



Banca Comercială Română S. A.
No. CFO Office: **14/10.08.2021**
Supervisory Board

Semi-Annual Administrators' Report

as at 30 June 2021

This report is prepared in accordance with requirements of ASF Regulation 5/2018.

Report issued: 05 August 2021

| | |
|--|--|
| Name of legal entity: | Banca Comercială Română S.A. |
| Headquarters: | 159 Calea Plevnei street, Sector 6, Bucharest, postal code 060013 |
| Contact: | |
| | Tel No. InfoBCR: 0800.801.227 +4021.407.42.00 |
| | Website www.bcr.ro |
| | Email: contact.center@bcr.ro |
| Registration Number in the Trade Register: | J40/90/1991 |
| Banking Register Number: | RB-PJR-40-008/18.02.1999 |
| Notification registered as Personal Data Operator at ANSPDCP under No: | 3776 and 3772 |
| Subscribed and paid-up capital: | 1,625,341,625.40 lei |
| The regulated market on which the bonds are issued: | Luxemburg Stock Exchange (www.bourse.lu) Bucharest Stock Exchange (www.bvb.ro) |
| The main characteristics of the bonds issued by BCR S.A. | Issuance in amount of EUR 2,000,000, ISIN XS0675038649 Issuance in amount of RON 600,000,000, ISIN ROEAZVK5DFP8 Issuance in amount of RON 1,000,000,000, ISIN RO1AQREPLMW7 |



1. Economic and financial statements

1.1 Company presentation

Banca Comerciala Romana (BCR) was established in 1990, when it took over the commercial operations of the National Bank of Romania. Today, BCR Group (member of Erste Group) is one of the most important financial group in Romania, including universal banking operations (retail, corporate & investment banking, treasury and capital markets) as well as leasing companies, private pension and housing banks.

The Bank offers a complete range of financial services and financial solutions dedicated to each stage of the financial cycle in a lifetime, as a "one-stop shop": savings, investment, lending, consulting and advisory, leasing. BCR encourages long-term relationships with its clients belonging to all segments, offers affordable and transparent products, but also personalized consulting services.

Network

BCR offers a full range of financial products and services through a network of 18 commercial centres and area centres and 16 mobile offices dedicated to companies and 370 retail units located in the majority cities with a population of over 10,000 inhabitants from all across the country.

Bank and subsidiaries

During 2021, Banca Comerciala Romana Group ("BCR Group" or "the Group") comprised the parent bank, Banca Comerciala Romana S.A. and its subsidiaries, presented in the following table:

| Company's Name | Country of incorporation | Nature of the business | Shareholding | |
|---|--------------------------|-------------------------|--------------|------------------|
| | | | 30 June 2021 | 31 December 2020 |
| BCR Chisinau SA | Moldova | Banking | 100.00% | 100.00% |
| BCR Leasing IFN SA | Romania | Financial leasing | 99.97% | 99.97% |
| BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA | Romania | Pension Fund Management | 99.99% | 99.99% |
| BCR Banca pentru Locuinte SA | Romania | Housing loans | 99.99% | 99.99% |
| Suport Colect SRL | Romania | Workout | 99.99% | 99.99% |
| BCR Payments Services SRL | Romania | Payments transactions | 99.99% | 99.99% |
| BCR Fleet Management SRL* | Romania | Operational leasing | 99.97% | 99.97% |

* Company held indirectly by BCR through BCR Leasing SA

The participation held in Fleet Management SRL was maintained as asset held for sale during 2021.

Group structure has not changed since 31 December 2020.



1. Economic and financial statements (continued)

1.2 Financial accounting statements

| In RON thousands | Group | | | Bank | | |
|---|-------------------|-------------------|-----------------|-------------------|-------------------|-----------------|
| | 30.06.2021 | 31.12.2020 | H1 2021/ 2020 % | 30.06.2021 | 31.12.2020 | H1 2021/ 2020 % |
| Assets | | | | | | |
| Cash and cash balances | 10,851,882 | 10,538,199 | 3.0% | 10,628,245 | 10,193,736 | 4.3% |
| Financial assets held for trading | 1,013,555 | 1,248,822 | -18.8% | 1,013,555 | 1,248,822 | -18.8% |
| Derivatives | 410,12 | 39,891 | 2.8% | 410,12 | 39,891 | 2.8% |
| Other financial assets held for trading | 972,543 | 1,208,931 | -19.6% | 972,543 | 1,208,931 | -19.6% |
| Non-trading financial assets mandatorily at fair value through profit or loss | 68,130 | 104,739 | -35.0% | 67,895 | 104,504 | -35.0% |
| Equity instruments | 35,238 | 75,033 | -53.0% | 35,003 | 74,798 | -53.2% |
| Debt securities | 31,286 | 27,781 | 12.6% | 31,286 | 27,781 | 12.6% |
| Loans and advances to customers | 1,606 | 1,925 | -16.6% | 1,606 | 1,925 | -16.6% |
| Financial assets at fair value through other comprehensive income | 8,308,171 | 7,536,126 | 10.2% | 8,241,318 | 7,511,525 | 9.7% |
| Debt securities | 8,308,171 | 7,536,126 | 10.2% | 8,241,318 | 7,511,525 | 9.7% |
| Financial assets at amortised cost | 58,503,245 | 57,990,947 | 0.9% | 58,949,589 | 57,372,656 | 2.7% |
| Debt securities | 14,217,455 | 14,827,570 | -4.1% | 14,039,671 | 13,986,991 | 0.4% |
| thereof pledged as collateral | 289,367 | 421,310 | -31.3% | 1,746,382 | 1,416,847 | 23.3% |
| Loans and advances to banks | 1,308,921 | 2,028,021 | -35.5% | 1,308,807 | 2,026,208 | -35.4% |
| Loans and advances to customers | 42,976,869 | 41,135,356 | 4.5% | 43,601,111 | 41,359,457 | 5.4% |
| Finance lease receivables | 1,393,084 | 1,301,380 | 7.0% | 1,278,1 | 15,106 | -15.4% |
| Property and equipment | 820,366 | 863,743 | -5.0% | 765,089 | 803,005 | -4.7% |
| Investment property | 150,499 | 171,860 | -12.4% | 150,499 | 171,860 | -12.4% |
| Intangible assets | 332,749 | 348,900 | -4.6% | 322,342 | 339,662 | -5.1% |
| Investments in joint ventures and associates | 39,053 | 39,031 | 0.1% | 33,470 | 33,470 | 0.0% |
| Current tax assets | 165,156 | 230,979 | -19.8% | 162,155 | 227,831 | -20.0% |
| Deferred tax assets | 165,661 | 173,378 | -4.5% | 157,092 | 165,784 | -5.2% |
| Assets held for sale | 546,097 | 625,253 | -12.7% | 54,643 | 92,247 | -71.6% |
| Trade and other receivables | 500,962 | 563,885 | -11.2% | 485,703 | 548,097 | -11.4% |
| Investments in subsidiaries | - | - | x | 448,521 | 448,521 | 0.0% |
| Other assets | 297,380 | 249,430 | 19.2% | 199,443 | 161,407 | 23.6% |
| Total assets | 83,175,990 | 81,986,672 | 1.5% | 81,712,310 | 79,538,233 | 2.7% |
| Liabilities and Equity | | | | | | |
| Financial liabilities held for trading | 35,597 | 52,051 | -31.6% | 35,597 | 52,051 | -31.6% |
| Derivatives | 35,597 | 52,051 | -31.6% | 35,597 | 52,051 | -31.6% |
| Financial liabilities measured at amortised cost | 70,382,127 | 69,847,085 | 0.8% | 70,010,897 | 68,527,999 | 2.2% |
| Deposits from banks | 3,042,403 | 3,606,774 | -15.6% | 3,749,866 | 3,579,224 | 4.8% |
| Deposits from customers | 64,712,545 | 64,876,774 | -0.3% | 63,648,415 | 63,591,718 | 0.1% |
| Debt securities issued | 1,635,524 | 614,801 | 166.0% | 1,635,524 | 614,801 | 166.0% |
| Other financial liabilities | 99,1655 | 748,736 | 32.4% | 977,092 | 742,256 | 31.6% |
| Finance lease liabilities | 432,852 | 428,737 | 1.0% | 432,329 | 426,424 | 1.4% |
| Provisions | 1,892,135 | 1,857,633 | 1.9% | 1,212,381 | 1,145,984 | 5.8% |
| Current tax liabilities | 67,114 | 2,985 | 2148.4% | 64,286 | - | x |
| Deferred tax liabilities | 14,482 | 11,833 | 22.4% | - | - | x |
| Liabilities associated with assets held for sale | 113,139 | 150,294 | -25.9% | - | - | x |
| Other liabilities | 279,645 | 291,133 | -3.9% | 230,557 | 234,409 | -1.6% |
| Total equity | 9,960,719 | 9,344,921 | 6.6% | 9,726,263 | 9,151,366 | 6.3% |
| Share capital | 2,952,565 | 2,952,565 | 0.0% | 2,952,565 | 2,952,565 | 0.0% |
| Retained earnings | 5,224,517 | 4,630,443 | 12.8% | 4,974,604 | 4,419,688 | 12.6% |
| Other reserves | 1,783,637 | 1,761,913 | 1.2% | 1,799,094 | 1,779,113 | 1.1% |
| attributable to non-controlling interest | 45 | 43 | 4.7% | - | - | x |
| attributable to owners of the parent | 9,960,674 | 9,344,878 | 6.6% | - | - | x |
| Total liabilities and equity | 83,175,990 | 81,986,672 | 1.5% | 81,712,310 | 79,538,233 | 2.7% |

As at 30 June 2021, total assets of the Group increased to RON 83,175,990 thousand versus RON 81,986,672 thousand as at 31st of December 2020. The significant variations are described in chapter 2.3 "Issuer's performance"



1. Economic and financial statements (continued)

1.2 Financial accounting statements (continued)

Statement of income

| in RON thousands | Group | | | Bank | | |
|--|----------------|----------------|--------------------|----------------|----------------|--------------------|
| | 30.06.2021 | 30.06.2020 | H1 2021/ H1 2020 % | 30.06.2021 | 30.06.2020 | H1 2021/ H1 2020 % |
| Net interest income | 1,196,032 | 1,187,833 | 0.7% | 1,140,572 | 1,125,579 | 1.3% |
| Interest income | 1,359,316 | 1,413,483 | -4.0% | 1,294,867 | 1,339,890 | -3.5% |
| Interest expense | (163,284) | (225,650) | -38.2% | (154,295) | (214,311) | -38.9% |
| Net fee and commission income | 383,774 | 316,235 | 17.6% | 353,750 | 296,557 | 16.2% |
| Fee and commission income | 499,389 | 417,111 | 16.5% | 463,744 | 391,162 | 15.7% |
| Fee and commission expense | (115,615) | (100,876) | 12.7% | (109,994) | (94,605) | 14.0% |
| Dividend income | 3,148 | 3,312 | -5.2% | 4,243 | 3,274 | 22.8% |
| Net trading result | 171,466 | 142,922 | 16.6% | 171,126 | 141,841 | 17.1% |
| Gain/(losses) from financial instruments measured at fair value through profit or loss | 2,649 | (25) | 100.9% | 2,649 | (25) | 100.9% |
| Net result from equity method investments | 385 | (442) | 214.8% | - | - | x |
| Rental income from investment properties and other operating leases | 56,838 | 53,702 | 5.5% | 2,981 | 4,870 | -63.4% |
| Personnel expenses | (384,272) | (411,059) | -7.0% | (355,103) | (348,958) | 1.7% |
| Other administrative expenses | (302,486) | (288,177) | 4.7% | (297,273) | (298,462) | -0.4% |
| Depreciation and amortisation | (115,018) | (106,058) | 7.8% | (109,809) | (100,085) | 8.9% |
| Net impairment loss on financial instruments | (77,234) | (169,935) | -120.0% | (59,522) | (157,077) | -163.9% |
| Other operating result | (91,588) | (56,559) | 38.2% | (56,367) | (22,903) | 59.4% |
| Pre-tax result from continuing operations | 843,694 | 671,749 | 20.4% | 797,247 | 644,611 | 19.1% |
| Taxes on income | (152,885) | (172,870) | -13.1% | (145,641) | (166,243) | -14.1% |
| Net result for the period | 690,809 | 498,879 | 27.8% | 651,606 | 478,368 | 26.6% |
| Net result attributable to non-controlling interests | 2 | 2 | 0.0% | - | - | x |
| Net result attributable to owners of the parent | 690,807 | 498,877 | 27.8% | 651,606 | 478,368 | 26.6% |



1. Economic and financial statements (continued)

1.2 Financial accounting statements (continued)

Statement of cash flows

| in RON thousands | Group | | | Bank | | |
|---|--------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| | 30.06.2021 | 30.06.2020 | H1 2021/ H1 2020 % | 30.06.2021 | 30.06.2020 | H1 2021/ H1 2020 % |
| Net result for the period | 690,809 | 498,879 | 38% | 651,606 | 478,368 | 36% |
| Non-cash adjustments for items in net profit/(loss) for the year | | | | | | |
| Depreciation, amortisation of assets | 15,018 | 106,058 | 8% | 109,809 | 100,085 | 10% |
| Allocation to and release of impairment of loans | 50,869 | 37,100 | -86% | 39,901 | 353,660 | -89% |
| Gains/(losses) from the sale of tangible, intangible assets and assets held for sale | (93,641) | 5,378 | -184% | (18,296) | 2,888 | -733% |
| Other provisions | 34,588 | - | x | 66,397 | - | x |
| Impairment tangible and intangible assets | 44,510 | - | x | 25 | - | x |
| Interest income received from investing activities | (325,592) | (339,919) | -4% | (317,765) | (324,081) | -2% |
| Interest expense paid for financing activities | 102,696 | 56,203 | 83% | 38,781 | 61,546 | -37% |
| Dividend income from investing activities | - | - | x | (722) | - | x |
| Other adjustments | (34,815) | (47,754) | -27% | 2,172 | (33,305) | -107% |
| Changes in assets and liabilities from operating activities after adjustment for non-cash components | | | | | | |
| Financial assets - held for trading | 236,389 | (114,632) | -306% | 236,389 | (114,632) | -306% |
| Financial assets - at fair value through profit or loss | 319 | - | x | 319 | - | x |
| Financial assets at fair value through other comprehensive income | (775,897) | (37,067) | 1993% | (735,662) | 925 | -7968% |
| Financial assets at amortised cost | | | | | | |
| Loans and advances to banks | 719,100 | 222,707 | 223% | 719,940 | 226,874 | 217% |
| Loans and advances to customers | (1829,784) | (855,902) | 114% | (2,220,601) | (1,084,996) | 105% |
| Finance lease receivables | (9,170) | - | x | 2,324 | - | x |
| Other assets from operating activities | 81903 | (60,807) | -235% | 97,976 | (72,853) | -234% |
| Deposits from banks | (217,234) | (713,920) | -70% | 318,311 | (669,428) | -148% |
| Deposits from customers | (64,229) | 1,764,075 | -109% | 56,697 | 1,905,845 | -97% |
| Other financial liabilities | 242,919 | 244,984 | -1% | 234,836 | 233,304 | 1% |
| Other liabilities from operating activities | (14,423) | (20,517) | -30% | (3,854) | 8,681 | -144% |
| Cash flow from operating activities | (1,228,197) | 1,078,774 | -214% | (722,317) | 1,072,880 | -167% |
| Proceeds of disposal | | | | | | |
| Financial assets at fair value through other comprehensive income | 1,867,749 | - | x | 919,974 | - | x |
| Property and equipment, intangible assets, investment properties and assets held for sale | 201,176 | 39,016 | 416% | 190,705 | 31,902 | 498% |
| Acquisition of | | | | | | |
| Debt securities at amortised cost | (1,257,310) | 817,538 | -254% | (972,754) | 320,901 | -403% |
| Property and equipment, intangible assets and investment properties | (37,395) | (195,816) | -8% | (40,654) | (165,034) | -74% |
| Contribution to increase in share capital of subsidiaries | - | (4,535) | -100% | - | (4,535) | -100% |
| Interest received from investing activities | 325,592 | 339,897 | -4% | 317,765 | 324,081 | -2% |
| Dividends received from investing activities | - | - | x | 722 | - | x |
| Cash flow from investing activities | 1,099,813 | 996,100 | 10% | 415,758 | 517,315 | -20% |
| Dividends paid to equity holders of the parent | (7,1695) | - | x | (7,1695) | - | x |
| Dividends paid to non-controlling interests | (84) | - | x | (84) | - | x |
| Debt securities issued | 1,000,000 | (141,488) | -807% | 1,000,000 | (141,488) | -807% |
| Outflows from other financing activities | (456,258) | (329,685) | 38% | (160,205) | (57,635) | 178% |
| Interest expense paid for financing activities | (29,896) | (37,594) | -20% | (26,979) | (28,845) | -6% |
| Other financing activities | (6,599) | (13,413) | -5% | (3,682) | (4,664) | -21% |
| Subordinated loans | (23,297) | (24,181) | -4% | (23,297) | (24,181) | -4% |
| Cash flow from financing activities | 442,067 | (508,767) | -187% | 741,037 | (227,968) | -425% |
| Cash and cash equivalents at beginning of period | 10,538,199 | 9,006,518 | 17% | 10,193,736 | 8,724,971 | 17% |
| Cash flow from operating activities | (1,228,197) | 1,078,774 | -214% | (722,317) | 1,072,880 | -167% |
| Cash flow from investing activities | 1,099,813 | 996,100 | 10% | 415,758 | 517,315 | -20% |
| Cash flow from financing activities | 442,067 | (508,767) | -187% | 741,037 | (227,968) | -425% |
| Cash and cash equivalents at end of period | 10,851,882 | 10,572,625 | 3% | 10,628,215 | 10,087,198 | 5% |

As at 30 June 2021, liquidity indicator calculated in accordance with NBR Regulation 25/2011 subsequently amended and supplemented was between 1.57 and 21.42 (considering the remaining maturity of assets and liabilities), while as at 31st of December 2020 was between 1.68 and 26.94.

2. Analysis of the issuer's activity

2.1. Outlook on issuer's activity

2021 – 2022 economic outlook

Our GDP growth forecast stands at +6.7% in 2021 and +4.5% in 2022.

Most mobility and business restrictions are already lifted, and large urban areas have significant immunization rates, enabling active population to resume consumer spending.

Inflows of EU funds from the Recovery and Resilience Program on top of allocation from the Multiannual Financial Framework should keep GDP growth close to 5.0% over the next five years. Our baseline scenario assumes that the government taps the allocated EU funds, though we considered a quite conservative GDP growth multiplier from state investments. The government has committed to a series of structural reforms, including pensions and state wage bills to address the rigid structure of government expenditures, in the agreement with the European Commission for the Recovery and Resilience Facility. The risk to our call is that the politicians would turn complacent due to significant resources and this would lead to reform fatigue, delaying the EU inflows and even risking losing some of the allocated funding as unpopular decisions are likely to be avoided as we approach 2024 with its heavy election calendar.

Over the next couple of years, risks are related to the immunization campaign and possible resurgence of new Covid waves triggered by new strains if the vaccination process stumbles.

The inflation resurgence after the heavy fiscal stimulus in the US in the context of ultra-loose monetary policy conditions across the globe could force central banks to pre-emptively raise interest rates before the recovery is well entrenched, derailing the strong growth prospects.

Balance Sheet developments

Loan production will continue to be key growth driver for the balance sheet, BCR Group expecting a high-single digit increase in 2021, sustained by both Retail and Corporate segments.

Retail loans portfolio is assumed to increase in 2021 on the account of dynamic consumer lending and strong mortgages, housing standard being predominant within growth composition. Corporate is expected to see in 2021 a high-single digit increase in lending portfolio, with positive developments in almost in all segments.

On the **liabilities side**, deposits will continue their upward trend in line with BCR strategy to capitalize on its customer deposit base and with focus on digitalization.

Income Statements developments

Net interest income will be expected to improve marginally in 2021 on the back of loose monetary policy during 2020-2021.

Following the decrease in 2020, second key income component, **net fee and commission income**, is expected to recover in 2021 driven by card payments and brokerage fees despite the challenging environment. **Net trading result** backslides in 2021 on base effect due to better results in trading activities of the previous year.

2. Analysis of the issuer's activity (continued)

2.1. Outlook on issuer's activity (continued)

In the current context, **operating income** will speed up in 2021.

Lower **operating expense** in 2021 vs. 2020 is targeted in an effort to improve operating efficiency underpinned by good cost management.

Lower **risk cost** forecasted for end of 2021 as compared to previous year, given the bank's conservative approach of provisioning in 2020, anticipating COVID-19 crisis' lagged effects (implementation of stage overlays methodology, update of risk parameters with new, worse forward-looking information, more conservative thresholds used in staging, unlikely to pay assessment performed for clients with payment deferral measures under COVID-19 moratoria), corroborated with better than expected 2021 results in terms of asset quality.

Based on the above-mentioned expected performance, BCR Group aims to deliver a double-digit return on equity (ROE) by the end of 2021.

2.2. Issuer's tangible assets

Currently BCR S.A. has a portfolio of 98 properties, located in 39 counties and in Bucharest. The largest number of properties are located in Bucharest - 10 units, in Hunedoara and Vaslui - 4 units in each county, and the remaining 80 properties being located in other counties in Romania.

In 2019, BCR S.A. decided to pursue a strategy of optimizing the network of branches and headquarter buildings by selling certain properties. The sale is followed in most cases by signing of a lease-back contract. The implementation of this strategy continued in 2021.

In the first 6 months of 2021, BCR sold 26 properties:

in RON thousands

| Standard | No. | Gross Book Value | Cumulated Depreciation | Cumulated Impairment | Net Book Value |
|--------------|-----------|------------------|------------------------|----------------------|----------------|
| IAS 16 | 18 | 24,025 | (6,395) | (2,004) | 15,625 |
| IFRS 5 | 3 | 159,531 | - | (21,676) | 137,855 |
| IAS 40 | 5 | 25,921 | (4,386) | (2,770) | 18,765 |
| Total | 26 | 209,477 | (10,781) | (26,450) | 172,246 |

For 17 of these BCR continued to use the related space following a lease-back contract that partially or fully covers the space.

As of 30.06.2021 net tangible assets amounted to RON 915,588 thousand, of which investment property in amount of RON 150,499 thousand.

Description and analysis of depreciation degree of Bank's property

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are as follows:

- Buildings 30 to 50 years (mainly 50 years)
- Office equipment 3 to 10 years
- Other furniture and equipment 3 to 10 years



2. Analysis of the issuer's activity (continued)

2.3. Issuer's performance¹

BCR achieved a **net profit of RON 690.8 million (EUR 140.9 million) in H1 2021**, up by 38.5% against RON 498.9 million (EUR 103.6 million) in H1 2020, on the back of both improved operating performance mainly due to higher business volume and lower risk costs allocation.

Operating result improved by 12.7% to **RON 1,012.5 million (EUR 206.6 million) in H1 2021** from to RON 898.2 million (EUR 186.5 million) in H1 2020, on the back of higher operating income along with lower operating expenses.

Net interest income slightly improved by 0.7% to **RON 1,196.0 million (EUR 244.0 million) in H1 2021**, from RON 1,187.8 million (EUR 246.6 million) in H1 2020, driven by higher loan and deposit volumes in both retail and corporate, partly offset by lower market rates.

Net fee and commission income strongly increased by 21.4%, to **RON 383.8 million (EUR 78.3 million) in H1 2021**, from RON 316.2 million (EUR 65.6 million) in H1 2020, on the back of higher transaction business compared to lower business activity and measures implemented for supporting clients during the pandemic context.

Net trading result increased by 21.8%, to **RON 174.1 million (EUR 35.5 million) in H1 2021**, from RON 142.9 million (EUR 29.7 million) in H1 2020, mainly driven by higher trading activity.

Operating income increased by 6.5%, to **RON 1,814.3 million (EUR 370.2 million) in H1 2021**, from RON 1,703.5 million (EUR 353.6 million) in H1 2020, driven by higher business volumes.

General administrative expenses reached **RON 801.8 million (EUR 163.6 million) in H1 2021**, down by 0.4% in comparison to RON 805.3 million (EUR 167.2 million) in H1 2020, mainly due to positive impact from the deconsolidation of CIT One subsidiary as well as slightly lower contribution to deposit insurance fund in 2021.

As such, **cost-income ratio** improved to **44.2% in H1 2021**, versus 47.3% in H1 2020.

Risk costs and Asset Quality

Impairment result from financial instruments recorded an allocation of **RON 77.2 million (EUR 15.8 million) in H1 2021**, significantly lower as compared to RON 169.9 million (EUR 35.3 million) booked in H1 2020. This result has been mainly triggered by allocations of portfolio provisions in H1 2021 reflecting the bank's conservative risk approach and maintaining a prudent outlook on certain industries in the current context.

¹ Below stated financial data are un-audited, consolidated business results of Banca Comercială Română Group for S1 2021, according to IFRS. Unless otherwise stated, financial results for S1 2021 are compared to financial results for S1 2020. Also, if not stated otherwise, foreign exchange rates used for conversion of figures into EURO are the ones provided by the European Central Bank. The income statement is converted using the average exchange rate for S1 2021 of 4.9015 RON/EUR when referring to S1 2021 results and using the average exchange rate for S1 2020 of 4.8173 RON/EUR when referring to the S1 2020 results. The balance sheets at 30 June 2021 and at 31 December 2020 are converted using the closing exchange rates at the respective dates (4.9280 RON/EUR at 30 June 2021 and 4.8683 RON/EUR at 31 December 2020, respectively). All the percentage changes refer to RON figures.



2. Analysis of the issuer's activity (continued)

2.3. Issuer's performance (continued)

NPL ratio stood **4.3% as of June 2021**, slightly lower than 4.5% recorded as of December 2020. This evolution is reflecting the positive trend in loans to customers and was also supported by a low NPL formation. At the same time, the **NPL provisioning coverage** stood at **125.3% as of June 2021**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **21.95% as of May 2021**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 21.4% (BCR Group, before 2020 profit capitalization) as of December 2020** is clearly reflecting BCR's strong capital and funding positions.

Loans and advances to customers increased by 4.3% to **RON 44,872.5 million (EUR 9,105.6 million)** as of 30 June 2021 from RON 43,002.5 million (EUR 8,833.2 million) as of 31 December 2020, supported by increases in both retail (+3.0% ytd) and corporate (+5.1% ytd).

Deposits from customers decreased by 0.3% to **RON 64,712.5 million (EUR 13,131.6 million)** as of 30 June 2021 versus RON 64,876.8 million (EUR 13,326.4 million) as of 31 December 2020, mainly due to decrease of corporate deposits (-4.9% ytd), while the retail deposits increased by +1.7% ytd.

BCR impact in the economy

In retail banking business, BCR generated total new loans in local currency to individuals and micro businesses of RON 4.2 billion in H1 2021. Mortgage new sales in local currency increased by 11.4% yoy, mainly driven by Casa Mea mortgage product which represents 70% of the total production. Also, BCR continued to support the state guaranteed product Noua Casa, the funds allocated to the bank representing 30% of the total guarantees provided by the Romanian Government for this program. New volumes for cash loans sales increased by 19.6% yoy and overdraft and credit cards by 16.1% yoy as compared to similar period of last year. Stock of mortgage in local currency increased by 17.7% yoy in H1 2021, while the stock of consumer loans increased by 7.2% yoy.

In corporate banking business, BCR (bank only) approved new corporate loans of RON 2.5 billion in H1 2021, of which 37% investment loans. The main driver was the advance of stock of financing granted to SME segment (including BCR Leasing subsidiary) which increased by 12.3% yoy to RON 7.1 billion (EUR 1.4 billion) as of 30 June 2021, as a result of a high focus on new business and advance in leasing and BCR's participation in SME Invest program. Also, the financing of Public Sector increased by 21.5% yoy, of Large Corporate by 19.0% yoy, while Real Estate stayed flat yoy triggered by an early repayment.

BCR Leasing financing increased by 45% in H1 2021, compared to H1 2020, to RON 800 million, providing support to entrepreneurs in all business sectors.

2. Analysis of the issuer's activity (*continued*)

2.3. Issuer's performance (*continued*)

The **Money School program** reached over 20,000 adults and children in H1 2021, having organized financial education online sessions and dedicated workshops for children them. The total number of people that have interacted with the program exceeded 450.000. The **BCR Business School**, the entrepreneurial education program reached 16,500 users (entrepreneurs, managers, freelancers, teachers, and students), with **new courses being available on the platform: Sales Success and Legal ABC**. Within the **INNOVX-BCR** program were accelerated 15 tech start-ups, with turnovers or attracted funds between EUR 500.000 and EUR 1.000.000.

3. Changes affecting the issuers' capital

3.1 Description of the cases when the issuer was unable to meet its financial obligations during the reporting period

N/A

3.2 Description of any changes in the rights of the holders of debt securities issued

N/A

4. Significant transactions

N/A

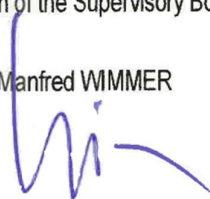
5. Annexes

The following documents are annexed to this report:

1. Issuers' Management;
2. Statement of Compliance of the members of the Executive Committee who assume responsibility for the preparation of the Financial Statements;
3. Interim Condensed Financial Statements prepared in accordance with IAS 34 and unaudited as at 30 June 2021.

Chairman of the Supervisory Board,

Manfred WIMMER

A handwritten signature in blue ink, appearing to read 'Wimmer', is written over the printed name 'Manfred WIMMER'.

Annex - Issuer's Management

BCR's Supervisory Board and Management Board structure during 01.01 - 30.06.2021

Supervisory Board

- Manfred Wimmer – Chairman;
- Bernhard Spalt – Deputy Chairman;
- Daniela Camelia Nemoianu – member;
- Hildegard Gacek – member;
- Elisabeth Krainer Senger – Weiss – member;
- Birte Quitt – member;
- Vacant position* – member.

* On April 23rd 2021 the BCR General Shareholder Meeting approved the appointment of Mr. Stefan Dörfler in the position of member of the Supervisory Board for a mandate starting with October 1st 2021, but not earlier than NBR approval date.

Management Board

1. Sergiu Cristian Manea - Executive President;
2. Elke Meier - Executive Vice-president;
3. Dana Luciana Dima - Executive Vice-president;
4. Ilinka Kajgana - Executive Vice-president;
5. Thomas Kolarik – Executive Vice-president (took over the position after receiving the NBR approval on April 5th 2021).



Banca Comercială Română S.A.
Interim Condensed Financial Statements
Consolidated and Separate

30 June 2021

Prepared in accordance with
IAS 34 „Interim Financial Reporting”
and unaudited



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STATEMENT

Regarding the Administrators Report for the first semester of 2021

In accordance with the provisions of ASF Regulation no. 5/2018 art. 223, with subsequent amendments, we, Sergiu Manea, as Executive President of Banca Comerciala Romana SA and Elke Meier, as Executive Vice-President of Banca Comerciala Romana SA, state that:

- a) To the best of our knowledge, the interim consolidated and separate financial statements drawn up in accordance with applicable financial reporting standards provide a correct and accurate image of the assets, liabilities, statement of financial position and statement of comprehensive income of Banca Comerciala Romana SA and its subsidiaries included in the accounting consolidation perimeter.
- b) The consolidated and separate report of the Supervisory Board reflects in a correct and accurate manner the information related to Banca Comerciala Romana SA and its subsidiaries included in the accounting consolidation perimeter.

Executive President,

Sergiu Manea

Sergiu-Cristian
Manea

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Sergiu-Cristian Manea
Date: 2021.08.11
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Executive Vice-President,

Elke Meier

Elke Meier

Digitally signed by Elke
Meier
Date: 2021.08.10
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BCR 
STATEMENT OF PROFIT OR LOSS
Consolidated and Separate
As at 30 June 2021

Statement of profit or loss

| | Notes | Group | | Bank | |
|---|-------|----------------|----------------|----------------|----------------|
| in RON thousands | | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Net interest income | 10 | 1,196,032 | 1,187,833 | 1,140,572 | 1,125,579 |
| Interest income | | 1,329,770 | 1,381,234 | 1,293,997 | 1,335,714 |
| Other similar income | | 29,546 | 32,249 | 870 | 4,176 |
| Interest expense | | (153,469) | (215,091) | (144,514) | (203,957) |
| Other similar expense | | (9,815) | (10,559) | (9,781) | (10,354) |
| Net fee and commission income | 11 | 383,774 | 316,235 | 353,750 | 296,557 |
| Fee and commission income | | 499,389 | 417,111 | 463,744 | 391,162 |
| Fee and commission expense | | (115,615) | (100,876) | (109,994) | (94,605) |
| Dividend income | | 3,148 | 3,312 | 4,243 | 3,274 |
| Net trading result | 12 | 171,466 | 142,922 | 171,126 | 141,841 |
| Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss | | 2,649 | (25) | 2,649 | (25) |
| Net result from equity method investments | | 385 | (442) | - | - |
| Rental income from investment properties and other operating leases | | 56,838 | 53,702 | 2,981 | 4,870 |
| Personnel expenses | 13 | (384,272) | (411,059) | (355,103) | (348,958) |
| Other administrative expenses | 13 | (302,486) | (288,177) | (297,273) | (298,462) |
| Depreciation and amortisation | 13 | (115,018) | (106,058) | (109,809) | (100,085) |
| Net impairment loss on financial instruments | 14 | (77,234) | (169,935) | (59,522) | (157,077) |
| Other operating result | 15 | (91,588) | (56,559) | (56,367) | (22,903) |
| Pre-tax result from continuing operations | | 843,694 | 671,749 | 797,247 | 644,611 |
| Taxes on income | 16 | (152,885) | (172,870) | (145,641) | (166,243) |
| Net result for the period | | 690,809 | 498,879 | 651,606 | 478,368 |
| Net result attributable to non-controlling interests | | 2 | 2 | - | - |
| Net result attributable to owners of the parent | | 690,807 | 498,877 | 651,606 | 478,368 |

The interim condensed separate and consolidated financial statements were approved by the Executive Committee on August 5th, 2021.

AUTHORISED PERSON
Name and first name
Signature
Executive Vice-President

Elke Meier

**Elke
Meier**

Digitally signed by
Elke Meier
Date: 2021.08.10
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AUTHORISED PERSON
Name and first name
Signature
Executive Director Accounting Division

Gina Badea

**BADEA
GINA**

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by BADEA GINA
Date: 2021.08.06
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STATEMENT OF OTHER COMPREHENSIVE INCOME

Consolidated and Separate

As at 30 June 2021

Statement of other comprehensive income

| in RON thousands | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Net result for the period | 690,809 | 498,879 | 651,606 | 478,368 |
| Actuarial gains/(losses) on defined benefit pension plans | 86 | - | - | - |
| Deferred taxes relating to items that may not be reclassified | (14) | - | - | - |
| Total items that cannot be reclassified to profit or loss | 72 | - | - | - |
| Items that may be reclassified to profit or loss | | | | |
| Debt instruments at fair value through other comprehensive income | (3,851) | 546 | (5,869) | (1,378) |
| Currency translation reserve | (150) | 454 | - | - |
| Deferred taxes relating to items that may be reclassified | 697 | (10) | 939 | 221 |
| Total items that may be reclassified to profit or loss | (3,304) | 990 | (4,930) | (1,157) |
| Total other comprehensive income | (3,232) | 990 | (4,930) | (1,157) |
| Total comprehensive income | 687,577 | 499,869 | 646,676 | 477,211 |
| Total comprehensive income attributable to non-controlling interests | 2 | 2 | - | - |
| Total comprehensive income attributable to owners of the parent | 687,575 | 499,867 | 646,676 | 477,211 |

The interim condensed separate and consolidated financial statements were approved by the Executive Committee on August 5th, 2021.

AUTHORISED PERSON
Name and first name
Signature
Executive Vice-President

Elke Meier

Elke Meier Digitally signed by Elke Meier
Date: 2021.08.10 17:43:35 +02'00'

AUTHORISED PERSON
Name and first name
Signature
Executive Director Accounting Division

Gina Badea

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Date: 2021.08.06 09:47:56 +03'00'

BCR
STATEMENT OF FINANCIAL POSITION
 Consolidated and Separate
 As at 30 June 2021

Statement of financial position

| in RON thousands | Notes | Group | | Bank | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Assets | | | | | |
| Cash and cash balances | 3 | 10,851,882 | 10,538,199 | 10,628,215 | 10,193,736 |
| Financial assets held for trading | | 1,013,555 | 1,248,822 | 1,013,555 | 1,248,822 |
| Derivatives | | 41,012 | 39,891 | 41,012 | 39,891 |
| Other financial assets held for trading | | 972,543 | 1,208,931 | 972,543 | 1,208,931 |
| Non-trading financial assets mandatorily at fair value through profit or loss | | 68,130 | 104,739 | 67,895 | 104,504 |
| Equity instruments | | 35,238 | 75,033 | 35,003 | 74,798 |
| Debt securities | | 31,286 | 27,781 | 31,286 | 27,781 |
| Loans and advances to customers | | 1,606 | 1,925 | 1,606 | 1,925 |
| Financial assets at fair value through other comprehensive income | 4 | 8,308,171 | 7,536,126 | 8,241,318 | 7,511,525 |
| Debt securities | | 8,308,171 | 7,536,126 | 8,241,318 | 7,511,525 |
| Financial assets at amortised cost | 5 | 58,503,245 | 57,990,947 | 58,949,589 | 57,372,656 |
| Debt securities | | 14,217,455 | 14,827,570 | 14,039,671 | 13,986,991 |
| <i>thereof pledged as collateral</i> | | 289,367 | 421,310 | 1,746,382 | 1,416,847 |
| Loans and advances to banks | | 1,308,921 | 2,028,021 | 1,308,807 | 2,026,208 |
| Loans and advances to customers | | 42,976,869 | 41,135,356 | 43,601,111 | 41,359,457 |
| Finance lease receivables | | 1,393,084 | 1,301,380 | 12,781 | 15,106 |
| Property and equipment | | 820,366 | 863,743 | 765,089 | 803,005 |
| Investment property | | 150,499 | 171,860 | 150,499 | 171,860 |
| Intangible assets | | 332,749 | 348,900 | 322,342 | 339,662 |
| Investments in joint ventures and associates | | 39,053 | 39,031 | 33,470 | 33,470 |
| Current tax assets | | 185,156 | 230,979 | 182,155 | 227,831 |
| Deferred tax assets | | 165,661 | 173,378 | 157,092 | 165,784 |
| Assets held for sale | | 546,097 | 625,253 | 54,643 | 192,247 |
| Trade and other receivables | | 500,962 | 563,885 | 485,703 | 548,097 |
| Investments in subsidiaries | | - | - | 448,521 | 448,521 |
| Other assets | | 297,380 | 249,430 | 199,443 | 161,407 |
| Total assets | | 83,175,990 | 81,986,672 | 81,712,310 | 79,538,233 |

| in RON thousands | | Group | | Bank | |
|--|---|-------------------|-------------------|-------------------|-------------------|
| | | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Liabilities and Equity | | | | | |
| Financial liabilities held for trading | | 35,597 | 52,051 | 35,597 | 52,051 |
| Derivatives | | 35,597 | 52,051 | 35,597 | 52,051 |
| Financial liabilities measured at amortised cost | | 70,382,127 | 69,847,085 | 70,010,897 | 68,527,999 |
| Deposits from banks | 6 | 3,042,403 | 3,606,774 | 3,749,866 | 3,579,224 |
| Deposits from customers | 7 | 64,712,545 | 64,876,774 | 63,648,415 | 63,591,718 |
| Debt securities issued | 8 | 1,635,524 | 614,801 | 1,635,524 | 614,801 |
| Other financial liabilities | | 991,655 | 748,736 | 977,092 | 742,256 |
| Finance lease liabilities | | 432,852 | 428,737 | 432,329 | 426,424 |
| Provisions | 9 | 1,892,135 | 1,857,633 | 1,212,381 | 1,145,984 |
| Current tax liabilities | | 67,114 | 2,985 | 64,286 | - |
| Deferred tax liabilities | | 14,482 | 11,833 | - | - |
| Liabilities associated with assets held for sale | | 111,319 | 150,294 | - | - |
| Other liabilities | | 279,645 | 291,133 | 230,557 | 234,409 |
| Total equity | | 9,960,719 | 9,344,921 | 9,726,263 | 9,151,366 |
| Share capital | | 2,952,565 | 2,952,565 | 2,952,565 | 2,952,565 |
| Retained earnings | | 5,224,517 | 4,630,443 | 4,974,604 | 4,419,688 |
| Other reserves | | 1,783,637 | 1,761,913 | 1,799,094 | 1,779,113 |
| attributable to non-controlling interest | | 45 | 43 | - | - |
| attributable to owners of the parent | | 9,960,674 | 9,344,878 | - | - |
| Total liabilities and equity | | 83,175,990 | 81,986,672 | 81,712,310 | 79,538,233 |

The interim condensed separate and consolidated financial statements were approved by the Executive Committee on August 5th, 2021.

AUTHORISED PERSON
 Name and first name
 Signature
 Executive Vice-President

Elke Meier

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 Date: 2021.08.10
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3

AUTHORISED PERSON
 Name and first name
 Signature
 Executive Director Accounting Division

Gina Badea

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BCR
STATEMENT OF CHANGES IN EQUITY
 Consolidated and Separate
 As at 30 June 2021

Statement of changes in equity

| | 30.06.2021 | | | | | | | | | | Group |
|--------------------------------------|--------------------|----------------|-------------------|------------------|--------------------|------------------------------|---|-----------------|---|--|------------------|
| in RON thousands | Subscribed capital | Share premium | Retained earnings | Other reserves | Fair value reserve | Currency translation reserve | Actuarial gains/(losses) on defined benefit pension plans | Deferred tax | Equity attributable to owners of the parent | Equity attributable to non-controlling interests | Total |
| Total equity as of 01.01.2021 | 2,952,565 | 395,483 | 4,630,400 | 1,197,466 | 155,693 | (18,150) | 67,002 | (35,581) | 9,344,878 | 43 | 9,344,921 |
| Transfers from RE to other reserves | - | - | (24,911) | 24,911 | - | - | - | - | - | - | - |
| Dividends paid | - | - | (71,779) | - | - | - | - | - | (71,779) | - | (71,779) |
| Total comprehensive income | - | - | 690,807 | - | (3,851) | (150) | 86 | 683 | 687,575 | 2 | 687,577 |
| Net result for the period | - | - | 690,807 | - | - | - | - | - | 690,807 | 2 | 690,809 |
| Other comprehensive income | - | - | - | - | (3,851) | (150) | 86 | 683 | (3,232) | - | (3,232) |
| Total equity as of 30.06.2021 | 2,952,565 | 395,483 | 5,224,517 | 1,222,377 | 151,842 | (18,300) | 67,088 | (34,898) | 9,960,674 | 45 | 9,960,719 |

| | 30.06.2020 | | | | | | | | | | Group |
|--------------------------------------|--------------------|----------------|-------------------|------------------|--------------------|------------------------------|---|-----------------|---|--|------------------|
| in RON thousands | Subscribed capital | Share premium | Retained earnings | Other reserves | Fair value reserve | Currency translation reserve | Actuarial gains/(losses) on defined benefit pension plans | Deferred tax | Equity attributable to owners of the parent | Equity attributable to non-controlling interests | Total |
| Total equity as of 01.01.2020 | 2,952,565 | 395,483 | 3,882,542 | 1,130,670 | 61,977 | (9,419) | 80,655 | (22,815) | 8,471,658 | 52 | 8,471,710 |
| Transfers from RE to other reserves | - | - | (66,796) | 66,796 | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | 498,877 | - | 546 | 454 | - | (10) | 499,867 | 2 | 499,869 |
| Net result for the period | - | - | 498,877 | - | - | - | - | - | 498,877 | 2 | 498,879 |
| Other comprehensive income | - | - | - | - | 546 | 454 | - | (10) | 990 | - | 990 |
| Total equity as of 30.06.2020 | 2,952,565 | 395,483 | 4,314,623 | 1,197,466 | 62,523 | (8,965) | 80,655 | (22,825) | 8,971,525 | 52 | 8,971,577 |



BCR
STATEMENT OF CHANGES IN EQUITY
 Consolidated and Separate
 As at 30 June 2021

Statement of changes in equity (continued)

| | 30.06.2021 | | | | | | | | | | Bank |
|-------------------------------------|--------------------|---------------|-------------------|----------------|--------------------|------------------------------|---|--------------|---|--|-----------|
| in RON thousands | Subscribed capital | Share premium | Retained earnings | Other reserves | Fair value reserve | Currency translation reserve | Actuarial gains/(losses) on defined benefit pension plans | Deferred tax | Equity attributable to owners of the parent | Equity attributable to non-controlling interests | Total |
| Total equity as of 01.01.2021 | 2,952,565 | 395,483 | 4,419,688 | 1,197,466 | 154,534 | - | 67,088 | (35,458) | 9,151,366 | - | 9,151,366 |
| Transfers from RE to other reserves | | | (24,911) | 24,911 | | | | | | | |
| Dividends paid | - | - | (71,779) | - | - | - | - | - | (71,779) | - | (71,779) |
| Total comprehensive income | - | - | 651,606 | - | (5,869) | - | - | 939 | 646,676 | - | 646,676 |
| Net result for the period | - | - | 651,606 | - | - | - | - | - | 651,606 | - | 651,606 |
| Other comprehensive income | - | - | - | - | (5,869) | - | - | - | (5,869) | - | (5,869) |
| Total equity as of 30.06.2021 | 2,952,565 | 395,483 | 4,974,604 | 1,222,377 | 148,665 | - | 67,088 | (34,519) | 9,726,263 | - | 9,726,263 |

| | 30.06.2020 | | | | | | | | | | Bank |
|-------------------------------------|--------------------|---------------|-------------------|----------------|--------------------|------------------------------|---|--------------|---|--|-----------|
| in RON thousands | Subscribed capital | Share premium | Retained earnings | Other reserves | Fair value reserve | Currency translation reserve | Actuarial gains/(losses) on defined benefit pension plans | Deferred tax | Equity attributable to owners of the parent | Equity attributable to non-controlling interests | Total |
| Total equity as of 01.01.2020 | 2,952,565 | 395,483 | 3,706,526 | 1,130,670 | 61,881 | - | 80,749 | (22,820) | 8,305,054 | - | 8,305,054 |
| Transfers from RE to other reserves | - | - | (66,796) | 66,796 | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | 478,368 | - | (1,378) | - | - | 221 | 477,210 | - | 477,210 |
| Net result for the period | - | - | 478,368 | - | - | - | - | - | 478,368 | - | 478,368 |
| Other comprehensive income | - | - | - | - | (1,378) | - | - | 221 | (1,158) | - | (1,158) |
| Total equity as of 30.06.2020 | 2,952,565 | 395,483 | 4,118,098 | 1,197,466 | 60,503 | - | 80,749 | (22,599) | 8,782,264 | - | 8,782,264 |



STATEMENT OF CASH FLOW
Consolidated and Separate
As at 30 June 2021

Statement of cash flows

| in RON thousands | Group | | Bank | |
|---|--------------------|-------------------|-------------------|-------------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Net result for the period | 690,809 | 498,879 | 651,606 | 478,368 |
| Non-cash adjustments for items in net profit/(loss) for the year | | | | |
| Depreciation, amortisation of assets | 115,018 | 106,058 | 109,809 | 100,085 |
| Allocation to and release of impairment of loans | 50,869 | 371,009 | 39,901 | 353,660 |
| Gains/(losses) from the sale of tangible, intangible assets and assets held for sale | (93,641) | 5,378 | (18,296) | 2,888 |
| Other provisions | 34,588 | - | 66,397 | - |
| Impairment tangible and intangible assets | 44,510 | - | 125 | - |
| Interest income received from investing activities | (325,592) | (339,919) | (317,765) | (324,081) |
| Interest expense paid for financing activities | 102,696 | 56,203 | 38,781 | 61,546 |
| Dividend income from investing activities | - | - | (722) | - |
| Other adjustments | (34,815) | (47,754) | 2,172 | (33,305) |
| Changes in assets and liabilities from operating activities after adjustment for non-cash components | | | | |
| Financial assets - held for trading | 236,389 | (114,632) | 236,389 | (114,632) |
| Financial assets - at fair value through profit or loss | 319 | - | 319 | - |
| Financial assets at fair value through other comprehensive income | (775,897) | (37,067) | (735,662) | 925 |
| Financial assets at amortised cost | | | | |
| Loans and advances to banks | 719,100 | 222,707 | 718,940 | 226,874 |
| Loans and advances to customers | (1,829,784) | (855,902) | (2,220,601) | (1,084,996) |
| Finance lease receivables | (91,703) | - | 2,324 | - |
| Other assets from operating activities | 81,903 | (60,807) | 97,976 | (72,853) |
| Deposits from banks | (217,234) | (713,920) | 318,311 | (669,428) |
| Deposits from customers | (164,229) | 1,764,075 | 56,697 | 1,905,845 |
| Other financial liabilities | 242,919 | 244,984 | 234,836 | 233,304 |
| Other liabilities from operating activities | (14,423) | (20,517) | (3,854) | 8,681 |
| Cash flow from operating activities | (1,228,197) | 1,078,774 | (722,317) | 1,072,880 |
| Proceeds of disposal | | | | |
| Financial assets at fair value through other comprehensive income | 1,867,749 | - | 919,974 | - |
| Property and equipment, intangible assets, investment properties and assets held for sale | 201,176 | 39,016 | 190,705 | 31,902 |
| Acquisition of | | | | |
| Debt securities at amortised cost | (1,257,310) | 817,538 | (972,754) | 320,901 |
| Property and equipment, intangible assets and investment properties | (37,395) | (195,816) | (40,654) | (155,034) |
| Contribution to increase in share capital of subsidiaries | - | (4,535) | - | (4,535) |
| Interest received from investing activities | 325,592 | 339,897 | 317,765 | 324,081 |
| Dividends received from investing activities | - | - | 722 | - |
| Cash flow from investing activities | 1,099,813 | 996,100 | 415,758 | 517,315 |
| Dividends paid to equity holders of the parent | (71,695) | - | (71,695) | - |
| Dividends paid to non-controlling interests | (84) | - | (84) | - |
| Debt securities issued | 1,000,000 | (141,488) | 1,000,000 | (141,488) |
| Outflows from other financing activities | (456,258) | (329,685) | (160,205) | (57,635) |
| Interest expense paid for financing activities | (29,896) | (37,594) | (26,979) | (28,845) |
| Other financing activities | (6,599) | (13,413) | (3,682) | (4,664) |
| Subordinated loans | (23,297) | (24,181) | (23,297) | (24,181) |
| Cash flow from financing activities | 442,067 | (508,767) | 741,037 | (227,968) |
| Cash and cash equivalents at beginning of period | 10,538,199 | 9,006,518 | 10,193,736 | 8,724,971 |
| Cash flow from operating activities | (1,228,197) | 1,078,774 | (722,317) | 1,072,880 |
| Cash flow from investing activities | 1,099,813 | 996,100 | 415,758 | 517,315 |
| Cash flow from financing activities | 442,067 | (508,767) | 741,037 | (227,968) |
| Cash and cash equivalents at end of period | 10,851,882 | 10,572,625 | 10,628,215 | 10,087,198 |

1. Bank and Group information

Banca Comerciala Romana S.A. (hereinafter called the „Bank”) was established on 1 December 1990. The Bank is a Romanian legal entity and is licensed by the National Bank of Romania (“NBR”) to conduct banking activities with both retail and corporate customers. The main services provided to customers include: loans, deposits, domestic and international payments, foreign exchange transactions, bank guarantees, letters of credit, etc.

As a result of the privatization process organized by the government of Romania, Erste Bank der oesterreichischen Sparkassen AG (‘Erste Bank’) purchased 61.88% of the share capital of the Bank pursuant to a share purchase agreement dated 21 December 2005. Until June 2021, Erste Bank purchased further 38.0035% from employees and other shareholders of the Bank, adding up to 99.8835%. Erste Bank der oesterreichischen Sparkassen AG („Erste bank”) is owned 100% by Erste Group Bank AG. The ultimate parent of the Group is Erste Group Bank AG.

At 30 June 2021, the Bank’s shareholders were the following:

| | 30.06.2021 | | 31.12.2020 | |
|---|-----------------------|------------------------|-----------------------|------------------------|
| | Number of shares | Percentage holding (%) | Number of shares | Percentage holding (%) |
| Erste Group Bank AG | 16,234,478,994 | 99.8835% | 16,234,373,129 | 99.8828% |
| Societatea de Investitii Financiare (“SIF”) „Banat Crisana” | 1 | 0.0000% | 1 | 0.0000% |
| Societatea de Investitii Financiare (“SIF”) „Muntenia” | 1 | 0.0000% | 1 | 0.0000% |
| SC Actinvest SA | 226,802 | 0.0014% | 226,802 | 0.0014% |
| FDI Certinvest Dinamic | 13,699 | 0.0001% | 13,699 | 0.0001% |
| BCR Leasing | 109 | 0.0000% | 109 | 0.0000% |
| Individuals | 18,696,648 | 0.1150% | 18,802,513 | 0.1157% |
| Total | 16,253,416,254 | 100.0000% | 16,253,416,254 | 100.0000% |

The current registered office is located in Bucharest, Romania, No.159, Calea Plevnei, Business Garden Bucharest, Building A.

The Bank operates through the Head Office located in Bucharest and through its territorial units, as follows:

- Retail grouped into 12 geographical locations, including 370 branches;
- Corporate grouped into 9 geographical areas, including 18 Commercial Centres and Area Centres, 16 Mobile Teams and International Clients Department that support small and medium-sized customers (SMEs).

The Bank has the following subsidiaries as at 30 June 2021 and 31 December 2020:

| Company’s name | Country of incorporation | Nature of the business | Shareholding | | Gross Book Value | Net Book Value | Impairment |
|---|--------------------------|------------------------|--------------|------------|------------------|----------------|------------|
| | | | 30.06.2021 | 31.12.2020 | | | |
| BCR Chisinau SA | Moldova | Banking | 100.00% | 100.00% | 200,064 | 38,826 | 161,238 |
| BCR Leasing IFN SA | Romania | Financial leasing | 99.97% | 99.97% | 389,492 | 226,387 | 163,105 |
| BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA | Romania | Pension Fund | 99.99% | 99.99% | 269,820 | 181,408 | 88,412 |
| BCR Banca pentru Locuinte SA | Romania | Housing loans | 99.99% | 99.99% | 781,078 | - | 781,078 |
| Suport Colect SRL | Romania | Workout | 99.99% | 99.99% | 983,047 | - | 983,047 |
| BCR Payments Services SRL | Romania | Payments transactions | 99.99% | 99.99% | 1,900 | 1,900 | - |
| BCR Fleet Management SRL* | Romania | Operational leasing | 99.97% | 99.97% | - | - | - |

*Company held indirectly by BCR through BCR Leasing SA

The participation held in Fleet was maintained as asset held for sale during 2021.

2. Basis of preparation and presentation of the financial statements

a) Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards („IFRS”), IAS 34 – Interim Financial Reporting.

These financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated and separate financial statements as at and for the year ended 31 December 2020.

b) Functional and presentation currency

The functional currency of the financial statements is the Romanian leu („RON”). All figures are shown in RON thousands, rounded to the nearest RON thousands.

The exchange rates of major foreign currencies, published by National Bank of Romania, were:

| Currencies | | 30.06.2021 | | 31.12.2020 | Change |
|-----------------|---------|------------|---------|------------|--------|
| Euro (EUR) | 1 : RON | 4.9267 | 1 : RON | 4.8694 | 1.18% |
| US Dollar (USD) | 1 : RON | 4.1425 | 1 : RON | 3.9660 | 4.45% |

c) Significant accounting policies

The individual and consolidated financial statements have been prepared on a going concern basis.

The accounting policies applied by the Bank and the Group in these interim condensed financial statements are the same as those applied in the annual consolidated financial statements as at 31 December 2020.

d) Use of estimates and judgements

The preparation of these interim condensed separate and consolidated financial statements requires judgements, estimates and assumptions by Management and together with the application of accounting policies determines the amounts of assets and liabilities, income and expenses.

In preparing the interim condensed separate and consolidated financial statements the significant judgements made by management in applying the Bank's accounting policies were the same as those that applied to the separate and consolidated financial statements for the year ended 31.12.2020.

3. Cash and cash balances

| in RON thousands | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Cash on hand | 5,404,362 | 5,343,352 | 5,372,098 | 5,318,582 |
| Cash balances at central banks | 5,123,683 | 4,881,080 | 4,987,203 | 4,696,858 |
| Other demand deposits to credit institutions | 323,837 | 313,767 | 268,914 | 178,296 |
| Cash and cash balances | 10,851,882 | 10,538,199 | 10,628,215 | 10,193,736 |

Mandatory reserve rates at 30 June 2021 were for RON 8% (December 2020: 8%) and for foreign currencies 5% (December 2020: 5%).



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As at 30 June 2021

4. Financial assets at fair value through other comprehensive income

| in RON thousands | Gross carrying amount | | | | Credit loss allowances | | | | 30.06.2021 | Group |
|----------------------------|-----------------------|--------------|----------|------------------|------------------------|----------------|----------|-----------------|--------------------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Accumulated | Carrying amount |
| | | | | | | | | | other fair value changes | |
| Debt securities | 8,163,100 | 5,206 | - | 8,168,306 | (10,907) | (1,073) | - | (11,980) | 151,845 | 8,308,171 |
| General governments | 8,163,100 | - | - | 8,163,100 | (10,907) | - | - | (10,907) | 150,605 | 8,302,798 |
| Non-financial corporations | - | 5,206 | - | 5,206 | - | (1,073) | - | (1,073) | 1,240 | 5,373 |
| Total | 8,163,100 | 5,206 | - | 8,168,306 | (10,907) | (1,073) | - | (11,980) | 151,845 | 8,308,171 |

Allowances for financial assets at fair value through other comprehensive income

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | 30.06.2021 | Group |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|
| | | | | | | | | Exchange-rate and other changes (+/-) | Closing balance |
| Debt securities | | | | | | | | | |
| Stage 1 | (8,235) | (5,100) | 2,469 | (7) | - | - | - | (34) | (10,907) |
| Central banks | (1,105) | - | 1,105 | - | - | - | - | - | - |
| General governments | (7,130) | (5,100) | 1,364 | (7) | - | - | - | (34) | (10,907) |
| Stage 2 | (603) | - | - | (470) | - | - | - | - | (1,073) |
| Non-financial corporations | (603) | - | - | (470) | - | - | - | - | (1,073) |
| Total allowances for debt securities | (8,838) | (5,100) | 2,469 | (477) | - | - | - | (34) | (11,980) |



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Consolidated and Separate
As at 30 June 2021

4. Financial assets at fair value through other comprehensive income (continued)

| in RON thousands | Gross carrying amount | | | | Credit loss allowances | | | | 31.12.2020 | Group |
|----------------------------|-----------------------|--------------|----------|------------------|------------------------|--------------|----------|----------------|--------------------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Accumulated | Carrying amount |
| | | | | | | | | | other fair value changes | |
| Debt securities | 7,384,062 | 5,209 | - | 7,389,271 | (8,235) | (603) | - | (8,838) | 146,855 | 7,536,126 |
| Central banks | 23,502 | - | - | 23,502 | (1,105) | - | - | (1,105) | - | 23,502 |
| General governments | 7,360,560 | - | - | 7,360,560 | (7,130) | - | - | (7,130) | 146,582 | 7,507,142 |
| Non-financial corporations | - | 5,209 | - | 5,209 | - | (603) | - | (603) | 273 | 5,482 |
| Total | 7,384,062 | 5,209 | - | 7,389,271 | (8,235) | (603) | - | (8,838) | 146,855 | 7,536,126 |

Allowances for financial assets at fair value through other comprehensive income

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | 31.12.2020 | Group |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|
| | | | | | | | | Exchange-rate and other changes (+/-) | Closing balance |
| Debt securities | | | | | | | | | |
| Stage 1 | (2,670) | (4,362) | 1,715 | (2,970) | - | - | - | 52 | (8,235) |
| Central banks | - | (1,175) | - | - | - | - | - | 70 | (1,105) |
| General governments | (2,670) | (3,187) | 1,715 | (2,970) | - | - | - | (18) | (7,130) |
| Stage 2 | (649) | - | - | 46 | - | - | - | - | (603) |
| Non-financial corporations | (649) | - | - | 46 | - | - | - | - | (603) |
| Total allowances for debt securities | (3,319) | (4,362) | 1,715 | (2,924) | - | - | - | 52 | (8,838) |

4. Financial assets at fair value through other comprehensive income (*continued*)

| in RON thousands | Gross carrying amount | | | | Credit loss allowances | | | | 30.06.2021 | Bank |
|----------------------------|-----------------------|--------------|----------|------------------|------------------------|----------------|----------|----------------|------------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Accumulated | Carrying amount |
| | | | | | | | | | other fair value | changes |
| Debt securities | 8,096,281 | 5,206 | - | 8,101,487 | (7,762) | (1,073) | - | (8,835) | 148,666 | 8,241,318 |
| General governments | 8,096,281 | - | - | 8,096,281 | (7,762) | - | - | (7,762) | 147,426 | 8,235,945 |
| Non-financial corporations | - | 5,206 | - | 5,206 | - | (1,073) | - | (1,073) | 1,240 | 5,373 |
| Total | 8,096,281 | 5,206 | - | 8,101,487 | (7,762) | (1,073) | - | (8,835) | 148,666 | 8,241,318 |

Allowances for financial assets at fair value through other comprehensive income

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | 30.06.2021 | Bank |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|------|
| | | | | | | | | | Closing balance | |
| Debt securities | | | | | | | | | | |
| Stage 1 | (7,078) | (1,963) | 1,319 | (6) | - | - | - | (34) | (7,762) | |
| General governments | (7,078) | (1,963) | 1,319 | (6) | - | - | - | (34) | (7,762) | |
| Stage 2 | (603) | - | - | (470) | - | - | - | - | (1,073) | |
| Non-financial corporations | (603) | - | - | (470) | - | - | - | - | (1,073) | |
| Total allowances for debt securities | (7,681) | (1,963) | 1,319 | (476) | - | - | - | (34) | (8,835) | |

4. Financial assets at fair value through other comprehensive income *(continued)*

| in RON thousands | Gross carrying amount | | | | | | | | 31.12.2020 | Bank |
|----------------------------|-----------------------|---------|---------|-----------|---------|---------|---------|---------|--------------------------|-----------------|
| | | | | | | | | | Accumulated | Carrying amount |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | other fair value changes | |
| Debt securities | 7,359,463 | 5,209 | - | 7,364,672 | (7,078) | (603) | - | (7,681) | 146,853 | 7,511,525 |
| General governments | 7,359,463 | - | - | 7,359,463 | (7,078) | - | - | (7,078) | 146,580 | 7,506,043 |
| Non-financial corporations | - | 5,209 | - | 5,209 | - | (603) | - | (603) | 273 | 5,482 |
| Total | - | - | - | - | (7,078) | (603) | - | (7,681) | 146,853 | 7,511,525 |

Allowances for financial assets at fair value through other comprehensive income

| in RON thousands | 31.12.2020 | | | | | | | | Bank |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|
| | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | Closing balance |
| Debt securities | | | | | | | | | |
| Stage 1 | (2,583) | (3,136) | 1,715 | (3,051) | - | - | - | (23) | (7,078) |
| General governments | (2,583) | (3,136) | 1,715 | (3,051) | - | - | - | (23) | (7,078) |
| Stage 2 | (649) | - | - | 46 | - | - | - | - | (603) |
| Non-financial corporations | (649) | - | - | 46 | - | - | - | - | (603) |
| Total allowances for debt securities | (3,232) | (3,136) | 1,715 | (3,005) | - | - | - | (23) | (7,681) |

5. Financial assets at amortised cost

| in RON thousands | Gross carrying amount | | | | | Credit loss allowances | | | | | 30.06.2021 | Group |
|--|-----------------------|------------------|------------------|----------------|-------------------|------------------------|------------------|--------------------|-----------------|--------------------|-------------------|-------|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Carrying amount | |
| | | | | | | | | | | | | |
| Debt securities | 14,164,934 | 71,027 | 1,280 | - | 14,237,241 | (18,711) | (691) | (384) | - | (19,786) | 14,217,455 | |
| Central banks | 54,093 | - | - | - | 54,093 | (2,545) | - | - | - | (2,545) | 51,548 | |
| General governments | 14,110,841 | 71,027 | 1,280 | - | 14,183,148 | (16,166) | (691) | (384) | - | (17,241) | 14,165,907 | |
| Loans and advances to banks | 1,309,049 | - | - | - | 1,309,049 | (128) | - | - | - | (128) | 1,308,921 | |
| Central banks | 2,073 | - | - | - | 2,073 | - | - | - | - | - | 2,073 | |
| Credit institutions | 1,306,976 | - | - | - | 1,306,976 | (128) | - | - | - | (128) | 1,306,848 | |
| Loans and advances to customers | 33,656,330 | 9,673,129 | 1,787,208 | 304,121 | 45,420,788 | (197,072) | (850,001) | (1,329,496) | (67,350) | (2,443,919) | 42,976,869 | |
| General governments | 3,333,615 | 502,695 | 10,148 | 14,388 | 3,860,846 | (5,375) | (6,702) | (8,383) | (3,173) | (23,633) | 3,837,213 | |
| Other financial corporations | 164,731 | 1,642 | 9,107 | - | 175,480 | (1,880) | (87) | (8,693) | - | (10,660) | 164,820 | |
| Non-financial corporations | 9,571,546 | 4,216,979 | 796,563 | 63,718 | 14,648,806 | (129,094) | (418,183) | (593,225) | (7,726) | (1,148,228) | 13,500,578 | |
| Households | 20,586,438 | 4,951,813 | 971,390 | 226,015 | 26,735,656 | (60,723) | (425,029) | (719,195) | (56,451) | (1,261,398) | 25,474,258 | |
| Total | 49,130,313 | 9,744,156 | 1,788,488 | 304,121 | 60,967,078 | (215,911) | (850,692) | (1,329,880) | (67,350) | (2,463,833) | 58,503,245 | |

The movements in allowances for financial assets at amortised cost – **debt securities** are presented below:

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | 30.06.2021 | Group |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|-----------------|
| | | | | | | | | | | Closing balance |
| Debt securities | | | | | | | | | | |
| Stage 1 | (19,086) | (8,120) | 8,450 | 36 | 40 | - | - | (31) | (18,711) | |
| Central banks | - | (2,544) | (1) | - | - | - | - | - | (2,545) | |
| General governments | (19,082) | (5,576) | 8,447 | 36 | 40 | - | - | (31) | (16,166) | |
| Credit institutions | (4) | - | 4 | - | - | - | - | - | - | |
| Stage 2 | (585) | - | - | 141 | (247) | - | - | - | (691) | |
| General governments | (585) | - | - | 141 | (247) | - | - | - | (691) | |
| Stage 3 | (406) | - | - | 22 | - | - | - | - | (384) | |
| General governments | (406) | - | - | 22 | - | - | - | - | (384) | |
| Total allowances for debt securities | (20,077) | (8,120) | 8,450 | 199 | (207) | - | - | (31) | (19,786) | |



BCR
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5. Financial assets at amortised cost (continued)

The movements in allowances for financial assets at amortised cost – **loans and advances to banks** are presented below:

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | 30.06.2021 | Group |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|
| | | | | | | | | Exchange-rate and other changes (+/-) | Closing balance |
| Loans and advances to banks | | | | | | | | | |
| Stage 1 | (906) | (245) | 924 | (129) | 232 | - | - | (4) | (128) |
| Credit institutions | (906) | (245) | 924 | (129) | 232 | - | - | (4) | (128) |
| Stage 2 | (110) | - | 3 | 108 | - | - | - | (1) | - |
| Credit institutions | (110) | - | 3 | 108 | - | - | - | (1) | - |
| Total allowances for loans and advances to banks | (1,016) | (245) | 927 | (21) | 232 | - | - | (5) | (128) |

The movements in allowances for financial assets at amortised cost – **loans and advances to customers** are presented below:

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | 30.06.2021 | Group |
|---|--------------------|--|--------------------------------|--|--|--|---|---------------------------------------|--------------------|
| | | | | | | | | Exchange-rate and other changes (+/-) | Closing balance |
| Loans and advances to customers | | | | | | | | | |
| Stage 1 | (166,578) | (47,483) | 21,436 | (139,110) | 135,901 | 8 | 2 | (1,248) | (197,072) |
| General governments | (3,554) | (288) | 325 | (2,395) | 542 | - | - | (5) | (5,375) |
| Other financial corporations | (1,228) | (938) | 100 | 409 | 25 | - | - | (248) | (1,880) |
| Non-financial corporations | (100,882) | (31,099) | 17,482 | (23,992) | 9,942 | - | - | (545) | (129,094) |
| Households | (60,914) | (15,158) | 3,529 | (113,132) | 125,392 | 8 | 2 | (450) | (60,723) |
| Stage 2 | (807,816) | (6,013) | 50,205 | 206,752 | (287,994) | (1,329) | 41 | (3,847) | (850,001) |
| General governments | (7,217) | - | 34 | 1,137 | (659) | 3 | - | - | (6,702) |
| Other financial corporations | (332) | - | 248 | 362 | (365) | - | - | - | (87) |
| Non-financial corporations | (326,642) | (4,558) | 30,422 | (16,571) | (98,268) | (125) | - | (2,441) | (418,183) |
| Households | (473,625) | (1,455) | 19,501 | 221,824 | (188,702) | (1,207) | 41 | (1,406) | (425,029) |
| Stage 3 | (1,337,382) | (2,385) | 47,489 | (47,771) | (25,660) | (2,359) | 46,840 | (8,268) | (1,329,496) |
| General governments | (8,682) | - | 2 | 309 | - | (12) | - | - | (8,383) |
| Other financial corporations | (9,320) | - | 9 | 726 | - | - | - | (108) | (8,693) |
| Non-financial corporations | (608,341) | (990) | 25,117 | (28,105) | (3,926) | (2,130) | 30,115 | (4,965) | (593,225) |
| Households | (711,039) | (1,395) | 22,361 | (20,701) | (21,734) | (217) | 16,725 | (3,195) | (719,195) |
| POCI | (79,706) | - | 3,827 | 7,475 | - | 16 | 1,729 | (691) | (67,350) |
| General governments | (3,768) | - | - | 652 | - | (42) | - | (15) | (3,173) |
| Non-financial corporations | (10,418) | - | 124 | 2,629 | - | (2) | 30 | (89) | (7,726) |
| Households | (65,520) | - | 3,703 | 4,194 | - | 60 | 1,699 | (587) | (56,451) |
| Total allowances for loans and advances to customers | (2,391,482) | (55,881) | 122,957 | 27,346 | (177,753) | (3,664) | 48,612 | (14,054) | (2,443,919) |

5. Financial assets at amortised cost (continued)

| in RON thousands | Gross carrying amount | | | | | Credit loss allowances | | | | | 31.12.2020 | Group |
|--|-----------------------|------------------|------------------|----------------|-------------------|------------------------|------------------|--------------------|-----------------|--------------------|-------------------|-------|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Carrying amount | |
| Debt securities | 14,800,901 | 45,391 | 1,355 | - | 14,847,647 | (19,086) | (585) | (406) | - | (20,077) | 14,827,570 | |
| Central banks | 14,749,191 | 45,391 | 1,355 | - | 14,795,937 | (19,082) | (585) | (406) | - | (20,073) | 14,775,864 | |
| General governments | 51,710 | - | - | - | 51,710 | (4) | - | - | - | (4) | 51,706 | |
| Loans and advances to banks | 2,020,268 | 8,769 | - | - | 2,029,037 | (906) | (110) | - | - | (1,016) | 2,028,021 | |
| Central banks | 1,990 | - | - | - | 1,990 | - | - | - | - | - | 1,990 | |
| Credit institutions | 2,018,278 | 8,769 | - | - | 2,027,047 | (906) | (110) | - | - | (1,016) | 2,026,031 | |
| Loans and advances to customers | 31,712,152 | 9,705,615 | 1,788,660 | 320,411 | 43,526,838 | (166,578) | (807,816) | (1,337,382) | (79,706) | (2,391,482) | 41,135,356 | |
| General governments | 3,060,975 | 489,208 | 10,495 | 15,974 | 3,576,652 | (3,554) | (7,217) | (8,682) | (3,768) | (23,221) | 3,553,431 | |
| Other financial corporations | 190,216 | 24,406 | 9,885 | - | 224,507 | (1,228) | (332) | (9,320) | - | (10,880) | 213,627 | |
| Non-financial corporations | 8,772,047 | 4,136,034 | 807,847 | 68,766 | 13,784,694 | (100,882) | (326,642) | (608,341) | (10,418) | (1,046,283) | 12,738,411 | |
| Households | 19,688,914 | 5,055,967 | 960,433 | 235,671 | 25,940,985 | (60,914) | (473,625) | (711,039) | (65,520) | (1,311,098) | 24,629,887 | |
| Total | 48,533,321 | 9,759,775 | 1,790,015 | 320,411 | 60,403,522 | (186,570) | (808,511) | (1,337,788) | (79,706) | (2,412,575) | 57,990,947 | |

The movements in allowances for financial assets at amortised cost – **debt securities** are presented below:

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | 31.12.2020 | Group |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|-------|
| | | | | | | | | | Closing balance | |
| Debt securities | | | | | | | | | | |
| Stage 1 | (11,698) | (8,357) | 9,652 | (9,570) | 617 | - | - | 270 | (19,086) | |
| Central banks | (2,767) | - | 2,767 | - | - | - | - | - | - | |
| General governments | (8,927) | (8,357) | 6,885 | (9,570) | 617 | - | - | 270 | (19,082) | |
| Credit institutions | (4) | - | - | - | - | - | - | - | (4) | |
| Stage 2 | (1,074) | - | - | 522 | (33) | - | - | - | (585) | |
| General governments | (1,074) | - | - | 522 | (33) | - | - | - | (585) | |
| Stage 3 | (609) | - | 125 | 78 | - | - | - | - | (406) | |
| General governments | (609) | - | 125 | 78 | - | - | - | - | (406) | |
| Total allowances for debt securities | (13,381) | (8,357) | 9,777 | (8,970) | 584 | - | - | 270 | (20,077) | |

5. Financial assets at amortised cost (continued)

The movements in allowances for financial assets at amortised cost – **loans and advances to banks** are presented below:

| in RON thousands | 31.12.2020 | | | | | | | | Group |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|
| | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | Closing balance |
| Loans and advances to banks | | | | | | | | | |
| Stage 1 | (710) | (8,984) | 8,729 | 85 | - | - | - | (26) | (906) |
| Credit institutions | (710) | (8,984) | 8,729 | 85 | - | - | - | (26) | (906) |
| Stage 2 | (12) | - | 62 | (55) | (105) | - | - | - | (110) |
| Credit institutions | (12) | - | 62 | (55) | (105) | - | - | - | (110) |
| Total allowances for loans and advances to banks | (722) | (8,984) | 8,791 | 30 | (105) | - | - | (26) | (1,016) |

The movements in allowances for financial assets at amortised cost – **loans and advances to customers** are presented below:

| in RON thousands | 31.12.2020 | | | | | | | | Group |
|---|--------------------|--|--------------------------------|--|--|--|---|---------------------------------------|--------------------|
| | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | Closing balance |
| Loans and advances to customers | | | | | | | | | |
| Stage 1 | (159,624) | (80,867) | 37,291 | (124,300) | 162,544 | 381 | - | (2,003) | (166,578) |
| General governments | (2,978) | (9,268) | 8,943 | (3,384) | 3,141 | - | - | (8) | (3,554) |
| Other financial corporations | (822) | (591) | - | 152 | 35 | - | - | (2) | (1,228) |
| Non-financial corporations | (105,635) | (45,911) | 23,271 | (11,364) | 39,712 | 19 | - | (974) | (100,882) |
| Households | (50,189) | (25,097) | 5,077 | (109,704) | 119,656 | 362 | - | (1,019) | (60,914) |
| Stage 2 | (573,869) | (15,549) | 57,940 | 530,420 | (797,156) | (4,599) | 78 | (5,081) | (807,816) |
| General governments | (10,076) | - | 384 | 3,038 | (1,537) | 1,009 | - | (35) | (7,217) |
| Other financial corporations | (91) | - | 42 | 53 | (336) | - | - | - | (332) |
| Non-financial corporations | (286,301) | (13,866) | 38,949 | 167,868 | (229,205) | (715) | - | (3,372) | (326,642) |
| Households | (277,401) | (1,683) | 18,565 | 359,461 | (566,078) | (4,893) | 78 | (1,674) | (473,625) |
| Stage 3 | (998,286) | (9,129) | 127,028 | (394,597) | (190,141) | (810) | 136,713 | (8,160) | (1,337,382) |
| General governments | (9,007) | - | 7 | 327 | - | (9) | - | - | (8,682) |
| Other financial corporations | (9,204) | - | - | 133 | - | (97) | - | (152) | (9,320) |
| Non-financial corporations | (337,126) | (6,863) | 58,765 | (319,939) | (40,938) | (278) | 39,604 | (1,566) | (608,341) |
| Households | (642,949) | (2,266) | 68,256 | (75,118) | (149,203) | (426) | 97,109 | (6,442) | (711,039) |
| POCI | (134,102) | - | 34,205 | 11,583 | - | (538) | 10,758 | (1,612) | (79,706) |
| General governments | (5,389) | - | - | 1,438 | - | - | - | 183 | (3,768) |
| Non-financial corporations | (32,583) | - | 21,530 | 1,175 | - | (312) | 392 | (620) | (10,418) |
| Households | (96,130) | - | 12,675 | 8,970 | - | (226) | 10,366 | (1,175) | (65,520) |
| Total allowances for loans and advances to customers | (1,865,881) | (105,545) | 256,464 | 23,106 | (824,753) | (5,566) | 147,549 | (16,856) | (2,391,482) |

5. Financial assets at amortised cost (continued)

| in RON thousands | Gross carrying amount | | | | | Credit loss allowances | | | | | 30.06.2021 | Bank |
|--|-----------------------|------------------|------------------|----------------|-------------------|------------------------|------------------|--------------------|-----------------|--------------------|-------------------|-----------------|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Total | Carrying amount |
| | | | | | | | | | | | | |
| Debt securities | 13,982,118 | 71,026 | 1,280 | - | 14,054,424 | (13,678) | (691) | (384) | - | (14,753) | 14,039,671 | |
| General governments | 13,982,118 | 71,026 | 1,280 | - | 14,054,424 | (13,678) | (691) | (384) | - | (14,753) | 14,039,671 | |
| Loans and advances to banks | 1,308,549 | 469 | 66,745 | - | 1,375,763 | (128) | (83) | (66,745) | - | (66,956) | 1,308,807 | |
| Central banks | 2,073 | - | - | - | 2,073 | - | - | - | - | - | 2,073 | |
| Credit institutions | 1,306,476 | 469 | 66,745 | - | 1,373,690 | (128) | (83) | (66,745) | - | (66,956) | 1,306,734 | |
| Loans and advances to customers | 34,312,107 | 9,644,411 | 1,714,548 | 304,083 | 45,975,149 | (184,660) | (845,503) | (1,276,525) | (67,350) | (2,374,038) | 43,601,111 | |
| General governments | 3,333,519 | 502,695 | 10,148 | 14,388 | 3,860,750 | (5,375) | (6,702) | (8,383) | (3,173) | (23,633) | 3,837,117 | |
| Other financial corporations | 1,931,999 | 126 | 9,107 | - | 1,941,232 | (6,305) | (2) | (8,693) | - | (15,000) | 1,926,232 | |
| Non-financial corporations | 8,656,709 | 4,203,465 | 757,808 | 63,718 | 13,681,700 | (113,191) | (414,965) | (572,392) | (7,726) | (1,108,274) | 12,573,426 | |
| Households | 20,389,880 | 4,938,125 | 937,485 | 225,977 | 26,491,467 | (59,789) | (423,834) | (687,057) | (56,451) | (1,227,131) | 25,264,336 | |
| Total | 49,602,774 | 9,715,906 | 1,782,573 | 304,083 | 61,405,336 | (198,466) | (846,277) | (1,343,654) | (67,350) | (2,455,747) | 58,949,589 | |

The movements in allowances for financial assets at amortised cost – **debt securities** are presented below:

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | 30.06.2021 | Bank |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|------|
| | | | | | | | | | Closing balance | |
| Debt securities | | | | | | | | | | |
| Stage 1 | (13,624) | (3,203) | 3,800 | (659) | 40 | - | - | (32) | (13,678) | |
| General governments | (13,620) | (3,203) | 3,796 | (659) | 40 | - | - | (32) | (13,678) | |
| Credit institutions | (4) | - | 4 | - | - | - | - | - | - | |
| Stage 2 | (585) | - | - | 141 | (247) | - | - | - | (691) | |
| General governments | (585) | - | - | 141 | (247) | - | - | - | (691) | |
| Stage 3 | (406) | - | - | 22 | - | - | - | - | (384) | |
| General governments | (406) | - | - | 22 | - | - | - | - | (384) | |
| Total allowances for debt securities | (14,615) | (3,203) | 3,800 | (496) | (207) | - | - | (32) | (14,753) | |

5. Financial assets at amortised cost (continued)

The movements in allowances for financial assets at amortised cost – **loans and advances to banks** are presented below:

| | | | | | | | | 30.06.2021 | Bank |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|
| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | Closing balance |
| Loans and advances to banks | | | | | | | | | |
| Stage 1 | (906) | (245) | 924 | (129) | 232 | - | - | (4) | (128) |
| Credit institutions | (906) | (245) | 924 | (129) | 232 | - | - | (4) | (128) |
| Stage 2 | (286) | - | 3 | 201 | - | - | - | (1) | (83) |
| Credit institutions | (286) | - | 3 | 201 | - | - | - | (1) | (83) |
| Stage 3 | (66,591) | - | - | (154) | - | - | - | - | (66,745) |
| Credit institutions | (66,591) | - | - | (154) | - | - | - | - | (66,745) |
| Total allowances for loans and advances to banks | (67,783) | (245) | 927 | (82) | 232 | - | - | (5) | (66,956) |

The movements in allowances for financial assets at amortised cost – **loans and advances to customers** are presented below:

| | | | | | | | | 30.06.2021 | Bank |
|---|--------------------|--|--------------------------------|--|--|--|---|---------------------------------------|--------------------|
| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | Closing balance |
| Loans and advances to customers | | | | | | | | | |
| Stage 1 | (153,345) | (41,487) | 21,347 | (144,966) | 135,026 | - | 2 | (1,237) | (184,660) |
| General governments | (3,554) | (288) | 325 | (2,395) | 542 | - | - | (5) | (5,375) |
| Other financial corporations | (3,091) | (837) | 100 | (2,232) | 3 | - | - | (248) | (6,305) |
| Non-financial corporations | (86,569) | (25,589) | 17,434 | (27,070) | 9,224 | - | - | (621) | (113,191) |
| Households | (60,131) | (14,773) | 3,488 | (113,269) | 125,257 | - | 2 | (363) | (59,789) |
| Stage 2 | (807,957) | (6,013) | 50,135 | 207,492 | (284,056) | (1,345) | 41 | (3,800) | (845,503) |
| General governments | (7,217) | - | 34 | 1,137 | (659) | 3 | - | - | (6,702) |
| Other financial corporations | (332) | - | 248 | 86 | (4) | - | - | - | (2) |
| Non-financial corporations | (327,696) | (4,558) | 30,410 | (15,778) | (94,868) | (125) | - | (2,350) | (414,965) |
| Households | (472,712) | (1,455) | 19,443 | 222,047 | (188,525) | (1,223) | 41 | (1,450) | (423,834) |
| Stage 3 | (1,282,405) | (2,385) | 47,351 | (46,948) | (24,545) | (2,356) | 42,662 | (7,899) | (1,276,525) |
| General governments | (8,682) | - | 2 | 309 | - | (12) | - | - | (8,383) |
| Other financial corporations | (9,320) | - | 9 | 726 | - | - | - | (108) | (8,693) |
| Non-financial corporations | (588,325) | (990) | 25,117 | (24,900) | (2,947) | (2,130) | 26,674 | (4,891) | (572,392) |
| Households | (676,078) | (1,395) | 22,223 | (23,083) | (21,598) | (214) | 15,988 | (2,900) | (687,057) |
| POCI | (79,706) | - | 3,827 | 7,475 | - | 16 | 1,729 | (691) | (67,350) |
| General governments | (3,768) | - | - | 652 | - | (42) | - | (15) | (3,173) |
| Non-financial corporations | (10,418) | - | 124 | 2,629 | - | (2) | 30 | (89) | (7,726) |
| Households | (65,520) | - | 3,703 | 4,194 | - | 60 | 1,699 | (587) | (56,451) |
| Total allowances for loans and advances to customers | (2,323,413) | (49,885) | 122,660 | 23,053 | (173,575) | (3,685) | 44,434 | (13,627) | (2,374,038) |

5. Financial assets at amortised cost (continued)

| | | 31.12.2020 | | | | | Bank | | | | |
|--|-----------------------|------------------|------------------|----------------|-------------------|------------------------|------------------|--------------------|-----------------|--------------------|-------------------|
| in RON thousands | Gross carrying amount | | | | | Credit loss allowances | | | | | Carrying amount |
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total | Stage 1 | Stage 2 | Stage 3 | POCI | Total | |
| Debt securities | 13,954,863 | 45,388 | 1,355 | - | 14,001,606 | (13,624) | (585) | (406) | - | (14,615) | 13,986,991 |
| General governments | 13,903,152 | 45,388 | 1,355 | - | 13,949,895 | (13,620) | (585) | (406) | - | (14,611) | 13,935,284 |
| Credit institutions | 51,711 | - | - | - | 51,711 | (4) | - | - | - | (4) | 51,707 |
| Loans and advances to banks | 2,017,795 | 9,605 | 66,591 | - | 2,093,991 | (906) | (286) | (66,591) | - | (67,783) | 2,026,208 |
| Central banks | 1,990 | - | - | - | 1,990 | - | - | - | - | - | 1,990 |
| Credit institutions | 2,015,805 | 9,605 | 66,591 | - | 2,092,001 | (906) | (286) | (66,591) | - | (67,783) | 2,024,218 |
| Loans and advances to customers | 31,892,055 | 9,761,280 | 1,709,164 | 320,371 | 43,682,870 | (153,345) | (807,957) | (1,282,405) | (79,706) | (2,323,413) | 41,359,457 |
| General governments | 3,060,975 | 489,208 | 10,495 | 15,974 | 3,576,652 | (3,554) | (7,217) | (8,682) | (3,768) | (23,221) | 3,553,431 |
| Other financial corporations | 1,501,195 | 24,406 | 9,885 | - | 1,535,486 | (3,091) | (332) | (9,320) | - | (12,743) | 1,522,743 |
| Non-financial corporations | 7,824,322 | 4,203,382 | 765,309 | 68,766 | 12,861,779 | (86,569) | (327,696) | (588,325) | (10,418) | (1,013,008) | 11,848,771 |
| Households | 19,505,563 | 5,044,284 | 923,475 | 235,631 | 25,708,953 | (60,131) | (472,712) | (676,078) | (65,520) | (1,274,441) | 24,434,512 |
| Total | 47,864,713 | 9,816,273 | 1,777,110 | 320,371 | 59,778,467 | (167,875) | (808,828) | (1,349,402) | (79,706) | (2,405,811) | 57,372,656 |

The movements in allowances for financial assets at amortised cost – **debt securities** are presented below:

| | | 31.12.2020 | | | | | | | | Bank |
|---|------------------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|------|
| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | Exchange-rate and other changes (+/-) | Closing balance | |
| | Debt securities | | | | | | | | | |
| Stage 1 | (6,210) | (3,586) | 4,676 | (9,091) | 617 | - | - | (30) | (13,624) | |
| General governments | (6,207) | (3,586) | 4,677 | (9,091) | 617 | - | - | (30) | (13,620) | |
| Credit institutions | (3) | - | (1) | - | - | - | - | - | (4) | |
| Stage 2 | (1,067) | - | - | 515 | (33) | - | - | - | (585) | |
| General governments | (1,067) | - | - | 515 | (33) | - | - | - | (585) | |
| Stage 3 | (609) | - | 125 | 78 | - | - | - | - | (406) | |
| General governments | (609) | - | 125 | 78 | - | - | - | - | (406) | |
| Total allowances for debt securities | (7,886) | (3,586) | 4,801 | (8,498) | 584 | - | - | (30) | (14,615) | |

5. Financial assets at amortised cost (continued)

The movements in allowances for financial assets at amortised cost – **loans and advances to banks** are presented below:

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | 31.12.2020 | Bank |
|---|-----------------|--|--------------------------------|--|--|--|---|---------------------------------------|-----------------|
| | | | | | | | | Exchange-rate and other changes (+/-) | Closing balance |
| Loans and advances to banks | | | | | | | | | |
| Stage 1 | (774) | (8,984) | 8,728 | 150 | - | - | - | (26) | (906) |
| Credit institutions | (774) | (8,984) | 8,728 | 150 | - | - | - | (26) | (906) |
| Stage 2 | (89) | - | 62 | (171) | (105) | - | - | 17 | (286) |
| Credit institutions | (89) | - | 62 | (171) | (105) | - | - | 17 | (286) |
| Stage 3 | (66,647) | (12,590) | 12,590 | 56 | - | - | - | - | (66,591) |
| Credit institutions | (66,647) | (12,590) | 12,590 | 56 | - | - | - | - | (66,591) |
| Total allowances for loans and advances to banks | (67,510) | (21,574) | 21,380 | 35 | (105) | - | - | (9) | (67,783) |

The movements in allowances for financial assets at amortised cost – **loans and advances to customers** are presented below:

| in RON thousands | Opening balance | Increases due to origination and acquisition | Decreases due to derecognition | Net changes due to change in credit risk | Transfers between Stage 1 and Stages 2/3 | Net changes due to modifications without derecognition | Decrease in allowance account due to write-offs | 31.12.2020 | Bank |
|---|--------------------|--|--------------------------------|--|--|--|---|---------------------------------------|--------------------|
| | | | | | | | | Exchange-rate and other changes (+/-) | Closing balance |
| Loans and advances to customers | | | | | | | | | |
| Stage 1 | (146,822) | (78,082) | 36,991 | (124,827) | 161,187 | 189 | - | (1,981) | (153,345) |
| General governments | (2,978) | (9,268) | 8,943 | (3,384) | 3,141 | - | - | (8) | (3,554) |
| Other financial corporations | (1,545) | (552) | - | (1,008) | 35 | - | - | (21) | (3,091) |
| Non-financial corporations | (92,947) | (43,268) | 23,094 | (11,116) | 38,565 | 19 | - | (916) | (86,569) |
| Households | (49,352) | (24,994) | 4,954 | (109,319) | 119,446 | 170 | - | (1,036) | (60,131) |
| Stage 2 | (571,654) | (15,549) | 57,706 | 529,397 | (798,594) | (4,604) | 78 | (4,737) | (807,957) |
| General governments | (10,076) | - | 384 | 3,038 | (1,537) | 1,009 | - | (35) | (7,217) |
| Other financial corporations | (91) | - | 42 | 53 | (336) | - | - | - | (332) |
| Non-financial corporations | (284,446) | (13,866) | 38,729 | 167,175 | (231,432) | (715) | - | (3,141) | (327,696) |
| Households | (277,041) | (1,683) | 18,551 | 359,131 | (565,289) | (4,898) | 78 | (1,561) | (472,712) |
| Stage 3 | (937,262) | (9,129) | 126,582 | (385,386) | (182,164) | (820) | 113,144 | (7,370) | (1,282,405) |
| General governments | (9,007) | - | 7 | 327 | - | (9) | - | - | (8,682) |
| Other financial corporations | (9,203) | - | - | 132 | - | (97) | - | (152) | (9,320) |
| Non-financial corporations | (321,301) | (6,863) | 58,759 | (307,969) | (34,283) | (278) | 25,058 | (1,448) | (588,325) |
| Households | (597,751) | (2,266) | 67,816 | (77,876) | (147,881) | (436) | 88,086 | (5,770) | (676,078) |
| POCI | (134,102) | - | 34,205 | 11,583 | - | (538) | 10,758 | (1,612) | (79,706) |
| General governments | (5,389) | - | - | 1,438 | - | - | - | 183 | (3,768) |
| Other financial corporations | - | - | - | - | - | - | - | - | - |
| Non-financial corporations | (32,583) | - | 21,530 | 1,175 | - | (312) | 392 | (620) | (10,418) |
| Households | (96,130) | - | 12,675 | 8,970 | - | (226) | 10,366 | (1,175) | (65,520) |
| Total allowances for loans and advances to customers | (1,789,840) | (102,760) | 255,484 | 30,767 | (819,571) | (5,773) | 123,980 | (15,700) | (2,323,413) |

6. Deposits from banks

| in RON thousands | Group | | Bank | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Current accounts / overnight deposits | 735,372 | 917,110 | 763,346 | 947,984 |
| Term deposits from other banks | 1,136,096 | 1,566,540 | 388,408 | 530,503 |
| Repurchase agreements | 70,915 | 35,864 | 1,498,092 | 1,013,477 |
| Deposits from banks | 1,942,383 | 2,519,514 | 2,649,846 | 2,491,964 |
| Subordinated loans | 1,100,020 | 1,087,260 | 1,100,020 | 1,087,260 |
| Total | 3,042,403 | 3,606,774 | 3,749,866 | 3,579,224 |

7. Deposits from customers

| in RON thousands | Group | | Bank | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Overnight deposits | 38,639,489 | 37,902,428 | 38,429,368 | 37,718,740 |
| Savings deposits | 1,661 | 1,819 | - | - |
| Households | 1,661 | 1,819 | - | - |
| Non-savings deposits | 38,637,828 | 37,900,609 | 38,429,368 | 37,718,740 |
| General governments | 2,777,398 | 2,886,018 | 2,777,398 | 2,886,018 |
| Other financial corporations | 886,974 | 889,028 | 958,902 | 1,044,544 |
| Non-financial corporations | 12,945,064 | 13,490,065 | 12,741,659 | 13,224,773 |
| Households | 22,028,392 | 20,635,498 | 21,951,409 | 20,563,405 |
| Term deposits | 26,073,056 | 26,974,346 | 25,219,047 | 25,872,978 |
| Deposits with agreed maturity | 26,073,056 | 26,974,346 | 25,219,047 | 25,872,978 |
| Savings deposits | 808,729 | 1,038,774 | - | - |
| Households | 808,729 | 1,038,774 | - | - |
| Non-savings deposits | 25,264,327 | 25,935,572 | 25,219,047 | 25,872,978 |
| General governments | 2,500,506 | 3,057,243 | 2,500,506 | 3,057,243 |
| Other financial corporations | 844,514 | 805,407 | 947,663 | 890,717 |
| Non-financial corporations | 4,906,682 | 4,719,501 | 4,907,445 | 4,708,271 |
| Households | 17,012,625 | 17,353,421 | 16,863,433 | 17,216,747 |
| Deposits from customers | 64,712,545 | 64,876,774 | 63,648,415 | 63,591,718 |
| General governments | 5,277,904 | 5,943,261 | 5,277,904 | 5,943,261 |
| Other financial corporations | 1,731,488 | 1,694,435 | 1,906,565 | 1,935,261 |
| Non-financial corporations | 17,851,746 | 18,209,566 | 17,649,104 | 17,933,044 |
| Households | 39,851,407 | 39,029,512 | 38,814,842 | 37,780,152 |

8. Debt securities issued

| in RON thousands | Group | | Bank | |
|-------------------------------|------------------|----------------|------------------|----------------|
| | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Bonds | 1,635,524 | 614,801 | 1,635,524 | 614,801 |
| Debt securities issued | 1,635,524 | 614,801 | 1,635,524 | 614,801 |

During May 2021, the Bank issued senior non preferred bonds in amount of RON 1bn in accordance with the approved strategy.

9. Provisions

| in RON thousands | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Long-term employee provisions | 62,827 | 60,030 | 62,777 | 59,980 |
| Pending legal issues | 666,527 | 673,100 | 643,908 | 645,940 |
| Commitments and guarantees given | 202,434 | 162,460 | 207,443 | 167,706 |
| Provisions for commitments and financial guarantees in Stage 1 | 51,859 | 39,674 | 53,749 | 40,207 |
| Provisions for commitments and financial guarantees in Stage 2 | 80,637 | 60,904 | 83,756 | 65,657 |
| Provisions for commitments and financial guarantees - Defaulted | 69,938 | 61,882 | 69,938 | 61,882 |
| Provisions for commitments and financial guarantees in Stage 3 | 66,932 | 57,534 | 66,932 | 57,534 |
| Provisions for commitments and financial guarantees - POCI | 3,006 | 4,348 | 3,006 | 4,348 |
| Other provisions | 960,347 | 962,043 | 298,253 | 272,358 |
| Provisions | 1,892,135 | 1,857,633 | 1,212,381 | 1,145,984 |

10. Net interest income

| in RON thousands | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Interest and other similar income | | | | |
| Financial assets at amortised cost | 1,232,071 | 1,284,572 | 1,197,152 | 1,239,861 |
| Financial assets measured at fair value through other comprehensive income | 97,699 | 96,662 | 96,845 | 95,853 |
| Interest income | 1,329,770 | 1,381,234 | 1,293,997 | 1,335,714 |
| Non-trading financial assets at fair value through profit or loss | 5 | 5 | 5 | 5 |
| Financial assets - held for trading | 242 | 3,784 | 242 | 3,784 |
| Other assets and negative interest from financial liabilities | 29,299 | 28,460 | 623 | 387 |
| Other similar income | 29,546 | 32,249 | 870 | 4,176 |
| Total interest and other similar income | 1,359,316 | 1,413,483 | 1,294,867 | 1,339,890 |
| Interest and other similar expense | | | | |
| Financial liabilities measured at amortised cost | (153,469) | (215,091) | (144,514) | (203,957) |
| Interest expenses | (153,469) | (215,091) | (144,514) | (203,957) |
| Financial liabilities - held for trading | (119) | (1,492) | (119) | (1,492) |
| Other liabilities | (7,833) | (8,512) | (7,799) | (8,307) |
| Negative Interest from financial assets | (1,863) | (555) | (1,863) | (555) |
| Other similar expenses | (9,815) | (10,559) | (9,781) | (10,354) |
| Total Interest and other similar expense | (163,284) | (225,650) | (154,295) | (214,311) |
| Net interest income | 1,196,032 | 1,187,833 | 1,140,572 | 1,125,579 |
| Thereof: interest-income on credit impaired financial assets | 24,481 | 20,757 | 20,856 | 16,656 |

11. Net fees and commissions income

| in RON thousands | Group | | | | Bank | | | |
|---|----------------|------------------|----------------|------------------|----------------|------------------|----------------|-----------------|
| | 30.06.2021 | | 30.06.2020 | | 30.06.2021 | | 30.06.2020 | |
| | Income | Expenses | Income | Expenses | Income | Expenses | Income | Expenses |
| Securities | 17,950 | (2,201) | 18,434 | (2,811) | 17,950 | (2,201) | 18,434 | (2,811) |
| Transfer orders | 17,950 | (2,201) | 18,434 | (2,811) | 17,950 | (2,201) | 18,434 | (2,811) |
| Clearing and settlement | 3,621 | (8,190) | 3,244 | (7,829) | 3,626 | (8,143) | 3,249 | (7,766) |
| Asset management | 26,993 | - | 19,552 | - | - | - | - | - |
| Custody | 8,937 | (2,533) | 9,102 | (2,412) | 8,937 | (1,672) | 9,102 | (1,617) |
| Payment services | 314,444 | (87,490) | 264,961 | (74,797) | 311,921 | (86,463) | 262,665 | (73,660) |
| Card business | 101,414 | (57,223) | 70,142 | (54,354) | 99,929 | (56,429) | 68,739 | (53,578) |
| Other | 213,030 | (30,267) | 194,819 | (20,443) | 211,992 | (30,034) | 193,926 | (20,082) |
| Customer resources distributed but not managed | 82,742 | (2,025) | 66,239 | (837) | 79,721 | (2,025) | 63,964 | (837) |
| Collective investment | 23,237 | - | 17,703 | - | 23,237 | - | 17,703 | - |
| Insurance products | 44,855 | - | 37,292 | - | 40,487 | - | 33,566 | - |
| Building society brokerage | - | - | - | - | 5 | - | 14 | - |
| Foreign exchange transactions | 14,208 | (2,025) | 11,029 | (837) | 14,209 | (2,025) | 11,030 | (837) |
| Other | 442 | - | 215 | - | 1,783 | - | 1,651 | - |
| Structured finance | 323 | - | - | - | 323 | - | - | - |
| Lending business | 30,837 | (11,937) | 25,605 | (10,630) | 30,721 | (9,114) | 25,631 | (7,663) |
| Guarantees given, guarantees received | 10,461 | (2,132) | 11,578 | (2,774) | 10,361 | (1,243) | 11,592 | (1,427) |
| Loan commitments given, loan commitments received | 9,673 | - | 6,841 | - | 9,673 | - | 6,841 | - |
| Other lending business | 10,703 | (9,805) | 7,186 | (7,856) | 10,687 | (7,871) | 7,198 | (6,236) |
| Other | 13,542 | (1,239) | 9,974 | (1,560) | 10,545 | (376) | 8,117 | (251) |
| Net fee and commission income | 499,389 | (115,615) | 417,111 | (100,876) | 463,744 | (109,994) | 391,162 | (94,605) |

12. Net trading and fair value result

| in RON thousands | Group | | Bank | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Net Trading Result | | | | |
| Securities and derivatives trading | 47,654 | 26,705 | 47,654 | 26,705 |
| Foreign exchange transactions | 128,737 | 127,909 | 124,884 | 122,915 |
| Foreign currency transaction | (4,925) | (11,692) | (1,412) | (7,779) |
| Net Trading Result | 171,466 | 142,922 | 171,126 | 141,841 |

13. General administrative expenses

| in RON thousands | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Personnel expenses | (384,271) | (411,059) | (355,103) | (348,958) |
| Wages and salaries | (363,158) | (367,739) | (335,635) | (312,268) |
| Compulsory social security | (10,912) | (12,236) | (9,430) | (9,697) |
| Long-term employee provisions | (2,438) | (2,793) | (2,438) | (2,632) |
| Other personnel expenses | (7,763) | (28,291) | (7,600) | (24,361) |
| Other administrative expenses | (302,487) | (288,177) | (297,274) | (298,463) |
| Deposit insurance contribution | (16,680) | (21,081) | (15,526) | (17,973) |
| IT expenses | (142,518) | (112,525) | (139,732) | (108,290) |
| Expenses for office space | (43,680) | (46,371) | (42,743) | (43,913) |
| Office operating expenses | (62,256) | (49,771) | (64,860) | (79,297) |
| Advertising/marketing | (18,367) | (24,767) | (17,934) | (24,081) |
| Legal and consulting costs | (11,847) | (12,264) | (10,286) | (10,580) |
| Sundry administrative expenses | (7,139) | (21,398) | (6,193) | (14,329) |
| Depreciation and amortisation | (115,018) | (106,058) | (109,808) | (100,084) |
| Software and other intangible assets | (45,387) | (37,698) | (44,148) | (35,985) |
| Owner occupied real estate | (41,449) | (40,623) | (39,505) | (39,734) |
| Investment properties | (2,932) | (2,647) | (2,932) | (2,647) |
| Office furniture and equipment and sundry property and equipment | (25,250) | (25,090) | (23,223) | (21,718) |
| General administrative expenses | (801,776) | (805,294) | (762,185) | (747,505) |

The Group number of employees at 30 June 2021 was 5,503 (31 December 2020: 5,645).

14. Net impairment loss on financial instruments

| in RON thousands | Group | | Bank | |
|---|-----------------|------------------|-----------------|------------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Financial assets at fair value through other comprehensive income | (3,109) | (5,058) | (1,120) | (3,150) |
| Financial assets at amortised cost | (26,013) | (161,438) | (23,579) | (151,214) |
| Net allocation to risk provisions | (40,063) | (366,703) | (29,725) | (351,317) |
| Direct write-offs | (10,806) | (9,573) | (10,176) | (8,597) |
| Recoveries recorded directly to the income statement | 28,567 | 221,250 | 20,006 | 215,107 |
| Modification gains or losses | (3,711) | (6,412) | (3,684) | (6,407) |
| Finance lease | (12,515) | (623) | 536 | 29 |
| Net allocation of provisions for commitments and guarantees given | (35,597) | (2,816) | (35,359) | (2,742) |
| Net impairment loss on financial instruments | (77,234) | (169,935) | (59,522) | (157,077) |

Impairment result from financial instruments recorded a net allocation of RON 77.2 million in H1 2021, as compared to a net allocation of RON 169.9 million in H1 2020.

This result has been mainly influenced by updated estimates for the probabilities of default for Corporate clients, partially offset by recoveries from defaulted clients.

15. Other operating results

| in RON thousands | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Other income, of which: | 352,329 | 291,664 | 286,974 | 215,143 |
| Other provisions - release | 150,940 | 147,695 | 135,493 | 147,338 |
| Gains on other assets | 103,294 | 84,842 | 74,703 | 40,094 |
| Other income | 98,095 | 59,127 | 76,778 | 27,711 |
| Other expense, of which: | (443,917) | (348,223) | (343,341) | (238,046) |
| Other provisions - allocation | (158,856) | (111,132) | (156,621) | (103,681) |
| Losses on other assets | (77,614) | (75,338) | (48,955) | (34,376) |
| Impairment of tangible and intangible assets | (125) | (2) | (125) | (2) |
| Impairment of assets held for sale and other assets | (44,385) | (34,274) | - | - |
| Recovery and resolution fund | (55,515) | (37,203) | (54,774) | (37,194) |
| Other taxes | (10,619) | (9,845) | (8,835) | (8,143) |
| Other expenses | (96,803) | (80,429) | (74,031) | (54,650) |
| Total | (91,588) | (56,559) | (56,367) | (22,903) |

16. Taxes on income

| in RON thousands | Group | | Bank | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Current tax expense/income | (141,823) | (150,957) | (136,010) | (148,042) |
| Current period | (141,823) | (150,957) | (136,010) | (148,042) |
| Deferred tax expense/income | (11,062) | (21,913) | (9,631) | (18,201) |
| Current period | (11,062) | (21,913) | (9,631) | (18,201) |
| Taxes on income | (152,885) | (172,870) | (145,641) | (166,243) |

| in RON thousands | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | 30.06.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| Pre-tax profit/(loss) | 843,694 | 671,749 | 797,247 | 644,611 |
| Income tax expense for the financial year at the domestic statutory tax rate (16%) | (134,991) | (107,480) | (127,560) | (103,138) |
| Impact of tax-exempt earnings of investments and other tax-exempt income | 85,647 | 104,438 | 85,647 | 104,438 |
| Tax increases due to non-deductible expenses, additional business tax and similar elements | (94,089) | (163,796) | (95,281) | (165,223) |
| Impact of other elements and deferred tax income/ (expense) | (9,452) | (6,032) | (8,447) | (2,320) |
| Income tax (expense) / release reported in the income statement | (152,885) | (172,870) | (145,641) | (166,243) |
| The effective tax rate* | 18.12% | 25.73% | 18.27% | 25.79% |

*For June 2020 the effective tax rate was impacted by assignment of receivables for which 70% of the difference between the notional amount receivable (irrespective of coverage percentage with provisions or previously written off) and the selling price represents taxable income.

17. Dividends paid

Following the Decision of the Ordinary General Meeting of shareholders, BCR paid dividends for financial years 2019 and 2020 in amount of RON 71,778,644.

18. Segment reporting

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For management purposes, the Bank is organized into the following business segments:

A. Retail

The Group provides individuals and micro clients with a range of financial products and services, including lending (consumer loans, vehicles purchase, personal needs, mortgages, overdrafts, credit cards facilities and funds transfer facilities), savings and deposit taking business, payment services and securities business.

B. Corporate

Within corporate banking, the Group provides corporations, real estate and large corporate clients with a range of financial products and services, including lending and deposit taking, providing cash management, foreign commercial business, leasing, investment advices, financial planning, securities business, project and structured finance transactions, syndicated loans and asset backed transactions. Principal activity is of granting loans, other credit facilities, deposits, and current accounts for corporate and institutional customers, investment banking services and financial products and services provided by the leasing, insurance, brokerage, asset management, real estate services and financial consultancy services operations of the Group.

The main Corporate segments are:

a. SME, comprising:

- Companies with yearly turnover between EUR 1 mio - EUR 50 mio and a consolidated turnover < EUR 500 mio;
- Companies part of a domestic group with at least one company with individual yearly turnover between EUR 1 mio - EUR 50 mio;
- Companies part of an international group with at least one company with individual yearly turnover between EUR 1 mio - EUR 500 mio;
- Companies with real estate financing for which total project value (including land acquisition, excluding VAT) is less than EUR 8 mio;
- Companies having individual / consolidated turnover below EUR 1 mio.

b. Public Sector (PS):

Public Sector comprises Public sector, Public corporations' clients and Non-Profit sector.

Public sector includes the following institutions:

- Central ministries and state funded funds and agencies;
- Non-profit entities established by or under control of central government entities, state funded organizations, state universities or Research and development institutions;
- Regional governments and organizations funded by them;
- State capitals including city halls, regional capitals and other municipals and organizations funded by them. Exceptions: elementary and primary schools, high schools, kindergartens, small hospitals and libraries, which are segmented as Micro;
- Public health and social insurance companies.

Public Corporations include:

- All non-financial state companies and corporations with more than 50% share of state or regional governments or municipals excluding stock exchange listed companies and State-Owned Companies acting in Energy & Utilities industry with turnover > 50 mio EUR.

Non-profit Sector includes the following private non-profit companies:

- Central authorities of churches (archbishops, bishops, patriarchs, etc.);
- Country-wide labour unions;
- Political parties;
- Social Banking Customers who have social impact.

18. Segment reporting (*continued*)

c. Local Large Corporates (LLC)

- Companies/groups with a yearly individual turnover above EUR 50 mio;
- Clients with operations in core markets where the Erste Group operates or in extended core markets;
- Listed and to be listed state owned companies;
- Companies that meet the above-described criteria regarding the turnover with real estate financing for which total Real Estate project value including land acquisition, excluding VAT) is less than EUR 8 mio;
- Financial sponsors (e.g. Private Equity Funds). The participations (in case of majority stake) of the financial sponsors will be grouped together with the financial sponsor, therefore treated within LLC.
- International groups that have their headquarters outside the expanded ERSTE * target market (the target market where Erste is present plus Poland, Germany and Spain) with a consolidated annual turnover of over EUR 50 million are segmented by LLC only in which Erste Group has a relationship with its headquarters. Extended core markets - the market consists of the following countries: Austria, Czech Republic, Croatia, Hungary, Romania, Serbia, Slovakia.

d. Commercial Real Estate (CRE)

- Companies that request financing of real estate projects with total project value > EUR 8 mio (including land acquisition, excluding VAT);
- Investors in RE for the purpose of generating income from the rental of individual properties or portfolios of properties;
- Developers of individual properties or portfolios of properties for the purpose of generating capital gains through sale;
- Asset management services - Assets/SPVs held (on balance) by an Erste Group entity in order to generate income from rental activities (third party tenants);
- Own property development – property developments done by an Erste Group entity in scope of this policy for the purpose of generating capital gains through sale or income from rental;
- Clients using construction/technical advisory services of EGI.

Other banking segments:

C. ALM & Local Corporate Center:

- **Balance sheet management** - principally providing assets and liabilities management, funding and derivative transactions, investments and issuance of bonds operations;
- **Local Corporate Center** - unallocated items, items which do not belong to business lines and Free Capital.

D. Group Markets:

a. Trading (GMT): principally providing money market and treasury operations, syndicated loans and structured financing transactions, foreign currency and derivative transactions, financial instruments trading.

b. Financial institutions (GMFI): companies that provide financial services for their clients or members and act as professional and active participant on financial markets for the purpose of proprietary trading or on behalf of their clients (banks, central banks, investment banks, investments funds, brokerages, insurance companies, pension funds, credit unions).

The business segment reporting format is the Group's basis of segment reporting. Transactions between business segments are conducted at arm's length.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise property and equipment, intangible assets, other assets and other liabilities and taxation.

The mapping of individual accounts by main line items of income and expenses, respectively assets and liabilities and equity, for purposes of segment reporting is done on an internal management approach, rather than an external financial reporting approach.

In order to split the Group results on business lines the following subsidiaries are allocated entirely on Retail segment: BCR Pensii SAFPP, Banca pentru Locuinte, Suport Colect and some of the consolidation adjustments; BCR Leasing and BCR Chisinau are allocated on Corporate. Intragroup eliminations and the rest of the consolidation adjustments are allocated on Corporate Center.

In geographical segmentation Erste Group shows BCR entirely under geographical area Romania. Furthermore, the only business done outside Romania is performed by BCR Chisinau, but the contribution to Balance Sheet and P&L is not material. There is no other geographical steering information used by BCR management.

18. Segment reporting (continued)

Throughout the following tables related to Segment Reporting the net trading result includes the following positions presented in the statement of income:

- Net trading result;
- Result from financial assets and liabilities designated at fair value through profit or loss;
- Foreign currency translation.

| Statement of Income | Group | Retail | Corporates | ALM & Local Corporate Center | GM |
|---|------------------|----------------|----------------|---------------------------------|---------------|
| in RON thousands | | | | | |
| 30.06.2021 | | | | | |
| Net interest income | 1,196,032 | 721,350 | 314,847 | 161,119 | (1,284) |
| Net fee and commission income | 383,774 | 272,343 | 95,375 | (1,858) | 17,914 |
| Dividend income | 3,148 | 2,044 | 62 | 1,026 | 15 |
| Net trading result | 171,466 | 57,024 | 52,662 | (2,606) | 64,387 |
| Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss | 2,649 | (2,824) | 4,498 | 975 | - |
| Net result from equity method investments | 385 | - | - | 385 | - |
| Rental income from investment properties and other operating leases | 56,838 | - | 55,226 | 1,612 | - |
| General administrative expenses | (801,776) | (645,175) | (130,006) | (13,262) | (13,332) |
| Net impairment loss on financial instruments | (77,234) | 99,431 | (177,942) | (887) | 2,164 |
| Other operating result | (91,588) | (10,242) | (64,580) | (10,101) | (6,665) |
| Pre-tax result from continuing operations | 843,694 | 493,951 | 150,141 | 136,404 | 63,199 |
| Taxes on income | (152,885) | (78,306) | (24,639) | (39,827) | (10,112) |
| Net result for the period | 690,809 | 415,644 | 125,502 | 96,576 | 53,087 |
| Net result attributable to non-controlling interests | 2 | - | - | 2 | - |
| Net result attributable to owners of the parent | 690,807 | 415,644 | 125,502 | 96,574 | 53,087 |
| Operating income | 1,813,907 | 1,049,937 | 522,670 | 160,268 | 81,032 |
| Operating expenses | (801,776) | (645,175) | (130,006) | (13,262) | (13,332) |
| Operating result | 1,012,131 | 404,762 | 392,663 | 147,006 | 67,700 |
| Cost income ratio | 44.2% | 61.4% | 24.9% | 8.3% | 16.5% |

| Statement of Income | Group | Retail | Corporates | ALM & Local Corporate Center | GM |
|---|----------------|----------------|----------------|---------------------------------|---------------|
| in RON thousands | | | | | |
| 30.06.2020 | | | | | |
| Net interest income | 1,187,833 | 733,834 | 294,405 | 156,418 | 3,176 |
| Net fee and commission income | 316,235 | 230,404 | 77,566 | (9,592) | 17,857 |
| Dividend income | 3,312 | - | 39 | 3,273 | - |
| Net trading result | 142,922 | 53,968 | 41,075 | 4,618 | 43,261 |
| Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss | (25) | (3,177) | 1,643 | 1,509 | - |
| Net result from equity method investments | (442) | - | - | (442) | - |
| Rental income from investment properties and other operating leases | 53,702 | - | 51,765 | 1,937 | - |
| General administrative expenses | (805,294) | (619,324) | (128,777) | (46,461) | (10,732) |
| Net impairment loss on financial instruments | (169,935) | (193,912) | 33,949 | (8,835) | (1,137) |
| Other operating result | (56,559) | (11,612) | (26,908) | (14,764) | (3,275) |
| Pre-tax result from continuing operations | 671,749 | 190,181 | 344,757 | 87,661 | 49,150 |
| Taxes on income | (172,870) | (29,857) | (57,528) | (77,621) | (7,864) |
| Net result for the period | 498,879 | 160,324 | 287,229 | 10,040 | 41,286 |
| Net result attributable to non-controlling interests | 2 | - | - | 2 | - |
| Net result attributable to owners of the parent | 498,877 | 160,324 | 287,229 | 10,038 | 41,286 |
| Operating income | 1,703,537 | 1,015,029 | 466,493 | 157,721 | 64,294 |
| Operating expenses | (805,294) | (619,324) | (128,777) | (46,461) | (10,732) |
| Operating result | 898,243 | 395,705 | 337,716 | 111,260 | 53,562 |
| Cost income ratio | 47.3% | 61.0% | 27.6% | 29.5% | 16.7% |



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As at 30 June 2021

18. Segment reporting (continued)

| Statement of Income | Bank | Retail | Corporates | ALM & Local Corporate Center | GM |
|---|----------------|----------------|----------------|---------------------------------|---------------|
| in RON thousands | | | | | |
| 30.06.2021 | | | | | |
| Net interest income | 1,140,572 | 715,438 | 270,363 | 156,055 | (1,284) |
| Net fee and commission income | 353,750 | 246,594 | 89,923 | (681) | 17,914 |
| Dividend income | 4,243 | 2,045 | - | 2,183 | 15 |
| Net trading result | 171,126 | 57,072 | 52,256 | (2,589) | 64,387 |
| Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss | 2,649 | (2,824) | 4,498 | 975 | - |
| Rental income from investment properties and other operating leases | 2,981 | - | - | 2,981 | - |
| General administrative expenses | (762,185) | (626,776) | (104,359) | (17,718) | (13,332) |
| Net impairment loss on financial instruments | (59,522) | 90,094 | (152,543) | 763 | 2,164 |
| Other operating result | (56,367) | (18,352) | (22,259) | (9,091) | (6,665) |
| Pre-tax result from continuing operations | 797,247 | 463,291 | 137,879 | 132,878 | 63,199 |
| Taxes on income | (145,641) | (74,126) | (22,061) | (39,342) | (10,112) |
| Net result for the period | 651,606 | 389,165 | 115,818 | 93,536 | 53,087 |
| Operating income | 1,675,321 | 1,018,325 | 417,040 | 158,924 | 81,032 |
| Operating expenses | (762,185) | (626,776) | (104,359) | (17,718) | (13,332) |
| Operating result | 913,136 | 391,549 | 312,681 | 141,206 | 67,700 |
| Cost income ratio | 45.5% | 61.5% | 25.0% | 11.1% | 16.5% |

| Statement of Income | Bank | Retail | Corporates | ALM & Local Corporate Center | GM |
|---|----------------|----------------|----------------|---------------------------------|---------------|
| in RON thousands | | | | | |
| 30.06.2020 | | | | | |
| Net interest income | 1,125,579 | 718,059 | 252,025 | 152,319 | 3,176 |
| Net fee and commission income | 296,557 | 212,882 | 74,353 | (8,535) | 17,857 |
| Dividend income | 3,274 | - | - | 3,274 | - |
| Net trading result | 141,841 | 54,000 | 39,620 | 4,960 | 43,261 |
| Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss | (25) | (3,177) | 1,643 | 1,509 | - |
| Rental income from investment properties and other operating leases | 4,870 | - | - | 4,870 | - |
| General administrative expenses | (747,505) | (597,502) | (103,425) | (35,846) | (10,732) |
| Net impairment loss on financial instruments | (157,077) | (197,051) | 46,171 | (5,060) | (1,137) |
| Other operating result | (22,903) | (9,143) | 16,295 | (26,780) | (3,275) |
| Pre-tax result from continuing operations | 644,611 | 178,068 | 326,682 | 90,711 | 49,150 |
| Taxes on income | (166,243) | (28,491) | (52,269) | (77,619) | (7,864) |
| Net result for the period | 478,368 | 149,577 | 274,413 | 13,092 | 41,286 |
| Operating income | 1,572,096 | 981,764 | 367,641 | 158,397 | 64,294 |
| Operating expenses | (747,505) | (597,502) | (103,425) | (35,846) | (10,732) |
| Operating result | 824,591 | 384,262 | 264,216 | 122,551 | 53,562 |
| Cost income ratio | 47.5% | 60.9% | 28.1% | 22.6% | 16.7% |

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18. Segment reporting (continued)

| in RON thousands | 30.06.2021 | | | | | Group |
|---|-------------------|-------------------|-------------------|------------------------------|--|------------------|
| | Group | Retail | Corporates | ALM & Local Corporate Center | | GM |
| Assets | | | | | | |
| Cash and cash balances | 10,851,882 | 5,245,664 | 323,596 | 5,146,880 | | 135,742 |
| Financial assets held for trading | 1,013,555 | - | 62 | 6,214 | | 1,007,279 |
| Derivatives | 41,012 | - | 62 | 6,214 | | 34,736 |
| Other financial assets held for trading | 972,543 | - | - | - | | 972,543 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 68,130 | 27,061 | 1,840 | 39,229 | | - |
| Equity instruments | 35,238 | 27,061 | 234 | 7,943 | | - |
| Debt securities | 31,286 | - | - | 31,286 | | - |
| Loans and advances to customers | 1,606 | - | 1,606 | - | | - |
| Financial assets at fair value through other comprehensive income | 8,308,171 | - | 72,226 | 8,235,945 | | - |
| Debt securities | 8,308,171 | - | 72,226 | 8,235,945 | | - |
| Financial assets at amortised cost | 58,503,245 | 27,586,922 | 16,963,769 | 13,536,447 | | 416,107 |
| Debt securities | 14,217,455 | 77,316 | 299,529 | 13,840,610 | | - |
| Loans and advances to banks | 1,308,921 | 1,586,632 | 816 | (368,366) | | 89,839 |
| Loans and advances to customers | 42,976,869 | 25,922,974 | 16,663,424 | 64,203 | | 326,288 |
| Finance lease receivables | 1,393,084 | - | 1,438,071 | (44,987) | | - |
| Property and equipment | 820,366 | 8,776 | 509,181 | 302,409 | | - |
| Investment property | 150,499 | - | - | 150,499 | | - |
| Intangible assets | 332,749 | 3,388 | 6,898 | 322,463 | | - |
| Investments in joint ventures and associates | 39,053 | - | 900 | 38,153 | | - |
| Current tax assets | 185,156 | 2,535 | 466 | 182,155 | | - |
| Deferred tax assets | 165,661 | - | 9,191 | 156,470 | | - |
| Assets held for sale | 546,097 | - | - | 546,097 | | - |
| Trade and other receivables | 500,962 | 10,166 | 369,681 | 80,782 | | 40,333 |
| Other assets | 297,380 | 73,666 | 90,334 | 133,091 | | 289 |
| Total assets | 83,175,990 | 32,958,178 | 19,786,215 | 28,831,847 | | 1,599,750 |
| Liabilities and Equity | | | | | | |
| Financial liabilities held for trading | 35,597 | - | - | 2,990 | | 32,607 |
| Derivatives | 35,597 | - | - | 2,990 | | 32,607 |
| Financial liabilities measured at amortised cost | 70,382,127 | 44,695,047 | 21,768,540 | 1,533,227 | | 2,385,313 |
| Deposits from banks | 3,042,403 | 67,328 | 2,853,315 | (731,978) | | 853,738 |
| Deposits from customers | 64,712,545 | 44,473,434 | 18,804,155 | (43,603) | | 1,478,559 |
| Debt securities issued | 1,635,524 | - | - | 1,635,524 | | - |
| Other financial liabilities | 991,655 | 154,285 | 111,070 | 673,284 | | 53,016 |
| Finance lease liabilities | 432,852 | - | - | 432,852 | | - |
| Provisions | 1,892,135 | 1,169,874 | 390,912 | 330,356 | | 993 |
| Current tax liabilities | 67,114 | 496 | 2,262 | 64,356 | | - |
| Deferred tax liabilities | 14,482 | - | - | 14,482 | | - |
| Liabilities associated with assets held for sale | 111,319 | - | - | 111,319 | | - |
| Other liabilities | 279,645 | 11,324 | 59,536 | 207,098 | | 1,687 |
| Total equity | 9,960,719 | 2,645,933 | 2,763,865 | 4,430,412 | | 120,509 |
| Total liabilities and equity | 83,175,990 | 48,522,674 | 24,985,115 | 7,127,092 | | 2,541,109 |

18. Segment reporting (continued)

| in RON thousands | | 31.12.2020 | | | | Group |
|---|-------------------|-------------------|-------------------|------------------------------|--|------------------|
| | Group | Retail | Corporates | ALM & Local Corporate Center | | GM |
| Assets | | | | | | |
| Cash and cash balances | 10,538,199 | 5,128,775 | 513,649 | 4,860,999 | | 34,776 |
| Financial assets held for trading | 1,248,822 | - | 72 | 27,008 | | 1,221,742 |
| Derivatives | 39,891 | - | 72 | 27,008 | | 12,811 |
| Other financial assets held for trading | 1,208,931 | - | - | - | | 1,208,931 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 104,739 | 29,886 | 2,160 | 72,693 | | - |
| Equity instruments | 75,033 | 29,886 | 235 | 44,912 | | - |
| Debt securities | 27,781 | - | - | 27,781 | | - |
| Loans and advances to customers | 1,925 | - | 1,925 | - | | - |
| Financial assets at fair value through other comprehensive income | 7,536,126 | - | 30,083 | 7,506,043 | | - |
| Debt securities | 7,536,126 | - | 30,083 | 7,506,043 | | - |
| Financial assets at amortised cost | 57,990,947 | 27,031,739 | 16,215,529 | 14,259,572 | | 484,107 |
| Debt securities | 14,827,570 | 744,338 | 306,937 | 13,776,295 | | - |
| Loans and advances to banks | 2,028,021 | 1,107,471 | 810 | 442,635 | | 477,105 |
| Loans and advances to customers | 41,135,356 | 25,179,930 | 15,907,782 | 40,642 | | 7,002 |
| Finance lease receivables | 1,301,380 | - | 1,321,293 | (19,913) | | - |
| Property and equipment | 863,743 | 10,083 | 452,113 | 401,547 | | - |
| Investment property | 171,860 | - | - | 171,860 | | - |
| Intangible assets | 348,900 | 3,207 | 5,879 | 339,814 | | - |
| Investments in joint ventures and associates | 39,031 | - | - | 39,031 | | - |
| Current tax assets | 230,979 | 2,579 | 570 | 227,830 | | - |
| Deferred tax assets | 173,378 | 518 | 7,308 | 165,552 | | - |
| Assets held for sale | 625,253 | - | - | 625,253 | | - |
| Trade and other receivables | 563,885 | 8,749 | 342,766 | 199,326 | | 13,044 |
| Other assets | 249,430 | 75,096 | 74,228 | 100,098 | | 8 |
| Total assets | 81,986,672 | 32,290,632 | 18,965,650 | 28,976,713 | | 1,753,677 |
| Liabilities and Equity | | | | | | |
| Financial liabilities held for trading | 52,051 | - | - | 34,229 | | 17,822 |
| Derivatives | 52,051 | - | - | 34,229 | | 17,822 |
| Financial liabilities measured at amortised cost | 69,847,085 | 43,904,364 | 22,614,917 | 981,235 | | 2,346,569 |
| Deposits from banks | 3,606,774 | 67,252 | 2,757,972 | (117,523) | | 899,073 |
| Deposits from customers | 64,876,774 | 43,744,206 | 19,779,989 | (28,508) | | 1,381,087 |
| Debt securities issued | 614,801 | - | - | 614,801 | | - |
| Other financial liabilities | 748,736 | 92,906 | 76,956 | 512,465 | | 66,409 |
| Finance lease liabilities | 428,737 | - | - | 428,737 | | - |
| Provisions | 1,857,633 | 1,211,454 | 376,521 | 268,580 | | 1,078 |
| Current tax liabilities | 2,985 | - | 2,963 | 22 | | - |
| Deferred tax liabilities | 11,833 | - | - | 11,833 | | - |
| Liabilities associated with assets held for sale | 150,294 | - | - | 150,294 | | - |
| Other liabilities | 291,133 | 13,035 | 65,497 | 210,985 | | 1,616 |
| Total equity | 9,344,921 | 2,553,350 | 2,369,340 | 4,290,663 | | 131,568 |
| Total liabilities and equity | 81,986,672 | 47,682,203 | 25,429,238 | 6,376,578 | | 2,498,653 |



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Consolidated and Separate
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18. Segment reporting (continued)

| in RON thousands | 30.06.2021 | | | | Bank |
|---|-------------------|-------------------|-------------------|------------------------------|------------------|
| | Bank | Retail | Corporates | ALM & Local Corporate Center | GM |
| Assets | | | | | |
| Cash and cash balances | 10,628,215 | 5,220,101 | - | 5,272,372 | 135,742 |
| Financial assets held for trading | 1,013,555 | - | 62 | 6,214 | 1,007,279 |
| Derivatives | 41,012 | - | 62 | 6,214 | 34,736 |
| Other financial assets held for trading | 972,543 | - | - | - | 972,543 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 67,895 | 27,061 | 1,606 | 39,228 | - |
| Equity instruments | 35,003 | 27,061 | - | 7,942 | - |
| Debt securities | 31,286 | - | - | 31,286 | - |
| Loans and advances to customers | 1,606 | - | 1,606 | - | - |
| Financial assets at fair value through other comprehensive income | 8,241,318 | - | 5,373 | 8,235,945 | - |
| Debt securities | 8,241,318 | - | 5,373 | 8,235,945 | - |
| Financial assets at amortised cost | 58,949,589 | 25,778,162 | 15,528,308 | 17,227,012 | 416,107 |
| Debt securities | 14,039,671 | - | 199,062 | 13,840,609 | - |
| Loans and advances to banks | 1,308,807 | - | - | 1,218,968 | 89,839 |
| Loans and advances to customers | 43,601,111 | 25,778,162 | 15,329,246 | 2,167,435 | 326,268 |
| Finance lease receivables | 12,781 | - | - | 12,781 | - |
| Property and equipment | 765,089 | - | - | 765,089 | - |
| Investment property | 150,499 | - | - | 150,499 | - |
| Intangible assets | 322,342 | - | - | 322,342 | - |
| Investments in joint ventures and associates | 33,470 | - | - | 33,470 | - |
| Current tax assets | 182,155 | - | - | 182,155 | - |
| Deferred tax assets | 157,092 | - | - | 157,092 | - |
| Assets held for sale | 54,643 | - | - | 54,643 | - |
| Trade and other receivables | 485,703 | 4,363 | 339,328 | 101,679 | 40,333 |
| Investments in subsidiaries | 448,521 | - | - | 448,521 | - |
| Other assets | 199,443 | 29,387 | 258 | 169,509 | 289 |
| Total assets | 81,712,310 | 31,059,074 | 15,874,935 | 33,178,551 | 1,599,750 |
| Liabilities and Equity | | | | | |
| Financial liabilities held for trading | 35,597 | - | - | 2,988 | 32,609 |
| Derivatives | 35,597 | - | - | 2,988 | 32,609 |
| Financial liabilities measured at amortised cost | 70,010,897 | 43,816,462 | 18,375,419 | 5,433,703 | 2,385,313 |
| Deposits from banks | 3,749,866 | 583 | 207 | 2,895,338 | 853,738 |
| Deposits from customers | 63,648,415 | 43,663,044 | 18,280,693 | 226,119 | 1,478,559 |
| Debt securities issued | 1,635,524 | - | - | 1,635,524 | - |
| Other financial liabilities | 977,092 | 152,835 | 94,519 | 676,722 | 53,016 |
| Finance lease liabilities | 432,329 | - | - | 432,329 | - |
| Provisions | 1,212,381 | 489,676 | 386,262 | 335,450 | 993 |
| Current tax liabilities | 64,286 | - | - | 64,286 | - |
| Other liabilities | 230,557 | 1,600 | 18,377 | 208,893 | 1,687 |
| Total equity | 9,726,263 | 2,425,601 | 2,415,402 | 4,764,751 | 120,509 |
| Total liabilities and equity | 81,712,310 | 46,733,339 | 21,195,460 | 11,242,400 | 2,541,111 |



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18. Segment reporting (continued)

| in RON thousands | 31.12.2020 | | | | Bank |
|---|-------------------|-------------------|-------------------|---------------------------------|------------------|
| | Bank | Retail | Corporates | ALM & Local Corporate Center | GM |
| Assets | | | | | |
| Cash and cash balances | 10,193,736 | 5,083,286 | - | 5,075,674 | 34,776 |
| Financial assets held for trading | 1,248,822 | - | 72 | 27,008 | 1,221,742 |
| Derivatives | 39,891 | - | 72 | 27,008 | 12,811 |
| Other financial assets held for trading | 1,208,931 | - | - | - | 1,208,931 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 104,504 | 29,886 | 1,925 | 72,693 | - |
| Equity instruments | 74,798 | 29,886 | - | 44,912 | - |
| Debt securities | 27,781 | - | - | 27,781 | - |
| Loans and advances to customers | 1,925 | - | 1,925 | - | - |
| Financial assets at fair value through other comprehensive income | 7,511,525 | - | 5,483 | 7,506,042 | - |
| Debt securities | 7,511,525 | - | 5,483 | 7,506,042 | - |
| Financial assets at amortised cost | 57,372,656 | 25,016,268 | 14,938,431 | 16,933,850 | 484,107 |
| Debt securities | 13,986,991 | - | 210,697 | 13,776,294 | - |
| Loans and advances to banks | 2,026,208 | - | - | 1,549,103 | 477,105 |
| Loans and advances to customers | 41,359,457 | 25,016,268 | 14,727,734 | 1,608,453 | 7,002 |
| Finance lease receivables | 15,106 | - | - | 15,106 | - |
| Property and equipment | 803,005 | - | - | 803,005 | - |
| Investment property | 171,860 | - | - | 171,860 | - |
| Intangible assets | 339,662 | - | - | 339,662 | - |
| Investments in joint ventures and associates | 33,470 | - | - | 33,470 | - |
| Current tax assets | 227,831 | - | - | 227,831 | - |
| Deferred tax assets | 165,784 | - | - | 165,784 | - |
| Assets held for sale | 192,247 | - | - | 192,247 | - |
| Trade and other receivables | 548,097 | 3,998 | 306,080 | 224,975 | 13,044 |
| Investments in subsidiaries | 448,521 | - | - | 448,521 | - |
| Other assets | 161,407 | 25,800 | 378 | 135,221 | 8 |
| Total assets | 79,538,233 | 30,159,238 | 15,252,369 | 32,372,949 | 1,753,677 |
| Liabilities and Equity | | | | | |
| Financial liabilities held for trading | 52,051 | - | - | 34,229 | 17,822 |
| Derivatives | 52,051 | - | - | 34,229 | 17,822 |
| Financial liabilities measured at amortised cost | 68,527,999 | 42,794,767 | 19,289,718 | 4,096,945 | 2,346,569 |
| Deposits from banks | 3,579,224 | 579 | 207 | 2,679,365 | 899,073 |
| Deposits from customers | 63,591,718 | 42,703,613 | 19,221,561 | 285,457 | 1,381,087 |
| Debt securities issued | 614,801 | - | - | 614,801 | - |
| Other financial liabilities | 742,256 | 90,575 | 67,950 | 517,322 | 66,409 |
| Finance lease liabilities | 426,424 | - | - | 426,424 | - |
| Provisions | 1,145,984 | 503,808 | 367,193 | 273,905 | 1,078 |
| Other liabilities | 234,409 | 965 | 18,346 | 213,482 | 1,616 |
| Total equity | 9,151,366 | 2,337,538 | 2,049,855 | 4,632,405 | 131,568 |
| Total liabilities and equity | 79,538,233 | 45,637,078 | 21,725,112 | 9,677,390 | 2,498,653 |



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19. Related-party transactions and principal shareholders

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 30 June 2021 and 31 December 2020 are detailed below. Transactions were entered into with related parties during the course of business at market rates.

Transactions with parent

When establishing the transfer prices in intra-group transactions, BCR takes into account the provisions of the national tax legislation, as well as the OECD transfer pricing guidelines.

Transactions with management

The Group entered into a number of banking transactions with the management in the normal course of business.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. This includes the members of the Supervisory Board, Executive Committee and executive management. These transactions were carried out on commercial terms and conditions and at market rates.

Transactions with subsidiaries

The Bank holds investments in subsidiaries with whom it entered into a number of banking transactions in the normal course of business. These transactions were carried out on commercial terms and conditions and at market rates.

The following transactions were carried out with related parties:

19. Related-party transactions and principal shareholders (continued)

| Balances and off-balance exposures with related parties | | | | | | | | | Group |
|---|-------------------|----------------|--------------------------|-----------------------|-------------------|---------------|--------------------------|-----------------------|--------------|
| in RON thousands | 30.06.2021 | | | | 31.12.2020 | | | | |
| | Parent | Associates | Key management personnel | Other related parties | Parent | Associates | Key management personnel | Other related parties | |
| Total assets | 548,390 | 118,393 | 7,631 | 94,113 | 269,217 | 88,417 | 8,364 | 86,891 | |
| Cash and cash equivalents | 89,799 | - | - | 525 | 202,688 | - | - | 1,390 | |
| Derivative financial instruments | 6,465 | - | - | - | 4,142 | - | - | - | |
| Equity investments | - | 33,470 | - | 25,461 | - | 33,470 | - | 27,828 | |
| Loans and advances | 431,246 | 83,677 | 7,631 | 57,839 | 31,279 | 48,634 | 8,364 | 38,383 | |
| Loans and advances to banks | 431,246 | - | - | 28,966 | 31,279 | - | - | 31,906 | |
| Loans and advances to customers | - | 83,677 | 7,631 | 28,873 | - | 48,634 | 8,364 | 6,477 | |
| Trade and other receivables | 20,880 | - | - | 6,073 | 31,108 | - | - | 7,211 | |
| Finance lease receivables | - | 1,246 | - | 2,769 | - | 2,372 | - | 2,950 | |
| Other assets | - | - | - | 1,447 | - | 3,941 | - | 9,129 | |
| Total liabilities | 2,025,163 | 13,529 | 4,954 | 288,143 | 3,090,420 | 27,960 | 8,897 | 263,094 | |
| Deposits | 1,994,847 | 13,529 | 4,951 | 217,549 | 3,051,425 | 27,960 | 8,867 | 178,450 | |
| Deposits from banks | 329,637 | - | - | 30,791 | 731,642 | - | - | 44 | |
| Deposits from customers | - | 13,529 | 4,951 | 186,758 | - | 27,960 | 8,867 | 178,406 | |
| Borrowings and financing lines | 565,191 | - | - | - | 1,232,523 | - | - | - | |
| Subordinated loans | 1,100,020 | - | - | - | 1,087,260 | - | - | - | |
| Derivative financial instruments | 26,043 | - | - | - | 34,437 | - | - | - | |
| Other liabilities | 4,273 | - | 3 | 70,593 | 4,558 | - | 30 | 84,644 | |
| Loans commitments, financial guarantees and other commitments given -Irrevocable [notional amount] | 1,746 | 14,780 | - | 44,676 | 450 | - | 523 | 22,490 | |
| Loans commitments, financial guarantees and other commitments given -Revocable [notional amount] | 13,888 | 41,619 | 298 | 98,818 | 69,350 | 81,892 | - | 77,394 | |
| of which: defaulted | - | - | - | - | - | - | - | - | |
| Loan commitments, financial guarantees and other commitments received | 246,335 | - | - | - | 243,470 | - | - | - | |
| Derivatives [notional amount] | 5,880,366 | - | - | - | 4,581,023 | - | - | - | |

| Expenses and income generated by transactions with related parties | | | | | | | | | Group |
|---|-------------------|--------------|--------------------------|-----------------------|-------------------|-------------|--------------------------|-----------------------|--------------|
| in RON thousands | 30.06.2021 | | | | 30.06.2020 | | | | |
| | Parent | Associates | Key management personnel | Other related parties | Parent | Associates | Key management personnel | Other related parties | |
| Interest income | 2,362 | 1,099 | 137 | 582 | 12,143 | 525 | 179 | 498 | |
| Interest expenses | (29,624) | (114) | (5) | (334) | (33,831) | (587) | (4) | (664) | |
| Dividend income | - | 435 | - | 2,060 | - | - | - | 2,367 | |
| Fee and commission income | 1,205 | 36 | 14 | 51,282 | 2,702 | 23 | 15 | 43,285 | |
| Fee and commission expenses | (4,021) | - | - | (611) | (4,138) | - | - | (353) | |
| Profit before tax income/(expense) | (30,078) | 1,456 | 146 | 52,979 | (23,125) | (39) | 190 | 45,133 | |



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19. Related-party transactions and principal shareholders (continued)

| Balances and off-balance exposures with related parties | | | | | | | | | | | Bank |
|---|------------------|------------------|----------------|--------------------------|-----------------------|------------------|------------------|---------------|--------------------------|-----------------------|------|
| in RON thousands | 30.06.2021 | | | | | 31.12.2020 | | | | | |
| | Parent | Subsidiaries | Associates | Key management personnel | Other related parties | Parent | Subsidiaries | Associates | Key management personnel | Other related parties | |
| Total assets | 497,860 | 2,545,983 | 118,393 | 7,631 | 92,673 | 138,309 | 2,019,857 | 88,417 | 8,364 | 86,804 | |
| Cash and cash equivalents | 39,269 | - | - | - | 525 | 71,780 | - | - | - | 1,390 | |
| Derivative financial instruments | 6,465 | - | - | - | - | 4,142 | - | - | - | - | |
| Equity investments | - | 448,521 | 33,470 | - | 25,461 | - | 448,521 | 33,470 | - | 27,828 | |
| Loans and advances | 431,246 | 2,084,098 | 83,677 | 7,631 | 57,839 | 31,279 | 1,558,228 | 48,634 | 8,364 | 38,374 | |
| Loans and advances with credit institutions | 431,246 | 387 | - | - | 28,966 | 31,279 | 660 | - | - | 31,906 | |
| Loans and advances with customers | - | 2,083,711 | 83,677 | 7,631 | 28,873 | - | 1,557,568 | 48,634 | 8,364 | 6,468 | |
| Trade and other receivables | 20,880 | 163 | - | - | 6,073 | 31,108 | 164 | - | - | 7,211 | |
| Finance lease receivables | - | 8,766 | 1,246 | - | 2,769 | - | 9,783 | 2,372 | - | 2,950 | |
| Right of use assets | - | 2,831 | - | - | - | - | 1,819 | - | - | - | |
| Other assets | - | 1,604 | - | 0 | 7 | - | 1,342 | 3,941 | - | 9,051 | |
| Total liabilities | 1,656,109 | 1,716,363 | 13,529 | 4,954 | 268,799 | 1,555,906 | 1,326,605 | 27,960 | 8,897 | 258,387 | |
| Deposits | 1,625,793 | 1,716,031 | 13,529 | 4,951 | 217,549 | 1,516,911 | 1,323,564 | 27,960 | 8,867 | 178,450 | |
| Deposits by banks | 327,722 | 1,466,719 | - | - | 30,791 | 223,590 | 1,020,535 | - | - | 44 | |
| Deposits by customers | - | 249,312 | 13,529 | 4,951 | 186,758 | - | 303,029 | 27,960 | 8,867 | 178,406 | |
| Borrowings and financing lines | 198,051 | - | - | - | - | 206,061 | - | - | - | - | |
| Subordinated loans | 1,100,020 | - | - | - | - | 1,087,260 | - | - | - | - | |
| Derivative financial instruments | 26,043 | - | - | - | - | 34,437 | - | - | - | - | |
| Finance lease receivables | - | 3,006 | - | - | - | - | 1,998 | - | - | - | |
| Other liabilities | 4,273 | 332 | - | 3 | 51,249 | 4,558 | 1,043 | - | 30 | 79,937 | |
| Loans commitments, financial guarantees and other commitments given - Irrevocable [notional amount] | 1,746 | 68,147 | 14,780 | - | 44,676 | 450 | 110,512 | - | 523 | 22,490 | |
| Loans commitments, financial guarantees and other commitments given - Revocable [notional amount] | 13,888 | 977,726 | 41,619 | 298 | 98,818 | 69,350 | 529,063 | 81,892 | - | 77,394 | |
| Loan commitments, financial guarantees and other commitments received | 246,335 | - | - | - | - | 243,470 | - | - | - | - | |
| Derivatives [notional amount] | 5,880,366 | - | - | - | - | 4,581,023 | - | - | - | - | |
| Accumulated impairment, accumulated changes in fair value due to credit risk and provisions on non-performing exposures | - | 70,911 | - | - | - | - | 71,245 | - | - | - | |

| Expenses and income generated by transactions with related parties | | | | | | | | | | | Bank |
|--|-----------------|--------------|--------------|--------------------------|-----------------------|-----------------|----------------|-------------|--------------------------|-----------------------|------|
| in RON thousands | 30.06.2021 | | | | | 30.06.2020 | | | | | |
| | Parent | Subsidiaries | Associates | Key management personnel | Other related parties | Parent | Subsidiaries | Associates | Key management personnel | Other related parties | |
| Interest income | 2,359 | 14,960 | 1,099 | 137 | 502 | 12,086 | 10,516 | 525 | 179 | 94 | |
| Interest expenses | (27,054) | (8,718) | (114) | (5) | (334) | (29,309) | (16,186) | (587) | (4) | (664) | |
| Dividend income | - | 722 | 435 | - | 2,060 | - | - | - | - | 2,367 | |
| Fee and commission income | 1,205 | 307 | 36 | 14 | 50,938 | 2,702 | 994 | 23 | 15 | 43,285 | |
| Fee and commission expenses | (2,118) | (2) | - | - | (611) | (1,626) | (2) | - | - | (353) | |
| Profit before tax income/(expense) | (25,608) | 7,269 | 1,456 | 146 | 52,555 | (16,148) | (4,678) | (39) | 190 | 44,729 | |

20. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is best evidenced by a quoted market price, if such exists. Credit Value Adjustment/Debt Value Adjustment is included in the fair value of derivatives both at 31 December 2020 and 30 June 2021.

Level 1 of the fair value hierarchy

The fair value of financial instruments assigned to level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. More particular, the evaluated fair value can qualify as a level 1 input if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis. This will be used as fair value and there is no need for a valuation model in this case.

These include exchange traded derivatives (futures, options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

Level 2 of the fair value hierarchy

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as level 2. If no market prices are available the fair value is measured by using valuation models which are based on observable market data. If all the significant inputs in the valuation model are observable the instrument is classified as level 2 of the fair value hierarchy.

For level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters. These include over-the-counter (OTC) derivatives, less liquid shares, bonds and funds as well as and own issues. Should the spread be not observable it has to be tested if the unobservable input parameter is significant. An unobservable input parameter for theoretical priced securities is considered significant if the effect of the unobservable input on the fair value of the respective security is higher than 2%.

Level 3 of the fair value hierarchy

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor of valuation models that rely entirely on observable market data. In these cases individual valuation parameters not observable in the market are estimated on the basis of reasonable assumptions.

If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as level 3 of the fair value hierarchy. For level 3 valuations besides observable parameters typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters.

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

20.1. Financial instruments measured at amortised cost in the statement of financial position whose fair value is disclosed in the notes

The following table shows fair values and fair value hierarchy of financial instruments whose fair value is disclosed in the notes for the half year:

| in RON thousands | | | | | | 30.06.2021 | | | | |
|--|-----------------|------------|----------------------|-----------|------------|-----------------|------------|----------------------|-----------|------------|
| | Group | | | | | Bank | | | | |
| | Carrying amount | Fair value | Fair value hierarchy | | | Carrying amount | Fair value | Fair value hierarchy | | |
| Level 1 | | | Level 2 | Level 3 | Level 1 | | | Level 2 | Level 3 | |
| Assets | | | | | | | | | | |
| Cash and cash balances | 10,851,882 | 10,851,882 | 10,851,882 | - | - | 10,628,215 | 10,628,215 | 10,628,215 | - | - |
| Financial assets at amortised cost | 58,503,245 | 60,288,800 | 14,307,688 | 313,316 | 45,667,796 | 58,949,589 | 60,759,233 | 14,228,206 | 207,889 | 46,323,138 |
| Loans and advances to banks | 1,308,921 | 1,310,062 | - | - | 1,310,062 | 1,308,807 | 1,309,949 | - | - | 1,309,949 |
| Loans and advances to customers | 42,976,869 | 44,356,769 | - | - | 44,356,769 | 43,601,111 | 45,012,224 | - | - | 45,012,224 |
| Debt securities | 14,217,455 | 14,621,969 | 14,307,688 | 313,316 | 965 | 14,039,671 | 14,437,060 | 14,228,206 | 207,889 | 965 |
| Finance lease receivables | 1,393,084 | 1,393,084 | - | - | 1,393,084 | 12,781 | 12,781 | - | - | 12,781 |
| Trade and other receivables | 500,962 | 517,713 | - | - | 517,713 | 485,703 | 498,413 | - | - | 498,413 |
| Liabilities | | | | | | | | | | |
| Financial liabilities measured at amortised cost | 70,382,127 | 70,231,608 | - | 1,726,130 | 68,505,478 | 70,010,897 | 69,870,310 | - | 1,726,130 | 68,144,180 |
| Deposits from banks | 3,042,403 | 3,053,187 | - | - | 3,053,187 | 3,749,866 | 3,770,575 | - | - | 3,770,575 |
| Deposits from customers | 64,712,545 | 64,460,636 | - | - | 64,460,636 | 63,648,415 | 63,396,513 | - | - | 63,396,513 |
| Debt securities in issue | 1,635,524 | 1,726,130 | - | 1,726,130 | - | 1,635,524 | 1,726,130 | - | 1,726,130 | - |
| Other financial liabilities | 991,655 | 991,655 | - | - | 991,655 | 977,092 | 977,092 | - | - | 977,092 |
| Finance lease liabilities | 432,852 | 432,852 | - | - | 432,852 | 432,329 | 432,329 | - | - | 432,329 |

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

20.1. Financial instruments measured at amortised cost in the statement of financial position whose fair value is disclosed in the notes (*continued*)

| in RON thousands | | | | | | 31.12.2020 | | | | |
|--|-----------------|------------|----------------------|---------|------------|-----------------|------------|----------------------|---------|------------|
| | Group | | | | | Bank | | | | |
| | Carrying amount | Fair value | Fair value hierarchy | | | Carrying amount | Fair value | Fair value hierarchy | | |
| Level 1 | | | Level 2 | Level 3 | Level 1 | | | Level 2 | Level 3 | |
| Assets | | | | | | | | | | |
| Cash and cash balances | 10,538,199 | 10,538,199 | 10,538,199 | - | - | 10,193,736 | 10,193,736 | 10,193,736 | - | - |
| Financial assets at amortised cost | 57,990,947 | 59,844,564 | 14,939,275 | 359,332 | 44,545,957 | 57,372,656 | 59,250,569 | 14,192,096 | 273,998 | 44,784,475 |
| Loans and advances to banks | 2,028,021 | 2,028,996 | - | - | 2,028,996 | 2,026,208 | 2,027,184 | - | - | 2,027,184 |
| Loans and advances to customers | 41,135,356 | 42,500,308 | - | - | 42,500,308 | 41,359,457 | 42,756,295 | - | - | 42,756,295 |
| Debt securities | 14,827,570 | 15,315,260 | 14,939,275 | 359,332 | 16,653 | 13,986,991 | 14,467,090 | 14,192,096 | 273,998 | 996 |
| Finance lease receivables | 1,301,380 | 1,301,380 | - | - | 1,301,380 | 15,106 | 15,106 | - | - | 15,106 |
| Trade and other receivables | 563,885 | 582,305 | - | - | 582,305 | 548,097 | 562,278 | - | - | 562,278 |
| Liabilities | | | | | | | | | | |
| Financial liabilities measured at amortised cost | 69,847,085 | 69,799,845 | - | 674,478 | 69,125,367 | 68,527,999 | 68,344,201 | - | 674,478 | 67,669,723 |
| Deposits from banks | 3,606,774 | 3,759,237 | - | - | 3,759,237 | 3,579,224 | 3,595,162 | - | - | 3,595,162 |
| Deposits from customers | 64,876,774 | 64,617,394 | - | - | 64,617,394 | 63,591,718 | 63,332,305 | - | - | 63,332,305 |
| Debt securities in issue | 614,801 | 674,478 | - | 674,478 | - | 614,801 | 674,478 | - | 674,478 | - |
| Other financial liabilities | 748,736 | 748,736 | - | - | 748,736 | 742,256 | 742,256 | - | - | 742,256 |
| Finance lease liabilities | 428,737 | 428,737 | - | - | 428,737 | 426,424 | 426,424 | - | - | 426,424 |

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

20.1. Financial instruments measured at amortised cost in the statement of financial position whose fair value is disclosed in the notes (continued)

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PD's used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted.

The fair values of financial assets held to maturity are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

The fair value of issued securities and subordinated liabilities measured at amortized cost is based on market prices or on observable market parameters, if these are available, otherwise it is estimated by taking into consideration the actual interest rate environment and in this case they are allocated to Level 2.

The fair value of deposits and other financial liabilities measured at amortized cost is estimated by taking into consideration the actual interest rate environment and own credit spreads, and these are allocated to Level 3.

20.2. Financial instruments measured at fair value in the statement of financial position

| in RON thousands | Group | | | | | | | |
|--|--|------------------|---|----------------|--|---------------|------------------|------------------|
| | Quoted market prices in active markets Level 1 | | Marked to model based on observable market data Level 2 | | Marked to model based on non-observable inputs Level 3 | | Total | |
| | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Assets | | | | | | | | |
| Financial assets held for trading | 557,740 | 1,062,340 | 454,659 | 185,081 | 1,156 | 1,401 | 1,013,555 | 1,248,822 |
| Derivatives | - | - | 39,856 | 38,490 | 1,156 | 1,401 | 41,012 | 39,891 |
| Other financial assets held for trading | 557,740 | 1,062,340 | 414,803 | 146,591 | - | - | 972,543 | 1,208,931 |
| Non-trading financial assets at fair value through profit or loss | 2,891 | 40,726 | - | - | 65,239 | 64,013 | 68,130 | 104,739 |
| Equity instruments | 2,891 | 40,726 | - | - | 32,347 | 34,307 | 35,238 | 75,033 |
| Debt securities | - | - | - | - | 31,286 | 27,781 | 31,286 | 27,781 |
| Loans and advances | - | - | - | - | 1,606 | 1,925 | 1,606 | 1,925 |
| Financial assets at fair value through other comprehensive income | 7,879,545 | 7,416,019 | 406,949 | 90,986 | 21,677 | 29,121 | 8,308,171 | 7,536,126 |
| Debt securities | 7,879,545 | 7,416,019 | 406,949 | 90,986 | 21,677 | 29,121 | 8,308,171 | 7,536,126 |
| Total assets | 8,440,176 | 8,519,085 | 861,608 | 276,067 | 88,072 | 94,535 | 9,389,856 | 8,889,687 |
| Liabilities | | | | | | | | |
| Financial liabilities - held for trading | - | - | 35,597 | 52,051 | - | - | 35,597 | 52,051 |
| Derivatives | - | - | 35,597 | 52,051 | - | - | 35,597 | 52,051 |
| Total liabilities | - | - | 35,597 | 52,051 | - | - | 35,597 | 52,051 |

| in RON thousands | Bank | | | | | | | |
|--|--|------------------|---|----------------|--|---------------|------------------|------------------|
| | Quoted market prices in active markets Level 1 | | Marked to model based on observable market data Level 2 | | Marked to model based on non-observable inputs Level 3 | | Total | |
| | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 | 30.06.2021 | 31.12.2020 |
| Assets | | | | | | | | |
| Financial assets held for trading | 557,740 | 1,062,340 | 454,659 | 185,081 | 1,156 | 1,401 | 1,013,555 | 1,248,822 |
| Derivatives | - | - | 39,856 | 38,490 | 1,156 | 1,401 | 41,012 | 39,891 |
| Other financial assets held for trading | 557,740 | 1,062,340 | 414,803 | 146,591 | - | - | 972,543 | 1,208,931 |
| Non-trading financial assets at fair value through profit or loss | 2,891 | 40,726 | - | - | 65,004 | 63,778 | 67,895 | 104,504 |
| Equity instruments | 2,891 | 40,726 | - | - | 32,112 | 34,072 | 35,003 | 74,798 |
| Debt securities | - | - | - | - | 31,286 | 27,781 | 31,286 | 27,781 |
| Loans and advances | - | - | - | - | 1,606 | 1,925 | 1,606 | 1,925 |
| Financial assets at fair value through other comprehensive income | 7,879,545 | 7,416,019 | 340,096 | 90,024 | 21,677 | 5,482 | 8,241,318 | 7,511,525 |
| Debt securities | 7,879,545 | 7,416,019 | 340,096 | 90,024 | 21,677 | 5,482 | 8,241,318 | 7,511,525 |
| Total assets | 8,440,176 | 8,519,085 | 794,755 | 275,105 | 87,837 | 70,661 | 9,322,768 | 8,864,851 |
| Liabilities | | | | | | | | |
| Financial liabilities - held for trading | - | - | 35,597 | 52,051 | - | - | 35,597 | 52,051 |
| Derivatives | - | - | 35,597 | 52,051 | - | - | 35,597 | 52,051 |
| Total liabilities | - | - | 35,597 | 52,051 | - | - | 35,597 | 52,051 |

20. Fair value of financial assets and liabilities (continued)**20.2. Financial instruments measured at fair value in the statement of financial position (continued)**

Non-trading financial assets at fair value through profit or loss position includes:

- loans and advances to customers classified at fair value through profit and loss according to IFRS 9 due to failure to pass the SPPI (solely payments of principal and interest) test. The methodology to compute the fair value of these assets corresponds to the basic present value technique where expected cash flows of assets are discounted by the full rate including credit risk, market risk and cost components. The credit risk is incorporated in the assessment of cash flows in order to come to expected cash flows accounting for customer's probability of default. These cash flows are then adjusted with the discount rate;
- equity instruments, in principal minority interests classified as level 3 instruments for which the fair value is determined based on internal assessment. The most common valuation methods used in the evaluation of minority interest are: Quoted price in active markets, Expert opinion or Recent transaction value, Discounted Cash Flow Method / Dividend Discount Model, the adjusted Net Asset Value, Simplified income approach;
- Visa INC Preferred Share equity for which fair value is computed based on internal assessment.

Financial assets at fair value through other comprehensive income includes:

- Debt securities issued by Ministry of Finance which are actively traded classified on level 1 and 2;
- One corporative bond which is theoretically priced are presented on level 3 as well as two debt securities issued by Ministry of Finance, which are theoretically priced, are presented on level 3.

20.3. Valuation of level 3 financial instruments

The volume of level 3 financial assets can be allocated to the following two categories:

- market values of derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs);
- illiquid bonds, shares and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2.

The unobservable inputs from CVA calculation are the probability of default (PD) and loss given default (LGD). The probabilities of default are the result of the rating models development internally (at Erste Group level) and are used to evaluate the credit risk including CVA. According to the allocated rating, each counterparty has assigned a probability of default. The value of LGD parameter for the calculation of CVA is 60%.

As at June 2021, the fair valuation of VISA Inc preferred shares was based on reasonable assumptions and estimations and was consequently classified in level 3. The sale of shares is limited to certain conditions which may restrict the conversion of preferred shares into tradable VISA Inc shares. Due to these limiting conditions, and in order to reflect the potential price volatility of Class A common shares and the limited liquidity of preferred shares the fair value of the preferred shares was capped based on assumptions compared to free tradable VISA Inc. class A common shares. The price of class C preferred shares was determined based on the conversion ratio of 1: 6,861 and two additional haircuts were applied of 12.65% to account for market price uncertainty related to the illiquidity of Class C shares and a haircut of 17.21% accounting for conversion factor risk.

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

20.3. Valuation of level 3 financial instruments (continued)

Movements in Level 3 of financial instruments carried at fair value

| | | | | | | | | Group |
|---|-------------------|-----------------------------|---|-----------|-----------------|------------------------|----------------------|-------------------|
| in RON thousands | Balance | Gain/loss in profit or loss | Gain/loss in other comprehensive income | Purchases | Settlements | Transfers into Level 3 | Currency translation | Balance |
| Assets | 01.01.2021 | - | - | - | - | - | - | 30.06.2021 |
| Financial assets held for trading | 1,401 | (245) | - | - | - | - | - | 1,156 |
| Derivatives | 1,401 | (245) | - | - | - | - | - | 1,156 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 64,013 | 6,031 | - | - | (4,805) | - | - | 65,239 |
| Equity instruments | 34,307 | (1,960) | - | - | - | - | - | 32,347 |
| Debt securities | 27,781 | 3,505 | - | - | - | - | - | 31,286 |
| Loans and advances | 1,925 | 4,486 | - | - | (4,805) | - | - | 1,606 |
| Financial assets at fair value through other comprehensive income | 29,121 | (2) | (553) | - | (23,607) | 16,749 | (31) | 21,677 |
| Debt securities | 29,121 | (2) | (553) | - | (23,607) | 16,749 | (31) | 21,677 |
| Total assets | 94,535 | 5,784 | (553) | - | (28,412) | 16,749 | (31) | 88,072 |

| | | | | | | | | Group |
|---|-------------------|-----------------------------|---|---------------|-----------------|------------------------|----------------------|-------------------|
| in RON thousands | Balance | Gain/loss in profit or loss | Gain/loss in other comprehensive income | Purchases | Settlements | Transfers into Level 3 | Currency translation | Balance |
| Assets | 01.01.2020 | - | - | - | - | - | - | 31.12.2020 |
| Financial assets held for trading | 1,828 | (427) | - | - | - | - | - | 1,401 |
| Derivatives | 1,828 | (427) | - | - | - | - | - | 1,401 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 90,923 | 12,509 | - | - | (39,402) | - | (17) | 64,013 |
| Equity instruments | 37,439 | (3,115) | - | - | - | - | (17) | 34,307 |
| Debt securities | 49,922 | 13,708 | - | - | (35,849) | - | - | 27,781 |
| Loans and advances | 3,562 | 1,916 | - | - | (3,553) | - | - | 1,925 |
| Financial assets at fair value through other comprehensive income | 6,133 | (3) | (649) | 25,137 | - | - | (1,497) | 29,121 |
| Debt securities | 6,133 | (3) | (649) | 25,137 | - | - | (1,497) | 29,121 |
| Total assets | 98,884 | 12,079 | (649) | 25,137 | (39,402) | - | (1,514) | 94,535 |

| | | | | | | | | Bank |
|---|-------------------|-----------------------------|---|-----------|----------------|------------------------|----------------------|-------------------|
| in RON thousands | Balance | Gain/loss in profit or loss | Gain/loss in other comprehensive income | Purchases | Settlements | Transfers into Level 3 | Currency translation | Balance |
| Assets | 01.01.2020 | - | - | - | - | - | - | 30.06.2020 |
| Financial assets held for trading | 1,401 | (245) | - | - | - | - | - | 1,156 |
| Derivatives | 1,401 | (245) | - | - | - | - | - | 1,156 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 63,778 | 6,031 | - | - | (4,805) | - | - | 65,004 |
| Equity instruments | 34,072 | (1,960) | - | - | - | - | - | 32,112 |
| Debt securities | 27,781 | 3,505 | - | - | - | - | - | 31,286 |
| Loans and advances | 1,925 | 4,486 | - | - | (4,805) | - | - | 1,606 |
| Financial assets at fair value through other comprehensive income | 5,482 | (1) | (553) | - | - | 16,749 | - | 21,677 |
| Debt securities | 5,482 | (1) | (553) | - | - | 16,749 | - | 21,677 |
| Total assets | 70,661 | 5,785 | (553) | - | (4,805) | 16,749 | - | 87,837 |

| | | | | | | | | Bank |
|---|-------------------|-----------------------------|---|-----------|-----------------|------------------------|----------------------|-------------------|
| in RON thousands | Balance | Gain/loss in profit or loss | Gain/loss in other comprehensive income | Purchases | Settlements | Transfers into Level 3 | Currency translation | Balance |
| Assets | 01.01.2020 | - | - | - | - | - | - | 31.12.2020 |
| Financial assets held for trading | 1,828 | (427) | - | - | - | - | - | 1,401 |
| Derivatives | 1,828 | (427) | - | - | - | - | - | 1,401 |
| Non-trading financial assets mandatorily at fair value through profit or loss | 90,671 | 12,509 | - | - | (39,402) | - | - | 63,778 |
| Equity instruments | 37,187 | (3,115) | - | - | - | - | - | 34,072 |
| Debt securities | 49,922 | 13,708 | - | - | (35,849) | - | - | 27,781 |
| Loans and advances | 3,562 | 1,916 | - | - | (3,553) | - | - | 1,925 |
| Financial assets at fair value through other comprehensive income | 6,133 | (3) | (648) | - | - | - | - | 5,482 |
| Debt securities | 6,133 | (3) | (648) | - | - | - | - | 5,482 |
| Total assets | 98,632 | 12,079 | (648) | - | (39,402) | - | - | 70,661 |

21. Legal claims and contingent liabilities

Legal claims

As at June 30, 2021, the Bank was involved in the normal course of its business in a number of 2,263 litigations as defendant (December 31st, 2020: 2,669).

In the opinion of management, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amount provided at June 30, 2021.

The audit mission of the Romanian Court of Accounts – BCR Banca pentru Locuinte SA (BpL)

In 2015, the Romanian Court of Accounts (hereinafter referred to as 'the CoA') conducted a control at the BpL. Following the mission, the CoA claims that several deficiencies were identified, the vast majority grounded on a different interpretation of the applicable legal provisions. On 15 December 2015, the CoA issued the Decision no. 17, maintaining all the claims included in their initial report and requested BpL to establish exactly the amount of the prejudice. On December 23, 2015, BpL appealed the Decision no. 17 of the CoA, appeal that was rejected by the Commission for Solving Claims of the CoA through Decision No 2/29 February 2016, maintaining as such the Decision no. 17/2015.

Court of Appeal pronounced its resolution on March 1st 2017 and decided in favour of BpL for 5 out of 8 claims. Both BpL and CoA filed second appeal against this decision and, on June 21, 2019 High Court of Cassation and Justice (HCCJ) decided as follows:

- Both second appeals were admitted and the decision of the first court was annulled; as a consequence, the HCCJ re-judged the request of BpL and annulled only two measures, maintaining 6 of them;
- The maintained measures relate to the incorrect calculation of State premium by BpL.

BpL received on 18th of July 2019, the motivation of the High Court of Justice decision.

As a consequence, BCR Banca Pentru Locuinte S.A. started the process for establishing all the amounts that should be part of a future potential outflow related to the litigation with CoA, in accordance with the High Court of Justice final decision (consisting of state premiums, interest and penalties). The potential future outflow of resources was estimated and booked as a provision in accordance with IAS 37 requirements. An additional provision, for covering "WHT" associated to the claimed prejudice, was set in December 2019. The provision for withholding tax ("WHT provision") is not strictly related to the litigation, it derives from the fiscal regime that might be applicable by the State in case of possible fiscal reinterpretation. This provision has been aggregated in the one set for the alleged prejudice, in the same category, named 'Other Provisions', and total resulted value as of June 30, 2021 is RON 661.93 mn (RON 689.35 mn as of 31.12.2020).

On the other hand, BCR BpL partially implemented the Court of Account decision, paying until now the amount of RON 50.9mn representing part of the alleged prejudice and fiscal accessories; namely, the equivalent of client's savings used to cover the bank's fees included in the calculation basis for state premiums.

For implementing the rest of measures, in accordance with CoA Decision, the Bank requested to CoA several postponements of the deadline for decision implementation – the last deadline granted by CoA was the date of February 02, 2021.

The following legal actions are started by BpL following HCCJ Decision of 21.06.2019:

- In Romania: HCCJ Decision No. 3541/21 June 2019 was challenged, the bank filing two extraordinary appeals:
 - Revision: with next hearing on the merits on September 15, 2021 by the High Court of Cassation and Justice in Romania;
 - Contesting for Annulment: was rejected by HCCJ on May 27, 2021.
- At European level: BpL raised the case to the European Court for Human Rights by submitting the relevant documents for the case on 17.01.2020.

With respect of the CoA Decision's point concerning the damage collection, BpL performed the necessary formalities towards the Ministry of Development for the process of collection of the amounts (representing undue state premiums plus related accessories), by providing all necessary data and exact calculations for each individual person (main debtor of payment obligation) and is currently in dialogue with the Ministry for establishing the appropriate measures for such recovery.

21. Legal claims and contingent liabilities (continued)

BFP Litigation

On 23 December 2016, the BFP has received a request made by City Hall Bucharest to International Court of Arbitration of the International Chamber of Commerce, consisting of amounts due under the joint venture contract for the period from 2001 to 2013.

In November 2019, The International Court of Arbitration rejected the request of City Hall. Against this decision, the claimant filed an action for annulment which was rejected on October 12, 2020. Against this decision the claimant filed second appeal. The first hearing was set for September 14, 2021.

Up to the date of publishing these financial statements, there were no other significant updates related to the cases presented in the financial statements for the end of June 2021.

Tax related litigations

Transfer prices and related withholding tax (WHT)

Based on the tax audit regarding Corporate Income Tax and VAT for the period January 1st, 2012 – December 31st, 2015, the Romanian tax authorities adjusted the taxable base of CIT with RON 636,390,561, an adjustment which generated an additional CIT of RON 101,822,490, which was subsequently paid by the Bank. BCR was subject to a partial tax audit in respect of withholding tax (WHT) due for the income obtained by non-residents from Romania, for the period January 1st, 2014 – December 31st, 2015 and the Romanian tax authorities established an additional amount of RON 43,070,398 as WHT in relation to the interest of RON 226,119,588 paid by BCR to Erste and the additional late payment interest and penalties in total amount of RON 23,903,244. The Bank has paid all the additional tax liabilities within the legal deadline and challenged (initially within the administrative procedure, and subsequently, in court) the tax decisions within the established legal deadlines.

Regarding the tax authorities' findings in the tax audit report closed in 2017 related to the transfer prices used in financial transactions performed by BCR and Erste, BCR initiated the Mutual Agreement Procedure (MAP) procedure within the European Union Arbitration Convention (EUAC), considering that the adjustment of the transfer prices established by Romanian tax authorities for the period 2012 – 2015 has generated a double taxation in Austria and Romania. The other findings of the tax audit report closed in 2017 have been challenged by the Bank in local court.

After more than 2 years of back-and-forth discussions with the Austrian Tax Authority within the MAP framework, on December 23rd, 2020 ANAF issued a decision rejecting the initiation of the mutual agreement procedure. Such decision is considered by BCR and its consultants/lawyers to be unjustified as ANAF cannot withdraw from the proceedings started on April 27th, 2018. The Bank filed an appeal against this decision before ANAF, but the appeal was rejected on February 18th, 2021. On 22 of June 2021, the Bank initiated the legal action for the annulment of the ANAF decision to reject MAP.

Considering the Romanian tax authorities' decisions to adjust the taxable base of CIT and WHT, respectively to impose an additional CIT for the period 2012 – 2015 and WHT for the period 2014 - 2015, the Bank has analysed the necessity of booking a provision for a potential obligation regarding additional CIT and WHT for the period 2016 – 2020.

According to IAS 37 "Provisions, contingent assets and liabilities", a provision is recognized if the following conditions are met:

- the Bank has a current obligation resulting from past events;
- it is probable that an outflow of economic resources to be necessary in order to settle the obligation;
- the value of the obligation can be reliably estimated.

According to the external consultants and lawyers' opinion and based on the available information and analysis, the Bank's Management appreciated as of 31st of December 2020 that there are more likely than not chances for a favourable solution on the merits of the case against the Romanian tax authorities. However, due to the last decision of ANAF to reject the MAP, the chances for a favourable solution estimated by the lawyers decreased compared to their previous assessments.

Based on the new results of the analysis performed by the Management of the Bank as mentioned above it was concluded that as of December 31st, 2020, the IAS 37 conditions for booking a provision in relation with the tax treatment of the intragroup transactions applied by the Bank during 2016 – 2020, were considered as being met. Therefore, a related provision in amount of RON 35 mil has been recognized.

During the first half of the 2021, the Bank increased the provision to a total amount of RON 85.9 mil.

21. Legal claims and contingent liabilities (continued)**Impairment of subsidiaries**

In 2017, during the tax audit performed by the tax authorities, the Management of the Bank requested deductibility of the expenses generated by the impairment of shares in subsidiaries booked for the period 2012 – 2015, considering the provisions of the Tax Code applicable for these periods. Despite of all the arguments put forward by the Bank, the tax authorities considered that the expenses incurred by the Bank during the audited period related to the impairment of its shares held in subsidiaries are not deductible.

In 2017, the Bank challenged in court the Romanian Tax Authority's resolution on this topic, legal proceedings being ongoing as of July 2021.

According to the external consultants and lawyers' opinion and based on the available information and analysis, the Bank's Management appreciates that there are more likely than not chances for a favourable solution against the Romanian tax authorities.

Based on specialists' opinion mentioned above and the provisions of IAS 12 - Income Taxes, the Bank recognized in 2017 an asset of the nature of the profit tax, in relation to the expenses with the impairment of shares in subsidiaries booked for the period 2012 – 2015.

The aforementioned asset was subject to successive independent evaluations in the period that followed and although, currently, there is still considerable uncertainty as to the timing of the final resolution in the Court, the likelihood of a favourable outcome for the Bank did not change and, therefore, it was maintained for the end of June 2021.

22. Subsequent events

No material subsequent events occurred after the balance sheet date, that were not included in the financial statements.

AUTHORISED PERSON

Name and first name

Signature

Executive Vice-President

Elke Meier

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Elke Meier
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AUTHORISED PERSON

Name and first name

Signature

Executive Director Accounting Division

Gina Badea

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