

Half Year Report

30 June 2024

**According to Financial Supervisory Authority
Regulation no 5/2018
(Annex no 14)**

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HALF YEAR REPORT 30 JUNE 2024

- For financial exercise: **2024**
- Report date: **27 August 2024**
- Name of issuer: **SALT Bank S.A.**
- Registered Office: **5-7 Dimitrie Pompei 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: **RON 416,976,000**
- Main characteristics of the securities issued by the company: **Subordinated bonds of 5,000,000 EUR through the Alternative Trading System (ATS)**

1. The Company and its Shareholders

1.1. SALT Bank S.A. Profile

SALT Bank S.A. Group (the "Group") includes the parent bank, SALT Bank S.A. (the "Bank") and its subsidiary headquartered in Romania.

SALT Bank S.A. (former Romanian International Bank S.A., "RIB", until 20.04.2015, former Idea Bank S.A. until 16.11.2023) is a bank established in 1998. 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, PDPCP 769 of 1998.

SALT Bank officially launched on April 4, 2024 its new mobile application, based on completely new technologies, thus being the first fully digital bank "made in Romania". Specifically, the Bank offers its services through a mobile banking application, operating without banking units, offering customers banking services only through digital channels. As an element of differentiation from other neo-banks or fintechs that offer product and services exclusively through mobile platforms, but with support services kept in the background, SALT Bank offers such services to customers through its own call center, particularly following the quality of support services.

1.2. SALT Bank Group

SALT Bank Group includes at 30.06.2024 the following entities:

Subsidiary	Year of incorporation	Direct and indirect holdings of SALT Bank in subsidiaries	Main line of business
Avant Leasing IFN S.A.	2000	88.6713%	Financial leasing with legal entities

In November 2023, Idea Broker de Asigurare S.R.L. owned by Idea Leasing IFN S.A. (actual Avant Leasing IFN S.A.) was acquired by BT Leasing Transilvania IFN S.A., being deconsolidated from SALT Bank Group. SALT Bank S.A. is involved in ensuring to the subsidiaries an adequate level of capitalization contributing to the improvement of the risk management, by involving the audit, compliance, and risk and controlling functions within the Bank.

1.3. SALT Bank S.A. Shareholding

The Bank's shareholder is Banca Transilvania Group, the largest financial group in Romania listed on the Bucharest Stock Exchange, holding 99.99% of the total number of shares of the Bank.

Banca Transilvania is a joint-stock company established in 1993, headquartered in Cluj-Napoca and with a majority of Romanian shareholders – 67.59% at the end of March 2024. Currently, Banca Transilvania ranks first in the the banking system in Romania.

The shareholding structure of Banca Transilvania is constantly changing due to the fact that Banca Transilvania's shares are currently traded on the securities market, in compliance with the provisions of Law 52/1994 and the Norms of the Financial Supervisory Authority in the field. Currently, Banca Transilvania's shares are listed on the Bucharest Stock Exchange, Category I.

As of 30 June 2024, the Bank's shareholding structure was the following:

Shareholder's name Citizenship	Shareholding (%) Jun-24
Banca Transilvania S.A., România	99,5%
BT Investment S.R.L., Romania	0,5%
Total	100%

1.4. Subsidiary activity Bank S.A. Position within SALT Bank Group

As at 30.06.2024, the Bank's assets account for 96% of total assets of SALT Bank Group.

1.5. The Bank's position within the banking system

As of June 30, 2024, according to statistics issued by the National Bank of Romania, SALT Bank holds a market share by net assets of 0.10%¹. The decrease in market share is due to the assignment of leasing receivables to Avant Leasing IFN S.A. and the reduction of the non-performing portfolio through derecognition or sale to third parties outside the group, thus concentrating all the effort for the launch of the digital bank.

Market share – BANK	Dec-21	Dec-22	Jun-23	Dec-23	Jun-24
TOTAL ASSETS	0.45%	0.34%	0.31%	0.22%	0.10%

¹ According to National Bank of Romania statistics

1.6. Key Figures

Key Indicators (RON thousands / %)	Bank				Group			
	Jun-24	Dec-23	Jun-23	Dec-22	Jun-24	Dec-23	Jun-23	Dec-22
Balance sheet composition								
Total assets	821,235	1,770,598	2,312,816	2,292,726	857,446	1,900,227	2,462,337	2,407,409
Total liabilities	496,759	1,405,350	2,068,858	2,074,513	520,204	1,534,385	2,226,273	2,167,843
Total equity	324,476	365,248	243,958	218,213	337,242	365,842	236,064	238,063
Lending								
Net Interest Margin (NIM)	2.9%	2.5%	2.2%	2.5%	4.0%	3.0%	2.6%	2.7%
Capital adequacy								
Capital Adequacy Ratio (CAR)	56.7%	29.8%	16.1%	16.4%	46.6%	26.6%	15.4%	16.4%
Assets quality								
EBA-defined NPL ratio	2.6%	11.6%	4.4%	4.2%	5.9%	11.2%	4.6%	4.4%
EBA-defined NPL coverage ratio	70.1%	56.0%	61.9%	65.2%	58.2%	56.1%	60.0%	63.6%
Cost of risk (COR)	0.6%	3.9%	1.0%	1.7%	2.3%	4.5%	1.2%	1.8%
Liquidity and funding								
Loans / deposits	39.3%	3427.6%	5122.7%	1555.1%	46.6%	4259.4%	6646.4%	1779.5%
Profitability								
Return on Assets (ROA)	-6.6%	-1.2%	2.0%	-0.5%	-4.4%	-1.9%	-0.1%	-0.3%
Return on Equity (ROE)	-24.8%	-8.3%	20.1%	-6.2%	-17.4%	-13.5%	-1.3%	-3.2%
Cost-to-income ratio (CIR)	401.6%	74.9%	54.9%	86.0%	221.2%	79.1%	82.4%	81.4%
Operating income	21,259	112,004	68,309	104,233	43,599	141,839	67,051	152,322
Provisions expenses	21,192	(52,384)	(7,494)	(28,484)	24,253	(64,274)	(9,696)	(31,816)
Gross result	(42,926)	(24,264)	23,294	(13,880)	(28,592)	(34,637)	2,080	(3,484)
Net result	(42,780)	(24,334)	23,192	(14,105)	(30,607)	(40,999)	(1,545)	(7,705)
Network								
Number of branches and POSs	-	-	-	-	-	-	9	9
Number of employees	272	179	135	140	305	221	276	273

2. The Romanian Banking System

According to the Stability Report issued in June 2024 by the National Bank of Romania, the Romanian banking sector continued the trend of consolidating its financial health, with the main economic developments being marked by:

- maintaining the resilience of the banking sector and the real sector in an economic and geopolitical context marked by multiple uncertainties;
- the effectiveness of the macroprudential measures implemented by the National Bank of Romania to mitigate the effects generated by these risks;
- continuing to strengthen the financial health indicators of the banking sector;
- improving solvency and liquidity, both of which are above the European average.

Cyber risks are an increasingly pronounced risk factor lately, amid the increase in digital connectivity, technological developments and financial innovation, including in the context of intensifying geopolitical tensions, given the influx of cyberattacks after Russia's invasion of Ukraine. The financial system is the second most targeted industry by attackers, after healthcare.

Indicator	Romanian banking system						EU	
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	EU average (Dec. 2023)	
Structure of banking system								
Number of credit institutions	32	32	32	32	32	32	n/a	
Total net assets (RON bill.)	701.0	712.6	737.8	757.3	803.3	822.6	n/a	
Capital adequacy								
Capital Adequacy Ratio (≥8%)	23.4%	21.6%	22.8%	22.3%	23.6%	22.9%	19.9%	↑
Asset quality								
Impaired loans (% in total loans)	0.9%	0.9%	1.0%	1.0%	0.9%	1.0%	n/a	
NPL ratio	2.65%	2.7%	2.7%	2.6%	2.4%	2.4%	1.9%	↑
NPL coverage by provisions	65.6%	66.2%	64.1%	65.1%	64.6%	65.9%	42.3%	↑
Liquidity								
Loan-to-Deposit Ratio	65.7%	65.2%	64.9%	64.6%	61.0%	59.9%	107.1%	↓
LCR	209.2%	219.5%	232.9%	248.0%	280.6%	286.1%	167.1%	↑
Profitability								
ROA	1.4%	1.8%	1.8%	1.8%	1.7%	1.8%	0.7%	↑
ROE	15.1%	19.7%	19.4%	19.5%	18.5%	18.5%	10.3%	↑
Cost / income ratio	53.3%	52.0%	50.5%	48.8%	48.5%	50.7%	56.0%	↓

The number of credit institutions remained the same, although three major acquisitions are underway (OTP, which will merge with BT, Alpha Bank which will be acquired by Unicredit and Intesa Sanpaolo SPA will buy First Bank). System-wide net assets increased from RON 803.3 billion (December 2023) to RON 822.6 billion (March 2024).

Solvency remains adequate, with indicators at levels above the European average (22.9% in March 2024 compared to the EU average of 19.9%, December 2023). At the same time, Romanian banks hold a significant capital buffer compared to the global capital requirement and thus ensure a good capacity to absorb potential unexpected losses in the event of macroeconomic shocks. During 2023, the steps taken by credit institutions to attract MREL-eligible resources continued, so that, at the end of the transition period, respectively at the end of 2023, all credit institutions complied with the final MREL requirement plus the combined buffer requirement.

Asset quality indicators, such as NPL ratio and provisioning coverage (2.4% and 65.9% March 2024), place the banking sector in the low risk category according to the categories set by the EBA, with the combined market share of credit institutions with a NPL ratio below 3% being 70% (March 2024), compared to 91% (December 2023) at European level. Although asset quality indicators attest to a favourable positioning of domestic banks from a credit risk perspective, the current macroeconomic and geopolitical framework indicates the need to maintain prudent conduct.

Liquidity improved, with the LCR liquidity coverage ratio increasing to 286.0% and the NSFR net stable funding ratio to 194.4% in March 2024. The latest results of the liquidity stress test exercise, carried out in 2023, confirm the appropriate position of domestic banks from a liquidity perspective, as they generally have the capacity to manage possible liquidity shocks in the short term.

The profitability of the banking sector was significant, with profitability indicators of 19.8% – ROE and 1.8% – ROA (March 2024), respectively, but below the average values of the non-financial corporations sector, a result obtained persistently over the last decade. Net interest income contributed predominantly to the improvement in profitability, mainly as a result of the increase in interest-bearing financial assets (volume effect), another determining factor being the low level of impairment expenses of financial assets.

Of the total profits for 2023 obtained by Romanian corporate banks, a significant proportion (57%) was incorporated into banks' own funds, supporting their development capacity.

Banks in Romania are characterized by a low funding risk, given both the high share of deposits attracted from the retail sector and the consistent level of liquid assets. Although the financing risk in the case of domestic banks is considered to be low, the banking crises in the US and Switzerland have shown the ease and speed with which depositors can withdraw their amounts placed with credit institutions, situations that can translate into bank panic, especially in the context of the accelerated digitization of banking services and the rapid propagation of information in the online and social media environment.

Despite the favourable economic situation, however, several challenges remain:

- the existence of a polarization of the profit recorded by banks according to size;
- the lowest degree of financial intermediation within the EU;
- the orientation of credit institutions towards low-risk assets (especially government securities), which enhances both concentration and interest rate risk;
- the prospects for an increase in credit risk for the real sector, in the context of domestic macroeconomic imbalances.

New challenges are given by the need to adapt to climate change, the amplification of cyber risks favoured by the geopolitical context as well as the need to adapt business models to the rapid progress in the digital field.

Digitalization has made notable progress in the banking sector, but the pace of alignment with these trends is heterogeneous, being more pronounced in the case of large banks. Customer access to banking products and services through digital channels has improved (63% of individual customers also use digital channels, respectively 78% of corporate customers, 2023). The intense digitization process, the role of social networks as an amplifier of messages and the current geopolitical situation contribute to the increase of cyber risk. At the level of credit institutions in Romania, there have been no significant losses because of cyberattacks so far, but such events can affect banks' internal systems and disrupt the functioning of the financial system. Consequently, it is necessary to continue the measures to increase operational resilience, especially in the context in which the requirements set out in the European Digital Operational Resilience Regulation will apply from 17 January 2025.

3. SALT Bank Results in the First Six Months of 2024

3. Executive Summary

In the first half of 2024, SALT Bank's activity was focused on preparing the bank for the launch of new systems and the new mobile application to customers, according to its own strategy, the official launch being made on April 4, 2024. From the moment of launch until the date of the reporting, SALT Bank has registered a number of 230,000 new customers of which the first 100,000 customers created their account during the first days of activity, demonstrating both the appetite of Romanians for a digital only bank and the resilience of the technological platform that scaled up in order to cope with the demand. The sources attracted from the new customer segment generated following the launch are 18% over budget, reaching a balance of RON 349 million in June. The number of transactions per active customer is 8 transactions/month, in line with the initial estimations.

Based on the digital strategy, to relaunch lending, in the coming months, on new bases and systems, the bank carried out the following operations:

- the total transfer of the leasing receivables portfolio with a gross exposure of RON 804 million and a price of RON 745 million, previously acquired from Avant Leasing IFN S.A. (formerly Idea Leasing IFN S.A.);
- the transfer of a significant part of non-performing loans in the amount of RON 86 million to a third party outside the group;
- the derecognition of a part of the legacy portfolios generated by the bank (consumer loans and credit cards) in the amount of RON 19.7 million.

Thus, in the first half of 2024 compared to June 2023, the **Bank's Total Assets** ratio decreased by 64.5% from RON 2.3 billion to RON 821 million, and at Group level by 65.2%, from RON 2.5 billion to RON 857 million. The important share in both the Bank's and the Group's balance sheet is held by Cash and cash at the central bank (33% at individual level/31.6% at consolidated level), followed by Other financial instruments (22.4% bank/21.5% group), respectively Customer loans (18.6% Bank/20.8% group), Other assets (10.5% Bank/5% Group), and Fixed assets hold a share of 14.0% Bank/13.9% Group up compared to June 2023, as a result of investments in technology.

Cash and current accounts at the Central Bank increased by 215% (Bank/Group) compared to December 2023, as a result of attracting cash from the new customer segment and placing them at the National Bank of Romania, until the start of the lending activity.

The quality of the loan portfolio is in line with the average of the banking system, due to the above-mentioned operations, the non-performing exposures ratio according to the European Banking Authority (EBA) is 2.6% at the Bank's level as of June 2024, respectively 5.9% at the Group level, given that the leasing subsidiary kept in its portfolio, after the transfer of the receivables to BT Leasing Transilvania IFN S.A., non-performing exposures that it prepares for sale. The coverage ratio of non-performing exposures according to EBA is 70.1% at the Bank level and 58.2% at the Group level, respectively.

The bank's **liquidity position** (quick liquidity ratio) is at a comfortable level of 93.1% Bank. As of June 30, 2024, the liquidity coverage ratio (LCR) is above 100%, respectively 1,303.01% at the individual level and 2,279.90% at the consolidated level.

The Bank's **solvency** calculated as of June 30, 2024 is 56.7% (46.6% for the Group), above the minimum regulated threshold, including the buffers imposed by the Central Bank regulations.

Financial results. The SALT Bank Group ended the first half of 2024 with a loss of RON 30,607 thousand, while the bank recorded a loss of RON 42,780 thousand, because of portfolio cleaning transactions and the increase in operational expenses for the development of the digital bank. The NIM net margin is 2.9% at the bank level and 4% at the group level.

3.1. Commercial Activity

3.1.1. Market Positioning

As of April 4, 2024, the Bank has launched itself as a digital bank, attracting 230,000 new customers who have enrolled digitally using the new application. Avant Leasing IFN S.A. (formerly Idea Leasing IFN S.A.) has ceased commercial activity since July 2023.

The number of employees of the Bank as of June 30, 2024 is 272 employees (compared to 135 employees as of June 30, 2023), while the number of employees of the Group is 305 as of June 30, 2024 (June 30, 2023: 276).

SALT Bank has a market share of 0.10% as of June 30, 2024 in the ranking made according to total banking assets.

Market share - BANK	Dec-21	Dec-22	Jun-23	Dec-23	Jun-24
LOANS	0.58%	0.42%	0.41%	0.29%	0.04%
Individuals	0.54%	0.28%	0.21%	0.14%	0.08%
Companies	0.63%	0.55%	0.58%	0.42%	0.00%
DEPOSITS	0.50%	0.02%	0.01%	0.01%	0.07%
Individuals	0.55%	0.01%	0.01%	0.01%	0.10%
Companies	0.42%	0.03%	0.00%	0.01%	0.01%

3.1.2. Loans, deposits, clients

The structure of loans granted to customers, deposits from customers and the number of customers, at the Bank's level, evolved as follows:

Loans - BANK (thousands lei)	Jun-24	Dec-23	June-24 vs Dec-23		Jun-23	Jun-24 vs Jun-23		Dec-22	Dec-23 vs Dec-22	
			abs.	%		abs.	%		abs.	%
Individuals	152,635	249,121	(96,486)	-39%	362,102	(209,467)	-58%	484,668	(235,547)	-49%
Companies	-	-	-	0%	-	-	0%	554	(554)	-100%
Net Loans	152,635	249,121	(96,486)	-39%	362,102	(209,467)	-58%	485,222	(236,101)	-49%
Financial leasing receivables	-	887,635	(887,635)	-100%	1,152,995	(1,152,995)	-100%	1,054,436	(166,800)	-16%
Total net loans	152,635	1,136,756	(984,121)	-87%	1,515,096	(1,362,461)	-90%	1,539,658	(402,901)	-26%

The bank also has loans generated before 2023 in its portfolio and will launch the new lending products from the mobile application to new customers in early 2025.

Deposits - BANK (thousands lei)	Jun-24	Dec-23	June-24 vs Dec-23		Jun-23	Jun-24 vs Jun-23		Dec-22	Dec-23 vs Dec-22	
			abs.	%		abs.	%		abs.	%
Individuals	365,486	17,421	348,065	1998%	20,002	345,484	1727%	31,591	(14,170)	-45%
Companies	22,856	15,744	7,112	45%	9,574	13,282	139%	67,420	(51,675)	-77%
Total deposits	388,343	33,165	355,177	1071%	29,576	358,767	1213%	99,010	(65,845)	-67%

Customers - BANK (number)	Jun-24	Dec-23	June-24 vs Dec-23		Jun-23	Jun-24 vs Jun-23		Dec-22	Dec-23 vs Dec-22	
			abs.	%		abs.	%		abs.	%
Individuals	238,333	12,525	225,808	1803%	20,875	217,458	1042%	28,315	(15,790)	-56%
Companies	26	27	(1)	-4%	40	(14)	-35%	104	(77)	-74%
Total clients	238,359	12,552	225,807	1799%	20,915	217,444	1040%	28,419	(15,867)	-56%

The position of individual deposits evolved in close correlation with the new customers enrolled in the mobile application. Thus, as of June 2024, the bank has 238,333 individual customers in its portfolio, with an increase of 1,042% compared to the same period last year, which also generated an increase in deposit balances by 1,727% from 20,002 thousand lei to 365,486 thousand lei.

3.1.3. Risk Management

The management of SALT 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) **Global uncertainties** in the context of the war in Ukraine and the conflict in the Middle East have led to expectations regarding global economic growth, which has improved slightly, but the medium-term outlook remains uncertain. Heightened geopolitical tensions may divert growth and inflation from the expected trajectory, with negative influences on investor confidence and financing costs.

2) **The tightening of domestic macroeconomic balances** is generated by the level and persistence of twin deficits, which remain important risks to financial stability. Delays, especially in the case of projects financed by PNRR grants, could generate additional indirect pressure on the fiscal-budgetary balance, by not materializing the favourable impact on economic growth from the PNRR; although Romania received 9.4 billion euros, the executed budget represents about 20% of the amounts received and 6.7% of the total.

3) **The risk of non-repayment of loans contracted by the non-governmental sector** was reflected in the capacity of the population sector to service the bank debt, which decreased slightly during the year. In the case of non-financial corporations, credit risk has improved at the aggregate level, but in certain segments there is an increase in it, and the financial performance of firms has deteriorated.

4) **The materialization of cyber risks** can lead to significant financial losses, diminished confidence in financial institutions, disruption of critical services, and contagion to other sectors through technological and financial linkages.

The management of SALT Bank S.A. continuously monitors the residual risks to which the entity is exposed, continuously improving internal controls to reduce their impact on operational and financial activity. The Management's attention is also focused on cyber risks, given the new IT architecture, which combines state-of-the-art technologies, in the cloud, with the existence of legacy, on-premise systems, to which is added the multitude of interconnections between systems and applications.

3.2. Financial Results

The financial results presented below refer to both the individual interim financial statements and the consolidated interim financial statements, prepared in accordance with the International Financial Reporting Standards, thus prepared for the period ended June 30, 2024 and for the comparative periods.

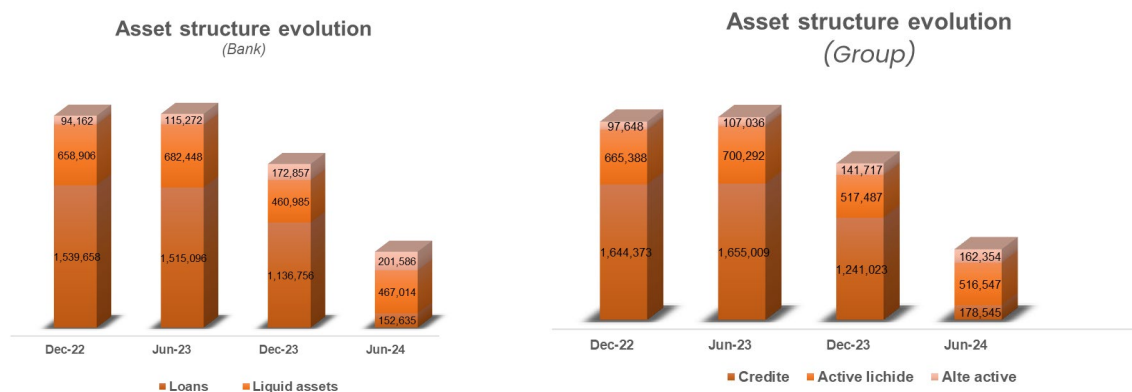
3.3.1. Financial Position

Balance sheet – BANK (thousands lei)	Jun-24	% in total	Dec-23	June-24 vs Dec-23		Jun-23	Jun-24 vs Jun-23		Dec-22	Dec-23 vs Dec-22	
				abs.	%		abs.	%		abs.	%
Cash and current accounts with Central Bank	271,153	33.0%	85,883	185,270	215.7%	333,276	(62,123)	-18.6%	182,426	(96,543)	-52.9%
Placements to banks	11,648	1.4%	163,583	(151,935)	-92.9%	104,595	(92,947)	-88.9%	238,918	(75,335)	-31.5%
Net loans and advances to customers	152,635	18.6%	1,136,756	(984,121)	-86.6%	1,515,096	(1,362,461)	-89.9%	1,539,658	(402,902)	-26.2%
out of which, financial leasing receivables	-	0.0%	887,635	(887,635)	-100.0%	1,152,995	(1,152,995)	-100.0%	1,054,436	(166,800)	-15.8%
Other financial instruments	184,213	22.4%	211,519	(27,306)	-12.9%	244,577	(60,364)	-24.7%	237,562	(26,043)	-11.0%
Tangible and intangible assets	115,056	14.0%	91,526	23,530	25.7%	35,760	79,296	221.7%	32,760	58,766	179.4%
Other assets	86,530	10.5%	81,331	5,199	6.4%	79,512	7,018	8.8%	61,402	19,929	32.5%
Total assets	821,235	100.0%	1,770,598	(949,363)	-53.6%	2,312,816	(1,491,581)	-64.5%	2,292,726	(522,128)	-22.8%
Deposits from banks	34,197	4.2%	1,304,377	(1,270,180)	-97.4%	1,969,213	(1,935,016)	-98.3%	1,913,752	(609,375)	-31.8%
Deposits from clients	388,343	47.3%	33,165	355,178	1070.9%	29,576	358,767	1213.0%	99,010	(65,845)	-66.5%
Loans from banks and other credit institutions (including subordinated debts)	24,918	3.0%	37,327	(12,409)	-33.2%	46,238	(21,320)	-46.1%	46,070	(8,743)	-19.0%
Other debts	49,301	6.0%	30,481	18,820	61.7%	23,831	25,470	106.9%	15,681	14,800	94.4%
Total liabilities	496,759	60.5%	1,405,350	(908,591)	-64.7%	2,068,858	(1,572,099)	-76.0%	2,074,513	(669,163)	-32.3%
Share capital	426,506	51.9%	426,506	-	0.0%	261,505	165,001	63.1%	261,505	165,001	63.1%
Share premiums	32,645	4.0%	32,645	-	0.0%	32,645	-	0.0%	32,645	-	0.0%
Accumulated deficit	(182,907)	-22.3%	(140,125)	(42,782)	30.5%	(92,599)	(90,308)	97.5%	(115,791)	(24,334)	21.0%
Other reserves	48,232	5.9%	46,222	2,010	4.3%	42,407	5,825	13.7%	39,854	6,368	16.0%
Total equity	324,476	39.5%	365,248	(40,772)	-11.2%	243,958	80,518	33.0%	218,213	147,035	67.4%
Total liabilities and equity	821,235	100.0%	1,770,598	(949,363)	-53.6%	2,312,816	(1,491,581)	-64.5%	2,292,726	(522,128)	-22.8%

Balance sheet – BANK (thousands lei)	Jun-24	% in total	Dec-23	June-24 vs Dec-23		Jun-23	Jun-24 vs Jun-23		Dec-22	Dec-23 vs Dec-22	
				abs.	%		abs.	%		abs.	%
Cash and current accounts with Central Bank	271,156	31.6%	85,886	185,270	215.7%	333,279	(62,123)	-18.6%	182,428	(96,542)	-52.9%
Placements to banks	61,178	7.1%	220,082	(158,904)	-72.2%	122,436	(61,258)	-50.0%	245,398	(122,962)	-50.1%
Net loans and advances to customers	178,545	20.8%	1,241,023	(1,062,478)	-85.6%	1,655,009	(1,476,463)	-89.2%	1,644,373	10,636	0.6%
out of which, financial leasing receivables	11,947	1.4%	974,479	(962,532)	-98.8%	1,268,636	(1,256,689)	-99.1%	1,140,955	127,681	11.2%
Other financial instruments	184,213	21.5%	211,519	(27,306)	-12.9%	244,577	(60,364)	-24.7%	237,562	7,015	3.0%
Tangible and intangible assets	119,334	13.9%	96,402	22,932	23.8%	38,179	81,155	212.6%	31,598	6,581	20.8%
Other assets	43,020	5.0%	45,315	(2,295)	-5.1%	68,857	(25,837)	-37.5%	66,050	2,808	4.3%
Total assets	857,446	100.0%	1,900,227	(1,042,781)	-54.9%	2,462,337	(1,604,891)	-65.2%	2,407,409	54,928	2.3%
Deposits from banks	34,197	4.0%	1,304,377	(1,270,180)	-97.4%	1,969,213	(1,935,016)	-98.3%	1,913,752	55,461	2.9%
Deposits from clients	383,442	44.7%	29,136	354,306	1216.0%	24,901	358,541	1439.9%	92,407	(67,506)	-73.1%
Loans from banks and other credit institutions (including subordinated debts)	24,918	2.9%	139,411	(114,493)	-82.1%	147,034	(122,116)	-83.1%	105,524	41,510	39.3%
Other debts	77,647	9.1%	61,461	16,186	26.3%	85,124	(7,477)	-8.8%	56,159	28,965	51.6%
Total liabilities	520,204	60.7%	1,534,385	(1,014,181)	-66.1%	2,226,273	(1,706,069)	-76.6%	2,167,843	58,430	2.7%
Share capital	459,151	53.5%	459,151	-	0.0%	294,150	165,001	56.1%	294,150	-	0.0%
Share premiums	32,645	3.8%	32,645	-	0.0%	32,645	-	0.0%	32,645	-	0.0%
Accumulated deficit	(180,520)	-21.1%	(149,271)	(31,249)	20.9%	(103,903)	(76,617)	73.7%	(97,848)	(6,055)	6.2%
Other reserves	17,251	2.0%	15,241	2,010	13.2%	11,669	5,582	47.8%	9,116	2,553	28.0%
Total equity attributable to equity holders of the bank	328,528	38.3%	357,766	(29,239)	-8.2%	234,561	93,966	40.1%	238,063	(3,502)	-1.5%
Non-controlling interest	8,715	1.0%	8,075	639	7.9%	1,503	7,212	479.8%	1,503	-	0.0%
Total equity	337,242	39.3%	365,842	(28,599)	-7.8%	236,064	101,178	42.9%	239,566	(3,502)	-1.5%
Total liabilities and equity	857,446	100.0%	1,900,227	(1,042,781)	-54.9%	2,462,337	(1,604,891)	-65.2%	2,407,409	54,928	2.3%

- **The composition of the asset.** Based on the digital strategy, in order to relaunch lending, the bank carried out the following operations:
 - the total transfer of the portfolio of leasing receivables with a gross exposure of RON 804 million and a price of RON 745 million, previously acquired from Avant Leasing IFN S.A. (formerly Idea Leasing IFN S.A.);
 - a significant part of non-performing loans in the amount of RON 86 million to a third party outside the group;
 - the derecognition of a part of the legacy portfolios generated by the bank (consumer loans and credit cards) in the amount of RON 19.7 million.

Thus, in the context presented above, in the first half of 2024 compared to June 2023, the Bank's **Total Assets** indicator decreased by 64.5% from RON 2.3 billion to RON 821 million, and at group level by 65.2%, from RON 2.5 billion to RON 857 million. The important share in both the bank's and the group's balance sheet is held by Cash and cash at the central bank (33% at individual level/31.6% at consolidated level), followed by Other financial instruments (22.4% Bank/21.5% Group), respectively Customer loans (18.6% bank/20.8% group), Other assets (10.5% Bank/5% Group), and Fixed assets hold a share of 14.0% Bank / 13.9% Group) up compared to June 2023, as a result of investments in technology.



Cash and cash equivalents at the Central Bank increased by 215% (Bank/Group) compared to December 2023 from RON 85,883 thousand to RON 271,153 thousand, based on the new financing structure and the new business model, and decreased compared to June 2023 by 18.6%, a decrease correlated with the decrease in the Total Active position. Loans granted to customers decreased by 86.6% Bank/85.6% Group compared

to December 2023, respectively 89.9% Bank/89.2% Group compared to June 2023, as a result of the actions specified above.

The Bank's fixed assets increased by 25.7% compared to December 2023, respectively by 221.7% compared to June 2023, from RON 35,760 thousand to RON 115,056 thousand, as a result of investments in the mobile application, integration layers, cloud configuration, security, architecture.

- **Asset quality.** The quality of the outstanding loan portfolio as of June 2024 is in line with the average of the banking system, due to the above-mentioned operations.

The ratio of non-performing exposures according to the European Banking Authority (EBA) registered in June 2024 at the Bank's level and 5.9% at the Group level, respectively, given that the leasing subsidiary kept in its portfolio after the transfer of receivables to BT Leasing Transilvania IFN S.A. non-performing exposures that it is preparing for sale. The coverage ratio of non-performing exposures according to the EBA is 70.1% at the bank level, respectively 58.2% at the group level.

- **Liquidity and funding.** The bank's liquidity position (quick liquidity ratio) is at a comfortable level of 93.1%.

As of June 30, 2024, the liquidity coverage ratio (LCR) is above 100%, respectively 1,303.01% at the individual level and 2,279.90% at the consolidated level. The Bank's sources of financing consist of 4.2% of deposits with banks out of total debts, down 97.4% compared to December 2023 and 98.3% compared to June 2023, respectively, in favor of sources attracted from customers, which represent 47.3% of total debts and increased by 1,070.9% compared to December 2023, respectively 1,213% compared to June 2023, from 99,010 thousand lei to 388,343 thousand lei.

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

The bank's solvency calculated as of June 30, 2024 is 56.7% (46.6% for the Group), above the minimum regulated threshold, including the buffers imposed by the Central Bank's regulations.

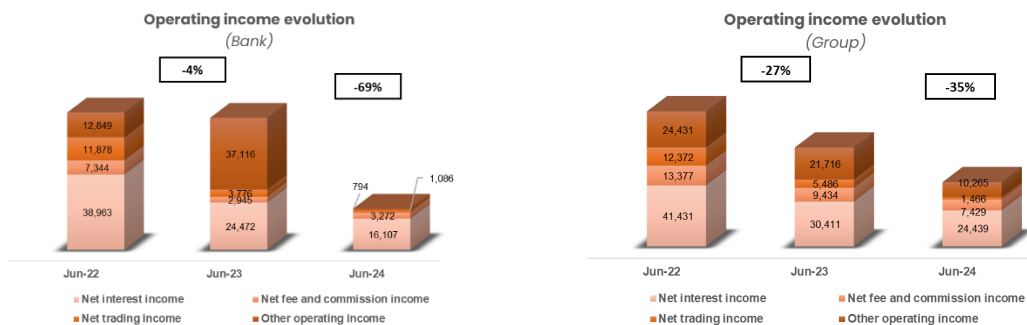
3.3.2. Profit and Loss Account

The main items 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 of 2023 and 2022, are as follows:

Profit and Loss – BANK (thousands lei)	Jun-24	Jun-23	Jun-24 vs Jun-23		Jun-22	Jun-23 vs Jun-22	
			abs.	%		abs.	%
Net interest income	16,107	24,472	(8,365)	-34.2%	38,963	(14,491)	-37.2%
Net fee and commission income	3,272	2,945	327	11.1%	7,344	(4,399)	-59.9%
Net trading income	1,086	3,776	(2,690)	-71.2%	11,878	(8,102)	-68.2%
Other operating income	794	37,116	(36,322)	-97.9%	12,849	24,267	188.9%
Operating income	21,259	68,309	(47,050)	-68.9%	71,034	(2,725)	-3.8%
Staff expenses	(25,084)	(18,664)	(6,420)	34.4%	(23,096)	4,432	-19.2%
Other operating expenses	(60,293)	(18,854)	(41,439)	219.8%	(33,593)	14,739	-43.9%
Operating expenses	(85,377)	(37,518)	(47,859)	127.6%	(56,689)	19,171	-33.8%
Operating result	(64,118)	30,791	(94,909)	-308.2%	14,345	16,446	114.6%
Provisions expenses	21,192	(7,494)	28,686	-382.8%	(14,214)	6,720	-47.3%
Gross result	(42,926)	23,297	(66,223)	-284.3%	131	23,166	17684.0%
Income tax expense+ tax on assets	146	(102)	248	-243.1%	(169)	67	-39.6%
Net result	(42,780)	23,195	(65,975)	-284.4%	(38)	23,233	-61139.5%

Profit and Loss – GROUP (thousands lei)	Jun-24	Jun-23	Jun-24 vs Jun-23		Jun-22	Jun-23 vs Jun-22	
			abs.	%		abs.	%
Net interest income	24,439	30,411	(5,972)	-19.6%	41,431	(11,020)	-26.6%
Net fee and commission income	7,429	9,434	(2,005)	-21.3%	13,377	(3,943)	-29.5%
Net trading income	1,466	5,486	(4,020)	-73.3%	12,372	(6,886)	-55.7%
Other operating income	10,265	21,716	(11,451)	-52.7%	24,431	(2,715)	-11.1%
Operating income	43,599	67,047	(23,448)	-35.0%	91,611	(24,564)	-26.8%
Staff expenses	(28,407)	(30,856)	2,449	-7.9%	(35,169)	4,313	-12.3%
Other operating expenses	(68,037)	(24,416)	(43,621)	178.7%	(40,278)	15,862	-39.4%
Operating expenses	(96,444)	(55,272)	(41,172)	74.5%	(75,447)	20,175	-26.7%
Operating result	(52,845)	11,775	(64,620)	-548.8%	16,164	(4,389)	-27.2%
Provisions expenses	24,253	(9,696)	33,949	-350.1%	(15,132)	5,436	-35.9%
Gross result	(28,592)	2,079	(30,671)	-1475.2%	1,033	1,047	101.4%
Income tax expense + tax on assets	(2,015)	(3,625)	1,610	-44.4%	(1,452)	(2,173)	149.6%
Net result	(30,607)	(1,546)	(29,061)	1879.9%	(420)	(1,126)	268.3%

- Profitability.** The SALT Bank Group ended the first half of 2024 with a loss of RON 30,607 thousand, while the bank recorded a loss of RON 42,780 thousand, as a result of transactions related to portfolio sale and derecognition and the increase in operational expenses for the development of the digital bank. The NIM net margin is 2.9% at the bank level and 4% at the group level.



Net interest income (75% of operating income at the Bank's level and 56% at Group level) decreased compared to the same period of 2023, a decrease generated by the fact that the bank transferred the leasing receivables portfolio (gross exposure of RON 804 million) to Avant Leasing IFN S.A. (formerly Idea Leasing IFN S.A.) which in turn transferred the portfolio to BT Leasing Transilvania IFN S.A. in the amount of RON 788.9 million plus 129.1 million lei VAT. The Bank also sold non-performing loans in the amount of RON 86 million to a third party outside the group and derecognized the legacy portfolio generated by the bank (consumer loans and credit cards) in the amount of RON 19.7 million.

Net income from fees and commissions (15% of operating income at the bank level and 17% at the group level) had positive dynamic (11%) at the Bank level due to increase transactional activity driven by increase of customer number. In the same time at the Group level revenue decreased by 21.3% compared to the same period in 2023, generated by the change in the portfolio structure (sale of leasing receivables, write-downs of non-performing portfolios).

Net trading income (5% of the Bank's operating income and 3% of the Group's operating income) decreased by 71.2% at the bank level and by 73.3% at the group level, also due to changes in the portfolio structure.

Other operating income (3% of the Bank's operating income, respectively 23% of the Group's operating income) had a negative dynamic at the bank level by 97.9% and at the group level by 52.7% compared to the same period in 2023.

The cost/income ratio recorded a level of 401.6% at the Bank level and 221.2% at the Group level, increased compared to June 2023 (74.9% and 79.1% respectively), in the context of decreasing revenue due to portfolio sale transactions and increase in operational expenses for the development of the digital bank.

Personnel expenses increased at the Bank by 34.4% in the context of the employment of specialized technology resources, the number of staff increasing from 135 (June 2023) to 272 (June 2024). These expenses at Group level decreased as a result of the transfer of personnel to BT Leasing Transilvania IFN S.A.

Other operating expenses at the Bank level had an increasing dynamics (by 219%) supported by expenses related to putting into production and launch of the digital bank (IT, cards, operations), an increase also reflected at the Group level (178.7%).

In H1 2024 both Bank and Group registered release of provisions expenses resulted mainly from NPL portfolio transfer to third party.

3.3.3. Cash Flow

The statement of changes in cash flows from operating, investing and financing activities is part of the financial statements accompanying this report.

3.3. Significant Events that took place in the first six months of 2024

The General Shareholders Meeting of SALT Bank S.A. decided in:

- 18.01.2024
 - ✓ the revocation of all the rights and powers conferred on Mrs. Mioara Popescu following the end of the mandate.
- 26.04.2024
 - ✓ approval of the individual and consolidated annual financial statements of SALT Bank S.A. as of December 31, 2023, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, accompanied by the Report of the Board of Directors for the financial year 2023 and the Financial Auditor's Report on the financial statements of SALT Bank S.A. as of December 31, 2023;
 - ✓ approval of the discharge of the members of the Board of Directors of SALT Bank S.A. for the financial year 2023
 - ✓ approval of the financial result of SALT Bank S.A. for the financial year ended December 31, 2023;
 - ✓ approval of the revenue and expenditure budget for 2024.

The Board of Directors of SALT Bank S.A. decided in:

- 11.03.2024
 - ✓ the discontinuation of mandate of Mr. Daniel Constantin Popescu from the position of Deputy General Manager.
- 21.03.2024
 - ✓ approval of the sale of the portfolio of non-performing loans in the amount of RON 86 million.
- 25.03.2024
 - ✓ approval of the sale of the portfolio of leasing receivables with a gross exposure of RON 99.3 million to Avant Leasing IFN S.A..
- 09.05.2024
 - ✓ approval of the sale of the leasing receivables portfolio of RON 704.9 million to Avant Leasing IFN S.A.

The General Shareholders Meeting of Avant Leasing IFN S.A. decided in:

- 20.03.2024
 - ✓ changing the name of the company from Idea Leasing IFN S.A. to Avant Leasing IFN S.A.
- 09.05.2024
 - ✓ Approval of the acquisition of a portfolio of receivables from SALT Bank with a net exposure of EUR 140 million;
 - ✓ the sale to BT Leasing Transilvania IFN S.A. in the amount of RON 788.9 million plus RON 129.1 million VAT.
- 29.05.2024
 - ✓ approval of the company's annual financial statements for the financial year ended 31.12.2023, prepared in accordance with the Order of the National Bank of Romania no. 27/2010 for the approval of accounting regulations in accordance with IFRS;
 - ✓ approval of the management report of the Board of Directors of Avant Leasing IFN S.A. for 2023;
 - ✓ non-distribution of the net profit made in the financial year 2023;
 - ✓ approval of the external auditor's report for the financial year 2023;
 - ✓ discharge of the Board of Directors for the activity carried out in the financial year 2023;
 - ✓ approval of the income and expenditure budget for 2024.

The Board of Directors of Avant Leasing IFN S.A. decided in:

- 26.03.2024
 - ✓ acquisition from SALT Bank S.A. of Stage 3 contracts with a net exposure of EUR 11 million.

4. Other Declarations

4.1. Changes in Share Capital

In the first half of 2024, the Bank's share capital did not change. As of June 30, 2024, the share capital of SALT Bank S.A. is RON 416,976,000 and consists of 4,169,760,000 shares with a nominal value of RON 0.1 each.

4.2. Changes in Bank's Management Structure

The changes in the management structure were as follows:

- on 03.01.2024, all the rights and powers conferred on Mrs. Mioara Popescu were revoked, following the end of her term of office as Chairman of the Board of Directors,
- on 11.03.2024, Mr. Daniel Constantin Popescu was revoked from the position of Deputy General Manager.

The Bank's Board of Directors structure was the following as at 30 June 2024:

- 1) **Ivo Gueorguiev, President of the Board of Directors** since March 2022 – first mandate,
- 2) **Costel Lionăchescu, Independent member of the Board of Directors** since October 2022 – first mandate,
- 3) **Omer Tetik, member of the Board of Directors** since March 2022 – first mandate,
- 4) **Gabriela Cristina Nistor, member of the Board of Directors** since March 2024 – first mandate,
- 5) **Tiberiu Moisă, member of SALT Bank S.A. Board of Directors** since July 2022 – first mandate.

Management Board of SALT Bank as of June 2024 is composed of:

- 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) **Robert Mihail Anghel, Deputy General Manager** since December 2023 – first mandate.

4.3. Significant Transactions

The significant transactions for SALT Bank S.A. and SALT Group that took place in the first 6 months of the year were:

- ✓ the sale by SALT Bank of the portfolio of non-performing loans in the amount of RON 86 million to a third party outside the group,
- ✓ the sale by SALT Bank of the leasing receivables portfolio of RON 804.2 million to Avant Leasing IFN S.A.
- ✓ the sale by Avant Leasing IFN S.A. to BT Leasing Transilvania IFN S.A. in the amount of RON 788.9 million plus RON 129.1 million VAT.

There was no information on the significant major transactions concluded by SALT Bank with the persons with whom it acts in concert or in which these persons were involved in the first half of 2024.

4.4. Transactions with Related Parties

In the first 6 months of 2024, the Bank's activity was carried out in the conditions of the described economic environment, without any events having significant consequences on the level of the Bank's revenues. Transactions with related parties at both individual and consolidated level are presented in the Interim Financial Statements as at 30 June 2024.

4.5. Other declarations

The basic activity was carried out under normal conditions, without any exceptional situations being recorded. The obligations provided by the law have been fulfilled, regarding the correct and up-to-date organization and management of accounting, compliance with accounting principles, compliance with the accounting rules and methods provided by the regulations in force.

The bank was not unable to honor its financial obligations under any circumstances during the first half of 2024.

During the first half of 2024, the following amendments to the Bank's articles of incorporation were not made.

The Bank's individual and consolidated summarized financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"), in force on the bank's half-yearly reporting date, June 30, 2024. The data presented regarding the end of the first semester of 2024 refer to the organization and management of accounting in accordance with Law no. 82/1991 republished with subsequent amendments and completions, in accordance with NBR Order No. 27/2010 for the approval of accounting regulations in accordance with the International Financial Reporting Standards adopted by the European Union, with subsequent amendments and completions, as well as other NBR instructions in the field.

4.6. Subsequent Events after 30 June 2024

On 30.07.2024, the Ordinary General Meeting of Shareholders of Avant Leasing S.A. decided to approve the distribution of dividends in the amount of RON 38 million to shareholders, of which 88.6713% went to SALT Bank S.A.

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 2024:
 - 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 SALT Bank assuming the responsibility for the summarized financial statements for the first semester of 2024.

President of the Board of Directors

Ivo Gueorguiev

CEO

Gabriela Cristina Nistor

Executive Finance Director

Gabriela Andrei



Salt Bank S.A.

LEI CODE: 213800B6NFUNHBD4J569

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

As at 30 June, 2024



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Interim Condensed Consolidated and Separate Statement of Profit or Loss

For 6-month period ended 30 June

	Notes	Group		Bank	
		30-06-2024	30-06-2023	30-06-2024	30-06-2023
		RON thousand	RON thousand	RON thousand	RON thousand
Interest income calculated using the effective interest method		22,753	30,638	40,022	68,667
Other interest income related to lease receivables		27,645	45,622	-	-
Interest expense calculated using the effective interest method		(25,899)	(45,823)	(23,864)	(44,179)
Other interest expense		(60)	(27)	(51)	(16)
Net interest income	5	24,439	30,411	16,107	24,472
Fee and commission income		8,657	10,461	4,452	3,712
Fee and commission expense		(1,228)	(1,027)	(1,180)	(771)
Net fee and commission income	6	7,429	9,433	3,272	2,941
Net trading income	7	1,466	5,486	1,086	3,776
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	8	(802)	(76)	(802)	(76)
Other operating income	9	11,067	21,792	1,596	37,192
Operating income		43,599	67,047	21,259	68,305
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	10(a)	24,453	(9,238)	21,220	(7,028)
Other (expenses)/reversal from other provisions	10(b)	(200)	(458)	(28)	(466)
Personnel expenses	11	(28,407)	(30,856)	(25,084)	(18,664)
Depreciation and amortization		(7,165)	(4,394)	(6,149)	(3,250)
Other operating expenses	12	(60,872)	(20,022)	(54,144)	(15,604)
Operating expenses		(72,191)	(64,968)	(64,185)	(45,012)
Profit/Loss before income tax		(28,592)	2,079	(42,926)	23,293
Income tax expense (-)	13	(2,015)	(3,625)	146	(102)
Net loss for the period		(30,607)	(1,546)	(42,780)	23,191
Net Loss of the Group attributable to:					
Equity holders of the Bank		(31,246)	(1,546)	-	-
Non-controlling interests		639	-	-	-
Net Loss for the period		(30,607)	(1,546)	(42,780)	23,191



Interim Condensed Consolidated and Separate Statement of Comprehensive Income

For the 6-month period ended 30 June

Notes	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
	RON thousand	RON thousand	RON thousand	RON thousand
Net Profit/net Loss for the period	(30,607)	(1,546)	(42,780)	23,191
Items that will not be reclassified as profit or loss, net of tax	26	46	26	22
Tax related to items that will not be reclassified to profit or loss	26	46	26	22
Items which are or may be reclassified to profit or loss	1,984	2,530	1,984	2,530
Fair value reserve (financial assets measured at fair value through other comprehensive income), of which:	1,116	3,037	1,116	3,037
Fair value changes of financial assets measured at fair value through other comprehensive income	1,116	3,037	1,116	3,037
Income tax on items which are or may be reclassified to profit or loss	868	(507)	868	(507)
Total comprehensive income for the period	(28,597)	1,030	(40,770)	25,743
Total comprehensive income attributable to:				
Equity holders of the Bank	(29,236)	1,030	-	-
Non-controlling interests	639	-	-	-
Total comprehensive income for the period	(28,597)	1,030	(40,770)	25,743

The financial statements were approved by the Board of Directors on August 26, 2024, and were signed on its behalf by:

Gabriela NISTOR,
Chief Executive Officer

Gabriela ANDREI,
Executive Financial Director



Interim Condensed Consolidated and Separate Statement of Financial Position

	Note	Group		Bank	
		30-06-2024	31-12-2023	30-06-2024	31-12-2023
		<i>RON thousand</i>	<i>RON thousand</i>	<i>RON thousand</i>	<i>RON thousand</i>
Assets					
Cash and current accounts with Central Banks	14	271,156	85,886	271,153	85,883
Financial assets measured at fair value through other comprehensive income	18	184,213	211,519	184,213	211,519
Financial assets at amortized cost - of which:		251,381	514,615	180,441	1,314,094
- Placements with banks and public institutions	15	61,178	220,082	11,648	163,583
- Loans and advances to customers	16	166,598	266,544	152,635	1,136,756
- Other financial assets	22	23,605	27,989	16,158	13,755
Finance lease receivables	17	11,947	974,479	-	-
Investments in subsidiaries		-	-	56,469	56,469
Property and equipment	19	19,622	19,706	18,080	17,853
Intangible assets	19	88,551	64,470	88,224	64,087
Right-of-use assets	20	11,161	12,226	8,752	9,586
Current tax receivables		4,882	4,882	4,882	4,882
Deferred tax assets	21	219	336	-	-
Other non-financial assets	23	14,315	12,108	9,021	6,225
Total assets		857,447	1,900,227	821,235	1,770,598

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Interim Condensed Consolidated and Separate Statement of Financial Position

	Notes	Group		Bank	
		30-06-2024	31-12-2023	30-06-2024	31-12-2023
		RON thousand	RON thousand	RON thousand	RON thousand
Liabilities					
Deposits from banks	24	34,197	1,304,377	34,197	1,304,377
Deposits from customers	25	383,442	29,136	388,343	33,165
Loans from banks and other financial institutions	26	-	102,084	-	-
Subordinated liabilities	27	24,918	37,327	24,918	37,327
Lease liabilities	20	11,311	12,441	8,823	9,808
Other financial liabilities	29	45,814	21,526	28,863	7,697
Current tax liability		769	41	-	-
Deferred tax liability	21	628	1,667	628	1,667
Provisions for other risks and loan commitments	28	7,197	9,304	5,669	6,747
Other non-financial liabilities	30	11,929	16,482	5,318	4,562
Total liabilities		520,205	1,534,385	496,759	1,405,350
Equity					
Share capital	31	459,151	459,151	459,151	459,151
Share premiums		32,645	32,645	32,645	32,645
Retained earnings		(180,520)	(149,270)	(182,907)	(140,125)
Revaluation reserves from tangible assets		9,461	9,435	9,461	9,435
Reserves on financial assets measured at fair value through other comprehensive income		(703)	(2,687)	(703)	(2,687)
Other reserves		8,493	8,493	6,829	6,829
Total equity attributable to equity holders of the Bank		328,527	357,767	324,476	365,248
Non-controlling interest		8,715	8,075	-	-
Total equity		337,242	365,842	324,476	365,248
Total liabilities and equity		857,447	1,900,227	821,235	1,770,598

The financial statements were approved by the Board of Directors on August 26, 2024, and were signed on its behalf by:

Gabriela NISTOR,
Chief Executive Officer

Gabriela ANDREI,
Executive Financial Director



Interim Condensed Consolidated Statement of Changes in Equity

For 6-month period ended 30 June, 2024

Group

	Attributable to the equity holders of the Bank								Total
	Share capital	Share premiums	Revaluation reserves	Reserves from financial assets measured at fair value through other comprehensive income	Other reserves	Retained earnings	Total attributable to the equity holders of the Bank	Non-controlling interest	
<i>In RON thousand</i>									
Balance as at 01 January 2024	459,151	32,645	9,435	(2,687)	8,493	(149,270)	357,767	8,075	365,842
Loss/Profit for period	-	-	-	-	-	(31,246)	(31,246)	639	(30,607)
Gain from fair value changes of financial assets measured at fair value through other comprehensive income, net of deferred tax	-	-	-	1,984	-	-	1,984	-	1,984
Revaluation of property and equipment, intangible assets, net of tax	-	-	26	-	-	-	26	-	26
Total comprehensive income for the period	-	-	26	1,984	-	(31,246)	(29,236)	639	(28,597)
Contributions of/distributions to the shareholders									
Dividends distributed to shareholders	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	(4)	(4)	1	(3)
Total contributions of/distributions to the shareholders	-	-	-	-	-	(4)	(4)	1	(3)
Balance at 30 June 2024	459,151	32,645	9,461	(703)	8,493	(180,520)	328,527	8,715	337,242

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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

For 6-month period ended 30 June, 2023

Group Attributable to the equity holders of the Bank

In RON thousand

	Share capital	Share premiums	Revaluation reserves	Reserves from financial assets measured at fair value through other 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
Loss for the period	-	-	-	-	-	(1,546)	(1,546)	-	(1,546)
Losses from fair value changes of financial assets measured at fair value through other comprehensive income, net of deferred tax	-	-	-	2,530	-	-	2,530	-	2,530
Other items of comprehensive income	-	-	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									
Dividends distributed to shareholders	-	-	-	-	-	(4,531)	(4,531)	-	(4,531)
Other items (*)	-	-	-	-	-	-	-	-	-
Total contributions of/distributions to the	-	-	-	-	-	(4,531)	(4,531)	-	(4,531)
Balance at 30 June 2023	294,150	32,645	8,454	(5,449)	8,664	(103,903)	234,562	1,503	236,065

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Interim Condensed Separate Statement of Changes in Equity

For 6-month period ended 30 June, 2024

Bank

Attributable to the equity holders of the Bank

In RON thousand

	Share capital	Share premiums	Revaluation reserves	Reserves from financial assets measured at fair value through other comprehensive income	Other reserves	Retained earnings	Total
Balance as at January 1, 2024	459,151	32,645	9,435	(2,687)	6,829	(140,125)	365,248
Loss for the period	-	-	-	-	-	(42,780)	(42,780)
Gain from fair value changes of financial assets measured at fair value through other comprehensive income, net of deferred tax	-	-	-	1,984	-	-	1,984
Revaluation of property and equipment, intangible assets, net of tax	-	-	26	-	-	-	26
Statement of comprehensive income for the period	-	-	26	1,984	-	(42,780)	(40,770)
Contributions of/distributions to the shareholders							
Others	-	-	-	-	-	(2)	(2)
Total contributions of/distributions to the shareholders	-	-	-	-	-	(2)	(2)
Balance at 30 June 2024	459,151	32,645	9,461	(703)	6,829	(182,907)	324,476

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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

For 6-month period ended 30 June, 2023

Bank

Attributable to the equity holders of the Bank

In RON thousand

	Share capital	Share premiums	Revaluation reserves	Reserves from financial assets measured at fair value through other comprehensive income	Other reserves	Retained earnings	Total
Balance as at January 1, 2023	294,150	32,645	8,360	(7,979)	6,829	(115,790)	218,215
Loss/Profit for the period	-	-	-	-	-	23,191	23,191
Losses from fair value changes of financial assets measured at fair value through other comprehensive income, net of deferred tax	-	-	-	2,530	-	-	2,530
Revaluation of property and equipment, net of income tax	-	-	22	-	-	-	22
Statement of comprehensive income for the period	-	-	22	2,530	-	23,191	25,743
Contributions of/distributions to the shareholders	-	-	-	-	-	-	-
Total contributions of/distributions to the shareholders	-	-	-	-	-	-	-
Balance at 30 June 2023	294,150	32,645	8,382	(5,449)	6,829	(92,599)	243,958

The financial statements were approved by the Board of Directors on August 26, 2024 and were signed on its behalf by:

Gabriela NISTOR,
Chief Executive Officer

Gabriela ANDREI,
Executive Financial Director

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Interim Condensed Consolidated and Separate Statement of Cash Flows

For the 6 months period ended 30 June

	Note	Group		Bank	
		2024	2023	2024	2023
<i>In RON thousand</i>					
Cash-flow from operating activities					
Profit/loss for the period		(30,607)	(1,546)	(42,780)	23,191
Adjustments for:					
Depreciation and amortization		7,165	4,394	6,149	3,250
Impairment allowance, expected losses and write-offs of financial assets, provisions for other risks and loan commitments		63,778	11,994	66,838	9,792
Income tax expense	13	2,015	3,625	(146)	102
Interest income	5	(50,398)	(76,260)	(40,022)	(68,667)
Interest expense	5	25,959	45,849	23,915	44,195
Other adjustments		(4,606)	(8,078)	(5,660)	(64,753)
Net profit adjusted with non-monetary elements		13,305	(20,022)	8,294	(52,890)
Changes in operating assets and liabilities					
Change in loans and advances to customers		30,207	17,485	907,977	24,395
Change in finance lease receivables		956,950	(38,190)	-	-
Change in other financial assets		4,910	1,285	(2,584)	(1,002)
Change in other assets		(4,149)	(2,713)	(4,259)	1,649
Change in customers deposits		352,285	(68,798)	353,157	(68,798)
Change in deposits from banks		(1,265,685)	59,131	(1,265,685)	59,131
Changes in other financial liabilities		24,288	21,334	21,166	1,546
Changes in other liabilities		(1,379)	3,580	3,927	3,261
Income tax paid		(1,316)	(3,151)	-	-
Interest collected		59,160	84,115	48,784	76,583
Interest paid		(25,062)	(46,566)	(25,062)	(46,566)
Cash-flow used in operating activities		143,515	7,490	45,715	(2,691)



Interim Condensed Consolidated and Separate Statement of Cash Flows

For 6-month period ended 30 June

Notes	Group		Bank	
	2024	2023	2024	2023
<i>In RON thousand</i>				
Cash-flow used in investment activities				
Acquisition of financial assets measured at fair value through other comprehensive income	(51,851)	-	(51,851)	-
Outflows of financial assets measured at fair value through other items of result	80,454	-	80,454	-
Net acquisitions of property and equipment	(2,089)	6,773	(2,076)	7,533
Net acquisitions intangible assets	(29,503)	(23,478)	(29,503)	(23,478)
Dividends collected	1,276	1,008	1,276	36,477
Interest received	3,740	176	3,740	176
	2,027	(15,521)	2,040	20,708
Net cash-flow used in investment activities				
Gross proceeds from loans from banks and other financial institutions	4,877	95,861	-	-
Gross payments from loans from banks and other financial institutions	(106,875)	(55,045)	-	-
Gross payments from subordinated loans from banks and other financial institutions	(12,433)	-	(12,433)	-
Payments for right-of-use assets	(1,157)	(2,899)	(520)	(1,039)
Interest paid	(3,587)	(1,996)	(1,467)	(451)
	(119,175)	35,920	(14,420)	(1,490)
Net cash-flow from / (used in) financing activities				
	2024	2023	2024	2023
<i>In RON thousand</i>				
	305,967	427,827	249,466	421,344
Cash and cash equivalents at January 1				
The impact of exchange rate variations on cash and cash equivalents	269	1,120	269	1,120
Net increase in cash and cash equivalents	26,098	26,768	33,066	15,407
	332,334	455,715	282,801	437,871
Cash and cash equivalents as at June 30				

The financial statements were approved by the Board of Directors on August 26, 2024 and were signed on its behalf by:

Gabriela NISTOR,
Chief Executive Officer

Gabriela ANDREI,
Executive Financial Director



Notes to the interim condensed consolidated and separate financial statements

1. Reporting entity and basis of preparation

Salt Bank S.A. (the “Bank”) is a bank established in 1998, which, during 2021, was acquired by Banca Transilvania S.A., a credit institution in Romania, which became the sole shareholder (directly and indirectly) as of October 29, 2021.

Salt Bank S.A. carries out banking operations and other financial services with individuals and legal entities. These include, according to the articles of incorporation, but are not limited to: current accounts, attracting deposits, granting loans, internal and external payment services, currency exchange operations.

Since April 2024, the Bank operates only online, through its registered office in Dimitrie Pompei Boulevard, number 5-7, et. 6, sector 2, Bucharest, Romania. As of June 30, 2024, the Bank had 272 active employees (31 December 2023: 179 active employees).

30 June 2024		30 June 2023	
Shareholder name, citizenship	% stake	Shareholder name, citizenship	% stake
Banca Transilvania S.A., Romania	99.5	Banca Transilvania S.A., Romania	99.9999996031
B.T. Investments S.R.L., Romania	0.5	B.T. Investments S.R.L., Romania	0.00000003969
Total	100.00	Total	100.00

The Bank and its subsidiary form Salt Group (the “Group”):

Subsidiary	Field of activity	% of direct and indirect stake 30 June 2024	% of direct and indirect stake 30 June 2023
Avant Leasing IFN S.A.	Financial leasing	88.67	88.67
BT Broker de Asigurare S.R.L.	Activities of insurance brokerage	-	88.67

Avant Leasing IFN S.A.

Avant Leasing IFN S.A. (“Avant Leasing” – former “Idea Leasing”) is a Romanian entity founded in 2000. The main activity of Idea Leasing represents crediting based on contract - CAEN code 6491 and mostly financial leasing for legal entities, having under the lease agreements vehicles and equipment.

Starting with September 9, 2014, Idea Leasing is part of the Salt Group. As of June 30, 2024, it is 88.67% owned by Salt Bank S.A. and 11.33% by BT Investment S.A., which acquired Idea Investment S.R.L. in 2022. The headquarter of Idea Leasing is located on 19-21 București-Ploiești Street, 2nd floor, Sector 1, Bucharest, Romania.

BT Broker de Asigurare S.R.L.

BT Broker de Asigurare S.R.L. (“BT Broker” – former Idea Broker de Asigurare) is a Romanian company founded in 2004. From its inception to November 2023, BT Broker is 100% owned by Avant Leasing. The main activity of BT Broker is the activities of insurance agents and brokers.

Starting with November 2023, BT Broker is no longer part of Salt Group, following the sale of participation held by Idea Leasing IFN S.A. (actual Avant Leasing) in Idea Broker de Asigurare S.R.L. to BT Leasing Transilvania IFN S.A.



Notes to the interim condensed consolidated and separate financial statements

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

a) Statement of compliance

The interim condensed consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by the European Union, effective as at the Group’s and Bank’s interim reporting date, June 30, 2024. They do not include all the information required for a complete set of financial statements in accordance with the International Financial Reporting Standard (“IFRS”) endorsed by the European Union.

However, certain notes are included in order to explain the events and transactions that are significant in order to understand the changes in the Group’s and the Bank’s financial position and performance as of the last annual separate and consolidated financial statements as of and for the year ended December 31, 2023. The financial information as of and for the 6-month period ended June 30, 2024 is not audited and not reviewed, and the financial information as of December 31, 2023 is audited.

The management of SALT Bank considers that the bank's business continuity in 2024 will not be affected by the transfer of leasing portfolios with a gross exposure of RON 804 million from SALT Bank to Avant Leasing IFN S.A., which was carried out between March and June 2024, with an impact on the profit and loss account of RON 2.1 million. The management considers that the transfer made does not jeopardize the stability, liquidity and adequacy of the bank's capital and financial indicators. As of June 30, 2024, the bank's financing was provided in a proportion of 4.2% of the total equity and debts through deposits from banks, of which 100% from Banca Transilvania and 47.3% from the total equity and through deposits from customers.

When assessing the capital needs estimated for 2024, the Bank is relying on recent share capital increase performed by its shareholder during December 2023 in amount of Euro 33 mil (Ron 165 mil Ron), cash flows generated by the sale of its lease receivable portfolio and funding will be available through regular customers accounts operations (current accounts and term deposits), as at June 2024 the Bank has a capital adequacy ratio of 56.7%.

b) Basis of measurement

The interim condensed consolidated and separate financial statements were prepared on the basis of the historical cost convention, with the exception of financial assets recognized at fair value through the profit or loss account, financial assets recognized at fair value through other comprehensive income, and the re-measurement of property, plant and equipment.

c) Functional and presentation currency – “RON”

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

Currency	30 June 2024	31 December 2023	Variation %
Euro („EUR”)	1: LEU 4.9771	1: LEU 4.9746	0.05%
American dollar („USD”)	1: LEU 4.6489	1: LEU 4.4958	3.41%

Non-monetary assets and liabilities that are measured at historical cost in foreign currency are recorded in functional currency at the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into functional currency at the exchange rate on the date on which the fair value was determined.

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements. 12



Notes to the interim condensed consolidated and separate financial statements

1. Reporting entity and basis of preparation (continued)

d) Use of estimates and judgements

The preparation of the interim condensed consolidated and separate statements in accordance with the IAS 34 “Interim Financial Reporting”, as endorsed by the European Union implies that the management uses estimations and judgements that affect the application of accounting policies, as well as the reported value of assets, liabilities, revenues and expenses.

The estimates and associated assumptions are based on historical data and various other factors that are considered to be relevant under the given circumstances, the result of which forms the basis of the judgements used in assessing the carrying value of the assets and liabilities for which no other evaluation sources are available. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. The review of the accounting estimates is recognized in the period in which the estimate is reviewed, if the review affects only that period, or in the period of the review and future periods if the review affects both current and future periods.

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

(i) Impairment losses on loans and advances to customers

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

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

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

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

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



Notes to the interim condensed consolidated and separate financial statements

1. Reporting entity and basis of preparation (continued)

d) Use of estimates and judgements (continued)

(i) Impairment losses on loans and advances to customers

The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the expected credit losses resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime expected credit losses (stage 2 and 3).

In determining the amounts for expected credit losses, management incorporates forward-looking information, exercises judgement, and uses estimates and assumptions. The estimation of expected credit losses involves forecasting future economic conditions over 3 years.

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

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

For the Bank and its subsidiaries the most important assumption affecting the ECL allowance are as follows:

- For Retail loans: GDP, Unemployment Rate, ROBOR 3M
- For Companies: Unemployment rate, EUR/RON rate, Inflation

For retail loans (Pool CLP):

Optimistic Scenario – Macroeconomic indicators	T2 24	T4 24	T4 25	T4 26	T1 27
Real GDP (% YoY)	3.2	4.3	4.1	4.3	4.2
Unemployment rate (%)	5.5	5.4	5.3	4.9	4.9
ROBOR 3M (%)	5.8	5.1	3.5	3.2	3.0
Central Scenario – Macroeconomic indicators	T2 24	T4 24	T4 25	T4 26	T1 27
Real GDP (% YoY)	2.6	3.3	3.1	3.2	3.2
Unemployment rate (%)	5.8	5.5	5.4	5.3	5.1
ROBOR 3M (%)	6.1	5.5	4.8	4.2	4.0
Pesimistic Scenario – Macroeconomic indicators	T2 24	T4 24	T4 25	T4 26	T1 27
Real GDP (% YoY)	(0.2)	1.2	0.8	1.0	1.0
Unemployment rate (%)	5.9	5.5	5.7	5.7	5.6
ROBOR 3M (%)	6.4	6.7	6.9	6.0	5.8



Notes to the interim condensed consolidated and separate financial statements

1. Reporting entity and basis of preparation (continued)

d) Use of estimates and judgements (continued)

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

For loans granted to companies (Pool LEAS):

Optimistic Scenario – Macroeconomic indicators	T2 24	T4 24	T4 25	T4 26	T1 27
Unemployment rate (%)	5.5	5.4	5.3	4.9	4.9
EUR/RON	5.0	5.0	5.0	5.1	5.1
Inflation (HICP) (%)	6.1	5.1	3.9	3.4	3.3

Central Scenario – Macroeconomic indicators	T2 24	T4 24	T4 25	T4 26	T1 27
R Unemployment rate (%)	5.8	5.5	5.4	5.3	5.1
EUR/RON	5.0	5.0	5.0	5.1	5.1
Inflation (HICP) (%)	6.2	5.4	4.5	4.1	3.9

Pesimistic Scenario – Macroeconomic indicators	T2 24	T4 24	T4 25	T4 26	T1 27
Unemployment rate (%)	5.9	5.5	5.7	5.7	5.6
EUR/RON	5.0	5.0	5.1	5.2	5.2
Inflation (HICP) (%)	6.5	7.8	7.4	5.8	5.4

As with any economic forecast, estimates and probabilities of happening are subject to an inherent high degree of uncertainty and therefore the actual results may be significantly different from those projected. The Group and the Bank consider these forecasts to be the best estimate of possible outcomes and analysed the non-linearities and asymmetries within the different portfolios of the Group and the Bank to establish that the scenarios chosen are the most representative in the range of possible scenarios.

2. Material accounting policies

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

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

In the current year, the Group and the Bank has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for reporting period that begins on or after January 1, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The following new standards, as well as updates to existing standards, came into force for annual periods beginning after January 1, 2024 and may be applied earlier.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current issued by IASB on January 23, 2020 and **Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants** issued by IASB on October 31, 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

2. Material accounting policies (continued)

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

Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after January 1, 2024.

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

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback issued by IASB on September 22, 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

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

At the date of authorization of these financial statements, no new and revised IFRS Accounting Standards have been issued and adopted by the EU but are not yet effective.

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

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

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

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

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



Notes to the interim condensed consolidated and separate financial statements

2. Material accounting policies (*continued*)

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

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

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

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

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

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

3. Segment reporting

The Group segment reporting is compliant with the management requirements use of Banca Transilvania. The reporting segments are presented in a manner which is consistent with the internal reporting documentation submitted to the Leaders' Committee of 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 reporting 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 reporting segments either directly or based on reasonable criteria established by the management.



Notes to the interim condensed consolidated and separate financial statements

3. Segment reporting (continued)

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

The reporting segment of the Group as described below:

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

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

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

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



Notes to the interim condensed consolidated and separate financial statements

3. Segment reporting (continued)

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: asset management, brokerage, factoring and real estate, as well as elements that do not fall into the existing categories and result from financial and strategic decisions taken centrally.

For the 6-month periods ended June 30, 2024 and June 30, 2023, the Group or the Bank did not achieve revenues greater than 10% of the total revenues with a single client.



Notes to the interim condensed consolidated and separate financial statements

3. Segment reporting (continued)

The table below presents financial information per segments regarding the interim condensed consolidated statement of financial position, for the financial period ended at 30 June 2024, and comparative data for 31 December 2023:

Reporting segments as at 30 June 2024

Group	In RON thousand									
	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
Gross loans and finance lease receivables	-	-	-	-	163,847	-	-	40,447	(3,925)	200,370
Loss allowance	-	-	-	-	(11,212)	-	-	(10,612)	-	(21,824)
Loans net of provisions	-	-	-	-	152,635	-	-	29,835	(3,925)	178,545
Portfolio of Debt instruments, Equity instruments	-	-	-	-	-	184,213	-	-	-	184,213
Treasury and inter-bank operations	-	-	-	-	-	282,801	-	54,434	(4,901)	332,334
Property and equipment and Intangible assets	-	-	-	-	100,989	5,315	-	1,869	-	108,173
Right-of-use assets	-	-	-	-	8,315	438	-	2,409	-	11,161
Other assets	-	-	-	-	30,061	-	-	12,959	-	43,020
Total assets	-	-	-	-	291,999	472,767	-	101,506	(8,826)	857,446
Deposits from customers and banks	11,005	11,847	-	4	365,486	34,197	-	-	(4,901)	417,638
Loans from banks and other financial institutions	-	-	-	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	24,918	-	-	-	24,918
Lease liabilities	-	-	-	-	8,823	-	-	2,488	-	11,311
Other liabilities	-	-	-	-	40,478	-	-	25,862	(4)	66,336
Total liabilities	11,005	11,847	-	4	414,787	59,115	-	28,350	(4,905)	520,204
Equity and related items	-	-	-	-	-	268,007	-	73,156	(3,921)	337,242
Total liabilities and equity	11,005	11,847	-	4	414,787	327,122	-	101,506	(8,826)	857,446

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

3. Segment reporting (continued)

Reporting segments as at 31 December 2023

Group	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
<i>In RON thousand</i>										
Gross loans and finance lease receivables	-	-	-	-	303,100	-	942,349	124,260	(10,451)	1,359,258
Loss allowance	-	-	-	-	(53,979)	-	(54,714)	(9,542)	-	(118,234)
Loans and finance lease receivables net of provisions	-	-	-	-	249,121	-	887,635	114,718	(10,451)	1,241,024
Portfolio of Debt instruments, Equity instruments and Derivative instruments, net of provisions	-	-	-	-	-	211,519	-	-	-	211,519
Treasury and inter-bank operations	-	-	-	-	-	249,466	-	60,529	(4,027)	305,968
Property and equipment and Intangible assets	1	8	35	135	20,485	8,194	53,083	2,236	-	84,176
Right-of-use assets	-	1	4	16	2,396	959	6,210	2,640	-	12,226
Other assets	-	-	-	-	4,452	-	20,410	20,453	-	45,315
Total assets	2	8	39	151	276,454	470,138	967,338	200,576	(14,478)	1,900,227
Deposits from customers and current accounts	5,204	10,535	-	6	17,421	1,304,377	-	-	(4,029)	1,333,513
Loans from banks and other financial institutions	-	-	-	-	-	-	-	102,084	-	102,084
Subordinated liabilities	-	-	-	-	-	37,327	-	-	-	37,327
Lease liabilities	-	-	-	-	2,387	-	7,421	2,633	-	12,441
Other liabilities	-	-	-	-	3,924	-	16,750	28,346	-	49,020
Total liabilities	5,204	10,535	-	6	23,732	1,341,704	24,171	133,063	(4,029)	1,534,385
Equity and related items	-	-	-	-	-	308,779	-	67,512	(10,449)	365,842
Total liabilities and equity	5,204	10,535	-	6	23,732	1,650,483	24,171	200,575	(14,478)	1,900,227

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

3. Segment reporting (continued)

Reporting segments as at 30 June 2024

The table below presents financial information per segments regarding the interim condensed consolidated statement of profit before income tax, for the financial period ended at 30 June 2024, and comparative data for 30 June 2023:

Group	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
<i>In RON thousand</i>										
Net interest income	-	-	-	-	6,418	4,816	4,873	4,760	3,572	24,439
Net commission income	-	-	-	-	2,520	-	752	4,157	-	7,429
Net trading income	-	-	-	-	102	-	984	380	-	1,466
Contribution to the Bank Deposit Guarantee Fund and to the Resolution Fund	(23)	(24)	-	-	(755)	-	-	-	-	(802)
Other operating income	-	-	-	-	125	1,471	-	16,495	(7,024)	11,067
Total income	(23)	(24)	-	-	8,411	6,287	6,608	25,792	(3,452)	43,599
Personnel expenses	-	-	-	-	(18,797)	(1,257)	(5,030)	(3,323)	-	(28,407)
Other operating expenses	-	-	-	-	(40,408)	(2,707)	(11,029)	(7,485)	757	(60,872)
Depreciation and amortization	-	-	-	-	(4,612)	(307)	(1,230)	(1,016)	-	(7,165)
Total Expenses	-	-	-	-	(63,816)	(4,272)	(17,289)	(11,824)	757	(96,444)
Operating profit before net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(23)	(24)	-	-	(55,406)	2,015	(10,680)	13,968	(2,695)	(52,845)
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	-	-	-	-	25,468	541	(4,817)	(6,163)	9,224	24,253
Profit before income tax	(23)	(24)	-	-	(29,938)	2,556	(15,497)	7,805	6,529	(28,592)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

3. Segment reporting (continued)

Reporting segments as at 30 June 2023

Group	Large Corporate	Mid Corporate	SME	Micro	Retail	Treasury	Leasing and consumer loans granted by non-banking financial institutions	Other - Group	Intra-group eliminations & adjustments	Total
<i>In RON thousand</i>										
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
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, expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	(6)	(16)	(4)	(14)	(150)	36,109	(5,131)	25,811	(44,824)	11,776
Net expense from impairment allowance, expected losses on assets, provisions for other risks and loan commitments	-	-	(453)	918	(1,857)	584	(6,687)	(2,202)	-	(9,696)
Profit before income tax	(6)	(16)	(457)	904	(2,007)	36,693	(11,818)	23,609	(44,824)	2,080

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

4. Fair value of financial assets and liabilities

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

Level 1 in the fair value hierarchy

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

Level 2 in the fair value hierarchy

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

Level 3 in the fair value hierarchy

The fair value of financial assets and liabilities included in Level 3 in the fair value hierarchy is determined by using input data that are not based on observable market information (unobservable data inputs shall reflect the assumptions made by the market participants to establish the price of an asset or a liability, including risk assumptions).

The objective of valuation techniques is to determine fair value reflecting the price that would result from a transaction under normal market conditions for the financial instrument at the date of preparation of the consolidated and separate financial statements.

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 and separate financial statements.

The assessment techniques used may include, but are not limited to, the following:

- prices/quotes extracted from platforms such as Bloomberg, Refinitiv or quotes received on request from third parties;
- models based on the price of instruments with similar characteristics;
- models based on the interest/price curve considered representative;
- calculation of discounted cash flow;
- generally accepted economic methodologies.



Notes to the interim condensed consolidated and separate financial statements

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

Their hierarchy will consider IFRS 13 specifications, the choice of alternative technique is substantiated and approved by the competent committees.

At level 1 of the fair value hierarchy, the Group and the Bank classified assets as: financial instruments held at fair value.

At level 2 of the fair value hierarchy, the Group and the Bank classified into the asset category: debt instruments.

At level 3 of the fair value hierarchy, the Group and the Bank classified as assets: equity instruments, and tangible assets (building in own property at the revaluated value).

Significant non-observable inputs affecting the valuation of debt instruments are credit spreads - the first over the reference instrument needed to compensate for the lower credit quality; higher spreads lead to lower fair value.

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

To establish the hierarchy of the fair value of debt instruments, Salt 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 considered that direct observations support additions.

ii) Financial instruments that are not carried at fair value

At level 1 of the fair value hierarchy, the group and the bank do not have items classified into the category of assets that are not held at fair value.

At level 2 of the fair value hierarchy, the Group and the Bank classified into assets that are not held at fair value: placements at banks and public institutions, and, financial assets valued at amortized cost - debt instruments, and in the debt category: deposits from banks and customers.

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

The fair value of current accounts and savings accounts from customers has been estimated to be equal to the carrying amount, there is no evidence of product characteristics that requires a different value from the one currently in accounting.

At level 3 of the fair value hierarchy, the Group and the Bank classified into the asset category: loans, advances and receivables from financial leasing contracts granted to clients and other financial assets, as well as, and in the debt category: loans from banks and other financial institutions, subordinated debts, debts from leasing contracts and other 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 that are not carried at fair value

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:

<i>Group - In RON thousand</i>	Notes	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
30 June 2024					
Financial assets measured at fair value through other comprehensive income	<i>18</i>	181,395	-	2,818	184,213
- Equity instruments		-	-	2,818	2,818
- Debt instruments		181,395	-	-	181,395
Total financial assets measured at fair value in the statement of financial position		181,395	-	2,818	184,213
Non-financial assets at fair value		-	-	11,253	11,253
- Tangible assets		-	-	11,253	11,253
Total assets measured at fair value in the statement of financial position		181,395	-	14,071	195,466

<i>Group - In RON thousand</i>	Notes	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
31 December 2023					
Financial assets measured at fair value through other comprehensive income	<i>18</i>	208,992	-	2,527	211,519
- Equity instruments		-	-	2,527	2,527
- Debt instruments		208,992	-	-	208,992
Total financial assets measured at fair value in the statement of financial position		208,992	-	2,527	211,519
Non-financial assets at fair value		-	-	11,514	11,514
- Tangible assets		-	-	11,514	11,514
Total assets measured at fair value in the statement of financial position		208,992	-	14,041	223,033



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 that are not carried at fair value (continued)

Bank - In RON thousand	Notes	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
30 June 2024					
Financial assets measured at fair value through other comprehensive income	18	181,395	-	2,818	184,213
- Equity instruments		-	-	2,818	2,818
- Debt instruments		181,395	-	-	181,395
Total financial assets measured at fair value in the statement of financial position		181,395	-	2,818	184,213
Non-financial assets at fair value		-	-	11,253	11,253
Tangible assets		-	-	11,253	11,253
Total assets measured at fair value in the statement of financial position		181,395	-	14,071	195,466

Bank - In RON thousand	Notes	Level 1 - Quoted market prices in active markets	Level 2 - Valuation techniques – observable inputs	Level 3 - Valuation techniques – unobservable inputs	Total
31 December 2023					
Financial assets measured at fair value through other comprehensive income	18	208,992	-	2,527	211,519
- Equity instruments		-	-	2,527	2,527
- Debt instruments		208,992	-	-	208,992
Total financial assets measured at fair value in the statement of financial position		208,992	-	2,527	211,519
Non-financial assets at fair value		-	-	11,514	11,514
- Tangible assets		-	-	11,514	11,514
Total assets measured at fair value in the statement of financial position		208,992	-	14,041	223,033



Notes to the interim condensed consolidated and separate financial statements

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

ii) Financial instruments not carried at fair value

The fair value of the loans and lease claims was determined on the basis of the estimated cash flows generated by the portfolio. These amounts have been updated using interest rates that would currently be offered to customers for similar products (the offer available at the reporting date) taking into account the characteristics of each credit and leasing contract, namely product type, currency, interest rate type, customer segmentation. For the impaired credit portfolio, a similar discounted cash flow calculation resulted in a fair value calculation that can be approximated by the net carrying amount. For loans, fair value is determined by using discounted cash flows on the basis of interest rates offered for similar products and comparable time horizons. Calculations of the fair value of loans have resulted in a fair value result that may be approximately the same as the net carrying amount. In the case of debt instruments, level 3 covers all cases not found at previous levels: no price, price provided by a single entity or derivative, interpolation or spread, from one of the level 2 prices. At level 1 no assets and liabilities registered. At level 2 in the fair value hierarchy, the Group and the Bank included in the category of assets that are not held at fair value: placements with banks and public institutions, financial assets measured at amortized cost - debt instruments and in the category of liabilities: deposits from banks and from customers. At level 3 in the fair value hierarchy, the Group and the Bank included in the category of assets: loans and advances and finance lease receivables and other financial assets; and in the category of liabilities: loans from banks and other financial institutions, subordinated loans 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 30 June 2024:

RON thousand	Note	Group					Bank				
		Carrying amount	Fair value	Level 1	Fair value hierarchy		Carrying amount	Fair value	Level 1	Fair value hierarchy	
					Level 2	Level 3				Level 2	Level 3
Assets											
Placements with banks and public institutions	15	61,178	61,181	-	61,181	-	11,648	11,648	-	11,648	-
Loans and advances to customers	16	166,598	176,564	-	-	176,564	152,635	164,202	-	-	164,202
Finance lease receivables	17	11,947	12,643	-	-	12,643	-	-	-	-	-
Other financial assets	22	23,605	23,605	-	-	23,605	16,158	16,158	-	-	16,158
Total assets		263,328	273,993	-	61,181	212,812	180,441	192,008	-	11,648	180,360
Liabilities											
Deposits from banks	24	34,197	35,119	-	35,119	-	34,197	35,119	-	35,119	-
Deposits from customers	25	383,442	387,953	-	387,953	-	388,343	392,854	-	392,854	-
Loans from banks and other financial institutions	26	-	-	-	-	-	-	-	-	-	-
Subordinated liabilities	27	24,918	24,918	-	-	24,918	24,918	24,918	-	-	24,918
Lease liabilities		11,311	11,311	-	-	11,311	8,823	8,823	-	-	8,823
Other financial liabilities	29	45,814	45,814	-	-	45,814	28,863	28,863	-	-	28,863
Total liabilities		499,682	505,115	-	423,072	82,043	485,144	490,577	-	427,973	62,604

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

4. Fair value of financial assets and liabilities (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 31 December 2023:

RON thousand	Note	Carrying amount	Group			Carrying amount	Fair value	Bank			
			Fair value	Fair value hierarchy				Fair value	Fair value hierarchy		
				Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Assets											
Placements with banks and public institutions	15	220,082	220,082	-	220,082	-	163,583	163,583	-	163,583	-
Loans and advances to customers	16	266,544	268,890	-	-	268,890	1,136,756	1,150,909	-	-	1,150,909
Finance lease receivables	17	974,479	989,263	-	-	989,263	-	-	-	-	-
Other financial assets	22	27,989	27,989	-	-	27,989	13,755	13,755	-	-	13,755
Total assets		1,489,094	1,506,224	-	220,082	1,286,142	1,314,094	1,328,247	-	163,583	1,164,664
Liabilities											
Deposits from banks	24	1,304,377	1,336,323	-	1,336,323	-	1,304,377	1,336,323	-	1,336,323	-
Deposits from customers	25	29,136	29,170	-	29,170	-	33,165	33,198	-	33,198	-
Loans from banks and other financial institutions	26	102,084	102,084	-	-	102,084	-	-	-	-	-
Subordinated liabilities	27	37,327	37,350	-	-	37,350	37,327	37,350	-	-	37,350
Lease liabilities		12,441	12,441	-	-	12,441	9,808	9,808	-	-	9,808
Other financial liabilities	29	21,526	21,526	-	-	21,526	7,697	7,697	-	-	7,697
Total liabilities		1,506,891	1,538,894	-	1,365,493	173,401	1,392,374	1,424,376	-	1,369,521	54,855

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

5. Net interest income

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Interest income calculated using the effective interest method	22,753	30,638	40,022	68,667
- Cash and current accounts with Central Banks at AC	2,875	3,374	2,875	3,374
- Placements with banks and public institutions at AC	2,787	267	1,595	46
- Loans and advances to customers at AC	13,269	23,221	31,730	61,471
- Debt instruments at FVOCI	3,822	3,776	3,822	3,776
Other similar income	27,645	45,622	-	-
- Finance lease receivables	27,645	45,622	-	-
Total interest income	50,398	76,260	40,022	68,667
Interest expense related to financial liabilities measured at amortized cost	25,899	45,823	23,864	44,179
- Deposits from banks	20,150	41,811	20,150	41,811
- Deposits from customers	2,233	131	2,233	131
- Loans from banks and other financial institutions	3,516	3,881	1,481	2,237
Other similar expense	60	27	51	16
- Lease liabilities	60	27	51	16
Total interest expense	25,959	45,850	23,915	44,195
Net interest income	24,439	30,411	16,107	24,472

(i) Interest income for the period ended at 30 June 2024 includes the net interest income on impaired financial assets amounting to RON 1,528 thousand (2023: RON 1,489 thousand) for the Group and RON 70 thousand (2023: RON 1.097 thousand) for the Bank.

6. Net fee and commission income

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Fee and commission income				
Commissions from treasury and inter-bank operations	6	3	6	3
Client transactions	2,576	2,262	2,576	2,262
Lending activity (i)	2,280	2,093	1,870	1,447
Finance lease management	3,795	6,103	-	-
Total fee and commission income	8,657	10,461	4,452	3,712
Fee and commission expense				
Commissions from treasury and inter-bank operations	1,200	1,000	1,152	744
Client transactions	26	27	26	27
Lending activity (i)	2	-	2	-
Total fee and commission expense	1,228	1,027	1,180	771
Net fee and commission income	7,429	9,434	3,272	2,941

(i) Lending-related fees include fees for guarantees valuation and change of guarantee, commissions for early repayment of loan, debt recovery fees

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

7. Net trading income

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Net income from foreign exchange transactions	921	2,135	365	301
Net income/(expense) from financial assets held-for-trading	(115)	111	(115)	111
Net income from foreign exchange position revaluation	660	3,241	836	3,364
Net trading income	1,466	5,486	1,086	3,776

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 profit or loss, is the following:

	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Contribution to the Bank Deposit Guarantee Fund	10	12	10	12
Bank Resolution Fund	792	64	792	64
Total	802	76	802	76

9. Other operating income

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Dividend income	1,276	1,008	1,276	36,477
Income from insurance intermediation	2,571	9,842	-	-
Income from MASTERCARD	273	1,680	273	-
Income from indemnities, fines and penalties	1,050	-	-	-
Other operating income (i)	5,897	9,262	47	715
Total	11,067	21,792	1,596	37,192

(i) The Other operating income line includes the following types of income: car registration, closing contracts, registration in archive, recovery of receivables from leasing contracts.



Notes to the interim condensed consolidated and separate financial statements

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

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

In RON thousand	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Net impairment allowance on assets (i)	(1,785)	11,327	1,447	8,699
Loans written off	77,654	714	77,654	714
Finance lease receivables written off	-	(193)	-	-
Provisions for other risks and loan commitments	(95)	(312)	(94)	(87)
Recoveries from loans written off	(100,227)	(2,298)	(100,227)	(2,298)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(24,453)	9,238	(21,220)	7,028

(i) Net impairment losses on assets include the following

In RON thousand	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Loans and advances to customers	(5,723)	9,823	2,154	8,953
Treasury and inter-bank operations	(519)	(453)	(519)	(453)
Finance lease receivables	5,356	452	-	-
Investment securities	(22)	(132)	(22)	(132)
Other financial assets	(877)	1,637	(166)	331
Net impairment allowance on assets	(1,785)	11,327	1,447	8,699

b) Net income (+) with other provisions

	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Other nonfinancial assets	269	449	-	457
Litigation and other risks	(69)	9	28	9
Net income (+) with other provisions	200	458	28	466



Notes to the interim condensed consolidated and separate financial statements

11. Personnel expenses

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Gross salaries	28,117	30,045	24,146	15,151
Social protection contribution	738	823	648	428
Other staff expenses	1,496	1,018	1,303	389
Net income/(expense) with provisions for untaken holiday and other benefits	(1,944)	(1,029)	(1,013)	2,696
Total	28,407	30,856	25,084	18,664

The average number of new employees within the Group and the Bank during the 6 months period ended on 30 June 2024:

Category	Monthly average number of persons employed 6-month 2024		Monthly average number of persons employed 6-month 2023	
	Group	Bank	Group	Bank
Management positions	0,43	0,43	0,33	0,33
Operational positions	20,17	14,75	10,34	4,92
Total	20,60	15,18	10,67	5,25

12. Other operating expenses

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Rent and lease expense	491	487	489	485
Repairs and maintenance expenses	935	968	179	239
Advertising, marketing, entertainment and sponsorship expenses	19,055	217	19,013	113
Mail, telecommunication and SMS traffic expenses	4,150	1,111	4,047	938
Materials and stationery	5,690	268	5,593	87
Other professional fees, including legal expenses	443	249	25	9
Expenses regarding movable and immovable assets resulting from debt enforcement	1,900	101	1,900	101
Electricity and heating	624	950	436	606
Business travel, transportation and temporary relocation expenses	131	127	131	75
Insurance costs	171	217	74	107
Taxes	1,777	1,437	1,453	367
Expenses related to archiving services	287	317	275	257
Expenses related to database queries from the Trade Register and the Credit Bureau	31	319	-	7
Expenses with foreclosed assets	4,989	1,570	-	-
Audit, advisory and other services provided by the independent auditor	1,015	761	761	669
- statutory and group audit fees	478	524	478	524
- special audit services or other non-audit services as required by the local rules or legislation	283	145	283	145
Software maintenance services	4,459	2,219	4,287	2,219
Other IT services	11,278	2,650	11,278	2,650
Other operating expenses	3,446	6,054	4,203	6,675
Total other operating expenses	60,872	20,022	54,144	15,604

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

13. Income tax expense

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	30-06-2023	30-06-2024	30-06-2023
Gross loss/profit before income tax	(28,592)	2,080	(42,926)	23,294
Statutory tax rate (2024: 16%; 2023: 16%)	4,575	(333)	6,868	(3,727)
Fiscal effect of income tax on the following elements:	(13,553)	(1,277)	(6,722)	3,625
- Non-taxable income	2,260	(2,628)	1,599	6,595
- Non-deductible expense	(2,864)	897	(3,150)	(1,534)
- Tax deductions	355	604	355	604
- Income like items	(13,382)	(150)	(12,491)	(24)
- Expense like items	77	-	-	-
Unrecognised DTA	6,964	(2,016)	6,964	(2,016)
Income tax expense	(2,015)	(3,625)	146	(102)
- Current tax expenses	(2,044)	(3,586)	-	-
- Deferred tax expenses	29	(39)	146	(102)

The Bank has a fiscal loss on 30.06.2024 and has not constituted DTA for it because it did not expect profit in the next period and at this time it cannot be quantified when profit will be made.

14. Cash and current accounts with Central Banks

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Minimum reserve requirement	56,887	44,428	56,887	44,428
Cash on hand and other values	214,269	41,458	214,266	41,455
Total	271,156	85,886	271,153	85,883

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

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Cash and current accounts with Central Banks	271,156	85,886	271,153	85,883
Placements with banks - maturity below 3 months	61,178	220,082	11,648	163,583
Cash and cash equivalents in the cash flow statement	332,334	305,968	282,801	249,466



Notes to the interim condensed consolidated and separate financial statements

15. Placements with banks and public institutions

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Current accounts with other banks	12,258	30,257	11,648	29,784
Sight, collateral and term deposits with other banks	48,920	189,825	-	133,799
Total	61,178	220,082	11,648	163,583

As at 30 June 2024, placements with banks include nostro accounts, demand deposits and term deposits with maturity under 3 months, which are also included in the statement of individual and consolidated cash flows, so nostro accounts in the amount of RON 12,258 thousand and deposits in the amount of RON 48,920 thousand at the Group; nostro accounts in the amount of RON 11,648 thousand at the Bank. As at December 31, 2023 nostro accounts in amount of RON 30,257 thousand and deposits in amount of RON 189,825 thousand at the Group and at the Bank, nostro accounts in amount of RON 29,784 thousand and term deposits in amount of RON 133,799 thousand.

16. Loans and advances to customers

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

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Corporate and government institutions	-	-	-	100,072
Small and medium enterprises	-	-	-	842,276
Consumer loans and card loans granted to retail customers	163,735	303,079	163,735	303,079
Loans granted by non-banking financial institutions	16,585	18,915	-	-
Other	112	19	112	19
Total loans and advances to customers before impairment allowance	180,432	322,013	163,847	1,245,446
Allowances for impairment losses on loans	(13,834)	(55,469)	(11,212)	(108,690)
Total loans and advances to customers net of impairment allowance	166,598	266,544	152,635	1,136,756



Notes to the interim condensed consolidated and separate financial statements

16. Loans and advances to customers (continued)

The Group's and Bank's commercial lending is concentrated on Romanian companies and individuals. The risk distribution of the credit portfolio per sectors, as at 30 June 2024 and 31 December 2023, is the following:

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Retail	163,847	303,099	163,847	303,099
Trading	2,906	4,067	-	193,721
Manufacturing	-	-	-	70,111
Agriculture	1,402	1,281	-	27,698
Services	47	668	-	112,769
Real Estate	-	-	-	14,095
Constructions	224	-	-	129,443
Transportation	12,006	12,272	-	283,489
Self-employed	-	628	-	13,737
Others	-	(2)	-	63,870
Financial Institutions	-	-	-	10,096
Telecommunications	-	-	-	14,940
Energy	-	-	-	703
Mining	-	-	-	3,752
Chemical Industry	-	-	-	3,004
Government Institutions	-	-	-	232
Fishing	-	-	-	687
Total loans and advances to customers before impairment allowance (*)	180,432	322,013	163,847	1,245,446
Allowances for impairment losses on loans	(13,834)	(55,469)	(11,212)	(108,690)
Total loans and advances to customers, net of impairment allowance	166,598	266,544	152,635	1,136,756

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements. 36



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 at 30 June 2024 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, 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)	Allowances for expected losses on impaired acquired or issued financial assets	Total
Opening balance as at January 1, 2024	(2,614)	(2,736)	(50,119)	-	(55,469)
Increase due to issue or acquisition	(20)	(27)	(23)	(1,296)	(1,365)
Decrease due to derecognition	404	890	23,629	-	24,923
Increase or decrease due to the change in credit risk (net) and transfers	(71)	779	(2,622)	(13)	(1,927)
Increase or decrease due to changes without derecognition (net)	220	35	519	-	774
Decrease of impairment allowances due to write-offs	-	-	19,230	-	19,230
Other adjustments	-	-	-	-	-
Closing balance as at 30 June 2024	(2,081)	(1,059)	(9,385)	(1,309)	(13,834)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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 Bank level at 30 June 2024 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, 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)	Total
Opening balance as at January 1, 2024	(5,642)	(5,344)	(97,705)	(108,691)
Increase due to issue or acquisition	-	(11)	-	(11)
Decrease due to derecognition	3,443	3,505	72,375	79,323
Increase or decrease due to the change in credit risk (net) and transfers	(68)	854	(2,578)	(1,792)
Increase or decrease due to changes without derecognition (net)	220	35	518	774
Decrease of impairment allowances due to write-offs	-	19,185	-	19,185
Other adjustments	-	-	-	-
Closing balance as at 30 June 2024	(2,047)	(961)	(8,204)	(11,212)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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 at June 30, 2023 was the following:

	Allowances for expected credit losses on loans and advances for which the credit risk has not significantly increased since the initial recognition, 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)	Allowances for expected losses on impaired acquired or issued financial assets	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 30 June 2023	(8,044)	(1,146)	(44,435)	-	(53,625)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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 Bank level at June 30, 2023 was the following:

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

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

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 10 years, with the transfer of ownership over the leased assets upon the termination of the lease agreement.

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

<i>In RON thousand</i>	30-06-2024	31-12-2023
Finance lease receivables with maturity below 1 year, gross	9,673	451,165
Finance lease receivables with maturity between 1-2 years, gross	7,743	328,517
Finance lease receivables with maturity between 2-3 years, gross	3,953	222,357
Finance lease receivables with maturity between 3-4 years, gross	927	124,043
Finance lease receivables with maturity between 4-5 years, gross	33	31,825
Finance lease receivables with maturity above 5 years, gross	-	585
Total finance lease receivables, gross	22,329	1,158,492
Future interest related to finance lease receivables	(2,391)	(121,247)
Total finance lease receivables, net of future interest	19,938	1,037,245
Impairment allowances for finance lease receivables	(7,991)	(62,766)
Total finance lease receivables	11,947	974,479

The leasing contracts are generated and managed through Avant Leasing IFN S.A.



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 at June 30, 2024 was the following:

	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)	Adjustments for expected losses on impaired acquired or issued financial assets	Total
Opening balance as at January 1, 2023	(3,728)	(3,785)	(55,253)	-	(62,766)
Increase due to issue or acquisition	(12)	(1)	(23)	(5,056)	(5,092)
Decrease due to derecognition	3,725	3,740	52,405	-	59,870
Increase or decrease due to the change in credit risk (net) and transfers	(11)	20	140	(180)	(30)
Increase or decrease due to changes without derecognition (net)	-	-	-	-	-
Decrease of impairment allowances due to write-offs	-	-	28	-	28
Other adjustments	-	-	(1)	-	(1)
Closing balance as at 30 June 2024	(26)	(26)	(2,703)	(5,236)	(7,991)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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 at June 30, 2023 was the following:

	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)	Adjustments for expected losses on impaired acquired or issued financial assets	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 in the impairment allowance account due to write-offs	-	-	627	-	627
Other adjustments	(11)	(2)	(28)	-	(41)
Closing balance as at 30 June 2023	(5,170)	(1,156)	(16,015)	-	(22,431)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

18. Investment securities

Financial assets measured at fair value through other comprehensive income

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Debt instruments, of which	181,395	208,992	181,395	208,992
- Central administrations	181,395	208,992	181,395	208,992
Equity instruments, of which:	2,818	2,527	2,818	2,527
- Other financial companies	2,540	2,246	2,540	2,246
- Non-financial institutions	278	281	278	281
Loans and advances to customers	-	-	-	-
- Central administrations	-	-	-	-
Total	184,213	211,519	184,213	211,519

Evolution of securities in the category “Financial assets measured at fair value through other comprehensive income”:

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
As at January 1	211,519	237,562	211,519	237,562
Acquisitions	51,851	114,341	51,851	114,341
Asset outflow at maturity	(80,454)	(147,507)	(80,454)	(147,507)
Coupon and amortization in P&L during the period	3,822	7,824	3,822	7,824
Coupon collected, at term, during the period	(3,740)	(7,691)	(3,740)	(7,691)
Gain/(Loss) from the measurement at fair value	1,139	6,429	1,139	6,429
Exchange rate differences	76	561	76	561
Closing balance	184,213	211,519	184,213	211,519

19. Tangible fixed assets, intangible assets and real estate investments

The net book value of tangible assets at the end of this period at Group level is RON 19,622 thousand (as of December 31, 2023: RON 19,706 thousand), and that for the Bank is RON 18,080 thousand (as of December 31, 2023: RON 17,853 thousand).

The net book value of intangible assets at the end of this period at Group level is RON 88,551 thousand (as of December 31, 2023: RON 64,470 thousand), and that of the Bank is RON 88,224 thousand (as of December 31, 2023: RON 64,087 thousand).

The depreciation expense of tangible and intangible assets related to the Group at the end of the 6 months ended June 30, 2024 amounted to RON 5,695 thousand (as of June 30, 2023: RON 4,394 thousand), of which related to the Bank's tangible and intangible assets in the amount of RON 5,315 thousand (as of June 30, 2023: RON 3,250 thousand).



Notes to the interim condensed consolidated and separate financial statements

20. Right of Use Assets and Lease Liabilities

The Group and the Bank have lease agreements on buildings. Rental contracts are typically made for fixed periods of 1 year to 10 years but may have extension options as described below.

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

In RON thousand

	Buildings	Auto	Total
Carrying amount at 1 January 2024	12,226	-	12,226
Additions	405	-	405
Disposals	-	-	-
Depreciation charge	(1,470)	-	(1,470)
Carrying amount at 30 June 2024	11,161	-	11,161

In RON thousand

	Buildings	Auto	Total
Carrying amount at 1 January 2023	6,727	-	6,727
Additions	8,816	-	8,816
Disposals	(76)	-	(76)
Depreciation charge	(3,241)	-	(3,241)
Carrying amount at 31 December 2023	12,226	-	12,226

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

In RON thousand

	Buildings	Auto	Total
Carrying amount at 1 January 2024	9,586	-	9,586
Additions	-	-	-
Disposals	-	-	-
Depreciation charge	(834)	-	(834)
Carrying amount at 30 June 2024	8,752	-	8,752

In RON thousand

	Buildings	Auto	Total
Carrying amount at 1 January 2023	3,272	-	3,272
Additions	8,219	-	8,219
Disposals	-	-	-
Depreciation charge	(1,905)	-	(1,905)
Carrying amount at 31 December 2023	9,586	-	9,586

Both the Group and the Bank don't have expenses related to short-term leases and leases of low-value assets.



Notes to the interim condensed consolidated and separate financial statements

21. Deferred tax assets and liabilities

Deferred tax assets/liabilities at Group level, as at 30 June 2024:

<i>In RON thousand</i>	31 December 2023	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in shareholders' equity	June 30, 2024
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other comprehensive income	571	-	868	-	1,439
Financial assets at amortized cost	-	-	-	-	-
Other assets	479	58	-	-	537
Property and equipment and intangible assets	(2,646)	165	25	-	(2,456)
Right of Use Assets	-	-	-	-	-
Provisions and other liabilities	265	(194)	-	-	71
Deferred tax asset / (liability)	(1,331)	29	893	-	(409)
Recognition of deferred tax asset	1,315	(117)	868	-	2,066
Recognition of deferred tax liability	(2,646)	146	25	-	(2,475)
Deferred tax asset / (liability)	(1,331)	29	893	-	(409)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

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

Deferred tax assets/liabilities at Group level, as at 31 December 2023:

<i>In RON thousand</i>	31 December 2022	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in shareholders' equity	31 December 2023
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other comprehensive income	1,600	-	(1,029)	-	571
Financial assets at amortized cost	1,314	(925)	-	(389)	-
Other assets	473	6	-	-	479
Property and equipment and intangible assets	(2,437)	(55)	(154)	-	(2,646)
Right of Use Assets	2	(2)	-	-	-
Provisions and other liabilities	-	265	-	-	265
Deferred tax asset / (liability)	952	(711)	(1,183)	(389)	(1,331)
Recognition of deferred tax asset	3,389	(656)	(1,029)	(389)	1,315
Recognition of deferred tax liability	(2,437)	(55)	(154)	-	(2,646)
Deferred tax asset / (liability)	952	(711)	(1,183)	(389)	(1,331)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

21. Deferred tax assets and liabilities (continued)

Deferred tax assets/liabilities at Bank level, as at 30 June 2024:

In RON thousand

	31 December 2023	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in shareholders' equity	June 30, 2024
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:					
Financial assets measured at fair value through other comprehensive income	571	-	868	-	1,439
Financial assets at amortized cost	-	-	-	-	-
Other assets	389	-	-	-	389
Tangible and intangible assets	(2,627)	146	25	-	(2,456)
Right of Use Assets	-	-	-	-	-
Provisions and liabilities	-	-	-	-	-
Deferred tax asset / (liability)	(1,667)	146	893	-	(628)
Recognition of deferred tax asset	960	-	868	-	1,828
Recognition of deferred tax liability	(2,627)	146	25	-	(2,456)
Deferred tax asset / (liability)	(1,667)	146	893	-	(628)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

21. Deferred tax assets and liabilities (continued)

Deferred tax assets/liabilities at Bank level, as at 31 December 2023:

<i>In RON thousand</i>	31 December 2022	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in shareholders' equity	31 December 2023
Tax effect of temporary deductible/(taxable) differences (including tax losses carried forward), resulting from:				-	
Financial assets measured at fair value through other comprehensive income	1,600	-	(1,029)	-	571
Financial assets at amortized cost	-	-	-	-	-
Other assets	423	(34)	-	-	389
Tangible and intangible assets	(2,437)	(36)	(154)	-	(2,627)
Right of Use Assets	-	-	-	-	-
Provisions and liabilities	-	-	-	-	-
Deferred tax asset / (liability)	(414)	(70)	(1,183)	-	(1,667)
Recognition of deferred tax asset	2,023	(34)	(1,029)	-	960
Recognition of deferred tax liability	(2,437)	(36)	(154)	-	(2,627)
Deferred tax asset / (liability)	(414)	(70)	(1,183)	-	(1,667)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

22. Other financial assets

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Amounts under settlement	8,747	3,589	8,747	3,589
Sundry debtors and advances for non-current assets	7,793	11,847	7,586	10,335
Other financial assets	15,019	23,085	143	331
Impairment allowance for other financial assets	(7,954)	(10,532)	(318)	(500)
Total	23,605	27,989	16,158	13,755

23. Other non-financial assets

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Inventories and similar assets	11,260	11,144	5,529	5,393
Prepaid expenses	5,656	2,711	5,434	2,331
VAT and other taxes to be received	854	546	490	413
Other non-financial assets	-	704	-	520
Impairment allowance for other non-financial assets	(3,455)	(2,997)	(2,432)	(2,432)
Total	14,315	12,108	9,021	6,225

24. Deposits from banks

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Sight demand	-	-	-	-
Term deposits	34,197	1,304,377	34,197	1,304,377
Total	34,197	1,304,377	34,197	1,304,377

25. Deposits from customers

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Current accounts	109,998	25,448	114,899	29,477
Term deposits	273,380	3,449	273,380	3,449
Collateral deposits	64	239	64	239
Total	383,442	29,136	388,343	33,165

Deposits from customers can be also analysed as follows:

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Retail	365,487	17,420	365,487	17,421
Companies	17,955	11,716	22,856	15,744
Total	383,442	29,136	388,343	33,165

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements. 50



Notes to the interim condensed consolidated and separate financial statements

26. Loans from banks and other financial institutions

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Loans from commercial banks	-	102,084	-	-
<i>Romanian banks</i>	-	102,084	-	-
<i>Foreign banks</i>	-	-	-	-
Total	-	102,084	-	-

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

	30-06-2024		31-12-2023	
	Minimum	Maximum	Minimum	Maximum
EUR	-	-	3.94%	5.91%
RON	-	-	-	-
USD	-	-	-	-

27. Subordinated liabilities

The Group and the Bank were in compliance with all financial covenants under the outstanding loan agreements at 30 June 2024 and 31 December 2023.

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Loans from development banks and financial institutions	-	12,446	-	12,446
Non-convertible bonds	24,918	24,881	24,918	24,881
Total	24,918	37,327	24,918	37,327

28. Provisions for other risks and loan commitments

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

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Provisions for loan commitments financial guarantees and other commitments given	588	683	588	682
Provisions for untaken holidays	429	555	429	276
Provisions for other employee benefits	4,559	6,655	4,115	5,280
Provisions for litigations, risks and charges	1,621	1,411	537	509
Total	7,197	9,304	5,669	6,747



Notes to the interim condensed consolidated and separate financial statements

29. Other financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2023	31-12-2023
Amounts under settlement	483	192	483	192
Sundry creditors	29,591	17,194	12,835	4,265
Other financial liabilities	15,740	4,140	15,545	3,240
Total	45,814	21,526	28,863	7,697

30. Other non-financial liabilities

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Other taxes payable	4,378	4,443	4,335	4,416
Other non-financial liabilities	7,551	12,039	983	146
Total	11,929	16,482	5,318	4,562

31. Share capital

The statutory share capital of the Bank at 30 June 2024, as recorded with the Trade Register was represented by 4,169,760,000 ordinary shares with a nominal value of RON 0,1 each (at 31 December 2023: 4.169.760.000 shares with a nominal value of RON 0,1 each). The shareholders structure of the Bank is presented in Note 1.

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Paid share capital recorded with the Trade Register	416,495	416,495	416,976	416,976
Share capital adjustment to inflation	42,656	42,656	42,175	42,175
Total	459,151	459,151	459,151	459,151



Notes to the interim condensed consolidated and separate financial statements

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.

<i>Group - In RON thousand</i>	30-06-2024				31-12-2023			
	Parent	Key management personnel	Other related-	Total	Parent enterprise	Key management	Other related parties	Total
Assets								
Correspondent accounts at credit institutions	2,010	-	-	2,010	2,068	-	-	2,068
Placements with banks	-	-	-	-	34,914	-	-	34,914
Granted loans	-	1,313	-	1,313	-	28	-	28
Other assets	-	-	-	-	455	-	-	455
Liabilities								
Deposits from customers	34,197	4,040	7,680	45,917	1,369,787	1,793	-	1,371,580
Debt securities	14,951	-	6,230	21,181	14,929	-	6,220	21,149
Commitments								
Loan commitments and financial guarantees given	-	54	-	54	-	54	-	54
Loan commitments and financial guarantees received	663	-	-	663	663	-	-	663
Statement of profit or loss								
	30-06-2024				30-06-2023			
Interest income	1,204	1	-	1,205	220	2	-	222
Interest expense	22,009	24	-	22,033	42,294	33	264	42,591
Fee and commission income	-	-	1	1	64	-	-	64
Fee and commission expenses	45	-	-	45	39	-	-	39

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 major shareholders, family members of the key management personnel and companies where they are shareholders while having a relationship with the Bank and are presented below:

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

32. Related-party transactions (continued)

Bank – In RON thousand

	30-06-2024					31-12-2023				
	Parent enterprise	Subsidiaries	Key management personnel	Other related-parties	Total	Parent enterprise	Subsidiaries	Key management personnel	Other related parties	Total
Assets										
Correspondent accounts at credit institutions	2,010	-	-	-	2,010	2,068	-	-	-	2,068
Placements with banks	-	-	-	-	-	34,914	-	-	-	34,914
Granted loans	-	-	1,313	-	1,313	-	-	28	-	28
Investments in subsidiaries	-	56,469	-	-	56,469	-	56,469	-	-	56,469
Equity investments	-	-	-	-	-	-	-	-	-	-
Other assets	-	20	-	-	20	455	-	-	-	455
Liabilities										
Deposits from customers	34,197	4,900	4,040	7,680	50,817	1,304,377	4,028	1,793	2,269	1,312,467
Debt securities	14,951	-	-	6,230	21,181	14,929	-	-	6,220	21,149
Other liabilities	1	-	-	-	1	7	1,211	-	-	1,218
Commitments										
Loan commitments and financial guarantees given	-	-	54	-	54	-	-	54	-	54
Loan commitments and financial guarantees received	270	-	-	-	270	270	-	-	-	270

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

32. Related-party transactions (continued)

Bank – In RON thousand

30-06-2024

30-06-2023

	30-06-2024					30-06-2023				
	Parent enterprise	Subsidiaries	Key management personnel	Other related- parties	Total	Parent enterprise	Subsidiaries	Key management personnel	Other related- parties	Total
Statement of profit or loss										
Interest income	13	(3,572)	1	-	(3,558)	-	(61)	2	-	(59)
Interest expense	20,799	52	24	267	21,142	41,154	16	33	264	41,467
Fee and commission income	-	599	-	-	599	-	13	-	-	13
Fee and commission expense	-	-	-	-	-	-	-	-	-	-
Gain/Loss from financial assets and liabilities measured at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-
Gain/Loss from financial assets and liabilities held-for-trading	-	-	-	-	-	-	810	-	-	810
Dividend income	-	-	-	-	-	-	35,469	-	-	35,469
Other expenses	-	636	-	-	636	-	1,175	-	-	1,175
Net expense from impairment allowance, expected losses on financial assets not measured at fair value through profit or loss	18	(9,223)	-	-	(9,205)	(424)	(6)	-	-	(430)

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

32. Related-party transactions (*continued*)

Transactions with key management personnel

During the 6 months period ended at June 30, 2024, the expenses related to the fixed and variable remunerations of the members of the Board of Directors and of the Executive Management of the Group amounted to RON 4,937 thousand (June 30, 2023: 5,378 thousand) and of the Bank amounted to RON 4,773 thousand (2023: RON 4,353 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 provided financial guarantees 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.

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Guarantees issued, of which	1,266	1,256	1,266	1,256
- <i>Performance bonds</i>	-	-	-	-
- <i>Financial liabilities</i>	1,266	1,256	1,266	1,256
Loan commitments	21,916	24,834	21,916	24,717
Total	23,182	26,090	23,182	25,973

The provisions for loan commitments to customers amounted to RON 588 thousand at Group level (December 31, 2023 : RON 683 thousand) and at Bank level RON 588 thousand (December 31, 2023: RON 682 thousand).



Notes to the interim condensed consolidated and separate financial statements

33. Commitments and contingencies (*continued*)

b) Transfer pricing and taxation

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

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

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

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

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

The management of the Group and of the Bank considers that no losses should be incurred in the event of a fiscal audit for the verification of transfer prices. However, the impact of potential different interpretations of the tax authorities cannot be accurately estimated. The impact may be significant as concerns the Bank's financial position and/or operations. However, the fiscal risk is low because the 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 Salt Bank 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 Group and Bank level.

Capital adequacy is determined according to the Regulation (EU) No 575/2013 of the European Parliament and of the Council and requires a minimum mandatory own funds level of:

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



Notes to the interim condensed consolidated and separate financial statements

34. Capital management (continued)

Likewise, pursuant to the regulated approaches for the determination of the minimum capital requirements and the EU Regulation 575/2013 corroborated with the provisions of the NBR Regulation 5/2013 and considering the capital buffers required by the NBR, the Group and the Bank maintain:

- a capital preservation buffer of 2.5% of the total value of the risk-weighted exposures
- an anticyclical buffer of 1% of the total value of the risk-weighted exposures.

Own funds adequacy

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

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

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

As at 30 June 2024 and 30 June 2023, the Group and the Bank complied with all the capital adequacy requirements.

Under the current capital requirements set by the European Banking Authority, banks have to maintain a ratio of regulatory capital to risk weighted assets (“statutory capital ratio”) above a prescribed minimum level.

The value of the regulated capital managed by the Group is RON 319,546 thousand as of June 30, 2024 (December 31, 2023: RON 349,996 thousand); regulatory capital amounts to RON 54,830 thousand (December 31, 2023: RON 105,413 thousand), resulting in a total equity surplus of RON 264,716 as of June 30, 2024 (December 31, 2023: RON 244,583 thousand).

The value of the regulated capital managed by the Bank is RON 315,768 thousand as of June 30, 2024 (December 31, 2023: RON 356,848 thousand); regulatory capital amounts to RON 44,525 thousand (December 31, 2023: RON 95,949 thousand), resulting in a total equity surplus of RON 271,243 as of June 30, 2024 (December 31, 2023: RON 260,899 thousand).

Thus, the Group and the Bank complied with all externally imposed capital requirements during 2024 and 2023.

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

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

The Group and the Bank manage its capital base in a flexible manner, by monitoring regulatory capital requirements, by anticipating the adequate adjustments required for the achievement of its objectives as well as by optimizing the structure of assets and shareholders’ equity.

The planning and monitoring activity takes into consideration the total own funds, on the one hand and the requirements of own funds, on the other hand.



Notes to the interim condensed consolidated and separate financial statements

34. Capital management (continued)

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

<i>In RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Tier 1 own funds	317,229	344,588	313,451	351,440
Tier 2 own funds	2,317	5,408	2,317	5,408
Total own funds	319,546	349,996	315,768	356,848
Credit risk exposure	353,379	1,018,877	339,008	952,445
Market risk, FX risk, delivery risk exposure	33,214	-	-	29,360
Operational risk exposure	298,782	298,782	217,554	217,554
Risk exposure for the adjustment of credit assessment	-	-	-	-
Total risk exposure	685,375	1,317,659	556,563	1,199,360

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

<i>In %</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2024
Core tier one ratio	46.29%	26.15%	56.32%	29.30%
Tier 1 ratio	46.29%	26.15%	56.32%	29.30%
CAR	46.62%	26.56%	56.74%	29.75%

35. Credit risk management

Risk management is part of all decisional and business processes that take place in the Group's and the Bank's activity. The Board of Directors has the responsibility regarding the definition and monitoring of the general risk management framework for the Group and the Bank.

The risk management in Salt Bank S.A. is performed at 2 levels: a strategic level represented by the Board of Directors, Audit and Risk Committee and Remuneration Committee and operational level represented by: Management Board ("MB") and Assets - Liabilities Committee ("ALCO"), Credit Committee, Nonperforming Credit Committee, Executive Directors and risk management structures within the Bank that are responsible for the definition and/or monitoring of risk management policies in their field of expertise. The Board of Directors periodically reviews the activity of these committees.

The Board of Directors monitors the compliance with the Group's and the Bank's risk policies and the adequacy of the general risk management framework in connection with the risks to which the Group and the Bank are exposed to.

The Audit and Risk Committee advises the Board of Directors regarding the risk appetite and the global strategy regarding the management of the current and future risks and assists the Board of Directors in overseeing the implementation of the strategy by the Management Board.

The Group's and the Bank's objective in terms of risk management is to integrate the assumed medium-risk appetite in the decision-making process, by promoting a proper alignment between assumed risks, available capital and performance targets, while also considering the tolerance to financial and non-financial risks.



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management (*continued*)

In determining the risk appetite and tolerance, the Group and the Bank take into consideration all the material risks it is exposed to, given its specific activity and being mainly influenced by the credit risk.

Risk management policies and systems are reviewed regularly (mainly annually) with the participation of the Management Board and the responsible persons from different Departments involved, in order to reflect the changes in the market conditions, the products and services provided. The crisis simulation program (stress testing) is an integral part of the risk management framework and of the internal risk capital adequacy assessment process. The Bank reviews the crisis simulation program regularly, at least semi-annually, and assesses its efficiency and adequacy to the defined purposes/objectives.

The Group's and the Bank's Audit and Risk Committees reports to the Board of Directors and are responsible for monitoring compliance with the Bank's risk management procedures. The Audit and Risk Committees is assisted in these functions by the Internal Audit. The Internal Audit department undertakes both regular and ad-hoc reviews of risk management controls and procedures. The results of which are reported to the Audit and Risk Committee.

The Board of Directors and the Management of the subsidiaries which constitute the Group have responsibilities regarding significant risk management in correlation with their specific business characteristics and applicable laws and regulations.

The objective of the Group and of the Bank as concerns the management of credit risk is to ensure a balanced distribution of capital among various business lines, which allows the achievement of comfortable RAROC (Risk-adjusted return on capital) levels considering the proportion of the lending activity in the Bank's assets and its commercial bank profile.

The Group and the Bank are exposed to credit risk through the trading, lending, investment and guarantee issuing activities. The credit risk arising from trading and investment activities is mitigated by selecting only counterparties with good credit standing and by monitoring their activities and ratings, by using exposure limits and, when necessary, by requesting collaterals. The Group's and the Bank's primary exposure to credit risk arises from loans and advances to customers. The amount of credit risk exposure is represented by the carrying amounts of the assets on the separate and consolidated statement of financial position.

The Group and the Bank are exposed to credit risk derived from other financial assets, including debt investments; the current credit risk exposure in respect of these instruments is equal to the carrying amount of the assets in the consolidated and separate statement of financial position.

In addition, the Group and the Bank are exposed to off balance sheet credit risk from credit and guarantee commitments. The Group and the Bank are exposed to credit risk derived from other financial assets, including debt investments. The current credit risk exposure for these instruments shall be equal to the carrying amount of the assets in the consolidated and separate statement of financial position.

In order to minimize the risk, the Group and the Bank have defined procedures to assess customers before loan granting, to monitor their capacity to reimburse the principal and related interest during the entire loan period and to define exposure limits.



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management (*continued*)

In addition, the Group and the Bank have implemented procedures for monitoring the risks related to the loan portfolio and have defined exposure limits by types of loans, economic sectors, types of collateral, maturity, etc.

The Board of Directors has assigned the responsibility for credit risk management to the Management Board, Credit Committee, and Nonperforming Credit Committee. Moreover, several departments with risk attributions operate within the Bank, reporting to the Head Office Committees with respect to:

- The analysis, assessment and monitoring of specific risks within the lending activity;
- The risk analysis of the loan portfolio/large exposures, with recommendations submitted to the Management Board/Board of Directors;
- Monitoring the observance of internal policies specific to the lending activities;
- Elaborating proposals for the reduction of specific risks, in order to maintain healthy standards in the lending activity;
- Elaborating an efficient credit risk rating process capable of rendering the variable level, nature and determining factors related to credit risk, which could occur in time, so as to ensure in a reasonable manner that all the credit exposures are properly monitored and the ECL-related allowances are properly measured;
- Monitoring the granted loans, in accordance with the client's financial performance, loan type, collateral type and debt service, in accordance with the internal lending policies and procedures;
- The periodic reviews and recommendations to the Management Board on the risk levels accepted by the Group and the Bank;
- The periodical reporting to the Deputy CEO - Chief Risk Officer, Management Board, Audit and Risk Committee and the Board of Directors on the evolution of significant risks (the implications of risk correlation, forecasts etc.);
- Elaborating the methodology for the early identification of credit risks deterioration (early warning system);
- Elaborating processes to be systematically and consistently applied in order to establish proper allowances for the loss in accordance with the applicable accounting regulations in the field of credit risk;
- Establishing and reviewing the back-testing methodology regarding the adequacy of the default probability parameter, the non-repayment status and the provision level related to the Bank's loan portfolio.

As of June 30, 2024, total irrevocable on-balance sheet and off-balance sheet exposures were RON 222,286 thousand (2023: RON 1,384,094 thousand) for the Group and RON 185,763 thousand (2023: RON 1,270,163 thousand) for the Bank.

As of June 30, 2024, the Bank had a total loan exposure of RON 163,847 thousand for which it recorded impairment adjustments of RON 11,212 thousand, of which RON 163,847 thousand collectively analysed exposure and impairment adjustments of RON 11,212 thousand (2023: total exposure RON 1,245,446 thousand and impairment adjustments of RON 108,690 thousand, of which RON 1,231,458 thousand exposure analysed collectively and impairment adjustments of RON 101,974 thousand).



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management (*continued*)

As of June 30, 2024, the Group had a total loan exposure of RON 200,370 thousand, for which it recorded impairment adjustments of RON 21,825 thousand, of which RON 190,962 thousand collectively analysed exposure and impairment adjustments of RON 17,471 thousand (2023: total exposure RON 1,359,260 thousand and impairment adjustments of RON 118,234 thousand, of which RON 1,320,195 thousand exposure analysed collectively and adjustments of RON 109,864 thousand).

The Group and the Bank hold collateral in the form of collateral deposits, mortgages on real estate, and other pledges on equipment.

The Group and the Bank use risk grades for both individually tested and collectively assessed loans. According to the policies applied by the Group and the Bank, a loan can be associated with an appropriate degree of risk, based on a classification on 6 levels: very low risk, low risk, moderate risk, sensitive risk, high risk and the highest degree of risk represented by non-performing loans (default).

The classification of loans by groups is mainly based on the rating systems of the Group's and the Bank's clients, where the classes of performing exposures (classified into the categories below, thus in "very low risk", "low risk", "moderate risk", "sensitive risk", "high risk") are defined in the range R1 - R6 where R6 is considered default rating. The rating is a combination of financial performance and customer debt service. The classification of loans and advances granted to customers and receivables from financial leasing contracts is presented in the tables below:

Very low risk: financial instruments with low default risk, considered to be of the highest quality, and the borrower has a strong ability to meet contractual obligations in a short time.

Low risk: Financial instruments are assessed to be of good quality and are subject to low credit risk. The borrower has a strong ability to fulfil contractual obligations.

Moderate risk: Financial instruments are considered to be of standard quality. The borrower has an average creditworthiness and has the ability to meet debt payment obligations, but may be sensitive to negative changes in economic conditions.

Sensitive risk: financial instruments are assessed to be of substandard quality and the borrower shows financial deterioration but has sufficient cash flow to meet debt payment obligations; may be more vulnerable to adverse economic conditions than the moderate risk category.

High risk: Financial instruments are considered to be of poor quality. The borrower has an increase in credit risk or financial deterioration and is vulnerable to a negative economic situation. The term repayment of the debt is uncertain and depends on a favourable economic and financial environment to avoid default.

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.



Notes to the consolidated and separate financial statements

35. Credit risk management (*continued*)

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

<i>RON thousand</i>	Group		Bank	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Corporate and public institutions	-	-	-	100,072
Small and medium enterprises	-	-	-	842,276
Consumer loans and card loans granted to retail customers	163,735	303,080	163,735	303,080
Loans and finance lease receivables granted by non-banking financial institutions	36,523	1,056,160	-	-
Other	112	18	112	18
Total loans and advances to customers and financial lease receivables before impairment allowance	200,370	1,359,258	163,847	1,245,446
Allowances for impairment losses on loans and financial lease receivables	(21,825)	(118,235)	(11,212)	(108,690)
Total loans and advances to customers and financial lease receivables net of impairment allowance	178,545	1,241,023	152,635	1,136,756



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management

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

	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	Assets impaired at initial recognition (POCI)	June 30, 2024
At amortized cost					
<i>In RON thousand</i>					
Consumer loans and card loans granted to retail customers	147,554	4,336	11,845	-	163,735
Loans and finance lease receivables granted to non-banking financial institutions	12,252	3,838	5,634	14,799	36,523
Other	13	99	-	-	112
Total loans and advances to customers and financial lease receivables before impairment allowance	159,819	8,273	17,479	14,799	200,370
Allowances for impairment losses on loans and financial lease receivables	(2,107)	(1,085)	(12,088)	(6,545)	(21,825)
Total loans and advances to customers and financial lease receivables net of impairment allowance	157,712	7,188	5,391	8,254	178,545

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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

	Very low risk	Low risk	Moderate risk	Sensitive risk	June 30, 2024
Corporate and public institutions	-	-	-	-	-
Small and medium enterprises	-	-	-	-	-
Consumer loans and card loans granted to retail customers	119,394	9,193	11,559	7,409	147,555
Loans and finance lease receivables granted by non-banking financial institutions	5,708	4,138	1,930	475	12,251
Other	10	1	0	2	13
Total loans and advances to customers and financial lease receivables before impairment allowance	125,112	13,332	13,489	7,886	159,819
Allowances for impairment losses on loans and financial lease receivables	(1,225)	(115)	(131)	(636)	(2,107)
Total loans and advances to customers and financial lease receivables net of impairment allowance	123,887	13,218	13,358	7,249	157,712

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1

	0 days	1-15 days	16-30 days	June 30, 2024
Corporate and public institutions				
Small and medium enterprises				
Consumer loans and card loans granted to retail customers	132,456	14,516	583	147,555
Loans and finance lease receivables granted by non-banking financial institutions	9,728	1,929	594	12,251
Other	13	-	-	13
Total loans and advances to customers and financial lease receivables before impairment allowance	142,197	16,445	1,177	159,819
Allowances for impairment losses on loans and financial lease receivables	(1,664)	(390)	(53)	(2,107)
Total loans and advances to customers and financial lease receivables net of impairment allowance	140,533	16,055	1,124	157,712

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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 2	Low-moderate risk	Sensitive risk	High risk	June 30, 2024
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	719	921	2,696	4,336
Loans and finance lease receivables granted by non-banking financial institutions	2,367	682	789	3,838
Other	-	99	-	99
Total loans and advances to customers and financial lease receivables before impairment allowance	3,086	1,702	3,485	8,273
Allowances for impairment losses on loans and financial lease receivables	(48)	(130)	(906)	(1,085)
Total loans and advances to customers and financial lease receivables net of impairment allowance	3,038	1,571	2,579	7,188

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	June 30, 2024
Corporate and public institutions	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	2,008	1,881	447	4,336
Loans and finance lease receivables granted by non-banking financial institutions	3,072	339	427	3,838
Other	99	-	-	99
Total loans and advances to customers and financial lease receivables before impairment allowance	5,179	2,220	874	8,273
Allowances for impairment losses on loans and financial lease receivables	(253)	(539)	(293)	(1,085)
Total loans and advances to customers and financial lease receivables net of impairment allowance	4,926	1,681	581	7,188



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, impaired, Stage 3	0-30 days	31-60 days	61-90 days	Over 90 days	June 30, 2024
Corporate and public institutions					
Small and medium enterprises					
Consumer loans and card loans granted to retail customers	5,093	2,559	2,123	2,069	11,844
Loans and finance lease receivables granted by non-banking financial institutions	167	514	350	4,604	5,635
Other					
Total loans and advances to customers and financial lease receivables before impairment allowance	5,260	3,073	2,473	6,673	17,479
Allowances for impairment losses on loans and financial lease receivables	(3,714)	(1,941)	(1,625)	(4,808)	(12,088)
Total loans and advances to customers and financial lease receivables net of impairment allowance	1,546	1,132	848	1,865	5,391

The exposures to credit risk for loans and advances to customers and financial lease receivables at Group consolidated level, as at 31 December 2023, are presented below:

At amortized cost <i>In RON thousand</i>	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	December 31, 2023
Consumer loans and card loans granted to retail customers	221,844	17,302	63,934	303,080
Loans and finance lease receivables granted to non-banking financial institutions	762,486	170,606	123,068	1,056,160
Other	17	-	1	18
Total loans and advances to customers and financial lease receivables before impairment allowance	984,347	187,908	187,003	1,359,258
Allowances for impairment losses on loans and financial lease receivables	(6,342)	(6,521)	(105,372)	(118,235)
Total loans and advances to customers and financial lease receivables net of impairment allowance	978,005	181,387	81,631	1,241,023

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



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	Very low risk	Low risk	Moderate risk	Sensitive risk	December 31, 2023
Corporate and public institutions	-	-	-	-	-
Small and medium enterprises	-	-	-	-	-
Consumer loans and card loans granted to retail customers	179,591	19,035	13,916	9,302	221,844
Loans and finance lease receivables granted by non-banking financial institutions	415,990	187,532	128,726	30,239	762,486
Other	13	3	-	1	17
Total loans and advances to customers and financial lease receivables before impairment allowance	595,594	206,570	142,642	39,542	984,347
Allowances for impairment losses on loans and financial lease receivables	(3,272)	(1,234)	(659)	(1,177)	(6,342)
Total loans and advances to customers and financial lease receivables net of impairment allowance	602,757	205,336	141,983	38,365	978,005

Gross value of loans and advances, lease receivables granted to clients, not impaired, Stage 1	0 days	1-15 days	16-30 days	December 31, 2023
Corporate and public institutions	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	207,040	14,264	540	221,844
Loans and finance lease receivables granted by non-banking financial institutions	629,224	118,522	14,740	762,486
Other	17	-	-	17
Total loans and advances to customers and financial lease receivables before impairment allowance	836,281	132,786	15,280	984,347
Allowances for impairment losses on loans and financial lease receivables	(5,551)	(639)	(101)	(6,342)
Total loans and advances to customers and financial lease receivables net of impairment allowance	830,731	132,096	15,178	978,005

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	December 31, 2023
Corporate and public institutions	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	5,748	6,799	4,755	17,302
Loans and finance lease receivables granted by non-banking financial institutions	66,858	86,058	17,691	170,606
Other	-	-	-	-
Total loans and advances to customers before impairment allowance	72,606	92,857	22,446	187,908
Allowances for impairment losses on loans	(828)	(2,851)	(2,843)	(6,521)
Total loans and advances to customers net of impairment allowance	71,778	90,006	19,603	181,387

Gross value of loans and advances granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	December 31, 2023
Corporate and public institutions	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	13,074	3,336	892	17,302
Loans and finance lease receivables granted by non-banking financial institutions	158,911	11,494	170	170,606
Other	-	-	-	-
Total loans and advances to customers before impairment allowance	171,985	14,830	1,062	187,908
Allowances for impairment losses on loans	(4,046)	(1,936)	(537)	(6,521)
Total loans and advances to customers net of impairment allowance	167,939	12,894	525	181,387



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, impaired, Stage 3	0-30 days	31-60 days	61-90 days	Over 90 days	December 31, 2023
Corporate and public institutions	-	-	-	-	-
Small and medium enterprises	-	-	-	-	-
Consumer loans and card loans granted to retail customers	4,473	2,935	2,876	53,650	63,934
Loans and finance lease receivables granted by non-banking financial institutions	57,459	30,920	8,217	26,472	123,068
Other	1	-	-	-	1
Total loans and advances to customers and financial lease receivables before impairment allowance	61,933	33,855	11,093	80,122	187,003
Allowances for impairment losses on loans and financial lease receivables	(24,687)	(14,903)	(5,859)	(59,923)	(105,372)
Total loans and advances to customers and financial lease receivables net of impairment allowance	37,246	18,953	5,233	20,199	81,631

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

At amortized cost	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	June 30, 2024
<i>In RON thousand</i>				
Corporate and public institutions	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	147,554	4,336	11,845	163,735
Other	13	99	-	112
Total loans and advances to customers before impairment allowance	147,567	4,435	11,845	163,847
Allowances for impairment losses on loans	(2,047)	(961)	(8,204)	(11,212)
Total loans and advances to customers net of impairment allowance	145,520	3,474	3,641	152,635

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 1	Very low risk	Low risk	Moderate risk	Sensitive risk	June 30, 2024
Corporate and public institutions	-	-	-	-	-
Small and medium enterprises	-	-	-	-	-
Consumer loans and card loans granted to retail customers	119,393	9,193	11,559	7,409	147,554
Other	10	1	-	2	13
Total loans and advances to customers before impairment allowance	119,403	9,194	11,559	7,411	147,567
Allowances for impairment losses on loans	(1,199)	(94)	(122)	(632)	(2,047)
Total loans and advances to customers net of impairment allowance	118,204	9,100	11,437	6,779	145,520

Gross value of loans and advances granted to clients, not impaired, Stage 1	0 days	1-15 days	16-30 days	June 30, 2024
Corporate and public institutions	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	132,455	14,516	583	147,554
Other	13	-	-	13
Total loans and advances to customers before impairment allowance	132,468	14,516	583	147,567
Allowances for impairment losses on loans	(1,617)	(381)	(49)	(2,047)
Total loans and advances to customers net of impairment allowance	130,851	14,135	534	145,520



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 2

	Low-moderate risk	Sensitive risk	High risk	June 30, 2024
Corporate and public institutions	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	719	921	2,696	4,336
Other	-	99	-	99
Total loans and advances to customers before impairment allowance	719	1,020	2,696	4,435
Allowances for impairment losses on loans	(19)	(112)	(830)	(961)
Total loans and advances to customers net of impairment allowance	700	908	1,866	3,474

Gross value of loans and advances granted to clients, not impaired, Stage 2

	0-30 days	31-60 days	61-90 days	June 30, 2024
Corporate and public institutions	-	-	-	-
Small and medium enterprises	-	-	-	-
Consumer loans and card loans granted to retail customers	2,008	1,881	447	4,336
Other	99	-	-	99
Total loans and advances to customers before impairment allowance	2,107	1,881	447	4,435
Allowances for impairment losses on loans	(205)	(527)	(229)	(961)
Total loans and advances to customers net of impairment allowance	1,902	1,354	218	3,474



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management (continued)

Gross value of loans and advances granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	over 90 days	June 30, 2024
Corporate and public institutions	-	-	-	-	-
Small and medium enterprises	-	-	-	-	-
Consumer loans and card loans granted to retail customers	5,094	2,559	2,123	2,069	11,845
Other	-	-	-	-	-
Total loans and advances to customers before impairment allowance	5,094	2,559	2,123	2,069	11,845
Allowances for impairment losses on loans	(3,581)	(1,771)	(1,457)	(1,395)	(8,204)
Total loans and advances to customers net of impairment allowance	1,513	788	666	674	3,641

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

	Assets for which the credit risk has not increased significantly since the initial recognition (Stage 1)	Assets for which the credit risk has significantly increased since the initial recognition, but which are not impaired (Stage 2)	Assets impaired at the reporting date (Stage 3)	December 31, 2023
At amortized cost				
<i>In RON thousand</i>				
Corporate and public institutions	76,062	20,680	3,330	100,072
Small and medium enterprises	615,255	119,519	107,502	842,276
Consumer loans and card loans granted to retail customers	221,844	17,302	63,934	303,080
Other	17	-	1	18
Total loans and advances to customers before impairment allowance	913,178	157,501	174,767	1,245,446
Allowances for impairment losses on loans	(5,644)	(5,351)	(97,695)	(108,690)
Total loans and advances to customers net of impairment allowance	907,534	152,150	77,072	1,136,756

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed 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 Bank level, as at December 31, 2023, are presented below:

Gross value of loans and advances granted to clients, not impaired, Stage 1	Very low risk	Low risk	Moderate risk	Sensitive risk	December 31, 2023
Corporate and public institutions	42,888	25,493	6,055	1,626	76,062
Small and medium enterprises	346,581	140,248	103,476	24,950	615,255
Consumer loans and card loans granted to retail customers	179,591	19,035	13,916	9,302	221,844
Other	13	3	-	1	17
Total loans and advances to customers before impairment allowance	569,073	184,779	123,447	35,879	913,178
Allowances for impairment losses on loans	(3,096)	(851)	(575)	(1,122)	(5,644)
Total loans and advances to customers net of impairment allowance	565,977	183,928	122,872	34,757	907,534

Gross value of loans and advances granted to clients, not impaired, Stage 1	0 days	1-15 days	16-30 days	December 31, 2023
Corporate and public institutions	70,005	6,057	-	76,062
Small and medium enterprises	509,430	95,515	10,310	615,255
Consumer loans and card loans granted to retail customers	207,040	14,264	540	221,844
Other	17	-	-	17
Total loans and advances to customers before impairment allowance	786,492	115,836	10,850	913,178
Allowances for impairment losses on loans	(4,964)	(610)	(70)	(5,644)
Total loans and advances to customers net of impairment allowance	781,528	115,226	10,780	907,534

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

35. Credit risk management (continued)

Gross value of loans and advances granted to clients, not impaired, Stage 2	Low-moderate risk	Sensitive risk	High risk	December 31,2023
Corporate and public institutions	16,296	3,631	753	20,680
Small and medium enterprises	38,277	67,843	13,399	119,519
Consumer loans and card loans granted to retail customers	5,748	6,799	4,755	17,302
Other	-	-	-	-
Total loans and advances to customers before impairment allowance	60,321	78,273	18,907	157,501
Allowances for impairment losses on loans	(549)	(2,168)	(2,634)	(5,351)
Total loans and advances to customers net of impairment allowance	59,772	76,105	16,273	152,150

Gross value of loans and advances granted to clients, not impaired, Stage 2	0-30 days	31-60 days	61-90 days	December 31,2023
Corporate and public institutions	20,631	49	-	20,680
Small and medium enterprises	113,095	6,252	172	119,519
Consumer loans and card loans granted to retail customers	13,074	3,336	892	17,302
Other	-	-	-	-
Total loans and advances to customers before impairment allowance	146,800	9,637	1,064	157,501
Allowances for impairment losses on loans	(3,165)	(1,649)	(537)	(5,351)
Total loans and advances to customers net of impairment allowance	143,635	7,988	527	152,150

Gross value of loans and advances granted to clients, impaired, Stage 3	0-30 days	31-60 days	61-90 days	over 90 days	December 31,2023
Corporate and public institutions	1,814	909	-	607	3,330
Small and medium enterprises	56,673	20,534	7,687	22,608	107,502
Consumer loans and card loans granted to retail customers	4,473	2,935	2,876	53,650	63,934
Other	1	-	-	-	1
Total loans and advances to customers before impairment allowance	62,961	24,378	10,563	76,865	174,767
Allowances for impairment losses on loans	(24,737)	(10,809)	(5,520)	(56,629)	(97,695)
Total loans and advances to customers net of impairment allowance	38,224	13,569	5,043	20,236	77,072

The explanatory notes to the financial statements from page 11 to page 75 are an integral part of these financial statements.



Notes to the interim condensed consolidated and separate financial statements

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

The subsequent events to the date of the interim condensed consolidated and individual financial position affecting these financial statements are related to the decision of the Ordinary General Meeting of Shareholders of Avant Leasing IFN S.A. dated 30.07.2024 to distribute the dividends for 2023 in the amount of RON 38 million to shareholders, of which 88.6713% went to SALT Bank S.A..

The financial statements were approved by the Board of Directors on August 26, 2024 and were signed on behalf of the Board by:

Gabriela NISTOR,
Chief Executive Officer

Gabriela ANDREI,
Financial Executive Director

STATEMENT

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, 2024 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, 2024;
- b) The interim condensed consolidated and separated statements, prepared as at June 30, 2024 offer a true image of the assets, liabilities, financial position, profit and loss account of SALT BANK S.A. and its group;
- c) SALT 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

20th of August 2024

Refer to the original signed Romanian version

Translator's explanatory note: The above is provided as a free translation form Romanian which is the official and binding version