data for June 30, 2022:

Business segments as at June 30, 2023

Group *RON thousand*	**Large Corporate**	**Mid Corporate**	**SME**	**Micro**	**Retail**	**Treasury**	**Leasing granted by non-banking financial institutions**	**Other - Group**	**Removals & adjustments**	**Total**
Net interest income	-	-	-	-	6.980	(33)	17,525	5,878	61	**30,411**
Net commission income	1	3	16	62	2,025	-	838	6,492	-	**9,437**
Net trading income	-	-	-	-	92	778	2.906	1,710	-	**5,486**
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	-	-	-	-	**-**
Net loss (-)/Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	-	-	-	-	**-**
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(6)	(15)	-	-	(55)	-	-	-	-	**(76)**
Other operating income	-	-	-	-	-	37,192	-	30,894	(46,294)	**21,793**
Total income	**(5)**	**(12)**	**16**	**62**	**9,043**	**37,937**	**21,268**	**44,975**	**(46,233)**	**67,051**
Personnel expenses	-	(2)	(10)	(38)	(4,666)	(933)	(13,015)	(12,192)	-	**(30,856)**
Other operating expenses	-	-	(2)	(7)	(813)	(163)	(2,266)	(1,144)	-	**(4,394)**
Depreciation and amortization	(1)	(2)	(8)	(32)	(3,714)	(732)	(11,118)	(5,827)	1,409	**(20,025)**
Total Expenses	**(1)**	**(4)**	**(20)**	**(76)**	**(9,193)**	**(1,828)**	**(26,399)**	**(19,163)**	**1,409**	**(55,275)**
Operating profit before net provision expenses for assets, other risks and commitments	**(6)**	**(16)**	**(4)**	**(14)**	**(150)**	**36,109**	**(5,131)**	**25,811**	**(44,824)**	**11,776**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

3. Segment reporting *(continued)*

Business segments as at June 30, 2022

Group *RON thousand*	**Large Corporate**	**Mid Corporate**	**SME**	**Micro**	**Retail**	**Treasury**	**Leasing granted by non-banking financial institutions**	**Other - Group**	**Removals & adjustments**	**Total**
Net interest income	191	260	789	714	18,100	1,216	17,693	2,503	(35)	**41,430**
Net commission income	17	67	441	2,612	3,302	220	684	6,059	(26)	**13,378**
Net trading income	26	833	784	2,934	1,913	2,031	3,357	494	-	**12,372**
Net gain from financial assets measured through comprehensive income	-	-	-	-	-	-	-	-	-	**-**
Net gain from financial assets which are required to be measured through profit or loss	-	-	-	-	-	-	-	-	-	**-**
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(100)	(678)	-	(1)	(252)	-	-	-	-	**(1,031)**
Other operating income	390	492	1,356	1,738	3,423	6,481	-	22,370	(10,787)	**25,462**
Total income	**524**	**974**	**3,370**	**7,997**	**26,486**	**9,949**	**21,734**	**31,426**	**(10,848)**	**91,611**
Personnel expenses	(46)	(187)	(745)	(2,024)	(11,548)	(2,310)	(6,236)	(12,073)	-	**(35,169)**
Other operating expenses	(809)	(3,833)	(4,160)	(4,808)	(8,910)	(1,390)	(3,753)	(7,010)	1,308	**(33,363)**
Depreciation and amortization	(13)	(84)	(286)	(389)	(2,966)	(593)	(1,602)	(982)	-	**(6,914)**
Total Expenses	**(868)**	**(4,104)**	**(5,191)**	**(7,220)**	**(23,424)**	**(4,293)**	**(11,590)**	**(20,065)**	**1,308**	**(75,447)**
Operating profit before net provision expenses for assets, other risks and commitments	**(343)**	**(3,130)**	**(1,820)**	777	**3,062**	**5,656**	**10,143**	**11,361**	**(9,540)**	**16,164**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

4. Fair value of financial assets and liabilities

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

Level 1 in the fair value hierarchy

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

Level 2 in the fair value hierarchy

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

Level 3 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 3 in the fair value hierarchy is determined by using input data that are not based on observable market information (unobservable data inputs shall reflect the assumptions made by the market participants to establish the price of an asset or a liability, including risk assumptions).
The objective of valuation techniques is to derive the fair value that reflects a price for the financial instrument at the reporting date, price that would be obtained by the market participants acting at arm's length.

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

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

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

To establish the hierarchy of the fair value of debt instruments, Idea Bank 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.
At Level 1 of the fair value hierarchy, the Group and the Bank recorded financial instruments held at fair value due to the fact that quotations from active market are available for identical instruments.

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

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

At Level 2 of the fair value hierarchy, the Group and the Bank classified as assets: derivatives held at fair value through the profit or loss account and debt instruments, because according to the active market are less liquid.
At Level 3 of the fair value hierarchy, the Group and the Bank classified the following assets category: equity instruments, property, plant and equipment and investment property.

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

Group *RON thousand*	**Level 1 - Quoted market prices in active markets**	**Level 2 - Valuation techniques – observable inputs**	**Level 3 - Valuation techniques – unobservable inputs**	**Total**
June 30, 2023	-			
Financial assets held for trading and measured at fair value through profit or loss, of which:	-	-	-	-
- Equity instruments	-	-	-	-
- Debt instruments	-	-	-	-
Derivatives	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	**179,392**	**62,659**	**2,526**	**244,577**
- Equity instruments	-	-	2,526	**2,526**
- Debt instruments	179,392	62,659	-	**242,051**
- Loans and advances	-	-	-	-
Financial assets which are required to be measured at fair value through profit or loss, of which:				
- Equity instruments	-			
- Debt instruments	-			
Total financial assets measured at fair value in the statement of financial position	**179,392**	**62,659**	**2,526**	**244,577**
Held-for-trading financial liabilities	-	-	-	-
December 31, 2022				
Financial assets held for trading and measured at fair value through profit or loss, of which:	-	-	-	-
- Equity instruments	-	-	-	-
- Debt instruments	-	-	-	-
Derivatives	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	**173,187**	**62,100**	**2,275**	**237,562**
- Equity instruments	-	-	2,275	**2,275**
- Debt instruments	173,187	62,100	-	**235,287**
- Loans and advances	-	-	-	-
Financial assets which are required to be measured at fair value through profit or loss, of which:	-	-	-	-
- Equity instruments	-	-	-	-
- Debt instruments	-	-	-	-
Total assets measured at fair value in the statement of financial position	**173,187**	**62,100**	**2,275**	**237,562**
Held-for-trading financial liabilities	-	-	-	-

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 *RON thousand*	**Level 1 - Quoted market prices in active markets**	**Level 2 - Valuation techniques – observable inputs**	**Level 3 - Valuation techniques – unobservable inputs**	**Total**
June 30, 2023				
Financial assets held for trading and measured at fair value through profit or loss, of which:	-	-	-	-
- Equity instruments	-	-	-	-
Derivatives	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	**179,392**	**62,659**	**2,526**	**244,577**
- Equity instruments	-	-	2,526	**2,526**
- Debt instruments	179,392	62,659	-	**242,051**
- Loans and advances	-	-	-	-
Financial assets which are required to be measured at fair value through profit or loss, of which:				
- Equity instruments	-	-	-	-
- Debt instruments	-	-	-	-
Total financial assets measured at fair value in the statement of financial position	**179,392**	**62,659**	**2,526**	**244,577**
Held-for-trading financial liabilities	-	-	-	-
December 31, 2022				
Financial assets held for trading and measured at fair value through profit or loss, of which:				
- Equity instruments	-	-	-	-
Derivatives	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	**173,187**	**62,100**	**2,275**	**237,562**
- Equity instruments	-	-	**2,275**	**2,275**
- Debt instruments	173,187	62,100	-	**235,287**
- Loans and advances	-	-	-	-
Financial assets which are required to be measured at fair value through profit or loss, of which:				
- Equity instruments	-	-	-	-
- Debt instruments	-	-	-	-
Total financial assets measured at fair value in the statement of financial position	**173,187**	**62,100**	**2,275**	**237,562**
Held-for-trading financial liabilities	-	-	-	-

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

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

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

The table below presents the fair value and the fair value hierarchy for the financial assets and liabilities that are not measured at fair value in the statement of financial position at June 30, 2023:

		Group					Bank				
RON thousand	Notes	Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets											
Placements with banks	15	122,436	122,436	-	122,436	-	104,595	104,595	-	104,595	-
Loans and advances to customers	16	386,373	387,782	-	-	387,782	1,515,096	1,565,897	-	-	1,565,897
Finance lease receivables	17	1,268,636	1,319,520	-	-	1,319,520	-	-	-	-	-
Financial assets at amortized cost - debt instruments		-	-	-	-	-	-	-	-	-	-
Other financial assets	22	42,648	42,648	-	-	42,648	26,947	26,947	-	-	26,947
Total assets		**1,820,093**	**1,872,386**	**-**	**122,436**	**1,749,950**	**1,646,638**	**1,697,439**	**-**	**104,595**	**1,592,844**
Liabilities											
Deposits from banks	24	1,969,213	2,036,930	-	2,036,930	-	1,969,213	2,036,930	-	2,036,930	-
Deposits from customers	25	24,901	25,058	-	25,058	-	29,576	29,733	-	29,733	-
Loans from banks and other financial institutions	26	100,796	100,796	-	-	100,796	-	-	-	-	-
Subordinated liabilities	27	46,238	46,238	-	-	46,238	46,238	46,238	-	-	46,238
Lease liabilities		2,409	2,409	-	-	2,409	2,409	2,409	-	-	2,409
Other financial liabilities	30	59,123	59,123	-	-	59,123	9,044	9,044	-	-	9,044
Total liabilities		**2,202,680**	**2,270,554**	**-**	**2,061,988**	**208,566**	**2,056,480**	**2,124,354**	**-**	**2,066,663**	**57,691**

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

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

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

		Group					Bank				
RON thousand	Note	Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets											
Placements with banks	15	245,398	245,398	-	245,398	-	238,918	238,918	-	238,918	-
Loans and advances to customers	16	503,418	487,498	-	-	487,498	1,539,658	1,544,077	-	-	1,544,077
Finance lease receivables	17	1,140,955	1,162,829	-	-	1,162,829	-	-	-	-	-
Financial assets at amortized cost - debt instruments		-	-	-	-	-	-	-	-	-	-
Other financial assets	22	41,404	41,404	-	-	41,404	9,174	9,174	-	-	9,174
Total assets		**1,931,174**	**1,937,129**	**-**	**245,398**	**1,691,731**	**1,787,750**	**1,792,169**	**-**	**238,918**	**1,533,251**
Liabilities											
Deposits from banks	24	1,913,752	1,926,388	-	1,926,388	-	1,913,752	1,926,388	-	1,926,388	-
Deposits from customers	25	92,407	92,531	-	92,531	-	99,010	99,134	-	99,134	-
Loans from banks and other financial institutions	26	59,454	59,454	-	-	59,454	-	-	-	-	-
Subordinated liabilities	27	46,070	46,168	-	-	46,168	46,070	46,168	-	-	46,168
Lease liabilities		3,638	3,638	-	-	3,638	3,638	3,638	-	-	3,638
Other financial liabilities	30	33,701	33,701	-	-	33,701	7,498	7,498	-	-	7,498
Total liabilities		**2,149,023**	**2,161,881**	**-**	**2,018,919**	**142,962**	**2,069,968**	**2,082,826**	**-**	**2,025,522**	**57,304**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

5. Net interest income

	Group				Bank			
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Interest income calculated using the effective interest method	**15,769**	**30,638**	**19,368**	**38,553**	**33,420**	**68,667**	**29,292**	**59,360**
- Cash and cash equivalents at AC	1,594	3,374	29	82	1,594	3,374	29	82
- Placements with banks at AC	99	266	260	368	17	46	218	280
- Loans and advances to customers at AC	12,209	23,222	17,319	34,421	29,943	61,471	27,285	55,316
- Debt instruments at FVOCI	1,866	3,776	1,760	3,682	1,866	3,776	1,760	3,682
- Debt instruments at AC	-	-	-	-	-	-	-	-
- Other assets at AC	-	-	-	-	-	-	-	-
Other similar interest income	**20,927**	**45,622**	**11,485**	**24,253**	**-**	**-**	**-**	**-**
- Finance lease receivables	20,927	45,622	11,485	24,253	-	-	-	-
- Non-recourse factoring receivables	-	-	-	-	-	-	-	-
Total interest income	**36,696**	**76,260**	**30,853**	**62,806**	**33,420**	**68,667**	**29,292**	**59,360**
Interest expense related to financial liabilities measured at amortized cost	**21,558**	**45,823**	**9,778**	**21,306**	**20,832**	**44,179**	**9,266**	**20,327**
- Cash and cash equivalents	-	-	-	-	-	-	-	-
- Deposits from banks	19,662	41,811	1,318	6,424	19,662	41,811	1,318	6,424
- Deposits from customers	80	131	6,244	10,479	80	131	6,244	10,479
- Loans from banks and other financial institutions	1,816	3,881	2,216	4,403	1,090	2,237	1,704	3,424
Other similar expense	**13**	**27**	**39**	**70**	**9**	**16**	**39**	**70**
- Lease liabilities	13	27	39	70	9	16	39	70
Total interest expense	**21,571**	**45,849**	**9,817**	**21,375**	**20,841**	**44,195**	**9,305**	**20,397**
Net interest income	**15,124**	**30,411**	**21,035**	**41,431**	**12,579**	**24,472**	**19,987**	**38,963**

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

6. Net fee and commission income

RON thousand	Group				Bank			
	3 months ended June 30, 2023	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Fee and commission income								
Commissions from treasury and inter-bank operations	-	3	619	786	-	3	619	786
Client transactions	1,252	2,262	3,574	6,361	1,252	2,262	3,574	6,361
Lending activity *(i)*	1,040	2,093	1,742	3,380	739	1,447	1,528	2,927
Finance lease management	2,919	6,103	2,727	5,528	-	-	-	-
Other fee and commission income	-	-	113	114	-	-	-	-
Total fee and commission income	**5,211**	**10,461**	**8,775**	**16,169**	**1,991**	**3,712**	**5,721**	**10,074**
Fee and commission expense								
Commissions from treasury and inter-bank	461	803	479	936	435	744	444	875
Client transactions	11	27	1,248	1,850	11	27	1,248	1,850
Lending activity *(i)*	-	-	4	5	-	-	4	5
Other fees and commissions	-	197	-	-	-	-	-	-
Fee and commission expenses	**472**	**1,027**	**1,731**	**2,791**	**446**	**771**	**1,696**	**2,730**
Net fee and commission income	**4,740**	**9,433**	**7,044**	**13,377**	**1,545**	**2,941**	**4,025**	**7,344**

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

7. Net trading income

RON thousand	Group				Bank			
	3 months ended June 30, 2023	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Net income from foreign exchange transactions	907	2,135	6,397	16,441	134	301	5,937	15,921
Net income/(expense) from derivatives	-	-	492	(570)	-		492	(570)
Net income/(expense) from financial assets held-for-trading	31	111	-	-	31	111	-	-
Net income/(expense) from foreign exchange position revaluation	1,583	3,241	376	(3,499)	1,774	3,364	385	(3,473)
Net trading income	**2,521**	**5,486**	**7,266**	**12,372**	**1,939**	**3,776**	**6,814**	**11,878**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

8. 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			
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Contribution to the Bank Deposit Guarantee Fund	4	12	494	994	4	12	494	994
Bank Resolution Fund	32	64	19	37	32	64	19	37
Total	**36**	**76**	**513**	**1,031**	**36**	**76**	**513**	**1,031**

9. Other operating income

	Group				Bank			
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Dividend income	-	1,008	-	848	-	36,477	-	6,483
Income from insurance intermediation	4,691	9,842	4,180	8.843	-	-	5	6
Income from indemnities, fines and penalties	806	1,680	526	1,223	-	-	-	2
Income from, MASTERCARD services	-	-	198	198	-	-	198	198
Other operating income *(i)*	4,743	9,262	3,594	14,350	169	715	105	7,191
Total	**10,240**	**21,792**	**8,498**	**25,462**	**169**	**37,192**	**308**	**13,880**

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

Notes to the Interim Condensed Consolidated and Separate Financial Statements

10. Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments

	Group				Bank			
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Net impairment allowance on assets (i)	5,903	11,785	5,791	15,106	4,277	9,157	5.285	14.026
Net loss on loans written off	580	714	(71)	335	580	714	30	285
Net loss on finance lease receivables written off	(187)	(193)	39	227	-	-	-	-
Provisions for other risks and loan commitments	43	(312)	(3)	69	(24)	(79)	117	529
Recoveries from loans written off	(790)	(2,298)	(260)	(626)	(790)	(2,298)	(260)	(626)
Recoveries from finance lease receivables written off	-	-	-	-	-	-	-	-
Expenses from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	**5,549**	**9,696**	**5,495**	**15,132**	**4,043**	**7,494**	**5.172**	**14.214**

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

	Group				Bank			
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Loans and advances to customers	5,035	9,824	3,401	11,781	4,396	8,953	3,487	11,872
Treasury and inter-bank operations	(361)	(453)	367	572	(361)	(453)	367	572
Finance lease receivables	210	452	(99)	78	-	-	-	-
Investment securities	(61)	(132)	443	387	(61)	(132)	443	387
Other financial assets	1,080	1,637	1,678	2,289	303	332	988	1,195
Other non-financial assets	-	457	-	-	-	457	-	-
Net impairment allowance on assets	**5,903**	**11,785**	**5,791**	**15,106**	**4,277**	**9,157**	**5,285**	**14,026**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

11. Personnel expenses

	Group				Bank			
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Gross salaries	12,469	30,045	15,371	36,131	6,556	15,151	9,922	22,258
Social protection contribution	351	823	415	891	191	428	302	631
Share-based payments to employees	-	-	-	-	-	-	-	-
3rd Pension Pillar	-	-	-	-	-	-	-	-
Other staff expenses	450	1,018	504	1,063	142	389	309	623
Net expenses with provisions for overdue vacations and other provisions	1,912	(1,029)	433	(2,916)	2,080	2,696	494	(416)
Total	**15,182**	**30,856**	**16,722**	**35,169**	**8,969**	**18,664**	**11,027**	**23,096**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

12. Other operating expenses

			Group				Bank	
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Rent and operating lease expense	263	487	499	644	215	485	495	638
Repairs and maintenance expenses	2,915	5,835	734	1,401	2,542	5,108	249	435
Advertising, marketing, entertainment and sponsorship expenses	113	217	288	460	52	113	118	173
Mail, telecommunication and SMS traffic expenses	551	1,111	707	1,440	466	938	572	1.180
Materials and stationery expenses	123	268	321	534	30	87	127	207
Other professional fees, including legal expenses	133	249	253	596	8	9	10	49
Expenses regarding movable and immovable assets resulting from debt enforcement	13	101	16	234	13	101	16	234
Electricity and heating	524	950	689	1,278	313	606	545	999
Business travel, transportation and temporary relocation expenses	55	127	522	944	39	75	480	876
Insurance costs	101	217	154	295	54	107	94	175
Taxes and fees	421	907	679	1,436	150	367	149	314
Security and protection	-	-	74	149	-	-	74	149
Expenses related to archiving services	159	317	148	339	128	257	112	261
Expenses related to database queries from the Trade Register and the Credit Bureau	155	319	195	419	10	7	50	97
Expenses with foreclosed assets	-		-	-	-	-	-	-
Audit, advisory and other services provided by the independent auditor	322	760	499	827	229	669	248	425
Expenses from the sale of leased goods	695	1,500	670	923	-	-	-	-
Other operating expenses	3,365	6,654	3,122	21,444	3,370	6,675	3,221	21,448
Total other operating expenses	**9,907**	**20,022**	**9,570**	**33,363**	**7,619**	**15,604**	**6,560**	**27,660**

Idea Bank

Notes to the Interim Condensed Consolidated and Separate Financial Statements

13. Income tax expense

	Group				Bank			
RON thousand	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**	**3 months ended June 30, 2023**	**6 months ended June 30, 2023**	**3 months ended June 30, 2022**	**6 months ended June 30, 2022**
Gross Profit	**(206)**	**2,079**	**7,956**	**1,033**	**(6,056)**	**23,293**	**4,763**	**131**
Statutory tax rate (2023: 16%; 2022: 16%)*	**-**	**(333)**	**(1,273)**	**(165)**	**-**	**(3,727)**	**(762)**	**(21)**
Fiscal effect of income tax on the following elements:	**(299)**	**3,918**	**588**	**923**	**-**	**3,727**	**762**	**21**
- Non-taxable income	347	2,847	1,064	5,338	614	4,665	993	3,954
- Non-deductible expense	(651)	681	(804)	(3,339)	(811)	(1,518)	(571)	(2,896)
- Tax deductions	208	604	353	586	208	604	352	586
- Income related items	(203)	(214)	(25)	(1,662)	(11)	(24)	(13)	(1,623)
- Expense related items	(299)	3,918	588	923	-	-	-	-
Deferred tax	42	(39)	98	(793)	(48)	(102)	(93)	(169)
Income tax expense	**(2,013)**	**(3,625)**	**(878)**	**(1,452)**	**(48)**	**(102)**	**(93)**	**(169)**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

14. Cash and cash equivalents

	Group		Bank	
RON thousand	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Minimum reserve requirement	136,641	138,729	136,641	138,729
Cash on hand and other values	196,638	43,699	196,635	43,697
Total	**333,279**	**182,428**	**333,276**	**182,426**

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

	Group		Bank	
RON thousand	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Cash and cash equivalents(*)	333,279	182,428	333,276	182,426
Placements with banks - maturity below 3 months	122,436	245,398	104,595	238,918
Reverse-repo transactions	-	-	-	-
Loans and advances to credit institutions with maturity below 3 months	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income with maturity below 3 months	-	-	-	-
Financial assets at amortized cost – debt instruments with maturity below 3 months	-		-	
Cash and cash equivalents in the cash flow statement	**455,715**	**427,826**	**437,871**	**421,344**

15. Placements with banks

	Group		Bank	
RON thousand	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Current accounts with other banks	105,816	189,647	104,595	189,444
Sight and term deposits with other banks	16,620	55,751	-	49,474
Reverse repo transactions	-	-	-	
Total	**122,436**	**245,398**	**104,595**	**238,918**

At the period ended on June 30, 2023, investments in banks include NOSTRO accounts in the amount of 105,816 RON thousand and demand deposits, in the amount of 16,620 RON thousand, and at the Bank, our accounts, in the amount of 104,595 thousand lei (On December 31, 2022: NOSTRO accounts in the amount of 189,647 RON thousand and demand deposits, in the amount of 55,751 RON thousand at the Group, and at the Bank, NOSTRO accounts, in the amount of 189,444 RON thousand and demand deposits, in the amount of 49,474 RON thousand.

16. Loans and advances to customers

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

The structure of the credit portfolio of the Group and the Bank as at June 30, 2023 and December 31, 2022 is the following:

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Corporate	-	-	132,976	139,624
Small and medium enterprises	126	711	1,038,539	928,807
Consumer loans and card loans granted to retail customers	413,371	541,930	413,371	541,930
Mortgage loans		-	-	-
Loans granted by non-banking financial institutions	26,478	19,568	-	-
Other	23	23	23	23
Total loans and advances to customers before impairment allowance (*)	**439,998**	**562,232**	**1,584,909**	**1,610,384**
Allowances for impairment losses on loans	(53,625)	(58,814)	(69,813)	(70,726)
Total loans and advances to customers net of impairment allowance	**386,373**	**503,418**	**1,515,096**	**1,539,658**

The risk distribution of the credit portfolio per sectors, as at June 30, 2023 and December 31, 2022, is the following:

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Retail	413,395	541,954	413,395	541,954
Trading	8,114	7,598	243,370	229,409
Manufacturing	-	-	87,184	79,441
Agriculture	1,479	1	35,021	27,399
Services	230	865	140,195	129,680
Real Estate	-	1,044	17,481	17,773
Constructions	156	3	158,182	139,012
Transportation	13,846	8,530	352,824	315,131
Self-employed	1,795	-	18,082	15,281
Others	984	2,237	77,529	72,639
Financial Institutions	-	-	12,756	12,058
Telecommunications	-	-	18,749	21,024
Energy	-	-	963	1,117
Mining	-	-	4,777	5,347
Chemical Industry	-	-	3,346	2,471
Government Institutions	-	-	271	163
Fishing	-	-	784	485
Total loans and advances to customers before impairment allowance (*)	**439,998**	**562,232**	**1,584,909**	**1,610,384**
Allowances for impairment losses on loans	(53,625)	(58,814)	(69,813)	(70,726)
Total loans and advances to customers, net of impairment allowance	**386,373**	**503,418**	**1,515,096**	**1,539,658**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

16. Loans and advances to customers (continued)

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

RON thousand	**Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2023	**(10,008)**	**(1,189)**	**(47,617)**	**-**	**(58,814)**
Increase due to issue or acquisition	**(108)**	**(10)**	**(853)**	**-**	**(970)**
Decrease due to derecognition	**1,277**	**35**	**835**	**-**	**2,146**
Increase or decrease due to the change in credit risk (net) and transfers	**653**	**(59)**	**(5,826)**	**-**	**(5,232)**
Increase or decrease due to changes without derecognition (net)	**142**	**77**	**(1,179)**	**-**	**(960)**
Decrease of impairment allowances due to write-offs	**-**	**-**	**10,205**	**-**	**10,205**
Other adjustments	**-**	**-**	**-**	**-**	**-**
Closing balance as at June 30, 2023	**(8,044)**	**(1,146)**	**(44,435)**	**-**	**(53,625)**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

16. Loans and advances to customers (continued)

The movement in impairment allowances on loans and advances to customers at Group level as at December 31, 2022 was the following:

RON thousand	**Allowances for expected credit losses related to loans and advances to customers for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses on loans and advances to customers with respect to which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2022	**(7,563)**	**(2,332)**	**(51,320)**	**-**	**(61,215)**
Increase due to issue or acquisition	(3,865)	(643)	(3,343)	-	(7,851)
Decrease due to derecognition	1,489	70	1,876	-	3,435
Increase or decrease due to the change in credit risk (net) and transfers	411	1,414	(14,948)	-	(13,123)
Increase or decrease due to changes without derecognition (net)	(2,289)	155	(1,500)	-	(3,634)
Decrease of impairment allowances due to write-offs	-	-	19,859	-	19,859
Other adjustments	1,809	147	1,759	-	3,715
Closing balance as at December 31, 2022	**(10,008)**	**(1,189)**	**(47,617)**	**-**	**(58,814)**

16. Loans and advances to customers (continued)

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

RON thousand	**Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses on loans and advances for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2023	**(13,420)**	**(1,623)**	**(55,683)**	**0**	**(70,726)**
Increase due to issue or acquisition	(1,195)	(273)	(144)	0	**(1,612)**
Decrease due to derecognition	1,243	50	1,214	0	**2,507**
Increase or decrease due to the change in credit risk (net) and transfers	993	(507)	(8,125)	0	**(7,639)**
Increase or decrease due to changes without derecognition (net)	461	164	(3,088)	0	**(2,463)**
Decrease of impairment allowances due to write-offs	0	0	10,161	0	**10,161**
Other adjustments	(11)	(2)	(28)	0	**(41)**
Closing balance as at June 30, 2023	**(11,929)**	**(2,191)**	**(55,693)**	**0**	**(69,813)**

16. Loans and advances to customers (continued)

The movement in impairment allowances on loans and advances to customers at **Bank level as at December 31, 2022** was the following:

RON thousand	**Allowances for expected credit losses related to loans and advances to customers for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses on loans and advances to customers with respect to which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on loans and advances to customers which are impaired (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2022	**(9,667)**	**(2,783)**	**(57,199)**	**-**	**(69,649)**
Increase due to issue or acquisition	(5,627)	(884)	(3,681)	-	**(10,192)**
Decrease due to derecognition	1,728	152	4,066	-	**5,946**
Increase or decrease due to the change in credit risk (net) and transfers	508	1,493	(17,722)	-	**(15,721)**
Increase or decrease due to changes without derecognition (net)	(2,164)	251	(4,496)	-	**(6,409)**
Decrease of impairment allowances due to write-offs	-	-	21,589	-	**21,589**
Other adjustments	1,802	148	1,760	-	**3,710**
Closing balance as at Dccember 31, 2022	**(13,420)**	**(1,623)**	**(55,683)**	**-**	**(70,726)**

17. 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 and typically run for a period between 2 and maximum 5 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:

RON thousand	**30-06-2023**	**31-12-2022**
Finance lease receivables with maturity below 1 year, gross	577,365	465,693
Finance lease receivables with maturity more than 1 year, gross	865,443	798,754
Finance lease receivables with maturity more than 5 year, gross	-	2,240
Total finance lease receivables, gross	**1,442,808**	**1,264,447**
Future interest related to finance lease receivables	**(151,831)**	**(105,986)**
Total finance lease receivables, net of future interest	1,290,977	1,158,461
Impairment allowances for finance lease receivables	(22,340)	(17,506)
Total finance lease receivables	**1,268,636**	**1,140,955**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

17. Finance lease receivables (continued)

The movement in impairment allowances on finance lease receivable at Group level in June 30, 2023 and December 31, 2022 was the following:

Group 2023 *RON thousand*	**Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2023	**(4,556)**	**(619)**	**(12,331)**	**-**	**(17,506)**
Increase due to issue or acquisition	(2,051)	(315)	(191)	-	**(2,557)**
Decrease due to derecognition	260	16	640	-	**915**
Increase or decrease due to the change in credit risk (net) and transfers	869	(322)	(2,824)	-	**(2,277)**
Increase or decrease due to changes without derecognition (net)	319	87	(1,909)	-	**(1,503)**
Decrease due to write off	-	-	627	-	**627**
Other adjustments	(11)	(2)	(28)	-	**(41)**
Closing balance as at 30 June 2023	**(5,170)**	**(1,156)**	**(16,015)**	**-**	**(22,341)**

Group 2022 *RON thousand*	**Allowances for expected credit losses related to lease receivables for which the credit risk has not significantly increased since the initial recognition, and which are not impaired (Stage 1)**	**Allowances for expected credit losses related to lease receivables for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Allowances for expected credit losses on finance lease receivable to customers which are impaired (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total**
Opening balance as at January 1, 2022	**(2,304)**	**(478)**	**(10,152)**	**-**	**(12,934)**
Increase due to issue or acquisition	(2,709)	(405)	(738)	-	**(3,852)**
Decrease due to derecognition	299	86	2,583	-	**2,968**
Increase or decrease due to the change in credit risk (net) and transfers	26	82	(3,094)	-	**(2,986)**
Increase or decrease due to changes without derecognition (net)	125	96	(2,660)	-	**(2,439)**
Decrease due to write off	-	-	1,730	-	**1,730**
Other adjustments	7	-	-	-	**7**
Closing balance as at 31 December 2022	**(4,556)**	**(619)**	**(12,331)**	**-**	**(17,506)**

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18. Investment securities

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

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Debt instruments, of which	**242,051**	**235,287**	**242,051**	**235,287**
- Central administrations	242,051	235,287	242,051	235,287
- Credit institutions	-	-	-	-
- Other financial companies	-	-	-	-
- Non-financial institutions	-	-	-	-
Equity instruments, of which:	**2,526**	**2,275**	**2,526**	**2,275**
- Other financial companies	2,245	2,006	2,245	2,006
- Non-financial institutions	281	269	281	269
Loans and advances to customers	-	-	-	-
- Central administrations	-	-	-	-
Total	**244,577**	**237,562**	**244,577**	**237,562**

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

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
As at January 1	**237,562**	**298,590**	**237,562**	**298,590**
Acquisitions	-	119,017	-	119,017
Sales and repurchases	-	-	-	-
Coupon and amortization in P&L during the period	3,776	6,862	3,776	6,862
Coupon collected at term during the period	(176)	(180,149)	(176)	(180,149)
Gain/(Loss) from the measurement at fair value	3,170	(6,716)	3,170	(6,716)
Exchange rate differences	245	(42)	245	(42)
Closing balance	**244,577**	**237,562**	**244,577**	**237,562**

19. Tangible assets and investment property and intangible assets

The net carrying amount of tangible assets and investment property at the end of this period amounts to RON 17.958 thousand for the Group (December 31, 2022: RON 16.004 thousand), of which RON thousand belongs to Idea Bank S.A. (December 31, 2022: RON 16,409 thousand).

The net carrying amount of intangible assets (goodwill included) at the end of this period amounts to RON 20,221 thousand for the Group (December 31, 2022: RON 13,667 thousand), and RON 19,756 thousand for Idea Bank S.A. (December 31, 2022: RON 13,079 thousand).

The depreciation and amortization expense related to tangible and intangible assets for the Group at the end of the 6-month period ended June 30, 2023 amounts to RON 4,394 thousand (June 30, 2022: RON 6,915 thousand), of which the amortization expense related to tangible and intangible assets for Idea Bank is RON 3,250 thousand (June 30, 2022: RON 5,933 thousand).

20. Right-of-use assets and Lease Liabilities

The Group and the Bank have lease agreements on land, buildings and vehicles. Rental contracts are typically made for fixed periods of 2 to 10 years, but may have extension options.

As at June 30, 2023 and December 31, 2022 the right of use assets of the **Group** by class of underlying items is analyzed as follows

RON thousand	Group				
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at 1 January 2023	**-**	**6,727**	**-**	**-**	**6,727**
Additions	-	412	-	-	412
Disposals	-	-	-	-	
Depreciation charge	-	(1,653)	-	-	(1,653)
Carrying amount at June 30, 2023	**-**	**5,486**	**-**	**-**	**5,486**

As at December 31, 2022 the right of use assets of the **Group** by class of underlying items is analyzed as follows:

RON thousand	Group				
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at 1 January 2022	**-**	**14,192**	**80**	**-**	**14,272**
Additions	-	4,709	-	-	4,709
Disposals	-	(6,731)	(13)	-	(6,744)
Depreciation charge	-	(5,443)	(67)	-	(5,510)
Carrying amount at 31 December 2022	**-**	**6,727**	**-**	**-**	**6,727**

As at June 30, 2023 and December 31, 2022 the right of use assets of the **Bank** by class of underlying items is analyzed as follows:

RON thousand	Bank				
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at 1 January 2023	**-**	**3,272**	**-**	**-**	**3,272**
Additions	-	(185)	-	-	(185)
Disposals	-	-	-	-	-
Depreciation charge	-	(961)	-	-	(961)
Carrying amount at June 30, 2023	**-**	**2,126**	**-**	**-**	**2,126**

RON thousand	Bank				
	Lands	**Buildings**	**Auto**	**Equipment**	**Total**
Carrying amount at 1 January 2022	**-**	**13,861**	**80**	**-**	**13,941**
Additions	-	262	-	-	262
Disposals	-	(6,731)	(13)	-	(6,744)
Depreciation charge	-	(4,120)	(67)	-	(4,187)
Carrying amount at 31 December 2022	**-**	**3,272**	**-**	**-**	**3,272**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

21. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Group level, for the period ended June 30, 2023:

RON thousand	**December 31, 2022**	**Recognized in profit or loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**June 30, 2023**
Financial assets from interbank operations	-	-	-	-	-
Loans and finance lease receivables	-	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	625	-	(486)	-	139
Financial assets at amortized cost	1.314	63	-	-	1.377
Financial assets at fair value through profit or loss	-	-	-	-	-
Other assets	473	(25)	-	-	448
Property and equipment and intangible assets	(1,462)	(76)	-	-	(1,538)
Right of Use Assets	2	-	-	-	2
Provisions and other liabilities	-	-	-	-	-
Deferred tax assets and liabilities	**952**	**(38)**	**(486)**	**-**	**428**
Recognition of deferred tax asset	2,414	38	(486)	-	1,966
Recognition of deferred tax liability	(1,462)	(76)	-	-	(1,538)
Deferred tax assets and liabilities	**952**	**(38)**	**(486)**	**-**	**428**

21. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Bank level, for the period ended June 30, 2023:

RON thousand	**December 31, 2022**	**Recognized in profit or loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**June 30, 2023**
Financial assets from interbank operations	-	-	-	-	-
Loans and receivables	-	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	625	-	(486)	-	139
Financial assets measured at fair value at amortized cost	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Other assets	423	(25)	-	-	398
Property and equipment and investment property	(1,462)	(76)	-	-	(1,538)
Right of Use Assets	-	-	-	-	
Provisions and liabilities	-	-	-	-	
Deferred tax assets and liabilities	**(414)**	**(101)**	**(486)**	**-**	**(1,001)**
Recognition of deferred tax asset	1,048	(25)	(486)	-	537
Recognition of deferred tax liability	(1,462)	(76)	-	-	(1,538)
Deferred tax assets and liabilities	**(414)**	**(101)**	**(486)**	**-**	**(1,001)**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

21. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Group level, for the period ended December 31, 2022:

RON thousand	**31 December 2021**	**Recognized in profit and loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**31 December 2022**
Tax effect of temporary deductible / (taxable) differences (including tax losses carried forward), resulting from:					
Financial assets from interbank operations	-	-	-	-	-
Loans and receivables	-	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	(713)	-	1,338	-	**625**
Financial assets measured at fair value at amortized cost	856	458	-	-	**1,314**
Financial assets at fair value through profit or loss	-	-	-	-	-
Other assets	476	(4)	-	-	472
Property and equipment and intangible assets	(1,248)	(213)	-	-	(1,462)
Right of Use Assets	2	-	-	-	2
Provisions and other liabilities	-	-	-	-	-
Fiscal loss reported	-	-	-	-	-
Deferred tax asset / (liability)	**(627)**	**240**	**1,338**	**-**	**952**
Recognition of deferred tax asset	1,335	454	625	-	2,414
Recognition of deferred tax liability	(1,961)	(225)	713	-	(1,462)
Deferred tax asset / (liability)	**(626)**	**240**	**1,338**	**-**	**952**

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21. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Bank level, for the period ended December 31, 2022:

RON thousand	**31 December 2021**	**Recognized in profit and loss**	**Recognized in other items of comprehensive income**	**Recognized directly in shareholders' equity**	**31 December 2022**
Tax effect of temporary deductible / (taxable) differences (including tax losses carried forward), resulting from:					
Financial assets from interbank operations	-	-	-	-	-
Loans and receivables	-	-	-	-	-
Financial assets measured at fair value through other items of comprehensive income	(713)	-	1,338	-	625
Financial assets measured at fair value at amortized cost	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Other assets	434	(11)	-	-	423
Property and equipment and intangible assets	(1,248)	(213)	-	-	(1,462)
Right of Use Assets	-	-	-	-	-
Provisions and liabilities	-	-	-	-	-
Fiscal loss reported	-	-	-	-	-
Deferred tax asset / (liability)	**(1,527)**	**(224)**	**1,338**	**-**	**(414)**
Recognition of deferred tax asset	434	(11)	625	-	1,048
Recognition of deferred tax liability	(1,961)	(213)	713	-	(1,462)
Deferred tax asset / (liability)	**(1,527)**	**(224)**	**1,338**	**-**	**(414)**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

22. Other financial assets

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Amounts under settlement	2,739	2,743	2,739	2,740
Non-recourse factoring	-	-	-	-
Sundry debtors and advances for non-current assets	34,331	27,524	24,455	6,479
Instruments received for collection	-	-	-	-
Other financial assets	12,954	17,537	339	389
Impairment allowance for other financial assets	-7,376	-6,401	-586	-434
Total	**42,648**	**41,404**	**26,947**	**9,174**

23. Other non-financial assets

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Inventories and similar assets	3,042	1,806	115	93
Accrued expenses	2,065	1,956	1,712	1,322
VAT and other taxes to be received	9,048	6,944	207	1,441
Other non-financial assets	5,915	6,328	5,859	6,363
Impairment allowance for other non-financial assets	(2,633)	(2,953)	(2,490)	(2,643)
Total	**17,436**	**14,080**	**5,403**	**6,576**

24. Deposits from banks

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Sight deposits	-	-	-	-
Term deposits	1,969,213	1,913,752	1,969,213	1,913,752
Total	**1,969,213**	**1,913,752**	**1,969,213**	**1,913,752**

25. Deposits from customers

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Current accounts	20,349	34,743	25,024	41,346
Sight deposits	-	-	-	-
Term deposits	4,291	57,080	4,291	57,080
Collateral deposits	261	584	261	584
Total	**24,901**	**92,407**	**29,576**	**99,010**

Deposits from customers can be also analysed as follows:

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Retail	21,347	31,590	21,347	31,590
Companies	3,554	60,817	8,229	67,420
Total	**24,901**	**92,407**	**29,576**	**99,010**

26. Loans from banks and other financial institutions

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Loans from central administrations				
Loans from commercial banks	100,796	59,454	-	-
- *Romanian banks*	100,796	59,454	-	-
- *Foreign banks*	-	-	-	-
Loans from development banks	-	-	-	-
Repurchase agreements (repo transactions)	-	-	-	-
Other funds from financial institutions	-	-	-	-
Issued bonds	-	-	-	-
Total	**100,796**	**59,454**	**-**	**-**

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

	30-06-2023		31-12-2022	
	Minimum	Maximum	Minimum	Maximum
EUR	3.94%	5.54%	1.51%	3.88%

The covenants stipulated in the loan agreements signed with the creditors were met by the Group and the Bank at June 30, 2023 and December 31, 2022.

27. Subordinated liabilities

As at June 30, 2023 and December 31, 2022, the covenants stipulated in the loan agreements signed with the creditors were met by the Bank and the Group.

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Loans from development banks and financial institutions	21,449	21,385	21,449	21,385
Non-convertible bonds	24,789	24,685	24,789	24,685
Total	**46,238**	**46,070**	**46,238**	**46,070**

28. Provisions for other risks and loan commitments

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

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Provisions for loan commitments, financial guarantees and other commitments given	1,364	1,540	1,327	1,414
Provisions for employee benefits as compensated absences	525	467	525	467
Provisions for other employee benefits	3,860	4,947	3,277	639
Provisions for litigation, other risks and charges (*)	1,420	1,412	535	527
Total	**7,170**	**8,367**	**5,664**	**3,047**

(*) Provisions for other risks and charges primarily include provisions for litigation.

29. Other financial liabilities

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Amounts under settlement	412	1,294	412	1,294
Sundry creditors	30,196	25,263	4,338	4,367
Dividends payable	15,000	-	-	-
Other financial liabilities	13,515	7,144	4,294	1,837
Total	**59,123**	**33,701**	**9,044**	**7,498**

30. Other non-financial liabilities

RON thousand	Group		Bank	
	30-06-2023	**31-12-2022**	**30-06-2023**	**31-12-2022**
Other taxes payable	1,743	1,054	1,508	918
Other non-financial liabilities	8,074	7,889	132	166
Total	**9,818**	**8,943**	**1,640**	**1,084**

31. Share capital

The statutory share capital of the Bank at June 30, 2023, as recorded with the Trade Register was represented by 2.519.756.099 ordinary shares with a nominal value of RON 0,1 each (December 31, 2022: 2.519.756.099 shares with a nominal value of RON 0,1 each). The shareholders structure of the Bank is presented in Note 1.

The capital increase was made out by converting bonds into shares in amount of RON.

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06- 2023**	**31-12-2022**
Paid share capital recorded with the Trade Register	251,976	251,976	251,976	251,976
Share capital adjustment to inflation	42,174	42,174	42,174	42,174
Share capital adjustment with unrealized revaluation reserves of tangible assets	-	-	-	-
Total	**294,150**	**294,150**	**294,150**	**294,150**

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32. Related-party transactions

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

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

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

RON thousand	30-06-2023				31-12-2022			
Group	**Parent enterprise**	**Key management personnel**	**Other related-parties**	**Total**	**Parent enterprise**	**Key management personnel**	**Other related-parties**	**Total**
Assets								
Granted loans - net amount	578	50	-	**628**	253	108	-	**361**
Liabilities	1,990,892	2,383	-	**1,993,275**	1,888,600	3,580	-	**1,892,180**
Deposits from customers	-	-	-	-	-	-	-	-
Loans from financial	-	-	-	-	-	-	-	-
Debt securities	14,873	-	6,197	**21,070**	14,811	-	6,171	**20,982**
Commitments	-	-	-	-	-	-	-	-
Loan commitments and financial guarantees given	-	96		**96**	-	111	-	**111**
Loan commitments and financial guarantees received	20,426			**20,426**	1,491	-	-	**1,491**
Statement of profit or loss								
Interest income	220	2	-	**222**	154	7	-	**161**
Interest expense	42,294	33	264	**42,591**	35,886	81	531	**36,498**
Fees and commissions income	-	-	-	-	64	-	-	**64**
Fees and commissions expense	39	-	-	**39**	38	-	-	**38**

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32. Related-party transactions *(continued)*

Bank *RON thousand*	30-06-2023 Parent enterprise	Subsidiaries	Key management personnel	Other related-parties	Total	31-12-2022 Parent enterprise	Subsidiaries	Key management personnel	Other related-parties	Total
Assets										
Correspondent accounts at credit institutions	4,683	-	-	-	**4,683**	33,676	-	-	-	33,676
Deposits with credit institutions	-	-	-	-	**-**	-	-	-	-	**-**
Granted loans	578	13,301	50	-	**13,929**	252	-	108	-	**360**
Equity investments	-	43,179	-	-	**43,179**	-	43,179	-	-	**43,179**
Other assets	-	-	-	-	**-**	-	-	-	-	**-**
Liabilities						-	-	-	-	**-**
Correspondent accounts from credit institutions	-	-	-	-	**-**	-	-	-	-	**-**
Deposits from customers	1,929,177	4,675	2,383	-	**1,936,235**	1,839,347	6,603	3,580	-	**1,849,530**
Loans from financial institutions	-	-	-	-	**-**	-	-	-	-	**-**
Debt securities	14,873			6,197	**21,070**	14,811	-	-	6,171	**20,982**
Lease liabilities	-	-	-	-	**-**	-	-	-	-	**-**
Other liabilities	1	580	-	-	**581**	1	392	-	-	**393**
Commitments						-	-	-	-	**-**
Loan commitments and financial guarantees given	-	-	96	-	**96**	-	-	111	-	**111**
Loan commitments and financial guarantees received	270				**270**	270	-	-	-	**270**
Statement of profit or loss										
Interest income	-	(61)	2	-	**(59)**	4	115	7	-	**126**
Interest expense	41,154	16	33	264	**41,467**	35,505	174	81	531	**36,291**
Fee and commission income	-	13	-	-	**13**	64	1,605	-	-	**1,669**
Fee and commission expense	-	-	-	-	**-**	1	-	-	-	**1**
Gain/Loss from financial assets and liabilities measured at fair value by PL	-	-	-	-	**-**	-	3,765	-	-	**3,765**
Gain/Loss from financial assets and liabilities held-for-trading	-	810	-	-	**810**	-	1,887	-	-	**1,887**
Dividend income	-	35,469	-	-	**35,469**	-	4,997	-	-	**4,997**
Other income	-	-	-	-	**-**	-	-	-	-	**-**
Other expenses	-	1,175	-	-	**1,175**	-	2,571	-	-	**2,571**

32. Related-party transactions *(consolidated)*

Transactions with key management personnel

As at the end of June 30, 2023, the expenses related to the fixed and variable remunerations of the members of the Board of Directors and of the Executive Management of the Group amounted to RON 5,378 thousand (June 30, 2022: RON 3,379 thousand) and of the Bank amounted to RON 4,353 thousand (June 30, 2022: RON 2,169 thousand).

33. Commitments and contingencies

a) Commitments and contingencies

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

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

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

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

	Group		**Bank**	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Guarantees issued, of which	1,185	1,371	1,185	1,371
- *Performance bonds*	-	24	-	24
- *Financial liabilities*	1,185	1,347	1,185	1,347
Loan commitments	46,306	63,341	40,714	49,007
Total	**47,491**	**64,712**	**41,899**	**50,378**

The provisions for loan commitments to customers were in amount of RON 1,364 thousand, at Group level (December 31, 2022: RON 1,540 thousand) and at Bank level RON 1,326 thousand (December 31, 2022: RON 1,414 thousand).

b) Transfer pricing and taxation

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

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

33. Commitments and contingencies

b) Transfer pricing and taxation

The tax legislation in Romania considers the "market value" principle, according to which transactions between related parties must be performed at market value. The taxpayers involved in related-party transactions must prepare and provide to the Romanian tax authorities the transfer pricing file, upon request.

The failure to provide the transfer pricing file or the submission of an incomplete transfer pricing file may lead to penalties for non-compliance; apart from the transfer pricing file, the tax authorities may interpret transactions and circumstances in a manner which is different from the management's interpretation and, consequently, may impose additional tax duties resulting from the adjustment of transfer prices. The management of the Group and of the Bank considers that no losses should be incurred in the event of a fiscal audit for the verification of transfer prices. However, the impact of potential different interpretations of the tax authorities cannot be accurately estimated. The impact may be significant as concerns the Bank's financial position and/or operations. However, the fiscal risk is low because the vast majority of transactions are between group entities, which are in Romania, without cross-border risk.

34. Capital management

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

The Board of Directors makes decisions regarding the directions to be followed within the capital adequacy process, establishes the main projects in the field to be implemented, as well as the main objectives to be met for the best control of the correlation of the risks to which the Bank is exposed and the necessary shareholders' equity required to cover them and the development of sound risk management systems. The National Bank of Romania monitors capital requirements both at the Group and at the Bank level.
Capital adequacy is determined according to the Regulation (EU) No 575/2013 of the European Parliament and of the Council and requires a minimum mandatory own funds level of:

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

Likewise, pursuant to the regulated approaches for the determination of the minimum capital requirements and the EU Regulation 575/2013 corroborated with the provisions of the NBR Regulation 5/2013 and considering the capital buffers required by the NBR, the Group and the Bank maintain a capital conservation buffer of 2.5% of the total value of the risk-weighted exposures between January 1, 2023-June 30, 2023;
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 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.

34. Capital management *(continued)*

Own funds adequacy

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

As at June 30, 2023 and December 31, 2022, the Group and the Bank complied with all the capital adequacy requirements. Under the current capital requirements set by the European Banking Authority, banks have to maintain a ratio of regulatory capital to risk weighted assets ("statutory capital ratio") above a prescribed minimum level.

The amount of capital that the Group managed was RON 230,622 thousand as of June 2023 (31 December 2022: RON 245,182 thousand), regulatory capital amounts to RON 212,112 thousand (31 December 2022: RON 213,549 thousand) and the Group and the Bank have complied with all externally imposed capital requirements throughout 2023 and 2022.

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

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

The Group and the Bank manage their capital base in a flexible manner, by monitoring regulatory capital requirements, by anticipating the adequate adjustments required for the achievement of its objectives as well as by optimizing the structure of assets and shareholders' equity.
The planning and monitoring activity takes into consideration the total own funds, on the one hand and the requirements of own funds, on the other hand.
The level and the requirements of own funds as at June 30, 2023 and December 31, 2022 are as follows:

	Group		**Bank**	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Tier 1 own funds	220,571	230,592	206,699	210,200
Tier 2 own funds	10,052	14,590	10,052	14,590
Total own funds	**230,623**	**245,182**	**216,751**	**224,790**
Credit risk exposure	**1,208,933**	**1,201,662**	**1,109,853**	**1,134,375**
Market risk, FX risk, delivery risk exposure	35,700	53,121	13,288	10,425
Operational risk exposure	253,335	253,335	222,546	222,546
Risk exposure for the adjustment of credit assessment	-	-	-	-
Total risk exposure	**1,497,968**	**1,508,118**	**1,345,687**	**1,367,346**

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

	Group		**Bank**	
%	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Core tier one ratio	14.72%	15.29%	15.36%	15.37%
Tier 1 ratio	14.72%	15.29%	15.36%	15.37%
CAR	15.40%	16.26%	16.11%	16.44%

Note: The calculation of the Group's and the Bank's own funds considers the statutory profit of the Group, respectively of the Bank for the financial period ended on December 31, 2022. For the six-month period ended June 30, 2023, the current profit was not considered in the calculation of own funds. Regulatory capital as at June 30, 2023 and December 31, 2022 was calculated according to the IFRS standards endorsed by the EU.

35. Credit risk management

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

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

	Group		Bank	
RON thousand	**30-06-2023**	**31-12-2022**	**30-06-2023**	**31-12-2022**
Corporate	-	-	132,977	139,624
Small and medium enterprises	124	710	1,038,537	928,806
Consumer loans and card loans granted to retail customers	413,372	541,931	413,372	541,931
Mortgage loans		-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	1,317,456	1,178,029	-	-
Other	23	23	23	23
Total loans and advances to customers and financial lease receivables before impairment allowance	**1,730,975**	**1,720,693**	**1,584,909**	**1,610,384**
Allowances for impairment losses on loans and financial lease receivables	(75,966)	(76,320)	(69,813)	(70,726)
Total loans and advances to customers and financial lease receivables net of impairment allowance	**1,655,009**	**1,644,373**	**1,515,096**	**1,539,658**

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

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

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

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

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as of June 30, 2023, are presented below:

Notes to the Interim Condensed Consolidated and Separate Financial Statements

35. Credit risk management *(continued)*

At amortized cost *RON thousand*	**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	-	-	-	-	-
Small and medium enterprises	(3)	-	127	-	124
Consumer loans and card loans granted to retail customers	327,658	23,631	62,083	-	413,372
Mortgage loans	-	-	-	-	-
Loans and finance lease receivables granted to non-banking financial institutions	1,132,388	146,488	38,580	-	1,317,456
Other	19	3	1	-	23
Total loans and advances to customers and financial lease receivables before impairment allowance	**1,460,062**	**170,122**	**100,791**	**-**	**1,730,975**
Allowances for impairment losses on loans and financial lease receivables	**(13,214)**	**(2,302)**	**(60,450)**	**-**	**(75,966)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**1,446,847**	**167,820**	**40,342**	**-**	**1,655,009**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1 - *RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2023**
Corporate	-	-	-	-	-
Small and medium enterprises	(4)	1	-	-	(3)
Consumer loans and card loans granted to retail customers	258,825	27,108	22,170	19,555	327,658
Mortgage loans	-	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	567,596	229,289	196,452	139,051	1,132,388
Other	14	3	0	2	19
Total loans and advances to customers and financial lease receivables before impairment allowance	**826,431**	**256,401**	**218,622**	**158,608**	**1,460,062**
Allowances for impairment losses on loans and financial lease receivables	**(7,999)**	**(1,919)**	**(1,273)**	**(2,023)**	**(13,214)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**818,432**	**254,482**	**217,349**	**156,585**	**1,446,847**

Notes to the consolidated and separate financial statements

35. Credit risk management *(continued)*

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1 - *RON thousand*	**0 days**	**1-15 days**	**16-30 days**	**Total 2023**
Corporate	-	-	-	-
Small and medium enterprises	(3)	-	-	(3)
Consumer loans and card loans granted to retail customers	298,566	27,485	1,607	327,658
Mortgage loans	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	866,049	178,832	87,506	1,132,388
Other	19	-	-	19
Total loans and advances to customers and financial lease receivables before impairment allowance	**1,164,631**	**206,317**	**89,113**	**1,460,062**
Allowances for impairment losses on loans and financial lease receivables	**(11,179)**	**(1,518)**	**(518)**	**(13,214)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**1,153,452**	**204,800**	**88,595**	**1,446,847**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2 - *RON thousand*	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2023**
Corporate	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	10,225	2,477	10,929	23,631
Mortgage loans	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	76,108	18,901	51,480	146,488
Other	2	(1)	2	3
Total loans and advances to customers and financial lease receivables before impairment allowance	**86,335**	**21,377**	**62,411**	**170,122**
Allowances for impairment losses on loans and financial lease receivables	**(775)**	**(217)**	**(1,310)**	**(2,302)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**85,559**	**21,160**	**61,100**	**167,820**

Notes to the consolidated and separate financial statements

35. Credit risk management *(continued)*

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2 - *RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2023**
Corporate	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	13,457	7,064	3,110	23,631
Mortgage loans	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	106,292	38,003	2,192	146,488
Other	3	-	-	3
Total loans and advances to customers and financial lease receivables before impairment allowance	**119,752**	**45,067**	**5,302**	**170,122**
Allowances for impairment losses on loans and financial lease receivables	**(1,132)**	**(892)**	**(277)**	**(2,302)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**118,620**	**44,175**	**5,025**	**167,820**

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3 - *RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total 2023**
Corporate	-	-	-	-	-
Small and medium enterprises	-	-	-	127	127
Consumer loans and card loans granted to retail customers	2,051	870	1,431	57,731	62,083
Mortgage loans	-	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	10,191	4,597	2,034	21,758	38,580
Other	1	-	-	-	1
Total loans and advances to customers and financial lease receivables before impairment allowance	**12,243**	**5,467**	**3,465**	**79,616**	**100,791**
Allowances for impairment losses on loans and financial lease receivables	**(3,460)**	**(1,555)**	**(1,230)**	**(54,205)**	**(60,450)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**8,783**	**3,912**	**2,235**	**25,411**	**40,342**

Notes to the consolidated and separate financial statements

35. 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, 2022, are presented below:

At amortized cost *RON thousand*	**Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)**	**Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Assets impaired at the reporting date (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total 2022**
Corporate	-	-	-	-	-
Small and medium enterprises	11	95	604	-	710
Consumer loans and card loans granted to retail customers	461,981	14,568	65,382	-	541,931
Mortgage loans	-	-	-	-	-
Loans and finance lease receivables granted to non-banking financial institutions	1,092,702	56,778	28,549	-	1,178,029
Other	17	6	-	-	23
Total loans and advances to customers and financial lease receivables before impairment allowance	**1,554,711**	**71,447**	**94,535**	**-**	**1,720,693**
Allowances for impairment losses on loans and financial lease receivables	**(14,564)**	**(1,808)**	**(59,948)**	**-**	**(76,320)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**1,540,147**	**69,639**	**34,587**	**-**	**1,644,373**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1 - *RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2022**
Corporate	(5,412)	-	-	-	(5,412)
Small and medium enterprises	3	-	-	6	9
Consumer loans and card loans granted to retail customers	357,596	40,704	28,027	35,654	461,981
Mortgage loans	-	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	536,170	226,062	173,236	162,649	1,098,116
Other	11	3	-	3	17
Total loans and advances to customers and financial lease receivables before impairment allowance	**888,368**	**266,769**	**201,263**	**198,312**	**1,554,711**
Allowances for impairment losses on loans and financial lease receivables	**(8,311)**	**(1,556)**	**(1,185)**	**(3,512)**	**(14,564)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**880,057**	**265,213**	**200,078**	**194,800**	**1,540,147**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

35. Credit risk management *(continued)*

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1 - *RON thousand*	**0 days**	**1-15 days**	**16-30 days**	**Total 2022**
Corporate	(5,413)	-	-	(5,413)
Small and medium enterprises	4	7	-	11
Consumer loans and card loans granted to retail customers	421,795	33,166	7,020	461,981
Mortgage loans	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	858,719	165,260	74,136	1,098,115
Other	17	-	-	17
Total loans and advances to customers and financial lease receivables before impairment allowance	**1,275,122**	**198,433**	**81,156**	**1,554,711**
Allowances for impairment losses on loans and financial lease receivables	**(12,343)**	**(1,561)**	**(661)**	**(14,564)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**1,262,780**	**196,872**	**80,495**	**1,540,147**

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2 - *RON thousand*	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2022**
Corporate	-	-	-	-
Small and medium enterprises	-	-	95	95
Consumer loans and card loans granted to retail customers	574	488	13,506	14,568
Mortgage loans	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	8,051	7,441	41,286	56,778
Other	4	-	2	6
Total loans and advances to customers and financial lease receivables before impairment allowance	**8,629**	**7,929**	**54,889**	**71,447**
Allowances for impairment losses on loans and financial lease receivables	**(76)**	**(73)**	**(1,659)**	**(1,808)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**8,553**	**7,856**	**53,230**	**69,639**

35. Credit risk management *(continued)*

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2 - *RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2022**
Corporate	-	-	-	-
Small and medium enterprises	1	-	94	95
Consumer loans and card loans granted to retail customers	2,918	7,687	3,963	14,568
Mortgage loans	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	27,976	26,501	2,301	56,778
Other	6	-	-	6
Total loans and advances to customers and financial lease receivables before impairment allowance	**30,901**	**34,188**	**6,358**	**71,447**
Allowances for impairment losses on loans and financial lease receivables	**(443)**	**(957)**	**(408)**	**(1,808)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**30,458**	**33,231**	**5,950**	**69,639**

Gross value of loans and advances, lease receivables granted to clients, impaired, Stage 3 - *RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total 2022**
Corporate	-	-	-	-	-
Small and medium enterprises	-	-	-	604	604
Consumer loans and card loans granted to retail customers	2,449	1,647	1,984	59,302	65,382
Mortgage loans	-	-	-	-	-
Loans and finance lease receivables granted by non-banking financial institutions	7,570	2,212	1,168	17,599	28,549
Other	-	-	-	-	-
Total loans and advances to customers and financial lease receivables before impairment allowance	**10,019**	**3,859**	**3,152**	**77,505**	**94,535**
Allowances for impairment losses on loans and financial lease receivables	**(3,006)**	**(1,387)**	**(1,394)**	**(54,161)**	**(59,948)**
Total loans and advances to customers and financial lease receivables net of impairment allowance	**7,013**	**2,472**	**1,758**	**23,344**	**34,587**

35. Credit risk management *(continued)*

The exposures to credit risk for loans and advances to customers at Bank level, as of June 30, 2023, are presented below:

At amortized cost *RON thousand*	**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	106,563	24,905	1,509	-	132,977
Small and medium enterprises	897,732	114,091	26,714	-	1,038,537
Consumer loans and card loans granted to retail customers	327,658	23,631	62,083	-	413,372
Mortgage loans	-	-	-	-	-
Other	19	3	1	-	23
Total loans and advances to customers before impairment allowance	**1,331,972**	**162,630**	**90,307**	**-**	**1,584,909**
Allowances for impairment losses on loans	**(11,929)**	**(2,191)**	**(55,693)**	**-**	**(69,813)**
Total loans and advances to customers net of impairment allowance	**1,320,043**	**160,439**	**34,614**	**-**	**1,515,096**

Gross value of loans and advances granted to clients, not impaired, Stage 1 - *RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2023**
Corporate	52,242	30,622	17,359	6,340	106,563
Small and medium enterprises	465,011	162,628	169,520	100,573	897,732
Consumer loans and card loans granted to retail customers	258,825	27,108	22,170	19,555	327,658
Mortgage loans	-	-	-	-	-
Other	14	3	-	2	19
Total loans and advances to customers before impairment allowance	**776,092**	**220,361**	**209,049**	**126,470**	**1,331,972**
Allowances for impairment losses on loans	**(7,673)**	**(1,347)**	**(1,209)**	**(1,700)**	**(11,929)**
Total loans and advances to customers net of impairment allowance	**768,419**	**219,014**	**207,840**	**124,770**	**1,320,043**

35. Credit risk management *(continued)*

Gross value of loans and advances granted to clients, not impaired, Stage 1 - *RON thousand*	**0 days**	**1-15 days**	**16-30 days**	**Total 2023**
Corporate	87,650	15,274	3,639	106,563
Small and medium enterprises	670,577	152,589	74,566	897,732
Consumer loans and card loans granted to retail customers	298,566	27,485	1,607	327,658
Mortgage loans	-	-	-	-
Other	19	-	-	19
Total loans and advances to customers before impairment allowance	**1,056,812**	**195,348**	**79,812**	**1,331,972**
Allowances for impairment losses on loans	**(10,042)**	**(1,442)**	**(445)**	**(11,929)**
Total loans and advances to customers net of impairment allowance	**1,046,770**	**193,906**	**79,367**	**1,320,043**

Gross value of loans and advances granted to clients, not impaired, Stage 2 - *RON thousand*	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2023**
Corporate	20,991	1,958	1,956	24,905
Small and medium enterprises	53,656	15,680	44,755	114,091
Consumer loans and card loans granted to retail customers	10,225	2,477	10,929	23,631
Mortgage loans	-	-	-	-
Other	2	(1)	2	3
Total loans and advances to customers before impairment allowance	**84,874**	**20,114**	**57,642**	**162,630**
Allowances for impairment losses on loans	**(767)**	**(211)**	**(1,213)**	**(2,191)**
Total loans and advances to customers net of impairment allowance	**84,107**	**19,903**	**56,429**	**160,439**

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35. Credit risk management (*continued*)

Gross value of loans and advances granted to clients, not impaired, Stage 2 - *RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2023**
Corporate	22,949	1,956	-	24,905
Small and medium enterprises	79,338	32,846	1,907	114,091
Consumer loans and card loans granted to retail customers	13,457	7,064	3,110	23,631
Mortgage loans	-	-	-	-
Other	3	-	-	3
Total loans and advances to customers before impairment allowance	**115,747**	**41,866**	**5,017**	**162,630**
Allowances for impairment losses on loans	**(1,092)**	**(833)**	**(266)**	**(2,191)**
Total loans and advances to customers net of impairment allowance	**114,655**	**41,033**	**4,751**	**160,439**

Gross value of loans and advances granted to clients, impaired, Stage 3 - *RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**over 90 days**	**Total 2023**
Corporate	298	60	-	1,151	1,509
Small and medium enterprises	3,812	4,386	1,868	16,648	26,714
Consumer loans and card loans granted to retail customers	2,051	870	1,431	57,731	62,083
Mortgage loans	-	-	-	-	-
Other	1	-	-	-	1
Total loans and advances to customers before impairment allowance	**6,162**	**5,316**	**3,299**	**75,530**	**90,307**
Allowances for impairment losses on loans	**(2,003)**	**(1,518)**	**(1,195)**	**(50,977)**	**(55,693)**
Total loans and advances to customers net of impairment allowance	**4,159**	**3,798**	**2,104**	**24,553**	**34,614**

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35. Credit risk management (continued)

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

At amortized cost *RON thousand*	**Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)**	**Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)**	**Assets impaired at the reporting date (Stage 3)**	**Assets impaired on initial recognition (POCI)**	**Total 2022**
Corporate	134,827	2,719	2,078	-	139,624
Small and medium enterprises	862,878	47,728	18,200	-	928,806
Consumer loans and card loans granted to retail customers	461,981	14,568	65,382	-	541,931
Mortgage loans	-	-	-	-	-
Other	17	6	-	-	23
Total loans and advances to customers before impairment allowance	**1,459,703**	**65,021**	**85,660**	**-**	**1,610,384**
Allowances for impairment losses on loans	**-13,420**	**-1,623**	**-55,683**	**-**	**-70,726**
Total loans and advances to customers net of impairment allowance	**1,446,283**	**63,398**	**29,977**	**-**	**1,539,658**

Gross value of loans and advances granted to clients, not impaired, Stage 1 - *RON thousand*	**Very low risk**	**Low risk**	**Moderate risk**	**Sensitive risk**	**Total 2022**
Corporate	71,876	36,164	19,455	7,332	134,827
Small and medium enterprises	438,727	176,894	144,595	102,662	862,878
Consumer loans and card loans granted to retail customers	357,596	40,704	28,027	35,654	461,981
Mortgage loans	-	-	-	-	-
Other	11	3	-	3	17
Total loans and advances to customers before impairment allowance	**868,210**	**253,765**	**192,077**	**145,651**	**1,459,703**
Allowances for impairment losses on loans	**(8,109)**	**(1,457)**	**(1,079)**	**(2,775)**	**(13,420)**
Total loans and advances to customers net of impairment allowance	**860,101**	**252,308**	**190,998**	**142,876**	**1,446,283**

35. Credit risk management *(continued)*

Gross value of loans and advances granted to clients, not impaired, Stage 1 - *RON thousand*	**0 days**	**1-15 days**	**16-30 days**	**Total 2022**
Corporate	111,997	18,470	4,360	134,827
Small and medium enterprises	661,481	133,771	67,626	862,878
Consumer loans and card loans granted to retail customers	421,795	33,166	7,020	461,981
Mortgage loans	-	-	-	-
Other	17	-	-	17
Total loans and advances to customers before impairment allowance	**1,195,290**	**185,407**	**79,006**	**1,459,703**
Allowances for impairment losses on loans	**(11,392)**	**(1,398)**	**(630)**	**(13,420)**
Total loans and advances to customers net of impairment allowance	**1,183,898**	**184,009**	**78,376**	**1,446,283**

Gross value of loans and advances granted to clients, not impaired, Stage 2 - *RON thousand*	**Low-moderate risk**	**Sensitive risk**	**High risk**	**Total 2022**
Corporate	1,395	390	934	2,719
Small and medium enterprises	6,624	6,951	34,153	47,728
Consumer loans and card loans granted to retail customers	574	488	13,506	14,568
Mortgage loans	-	-	-	-
Other	4	-	2	6
Total loans and advances to customers before impairment allowance	**8,597**	**7,829**	**48,595**	**65,021**
Allowances for impairment losses on loans	**(76)**	**(71)**	**(1,476)**	**(1,623)**
Total loans and advances to customers net of impairment allowance	**8,521**	**7,758**	**47,119**	**63,398**

35. Credit risk management *(continued)*

Gross value of loans and advances granted to clients, not impaired, Stage 2 *RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**Total 2022**
Corporate	2,299	280	140	2,719
Small and medium enterprises	22,708	23,015	2,005	47,728
Consumer loans and card loans granted to retail customers	2,918	7,687	3,963	14,568
Mortgage loans	-	-	-	-
Other	6	-	-	6
Total loans and advances to customers before impairment allowance	**27,931**	**30,982**	**6,108**	**65,021**
Allowances for impairment losses on loans	**(352)**	**(868)**	**(403)**	**(1,623)**
Total loans and advances to customers net of impairment allowance	**27,579**	**30,114**	**5,705**	**63,398**

Gross value of loans and advances granted to clients, impaired, Stage 3 *RON thousand*	**0-30 days**	**31-60 days**	**61-90 days**	**over 90 days**	**Total 2022**
Corporate	259	-	42	1,777	2,078
Small and medium enterprises	3,815	1,409	744	12,232	18,200
Consumer loans and card loans granted to retail customers	2,449	1,647	1,984	59,302	65,382
Mortgage loans	-	-	-	-	-
Other	-	-	-	-	-
Total loans and advances to customers before impairment allowance	**6,523**	**3,056**	**2,770**	**73,311**	**85,660**
Allowances for impairment losses on loans	**(2,350)**	**(1,236)**	**(1,319)**	**(50,778)**	**(55,683)**
Total loans and advances to customers net of impairment allowance	**4,173**	**1,820**	**1,451**	**22,533**	**29,977**

Notes to the Interim Condensed Consolidated and Separate Financial Statements

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

No subsequent events to the date of the interim consolidated and separate statement of financial position took place to affect the financials as of June 2023.

Russia's invasion of Ukraine continues to this day, and it is difficult to estimate the impact of this event on the future affairs of the Group's clients. 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 represent a continuous challenge in 2023. The Bank remains vigilant in monitoring geo-political and economic relations.

The interim condensed consolidated and separate financial statements were approved by the Board of Directors on 23 August 2023 and were signed on behalf of the Board by:

Gabriela Nistor
Executive President

Gabriela Andrei
Financial Executive Director

DECLARATION

According to the provisions of art 30 of Accounting Law no 82/1991, republished, we hereby state that we take full responsibility for preparing the semi-annual summarized consolidated and separate financial statements as at June 30, 2023 and confirm that:

a) The accounting policies used to prepare the interim condensed consolidated and separated statements are in accordance with the International Financial Reporting Standards as endorsed by the European Union (IFRS), in effect as at the reporting date, June 30, 2023;

b) The interim condensed consolidated and separated statements, prepared as at June 30, 2023 offer a true image of the assets, liabilities, financial position, profit and loss account of IDEA BANK S.A. and its group;

c) IDEA BANK S.A. carries its business on an ongoing basis;

d) The semi-annual Report has been prepared in accordance with Financial Supervision Authority Regulation no 5/2018 and reflects the correct and complete information at the reporting date.

Executive Finance Director

Gabriela Andrei

August 23rd , 2023