

Interim Report For 30 June 2023

This interim report for 30 June 2023 is prepared in accordance with FSA Regulation no.5/ 2018

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| Date of Report: | 02 August 2023 |
| Name of the legal entity: | UniCredit Bank S.A. |
| Corporate address: | Romania, Bucharest, no. 1F, Expozitiei Bd., 1st District |
| Corporate Contact Details: | Tel +40 21 200 2000 Website: www.unicredit.ro Email: office@unicredit.ro |
| Trade Register Registration Number: | J40/7706/1991 |
| Sole Registration Code: | RO361536 |
| Bank Register No: | RB-PJR - 40 - 011/1999 |
| Subscribed and paid-up share capital: | RON 455,219,478.3 |
| The regulated capital market on which the issued bonds are traded: | Bursa de Valori Bucuresti (BVB) - Bucharest Stock Exchange (www.bvb.ro) |
| Main characteristics of the bonds issued by UniCredit Bank S.A.: | 18,350 corporate bonds having a nominal value of RON 10,000/piece, market ticker UCB24 (ISIN ROUCTBDBC048). http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB24 977 corporate bonds having a nominal value of RON 500,000/piece, market ticker UCB27 (ISIN RO3WU5H09299). https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB27 |

Contents

| | |
|--|-----------|
| 1. Analysis of Bank's activity | 3 |
| 1.1. Company's presentation | 3 |
| 1.2. General evaluation in relation to the six-month period ended at 30 June 2023..... | 3 |
| 1.3. Assessment of the Group's technical level | 4 |
| 1.4. Assessment of sales activity..... | 4 |
| 1.5. Assessment of the risk management activities..... | 6 |
| 1.6. Macroeconomic perspectives | 9 |
| 1.7. Integrity/Corporate Social Responsibility | 10 |
| 2. Tangible and intangible assets of the Group | 12 |
| 3. Capital Market for the bonds issued by the Bank/Group | 12 |
| 3.1 Description of the market in Romania and other countries on where the issued bonds are traded | 12 |
| 3.2. Description of the way the entities settle the obligations to the holders of those securities | 12 |
| 3.3. Description of Bank's policy regarding dividends..... | 13 |
| 4. Changes which impact the Shareholders equity and Management of the Group | 13 |
| 4.1. Changes in the administration of the Group | 13 |
| 4.2. Increase of share capital. Changes in the shareholders' equity of the Bank | 14 |
| 5. Consolidated financial statements | 15 |
| 5.1. Assets, Liabilities, Equity..... | 15 |
| 5.2. Income statement | 17 |
| 5.3. Cash flows | 18 |
| 6. Annexes | 20 |
| 6.1. Compliance statement..... | 20 |
| 6.2. Annex related to changes in Supervisory Board and Management Board composition..... | 20 |
| 6.3. Financial statements | 20 |

1. Analysis of Bank's activity

1.1. Company's presentation

UniCredit Bank S.A. (the „Bank”) is part of UniCredit Group SpA, a pan-European Commercial bank with a unique service offering in Italy, Germany, Central and Eastern Europe and one of the main financial institutions in Romania, providing services and quality products for all client categories.

The Bank's current registered office is in Bucharest, 1F Expozitiei Boulevard, District 1, Romania. The Bank was established as a Romanian commercial bank as Banca Comerciala Ion Tiriac S.A. in 1991, which merged with HVB Bank Romania SA on 01.09.2006, resulting Banca Comerciala HVB Tiriac S.A. As a result of the merger by absorption of the former UniCredit Romania S.A. (the absorbed bank) by Banca Comerciala HVB Tiriac S.A. (the absorbing bank), the Bank is licensed by the National Bank of Romania to conduct banking activities.

UniCredit Bank S.A. is a joint stock company incorporated in 1991, registered with the Trade Register Bucharest under number J40/7706/1991, sole registration number (CUI) RO361536, registered with the Banking Register under number RB-PJR-40-011/1999, having EUID ROONRC J40/7706/1991, (http://www.bnro.ro/files/d/RegistreBNR/InstitCredit/ban1_raport.html).

As of 30 June 2023, UniCredit Group in Romania (the “Group”) consists of UniCredit Bank S.A. (the “Bank”) as parent company, and its subsidiaries, UniCredit Consumer Financing IFN S.A. (“UCFIN”), UniCredit Leasing Corporation IFN S.A. (“UCLC”) and UniCredit Insurance Broker S.R.L. (“UCIB”). Further details are available in the *Reporting entity note* presented in the *notes to the Unaudited Interim Condensed Consolidated and Separate Financial Statements for the period ended 30 June 2023*.

The businesses of the subsidiaries and the percentage stake of the Bank in its subsidiaries are presented within the *Unaudited Interim Condensed Consolidated and Separate Financial Statements prepared in accordance with IFRS as endorsed by EU for 30 June 2023*.

As of 30 June 2023, UniCredit Group's activity has been operated through 168 branches/Bank 166 branches (31 December 2022: Group 164 branches/Bank 162 branches) in Bucharest and in the country.

1.2. General evaluation in relation to the six-month period ended at 30 June 2023

For UniCredit Group, the first half of 2023 was marked by a positive evolution of the activity, based on the Romanian economy re-opening in the post-pandemic context and private consumption recovery. Throughout this period, the focus was set on consolidating the market position and risk management - the solid position on the market allowing the Group to continue to contribute to the recovery of the economy and to offer its clients high quality products and services.

UniCredit Group Romania has obtained a consolidated net profit of RON thousands 663,865 during the first six months of 2023, increasing by 63.76% as compared to the same period of the previous year.

Following a year marked by uncertainties in the pandemic context, the lending activity accelerated significantly during the first half of 2023, both for companies and individuals, with new volumes financed higher than in the same period of last year.

In the first six months of 2023, the cost of credit risk improved due to the quality of the loan portfolio, significant recoveries and the resumption of payments from customers who benefited from their suspension in the context of the pandemic, and while non-performing loans' ratio decreased gradually.

UniCredit Group Romania obtained a consolidated operational income of RON thousands 1,510,191, 28.85% higher compared with the similar period of 2022, on the background of higher net fee and commission income and net interest income, following the increase of commercial volumes. The operational expenses registered an increase of 4.61%, in amount of RON thousands 605,737 as compared with June 2022, mainly due to the

increase of the expenses with the contribution to the resolution fund and of various other expenses impacted by inflation (including salary expenses).

UniCredit Romania Group's key financial indicators in the first half-year of 2023 are as follows: the return on equity (ROE) was 8.32%, while the return on assets (ROA) reached 0.99%. Cost-income ratio was at 40.11%, slightly higher compared to the same period of the previous year due to higher operational expenses.

1.3. Assessment of the Group's technical level

UniCredit is strongly committed to digitalization, and digital banking services for companies and individuals are the backbone of our strategy, with the objective of providing customers with a pleasant experience. In the first six months of 2023, efforts to improve and promote state-of-the-art digital solutions and functionalities and alternative channels were continued, offering customers the opportunity to easily access products and services remotely.

Thus, UniCredit Bank clients can access various functionalities and end-to-end digital products. Recently launched, the cash loan and credit card in Mobile Banking digital products, alongside with already existing functionalities create a fully digital banking ecosystem: payments through Google Pay and Apple Pay, the "Add money" functionality (allowing easy and fast transfer of money into the UniCredit account from accounts open with other banks), the possibility to withdraw cash from UniCredit Bank's ATMs without using a card (mCash functionality in Mobile Banking), the possibility to withdraw euros from certain ATMs and, last but not least, the virtual voice guide Ioana in the Contact Center, that offers enhanced efficiency and improvement of the customer experience.

Among the products with a significant positive evolution in the first half of 2023, the virtual debit cards for individuals (Visa Classic and Visa Gold), which can be issued instantly from the Mobile Banking application, offer a rapid solution to customers' needs of solving everything on the spot, directly from their mobile phones, enjoying the advantages of cashless payments without having to take care of the "plastic".

In the same time, the functionality in Mobile Banking that allows individuals with a credit or debit card from UniCredit to access ShopSmart, a dedicated program with more than 100 cashback offers from online and offline merchants, proved a success. Last but not least, in response to a real need of the customers, UniCredit Bank S.A. has also expanded to country wide level the infrastructure that offers clients the possibility to withdraw cash in euro from UniCredit BNAs.

The digitalization trend also continued both within UniCredit Consumer Financing IFN SA, with an emphasis on simplified digital flows meant to improve customers' experience, and UniCredit Leasing Corporation IFN SA.

1.4. Assessment of sales activity

In the first half of 2023, UniCredit Bank Romania continued to support the Romanian economy, being a reliable partner for customers, both companies and individuals, and acting prudently at the same time, to avoid any slippages that could occur in conditions of tension of the economic environment. Its solid position has allowed the Bank to continue to support its clients with advantageous financing solutions, through the guarantee programs it is part of, but also to continue to promote digitalization and innovation, consolidating its position in the Romanian banking system. At the same time, in line with our strategy, the bank supported a number of initiatives to promote the transition to green economy and top projects having impact on the environment thus managing to further deepen client relationships and drive sustainability.

In recognition of the quality of the banking services offered, the Bank obtained in the first half of 2023 several prestigious awards. Within the 14th edition of the "Voted Product of the Year®" competition, an international concept that rewards innovative products, the Personal Achievements Loan 100% Mobile from UniCredit Consumer Financing was selected as 2023 Product of the Year for Innovation in the NBFC Loans category. The strong position of UniCredit in Romania was also recognized by the prestigious Euromoney Trade Finance Survey, which again appointed UniCredit Bank in Romania with top honours in both 'Best Service' ranking, which assesses levels of customer service, and 'Market Leader' ranking, which combines penetration, percentage of business and turnover data to create an overall ranking of the best trade finance banks. UniCredit Leasing was recognized as "Leasing Company of the Year" by the well-known Romanian economic magazine Piata Financiera

and Finmedia, in a gala dedicated to the profile market, and on the occasion of the Top Bankers Gala, also organized by Piata Financiara and Finmedia, UniCredit received the "Best branches for loans and savings" distinction. Last but not least, during the Biz Sustainability Awards Gala, UniCredit Bank received "The Community Hero Award from Biz Magazine, being recognized for the last 20 years of involvement in Romanian communities for our projects in the fields of Arts, Culture, Education & Social and for being among "those who believe in the power of good and invest to strengthen the communities in which they operate".

The SMEs clients' priorities were addressed also through state financing schemes, with a sizable absorption of available plafond, while among the most significant transactions for Medium-Large Corporations is a financing for a key infrastructure investment, part of the Recovery and Resilience Plan for Romania and financing of local and international expansion for a top player in the telecommunication field.

Regarding the commercial activity in the corporate clients' segment, UniCredit Bank continued in 2023 to offer special financing conditions in terms of costs and guarantees, in the context of the various guarantee conventions to which it is part. In particular, the SME Initiative Risk Sharing Program provided by European Investment Fund, that has its deadline 31.12.2023, continued to provide SMEs with access to financing under favorable conditions, which benefit from the guarantee in proportion of 60% for the value of the loan, in order to set up new enterprises, expand current activity, consolidate activity, or realize new projects, including by addressing new markets. It is a guarantee instrument accessed by UniCredit Bank S.A. from the European Union, the program being financed by the EU through EAFRD and Horizon 2020 and managed by the European Investment Fund and the European Investment Bank;

Also, we continue to provide micro-enterprises with a financing program in RON for current expenses with a maximum value of 25.000 Euro (or RON equivalent), 80% of the credit value being guaranteed through EaSI (an instrument accessed by UniCredit Bank S.A. and made available by EU through the European Investment Fund, part of the European Investment Bank Group);

Another program available in 2023 is Cultural and Creative Sector guarantee through the European Investment Fund, a zero costs guarantee dedicated to clients and transactions with activities in cultural and creative fields.

A key pillar in the Bank's activity in 2023 continued to be the participation in the local risk sharing schemes set out by the Romanian Government, to provide support to companies affected by the consequences of the Ukraine War. Thus, in the first half of 2023, through the IMM Invest PLUS Program, the Bank implemented the Program's components (IMM INVEST< AGRO IMM INVEST, IMM PROD, GARANT CONSTRUCT, RURAL INVEST and INNOVATION) for credit facilities granted through the bank's own funds and state guarantees to companies operating in various business areas, such as manufacturing, construction, agriculture, food industry, IT, transportation and further more.

The Bank also continued to support SMEs and large enterprises through EximBank Guarantee, which consists of state aid granted under the provisions of the European Commission Communication concerning the State Aid Temporary Framework dedicated to Ukraine War to support the economy during the current economic situation. The percentage covered by the guarantee is 50% or 90% depending on the type of loan.

In the retail area, the bank continued to offer products and services tailored to customer needs and to promote the digitalization of its activity. UniCredit Bank continues to be a reliable partner of individuals, providing them with financial solutions adequate to their needs for purchasing a home or optimizing the costs of a real estate purchase by refinancing loans. The increase of ROBOR and IRCC indices and, consequently, for the loan rates, led to a significant increase in the demand for mortgage refinancing. Customers are looking for solutions to convert variable rate loans into fixed rate loans, for protect themselves from interest rate variations. At the same time, the increase in inflation and the decrease in purchasing power, but also the increase in market interest rates have affected the budget of consumers in Romania, determining them to restrict their expenses and look for more advantageous alternatives. UniCredit Bank understood this need of its customers and adjusted his offer so that it now has in its portfolio a competitive refinancing loan, easy to access, with optimized costs for the client and additional benefits.

Because we relied on those products built around the actual needs of customers, we had a very good evolution of the segment of loans for home purchase, the total volume of mortgage sales registering a significant increase in the first half of this year, compared to the first semester of 2022.

In the first part of this year, UniCredit once again set sustainability targets to further reduce both its direct environmental impact and the exposure of its loan portfolio to controversial sectors.

In the financing area, objectives have been adopted for both green and social financing, in line with the group's strategy. We also aim to support our customers in the transition to a more sustainable and equitable economy.

We continued to support businesses in the renewable energy and energy efficiency area, and the green mortgage loan for individuals continued to be one of the main requested products.

For UniCredit Consumer Financing IFN (UCFin), 2023 marked a year of consistent digitalization and simplification, both in terms of internal process, but also in regard to client-focused activities. Digital flows that improve our customer experience were implemented, among which the launch of a new channel for credit card acquisition for existing UniCredit clients, with an 100% digital flow via Mobile Banking. The new feature comes in addition to the existing facility of accessing personal loans through the application, previously launched in 2022.

Also, in H1 2023, UCFin launched an innovative platform for granting loans via partners, leading to a simpler, faster and paperless flow and an improved experience for partners and clients.

UCFin credit cards' clients benefited of interest-free instalments campaigns for seasonal transactions (egg. the tax type transactions and utilities in Q1, supermarkets and gas stations in Q2) for smart usage of their payment instrument. Also, existing clients benefited from recurrent promo interest rate campaigns when accessing the personal loans, both in branches, via partners or through the Mobile Banking channel.

The environmental impact represents also for UniCredit Leasing Corporation IFN S.A an essential concern. The company continued to promote also in 2023 „GoGreen”, the financing solution launched as early as 2022 which encourages the purchase of 100% electric and hybrid cars, offering to all those interested in benefits of structure and price. The Company completed the offer for solutions which sustain a cleaner environment with “Financial leasing for the acquisition of photovoltaic panels”, financing solution dedicated photovoltaic panels systems for electric energy production with an installed electric power of maximum 400kW.

These financing solutions will be continuously promoted in 2023, being part of UniCredit Leasing Corporation IFN S.A. strategy regarding sustainability and positive impact to the environment.

1.5. Assessment of the risk management activities

UniCredit Group continued to carefully analyse the current and potential risks, reflecting it through the appropriate level of provisioning. The main risks to which UniCredit Group is exposed are:

1.5.1. The foreign exchange risk

UniCredit Group is exposed to foreign exchange risk, as a consequence of its foreign exchange transactions performed in RON and in foreign currencies, respectively of the mix of currencies in which the assets and the liabilities are denominated.

The main foreign currencies held by UniCredit Group are EUR and USD. UniCredit Bank S.A strictly monitors and manages the foreign currency position and monitors the exposure to the internal limits set by internal procedures.

1.5.2. Interest risk

UniCredit Group faces interest rate risk that could be a result of exposure to unfavourable fluctuations on the market. The change of the interest rates on the market directly influences the income and expenses related to the financial assets and liabilities bearing variable interests, as well as the effective value of those bearing fixed interest rate.

Interest rate fluctuations can be a source of profit and increase in the value of shareholders' investment, but, at the same time they can pose a threat to the bank's revenues and capital. Variable interest rates influence the

level of income through the effect on interest income and expenses as well as on other operating expenses and income that are sensitive to changes in rates; at the same time, they have an effect on the value generated by the bank by causing variations in the net present value of assets, liabilities and off-balance sheet items. In this regard, UniCredit Bank S.A has implemented risk management processes, which keep the interest rate risk within prudential limits.

Interest rate risk management outside the trading portfolio aims to optimize, in a normal market scenario, the risk return profile and create long-term value while reducing the negative impact on bank and regulatory capital gains from interest rate volatility.

UniCredit Bank S.A. monitors the exposure to interest rate risk through a system of indicators and associated limits: duration gap, basis point value, the VaR component of the interest rate outside the trading book, the sensitivity of net interest income and the change in economic value. Stress tests are run in order to test the banks capacity to cover the risks in crisis situations.

1.5.3. Credit risk

UniCredit Group is exposed to credit risk representing the risk of negative impact on revenues generated by debtors not fulfilling the contractual obligations of loans granted on short, medium or long run. In the assessment of credit risk, Bank takes into consideration the following sub-categories of the credit risk: counterparty credit risk and settlement risk, foreign currency risk, country risk, credit concentration risk and specialized lending risk.

This risk is managed through a set of comprehensive measures, both at transaction and debtor, and at global level, related to:

- Strict evaluation of debtors' creditworthiness and of credit applications;
- Continuous monitoring of the exposures in order to identify any changes that may affect negatively the overall risk position, in order to adopt the most appropriate solutions for preventing/reducing the potential losses;
- Computation of expected credit loss (ECL), in accordance with the legislation in force on international financial reporting standards (IFRS9) and in conjunction with the provisions of UniCredit Group policies;
- Capital allocation for unexpected credit risk losses, in accordance with regulatory requirements and UniCredit Group SpA regulations;
- Regular monitoring of the credit risk profile, in order to ensure compliance with the tolerance limits defined in accordance with the risk management strategy and the Bank's risk appetite.

In respect of ensuring a prudent management for credit counterparty risk, the UniCredit Bank S.A. deals with international banks with adequate ranking based on specific assessment criteria and strict internal rules. There are specific limits for the transactions with other banks related to deposits and foreign currency exchanges.

Semi-annually are running stress test exercises, both individually and consolidated level, in order to evaluate Bank's capacity to cover the risks identified as significant, including credit risk.

1.5.4. Operational risk

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk, but excludes strategic and reputational risks. Legal risk is a subcategory of operational risk which the risk of losses as a result of fines, penalties and sanctions for which the credit institution is liable due to failure to apply or deficiently applying legal or contractual provisions, as well as due to the fact that contractual rights and obligations of the bank and / or counterparty are not appropriately provided.

The operational risk management framework within UniCredit Bank S.A. is well structured and involves relevant factors in promoting a culture favourable to communication, management and control of operational risk. The framework is supported by the existence of a dedicated independent function for the control of operational risk, by a structure of relevant committees and by a system of reporting operational risk to the Management of the Bank.

The operational risk management system is integrated into the internal processes defined for the management of significant risks. The main tools employed in the management and control of operational risk are: collection of operational risk events, scenario analysis, operational risk indicators, mitigation actions and operational risk reporting.

The main objective of the operational risk management consists of implementing effective processes for the early identification of risk exposures as well as the definition and maintenance of a complex system of controls with proved efficient in preventing risks' materialization and mitigating their effects.

1.5.5. Liquidity risk

The liquidity risk is the probability of UniCredit Group falling short of its due payments resulting from its contractual relations with clients and third parties. Under normal conditions of market functioning, the liquidity risk may materialize also through the need for UniCredit Bank S.A. to pay a premium over market rates to be able to access liquidity.

Among the main potential generators of liquidity risk, the Bank distinguishes between liquidity mismatch risk/refinancing risk, liquidity contingency risk, market liquidity risk.

Management of liquidity risk

In line with UniCredit Group's liquidity framework, the main goal of the overall liquidity management is to keep the liquidity exposure at such a level that UniCredit Bank S.A. is able to honour its payment obligations on an on-going basis, but also during a crisis without jeopardizing its franchise value or its brand's name.

Hence, two main operating models for the liquidity management are defined: going concern liquidity management and the contingent liquidity management.

From a liquidity risk governance perspective, the Bank has two type of operational structures: managing bodies acting as strategic decision taking functions and operational units acting as operative liquidity management functions, i.e. Finance, Financial Risk, Markets-Treasury.

In accordance with the strategic goal of self-sufficient funding, the Group's liquidity and funding strategy is centred on:

- achieving a well-diversified customer funding base;
- development of strategic funding through own bonds issues and covered bonds issues;
- development of relations with various international financial institutions and foreign banks for special financing programs.

The liquidity cost benefit allocation is an important part of the liquidity management framework. Liquidity is a scarce resource and accordingly a proper management of costs and benefits is essential in order to support sound and sustainable business models. Therefore, the Bank has put in place a proper mechanism for internal funds' transfer pricing.

Exposure to liquidity risk

Key indicators used by UniCredit Bank S.A. for measuring liquidity risk are:

- the daily short-term liquidity report, through which cash inflows and outflows mainly coming from inter-bank transactions are monitored;
- the structural liquidity ratios/gaps, used to assess the proportion of medium-long term assets sustained with stable funding;
- regulatory indicators: UniCredit Bank S.A has to comply with the limits imposed by National Bank of Romania, such as the Liquidity coverage ratio, calculated according with to the provisions of Regulation 575/2013 and Regulation no. 61/2015, as well as the net stable funding ratio;
- other key indicators for the management of liquidity and funding needs used to assess the liquid assets, the concentration of funding and the way in which loans to customers are sustained by commercial funds.

UniCredit Group sets the limit and triggers levels for the main indicators used to measure the liquidity risk and, in case a breach is observed or anticipated, specific requested actions are taken for correcting the structure of the asset and liability mix of UniCredit Bank S.A.

Regular stress testing assessments are performed in order to evaluate the liquidity position of UniCredit Group. In case of a deteriorating position, liquidity stress tests are one of the main metrics in order to support management's decisions before and also during stress situations. Liquidity stress test results are useful in order to assess the "right" sizing and composition of a liquidity buffer on a regular basis. As such, liquidity stress testing serves as an essential tool of assessment of the liquidity risk in an on-going basis, rather than in a crisis situation only.

1.6. Macroeconomic perspectives

The annual inflation rate entered on a rising trend due to the post-pandemic consumption increase and the reopening of the economy. It continued to rise mainly due to exogenous factors (the higher natural gas and electricity prices) as well as the liberalization in July 2021 of the electricity prices for households on the local market. The authorities introduced as of 1 November 2021 a price cap scheme aiming to mitigate the negative effects of the high energy prices on households, in place initially by 31 March 2022, then prolonged successively by 31 March 2025, after the 2024 elections. The conflict between Russia and Ukraine, which began in February 2022, put an additional pressure on the prices of energy, food and raw materials, the annual inflation continuing to rise from 8.2% as of December 2021 to 15.1% in June 2022, reaching a peak at 16.8% in November and closing the year at 16.4%. The annual inflation declined gradually in 1Q 2023, with the highest decline of 3pp to 11.2% being recorded in April mainly due to a sizeable base effect in the energy prices, and continued to decline, but at a much slower pace, in 2Q 2023 up to 10.3% in June, as the food prices continued to rise by double digits. The government adopted EGO/30.06.2023 introducing for 3 months a 20% cap on the retailers' profit margins for 14 basic food products, applicable starting August 1st, 2023. We expect inflation to fall into single digits in the autumn and close the year at around 7.3%yoy, with fiscal policy remaining the biggest risk to disinflation.

In this context, aiming to temper the high inflation, NBR started a new monetary tightening cycle increasing the monetary policy rate by 5.5pp from 1.50% in October 2021 to 7.0% in January 2023. However, NBR's tightening pace was less aggressive than of its regional peers, NBR avoiding to put an excessive pressure on borrowers and the banking sector and on the economic growth.

The level of minimum reserve requirements (MRR) for the foreign currency liabilities remained unchanged at 5% (latest cut from 6% in November 2020) and at 8% for RON (latest cut from 10% in May 2015).

The NBR is expected to keep the policy rate on hold in 2023, while will loosen the liquidity conditions to reduce the lending rates, especially in the second half of the year. While acknowledging that the inflation will fall to around 7% by the end of the year, NBR will not cut the key rate this year as they are worried about the impact of the pre-election spending on inflation. NBR will likely cut the policy rate the next year up to 5% in December 2024, anticipating that inflation will return inside the target range in 2025.

Romania, with 4.7%yoy GDP growth in 2022, was the outperformer in CEE. The public investment was the biggest positive surprise for GDP growth composition, the government increasing the infrastructure spending out of the budget and the take-up of EU funds. Romania leads the region in money received from the RRF (EUR 2.7bn in loans and EUR 3.6bn in grants).

GDP growth weakened in 1Q 2023 compared to 4Q22, growing by 0.2%qoq vs. +1.0%qoq in 4Q22 (s.a. data). The yearly growth was in 1Q 2023 of 2.9% (s.a. data) and 2.4% (gross data). Even the economy slowed abruptly in the first quarter triggered by the lower public consumption, the tighter financial conditions, which weighed on retail sales and real estate and the tax receipts were short of plan, Romania avoided a technical recession over the winter through a combination of higher public investment and resilient consumer demand. The main driver of GDP growth remained the private consumption, while investments gained speed, starting 3Q22 supported by the funds disbursed from RRF (locally named PNRR).

We expect the economy to grow by 3% in 2023, outpacing Central Europe this year due to more resilient consumer demand, public investment and pre-election spending. The government will try to unlock more RRF funds by taxing special pensions, reforming public pay and improving governance at state-owned enterprises.

The banking sector remained strong, with the capital adequacy and liquidity indicators way above minimum thresholds (CAR 21.6% as of March 2023, LCR 219.5%, NSFR 177.6%). Despite the weaker lending activity, the sector achieved a record net profit RON 10.1bn in 2022 (+22% YoY) and RON 3.7bn in Q1 2023 (+50% YoY), supported by the significantly higher interest revenues and higher fee and commission revenues.

The asset quality continued to improve in 2022, the non-performing loans ratio declining at 2.6% as of December (-0.7pp YoY), only marginally higher at 2.7% as of March 2023, while the coverage by provisions ratio increased to 66.2% as of March 2023. It is likely to be higher in 2023 as the economy is slowing down and the interest rates remain high.

The stock of total loans reached RON 372.4bn as of May 2023, up by about 8.0% YoY, at half of the pace recorded a year before. The lending activity has been affected by the higher interest rates, lower disposable income of the household and weaker economy. The stock of RON denominated loans broke hardly in 2023 to 0.2% YoY as of May, down from 20.0% YoY a year before, while the one of the foreign currency loans accelerated to 28% YoY (from by 8.2% YoY as of May 2022), supported mainly by the loans to companies, one third granted with the state guarantee. Loans to households slowed down sharply to 0.6% YoY vs. 9.3% YoY in May 2022, while the loans granted to companies rose by 15.0% YoY after the post-pandemic boost (+24.5% as of May 2022) when the most of the economic sectors resumed their activity.

The savings continued to increase, at a higher pace as compared to the previous year. Total deposits of households and companies reached a RON 534.0bn level as of May 2023, increasing by 11.0% YoY, driven by the RON component up by 20.6% YoY, while the foreign currency turned negative declining by 5.2% YoY. Households' deposits share declined slightly to 58.3% of the total deposits as of May 2023, the household deposits accelerating to 10.0% YoY (from +6.2% YoY in May 2022), fully driven by the RON component (+22.0%) due to higher interest rates offered, while the foreign currency component decreased (-4.5% YoY). Companies' deposits rose by 20.0% as of May 2023 (vs. 14.2% YoY as of May 2022) for the RON component and declined by 7.0% YoY (vs. the strong increase by 25.3% YoY a year before) for the foreign currency component.

1.7. Integrity/Corporate Social Responsibility

For over 20 years, UniCredit Bank S.A. has supported some of the most important financial and entrepreneurial education projects, community and social initiatives, as well as projects for the development of the cultural and artistic community in Romania, in cooperation with various non-governmental organizations and other partners.

Social impact projects

In 2023, the bank continues the social impact initiative of the Start Major program as part of the local ESG strategy and as part of the UniCredit Group's commitment to building a fair and inclusive society.

The projects included in ESG strategy have the role to identify, finance and promote people and businesses that have a positive social impact, in order to generate both economic benefits and broader societal benefits. Beyond financing projects and organizations that are generally excluded from accessing banking products and services, ESG strategy offers UniCredit Group the opportunity to share financial and business expertise through educational programs dedicated to micro-entrepreneurs, social affairs, vulnerable or disadvantaged groups, including young people, older people and other people at risk of social exclusion. Employee involvement is an essential component in the implementation of ESG strategy, which supports the building of valuable networks in the communities where the bank operates.

Among the projects carried out in 2023 under the umbrella of ESG, between April and June 2023 began the 4th edition of Start Major, the financial and career education program developed for students in vocational and technical schools. The first two modules brought this year over 2700 young people eager to increase their chances of financial independence and career success. Financial education courses were held in 27 high schools and employment workshops in another 13. This edition is organized in partnership with the Social Incubator Association, with the involvement of 11 employees of UniCredit Bank S.A. in the role of volunteer trainers for the first two modules.

Educational projects (digital education, entrepreneurship)

We believe that a sustainable business model is vital to our long-term financial health, to the economic and social well-being of our clients, as well as for the communities in which we operate.

UniCredit Bank S.A. has traditionally supported financial education and entrepreneurship programs, both in the art and culture area, as well as in business and education, with focus on supporting entrepreneurship. In this respect, the bank has been involved in projects that provided support and grants for entrepreneurs within a digital platform of entrepreneurial education, contributed to the development of entrepreneurial residences and joined numerous entrepreneurial education actions. Among the supported projects are: RomanESTI - digital platform for entrepreneurial education & grants, F&B Business Accelerator, Future Makers digital incubator for businesses; Brand Minds Conference, Techsylvania Offline International Conference in Cluj-Napoca, Romanian Design Week, Romanian Creative Week, SustainAbility Talks organized by Ambasada Sustenabilitatii etc.

Cultural projects

We have the responsibility to offer back, to educate, to make our contribution to the development of the society we operate in. The relationship of UniCredit Bank S.A. with the communities in which it operates has naturally evolved as it actively engages in projects, year after year, having a long tradition in supporting culture, from the conviction that this is a way to promote social and economic progress, but also to encourage the dialog on innovation, social cohesion and a sense of belonging. In the cultural area, UniCredit was and still is, one of the most active supporters, assuming a role as a long-term partner.

One of the longest-running projects UniCredit Bank has been involved in over time is the Sibiu International Theatre Festival, which reached its 30th edition this year, a true cultural landmark in Romania, but also around the world.

As part of Timisoara Cultural Capital 2023, the bank started this year a new partnership with Triade Foundation and inaugurated in May at the Cazarma U the exhibition project "after SCULPTURE/SCULPTURE after".

A series of festivals come to complement UniCredit's presence in the communities in which it operates: Weekend Sessions, SoNoRo, Garana Jazz Festival, Jazz TM, The Mission – Miez Festival etc.

Health projects

UniCredit Bank S.A. continues to support Volunteer for Life Association, for the construction of the modular emergency hospital in Bicaz, Neamt County – UPU SMURD, a project that is about to be inaugurated. With the same association, a project is underway to build a social dental practice in a disadvantaged environment.

The bank also continues the support for the causes of the associations Zi de Bine, We defeat Autism, The Association of Parents of Children with Oncological Diseases, MagiCAMP, etc., as well as involvement in sports

projects, among which we mention the Romanian Fencing Federation, the Romanian Rowing Federation, The Color Run race.

2. Tangible and intangible assets of the Group

Tangible and intangible assets of the UniCredit Romania Group (net amount) were in the amount of RON thousands 762,520 at the end of first half of 2023 (including assets representing right of use from IFRS 16), compared to RON thousands 741,764 as of 31 December 2022, a relatively stable evolution.

3. Capital Market for the bonds issued by the Bank/Group

3.1 Description of the market in Romania and other countries on where the issued bonds are traded

In July 2017, UniCredit Bank S.A issued 18,350 long-term bonds denominated in RON and listed on Bucharest Stock Exchange with a nominal value of 10,000/piece and having the following characteristics:

- Ticker UCB24, ISIN ROUCTBDBC048, number of instruments 18,350, floating rate ROBOR 6M + 1.05%, semi-annual payable coupon and redemption date on 15 July 2024. Out of 14 interest coupons for this bond issue, the first 11 coupons have been paid to the bond holders.

Details for this bond issue are presented on the Bucharest Stock Exchange website:

(<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB24>)

In December 2022, UniCredit Bank S.A issued 977 medium term bonds denominated in RON and listed on Bucharest Stock Exchange, with a nominal value of 500,000 RON/piece and having the following characteristics:

- Ticker UCB27, ISIN R03WU5H09299, number of instruments 977, 9.07% annual fixed coupon and redemption date on 21st of December 2027. The first coupon will be paid in December, 2023.

Details for this bond issue are presented on the Bucharest Stock Exchange website:

(<https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB27>)

3.2. Description of the way the entities settle the obligations to the holders of those securities

The coupon payments for UCB24 were made in accordance with the provisions of the Chapter „Bonds terms and conditions”, paragraph **9 Payments** in the „BONDS ISSUE PROSPECTUS” published on the Financial Supervision Authority’s website.

(<http://www.asfromania.ro>) – direct link:

(<https://asfromania.ro/en/a/1835/prospectele/amendamentele/certIFICATELE-pENTRU-ofertele-de-v%C3%A2nzare-aprobate-de-a.s.f.-%C3%AEn-2017>)

UniCredit Bank SA signed in August 2017 Service Contracts with the Central Depository and has the status of paying agent for its own issued bonds.

The first coupon payment for UCB27 will be made in accordance with the provisions of the Chapter „TERMS AND CONDITIONS OF THE NOTES”, paragraph **8 Payments** of the „Euro Medium Term Note Programme” as completed by the relevant Final Terms for UCB27 bond issue and published on the Financial Supervision Authority’s website:

(<http://www.asfromania.ro>) – direct link:

(<https://asfromania.ro/ro/a/2374/prospectele/amendamentele/certIFICATELE-pENTRU-ofertele-de-vanzare-aprobate-de-a.s.f.-in-2022>)

3.3. Description of Bank's policy regarding dividends

General Meeting of Shareholders approved the proposal for the distribution of the Bank's net profit for the year 2022 in the amount of 879,240,138.52 lei, calculated and presented in the Consolidated and Individual Financial Statements prepared in accordance with the International Financial Reporting Standards applicable to credit institutions based on the Order issued by the Governor of the National Bank of Romania no. 27/2010, as follows:

- a. the establishment of a reserve in the amount of RON 34,246,369.71 related to the reinvested profit in the financial year 2022, for which the Bank applied the profit tax exemption, in accordance with art. 22 of Law no. 227/2015 regarding the Fiscal Code;
- b. the reinvestment of the remaining net profit in the increased total amount of RON 844,993,768.81 in order to increase the capital base of the Bank.

4. Changes which impact the Shareholders equity and Management of the Group

4.1. Changes in the administration of the Group

On 17th of April 2008, General Meeting of Shareholders adopted the dual tier governance system, through which the management of UniCredit Bank SA is ensured by the Management Board, respectively by Supervisory Board, Management Board members not being able to be in the same time members of the Supervisory Board.

Supervisory Board of UniCredit Bank as of June 30, 2023 consisted of:

1. Pasquale Giamboi, citizen, President of Supervisory Board;
2. Huseyin Faik Acikalin, citizen, Member;
3. Zeynep Nazan Somer Ozelgin, citizen, Member;
4. Riccardo Roscini, citizen, Vice-Chairman;
5. Teodora Aleksandrova Petkova, citizen, Member;
6. Graziana Mazzone, citizen, Member;

Management Board of UniCredit Bank as of 30 June 2023 consists of:

1. Feza Tan, citizen, Member of Management Board, Deputy CEO;
2. Andrei Bratu, citizen, Executive Vice-President, Member of Management Board;
3. Antoaneta Curteanu, citizen, Executive Vice-President, Member of Management Board.
4. Dragos Marian Birlog, citizen, Executive Vice-President, Member of Management;
5. Diana Ciubotariu, citizen, Executive Vice-President, Member of Management Board;
6. Raluca-Mihaela Popescu-Goglea, citizen, Executive Vice-President, Member of Management Board
7. Dimitar Todorov, citizen, Executive Vice-President, Member of Management Board

Subsequently to June 30, 2023, and until the date of this report, Cengiz Arslan, citizen, received NBR approval for the mandate of Executive Vice-President, Member of Management Board.

Changes in Supervisory Board composition between 01.01.2023-30.06.2023:

- Approval, by OGSM held on 21.02.2023, of the prolongation of:
 - the mandate of Mr. Riccardo Roscini as member of the Supervisory Board (currently holding the position of Vice-Chairman of Supervisory Board) for a period of 3 (three) years, starting with February 21, 2023 until February 21, 2026.
 - the mandate of Mrs. Zeynep Nazan Somer Ozelgin as member of the Supervisory Board for a period of 3 (three) years, starting with February 21, 2023 until February 21, 2026.
 - the mandate of Mrs. Graziana Mazzone as member of the Supervisory Board for a period of 3 (three) years, starting with February 21, 2023 until February 21, 2026

Changes in Management Board composition between 01.01.2023-30.06.2023:

- The approval, by SB held on 03.03.2023, of the prolongation of the Management Board mandate starting from 17th of April 2023 until 17th of April 2026
- The approval, by SB held on 03.03.2023 of the prolongation, starting from 17th of April 2023 until 17th of April 2026, of the following Members of the Management Board:

| Name | Role in Management Board | Coordinated Division |
|----------------------------|--------------------------------|----------------------|
| Mrs. Feza Tan | First Executive Vice-President | Deputy CEO |
| Mr. Andrei-Florin Bratu | Executive Vice-President | Risks Management |
| Mrs. Raluca Popescu-Goglea | Executive Vice-President | Corporates |
| Mrs. Antoaneta Curteanu | Executive Vice-President | Retail |
| Mrs. Diana Ciubotariu | Executive Vice-President | Legal |
| Mr. Dragos Birlog | Executive Vice-President | Compliance |
| Mr. Dimitar Todorov | Executive Vice-President | CFO |

- Acknowledgement, by SB held on 03.03.2023, of the termination of the mandate of Mr. Carlo Driussi as Member of the Bank's Management Board, Executive Vice-President (Chief Operating Office), as of April 17, 2023, following expiry of his current mandate;

4.2. Increase of share capital. Changes in the shareholders' equity of the Bank

As of 30 June 2023, the share capital of UniCredit Bank S.A is RON 455,219,470.30 consists of 48,948,331 ordinary shares (same number as for 31 December 2022), with a face value of RON 9.30 /share and a share premium of RON 75.93 /share. The total value of the share premium is RON thousands 621,680.

As of 30 June 2023, UniCredit Bank SpA, the main shareholder of the Bank, owns 98.63% of the UniCredit Bank's social capital.

No changes in the share capital of UniCredit Bank S.A were performed during January-June, 2023.

Therefore, on June 30, 2023, the Shareholders structure was as follows:

| Shareholders | Shares' number | Value (RON) | % |
|--------------------------|-------------------|-----------------------|------------|
| UniCredit S.p.A. - Italy | 48,277,621 | 448,981,875.30 | 98.6298 |
| Romanian Individuals | 625,588 | 5,817,968.40 | 1.2780 |
| Romanian Legal Entities | 21,606 | 200,935.80 | 0.0441 |
| Foreign Individuals | 16,176 | 150,436.80 | 0.0330 |
| Foreign Legal Entities | 7,340 | 68,262.00 | 0.0149 |
| TOTAL | 48,948,331 | 455,219,478.30 | 100 |

The shareholders' structure of the Bank is as follows:

| | 30.06.2023 | 31.12.2022 |
|------------------|---------------|---------------|
| | % | % |
| UniCredit SpA* | 98.63 | 98.63 |
| Others investors | 1.37 | 1.37 |
| Total | 100.00 | 100.00 |

*) starting with 1 October 2016, UniCredit Sp.A took the operations from CEE and subsidiaries from UniCredit Bank Austria AG.

The structure of the capital is as follows:

| RON thousands | 30.06.2023 | 31.12.2022 |
|-----------------------------------|------------------|------------------|
| Statutory social capital | 455,219 | 455,219 |
| IAS 29 – Hyperinflation effect | 722,529 | 722,529 |
| Social capital as per IFRS | 1,177,748 | 1,177,748 |

5. Consolidated financial statements

5.1. Assets, Liabilities, Equity

The structure and the evolution of the main categories of assets, liabilities and equity of the UniCredit Group are presented below:

| In RON thousands | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| | Unaudited | Audited | Unaudited | Audited |
| Assets: | | | | |
| Cash and cash equivalents | 15,813,878 | 16,456,169 | 15,813,102 | 16,455,940 |
| Financial assets at fair value through profit or loss | 207,312 | 214,714 | 207,312 | 214,714 |
| Derivatives assets designated as hedging instruments | 303,655 | 310,229 | 303,655 | 310,229 |
| Loans and advances to banks at amortized cost | 205,254 | 399,455 | 205,254 | 399,455 |
| Loans and advances to customers at amortized cost | 34,248,866 | 32,849,251 | 32,253,521 | 31,054,544 |
| Net lease receivables | 4,051,165 | 3,788,693 | 9,839 | 11,342 |
| Debt instruments at amortized cost | 8,892,877 | 8,856,966 | 8,892,877 | 8,856,966 |
| Other financial assets at amortized cost | 419,526 | 319,475 | 323,973 | 250,620 |
| Financial assets at fair value through other comprehensive income | 1,962,562 | 1,922,518 | 1,960,216 | 1,920,172 |
| Investment in subsidiaries | - | - | 143,116 | 143,116 |
| Property, plant and equipment | 176,957 | 179,752 | 174,309 | 176,415 |
| Right of use assets | 204,982 | 199,230 | 191,336 | 181,355 |
| Intangible assets | 380,581 | 362,782 | 362,771 | 344,366 |
| Current tax assets | 14,980 | 8,109 | - | - |
| Deferred tax assets | 124,435 | 163,726 | 47,758 | 73,999 |
| Other assets | 249,116 | 175,767 | 55,062 | 50,866 |
| Total assets | 67,256,146 | 66,206,836 | 60,944,101 | 60,444,099 |
| Liabilities: | | | | |
| Financial liabilities at fair value through profit or loss | 105,610 | 176,965 | 105,610 | 176,966 |
| Derivatives liabilities designated as hedging instruments | 248,797 | 262,514 | 248,797 | 262,514 |
| Deposits from banks | 870,248 | 1,050,418 | 870,248 | 1,050,418 |
| Loans from banks | 5,976,042 | 5,653,932 | 741,858 | 849,329 |
| Deposits from customers | 45,723,575 | 45,310,940 | 45,829,242 | 45,404,198 |

Half-Year Report as of 30 June 2023 as per FSA Reg. no.5/2018

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Debt securities issued | 3,535,074 | 3,502,834 | 3,535,074 | 3,502,834 |
| Other financial liabilities at amortized cost | 1,126,506 | 1,307,973 | 1,033,579 | 1,239,449 |
| Subordinated liabilities | 949,317 | 945,604 | 840,122 | 836,761 |
| Lease liabilities | 204,449 | 198,403 | 200,421 | 193,362 |
| Current tax liabilities | 61,644 | 24,969 | 60,396 | 24,969 |
| Provisions | 183,313 | 250,064 | 183,271 | 250,737 |
| Other non-financial liabilities | 293,386 | 279,645 | 165,707 | 176,914 |
| Total liabilities | 59,277,961 | 58,964,261 | 53,814,325 | 53,968,451 |

| In RON thousands | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| | Unaudited | Audited | Unaudited | Audited |
| Equity | | | | |
| Share capital | 1,177,748 | 1,177,748 | 1,177,748 | 1,177,748 |
| Share premium account | 621,680 | 621,680 | 621,680 | 621,680 |
| Cash flow hedging reserve | (2,675) | (7,501) | (2,675) | (7,501) |
| Reserve on financial assets at fair value through other comprehensive income | (46,977) | (108,424) | (46,977) | (108,424) |
| Revaluation reserve on property, plant and equipment | 22,289 | 17,177 | 22,289 | 17,177 |
| Other reserves | 434,219 | 399,973 | 434,219 | 399,973 |
| Retained earnings | 5,602,560 | 4,981,500 | 4,923,492 | 4,374,995 |
| Total equity for parent company | 7,808,844 | 7,082,153 | 7,129,776 | 6,475,648 |
| Non-controlling interest | 169,341 | 160,422 | - | - |
| Total equity | 7,978,185 | 7,242,575 | 7,129,776 | 6,475,648 |
| Total liabilities and equity | 67,256,146 | 66,206,836 | 60,944,101 | 60,444,099 |

At the end of June 2023, total assets were RON thousands 67,256,146 compared to RON thousands 66,206,836 as of 31 December 2022 (increase by 1.58%).

The main significant changes (increase/decrease) within the UniCredit Group assets were for the following categories:

- **Debt instruments at amortized cost:** increased by RON thousands 35,911 (+0.41%) from RON thousands 8,856,966 in December 2022, to RON thousands 8,892,877 in June 2023.
- **Loans and advances to customers at amortized cost:** increased by RON thousands 1,399,615 (+4.26%) from RON thousands 32,849,251 in December 2022, to RON thousands 34,248,866 in June 2023.
- **Cash and cash equivalents:** decreased by RON thousands 642,291 (-3.90%) from RON thousands 16,456,169 in December 2022, to RON thousands 15,813,878 in June 2023.
- **Net lease receivables:** increased by RON thousands 262,472 (+6.93%) from RON thousands 3,788,693 in December 2022, to RON thousands 4,051,165 in June 2023.
- **Financial assets at fair value through other comprehensive income:** increased by RON thousands 40,044 (+2.08%) from RON thousands 1,922,518 in December 2022, to RON thousands 1,962,562 in June 2023.

The main significant changes (increase/decrease) of Group liabilities/equity positions were for the following categories:

- **Deposits from banks:** decreased by RON thousands 180,170 (-17.15%) from RON thousands 1,050,418 at 31 December 2022, to RON thousands 870,248 at June 2023.
- **Loans from banks and other financial institutions at amortized cost:** increased by RON thousands 322,110 (+5.70%) from RON thousands 5,653,932 at 31 December 2022, to RON thousands 5,976,042 at June 2023.

Half-Year Report as of 30 June 2023 as per FSA Reg. no.5/2018

- **Deposits from customers:** increased by RON thousands 412,635 (+0.91%) from RON thousands 45,310,940 at 31 December 2022, to RON thousands 45,723,575 at June 2023.
- **Other financial liabilities at amortised cost:** decreased by RON thousands 181,467 (-13.87%) from RON thousands 1,307,973 at 31 December 2022, to RON thousands 1,126,506 at June 2023.
- **Retained earnings:** increased by RON thousands 621,060 (+12.47%) from RON thousands 4,981,500 at 31 December 2022, to RON thousands 5,602,560 at June 2023.

5.2. Income statement

The UniCredit Group Income statement for June 2023 and June 2022 is presented below:

| In RON thousands | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| | Unaudited | Reviewed | Unaudited | Reviewed |
| Interest income using effective interest rate method | 1,757,227 | 1,013,167 | 1,615,347 | 883,610 |
| Other interest income | 106,519 | 66,672 | 8 | - |
| Interest expense | (866,704) | (280,238) | (756,590) | (230,150) |
| Net interest income | 997,042 | 799,601 | 858,765 | 653,460 |
| Fee and commission income | 388,831 | 316,891 | 358,450 | 290,040 |
| Fee and commission expense | (142,935) | (110,965) | (134,833) | (104,450) |
| Net fee and commission income | 245,896 | 205,926 | 223,617 | 185,590 |
| Net income from instruments at fair value through profit and loss | 202,947 | 104,664 | 203,009 | 104,664 |
| Net gain/(loss) from foreign exchange | 53,142 | 12,595 | 42,706 | 2,191 |
| Fair value adjustments in hedge accounting | (4,821) | 11,106 | (4,821) | 11,106 |
| Net gain/(loss) from derecognition of financial assets measured at amortised cost | 13,627 | 15,923 | 6,895 | 8,790 |
| Net gain/(loss) from derecognition of financial assets measured at FVTOCI | (3,897) | - | (3,897) | - |
| Dividend income | 3,868 | 3,196 | 3,868 | 3,196 |
| Other operating income | 2,387 | 19,033 | 6,465 | 6,180 |
| Operating income | 1,510,191 | 1,172,044 | 1,336,607 | 975,177 |
| Personnel expenses | (278,660) | (250,243) | (246,030) | (220,325) |
| Depreciation and impairment of tangible assets | (53,912) | (51,082) | (49,334) | (47,695) |
| Amortization and impairment of intangible assets | (30,524) | (25,923) | (27,228) | (23,086) |
| Other administrative costs | (232,254) | (232,771) | (215,719) | (218,589) |
| Other operating costs | (10,387) | (19,042) | (6,249) | (5,736) |
| Operating expenses | (605,737) | (579,061) | (544,560) | (515,431) |
| Net impairment losses on financial instruments | (124,998) | (105,066) | (103,032) | (50,266) |
| Losses on modification of financial assets | (11) | 153 | (11) | 153 |
| Net operating income | 779,445 | 488,070 | 689,004 | 409,633 |
| Net impairment losses on non-financial assets | 501 | 576 | 501 | 576 |
| Net provision gains/ (losses) | 1,562 | (1,726) | 2,027 | (2,090) |
| Profit before tax | 781,508 | 486,920 | 691,532 | 408,119 |
| Income tax expense | (117,643) | (81,538) | (109,142) | (66,893) |
| Net profit for the reporting period | 663,865 | 405,382 | 582,390 | 341,226 |
| Attributable to: | | | | |
| Equity holders of the parent company | 654,946 | 400,862 | - | - |
| Non-controlling interests | 8,919 | 4,520 | - | - |

| In RON thousands | Group | | Bank | |
|--|------------|------------|------------|------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| | Unaudited | Reviewed | Unaudited | Reviewed |
| Other comprehensive income, net of tax: | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Revaluation of property, plant and equipment | 5,091 | 1,002 | 5,091 | 1,002 |

Half-Year Report as of 30 June 2023 as per FSA Reg. no.5/2018

| | | | | |
|---|----------------|------------------|----------------|------------------|
| Movement in investment revaluation reserve for equity instruments at FVTOCI | 4,937 | (1,720) | 4,937 | (1,720) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | (769) | 1,247 | (769) | 1,247 |
| Total items that will not be reclassified subsequently to profit or loss | 9,259 | 529 | 9,259 | 529 |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Movement in reserve for debt instruments at FVTOCI: | | | | |
| Gains/(losses) arising during the period | 64,317 | (211,721) | 64,317 | (211,721) |
| Reclassification of (gains)/losses included in profit or loss | 3,897 | - | 3,897 | - |
| Net changes in cash flow hedging reserve: | | | | |
| Gains/(losses) arising during the period | 5,512 | 15,363 | 5,512 | 15,363 |
| Reclassification of (gains)/losses included in profit or loss | 234 | 839 | 234 | 839 |
| Income tax relating to items that may be reclassified subsequently to profit or loss | (11,833) | 31,283 | (11,833) | 31,283 |
| Total items that may be reclassified subsequently to profit or loss | 62,127 | (164,236) | 62,127 | (164,236) |
| Other comprehensive income, net of tax | 71,386 | (163,707) | 71,386 | (163,707) |
| Total comprehensive income | 735,251 | 241,675 | 653,776 | 177,519 |
| Attributable to: | | | | |
| Shareholders of parent – company | 726,332 | 237,155 | - | - |
| Non-controlling interests | 8,919 | 4,520 | - | - |

5.3. Cash flows

The structure of cash flows is summarized by the statement of cash flows:

| In RON thousands | Group | | Bank | |
|---|------------------|----------------|----------------|----------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| | Unaudited | *Restated | Unaudited | *Restated |
| Profit for the reporting period before tax | 781,508 | 486,920 | 691,532 | 408,119 |
| Adjustments for non-cash items: | | | | |
| Depreciation and amortization of property, plant and equipment and of intangible assets | 84,329 | 76,893 | 76,562 | 70,782 |
| Net impairment losses on financial instruments | 189,355 | 159,464 | 167,741 | 105,130 |
| Fair value (gain)/loss on derivatives and other financial assets held for trading | (46,941) | 13,710 | (46,941) | 13,710 |
| Other items for which the cash effects are investing or financing | 41,897 | 7,688 | 25,483 | 796 |
| Accrued interest and unwinding effect | 75,453 | (35,714) | 61,675 | (32,772) |
| Impairment of assets and provisions | (90,355) | (17,546) | (80,398) | (34,060) |
| FX impact | (42,740) | 16,610 | (42,287) | 15,965 |
| Other non-cash items | 53,575 | (9,429) | 6,210 | (622) |
| Operating profit before changes in operating assets and liabilities | 1,046,081 | 698,596 | 859,577 | 547,048 |
| Change in operating assets: | | | | |
| (Increase)/Decrease in financial assets at fair value through profit and loss | (2,277) | 42,662 | (2,277) | 42,662 |
| Acquisition of debt instruments at amortized cost | (5,896) | (1,086,309) | (5,896) | (1,086,309) |
| Decrease/(Increase) in loans and advances to banks | 196,379 | (81,336) | 194,338 | (83,676) |
| (Increase) in loans and advances to customers | (1,577,302) | (2,681,249) | (1,324,241) | (2,714,625) |
| (Increase) in lease investments | (286,081) | (48,684) | (9,807) | - |
| (Increase) in other assets | (179,502) | (100,503) | (75,288) | (62,398) |
| Change in operating liabilities: | | | | |
| (Decrease)/Increase in deposits from banks | (181,049) | 59,052 | (181,049) | 59,052 |
| Increase in deposits from customers | 338,037 | 1,867,365 | 333,498 | 1,928,203 |

Half-Year Report as of 30 June 2023 as per FSA Reg. no.5/2018

| | | | | |
|---|------------------|------------------|------------------|------------------|
| (Decrease)/Increase in other liabilities | (160,671) | 911,804 | (218,006) | 897,615 |
| Income tax paid | (61,152) | (83,834) | (60,076) | (67,506) |
| Net cash used in operating activities | (873,433) | (502,436) | (489,227) | (539,934) |
| Investing activities | | | | |
| Proceeds on disposal of financial assets at fair value through other comprehensive income | 233,586 | 39,141 | 233,586 | 39,141 |
| Acquisition of financial assets at fair value through other comprehensive income | (223,384) | (419,131) | (223,384) | (419,131) |
| Proceeds on disposal of property, plant and equipment | 1,054 | - | 1,054 | - |
| Acquisition of property, plant and equipment and intangible assets | (54,756) | (60,017) | (51,999) | (57,079) |
| Dividends received | 4,091 | 3,269 | 4,091 | 3,269 |
| Net cash used in investing activities | (39,409) | (436,738) | (36,652) | (433,800) |

| In RON thousands | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| | Unaudited | *Restated | Unaudited | *Restated |
| Financing activities | | | | |
| Dividends paid | (482) | (93) | (482) | (93) |
| Proceeds from bonds issued | - | 790,967 | - | 790,967 |
| Repayments of loans from banks | (1,613,750) | (712,884) | (107,521) | (100,264) |
| Drawdowns from loans from banks | 1,895,383 | 703,965 | - | 123,698 |
| Repayment of the lease liabilities | (41,727) | (35,266) | (40,241) | (33,191) |
| Net cash from/ (used in) financing activities | 239,424 | 746,689 | (148,244) | 781,117 |
| Net (decrease) in cash and cash equivalents | (673,418) | (192,485) | (674,123) | (192,617) |
| Cash and cash equivalents at 1 January - gross value | 16,459,052 | 11,270,506 | 16,458,822 | 11,270,425 |
| Effect of foreign exchange rate changes | 31,194 | 121,433 | 31,352 | 121,433 |
| Cash and cash equivalents at 30 June - gross value | 15,816,828 | 11,199,454 | 15,816,051 | 11,199,241 |
| Impairment allowance | (2,950) | (1,148) | (2,949) | (1,147) |
| Cash and cash equivalents at 30 June -net value | 15,813,878 | 11,198,306 | 15,813,102 | 11,198,094 |

Cash flow from operating activities include:

| In RON thousands | Group | | Bank | |
|-------------------|------------|------------|------------|------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| | Unaudited | *Restated | Unaudited | *Restated |
| Interest received | 1,824,710 | 988,952 | 1,603,523 | 812,380 |
| Interest paid | (626,395) | (236,834) | (572,392) | (199,576) |

6. Annexes

The following documents are attached to the present report:

6.1. Compliance statement

Statement of the Directorate Members who has assumed the responsibility for the preparation of the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023.

6.2. Annex related to changes in Supervisory Board and Management Board composition

The changes related to the Supervisory Board and Management Board composition are presented in the Annex.

6.3. Financial statements

Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023 prepared in accordance with IFRS as endorsed by European Union are neither audited nor reviewed.

Feza Tan

First Executive Vice-President (Deputy CEO)

Dimitar Todorov

Executive Vice-President

Revised by,

Roxana Apostol

Accounting & Regulatory Reporting Director

Annex 6.1. Compliance statement

DECLARATION**According to art. 31 from Accounting Law no. 82/1991**

The **“Unaudited Interim Condensed Consolidated and Separate Financial Statements” as of June 30, 2023** for UniCredit Bank S.A. Group (“The Group”) have been prepared in accordance with the provisions of the National Bank of Romania Order no 27/2010 regarding the approval of the Accounting Regulations in accordance to the European Directives, with subsequent updates, for:

Legal entity: UNICREDIT BANK S.A.

County: 41 - Directia Generala de Administrare Mari Contribuabili, Bucharest

Adress: Bucharest, 1st District, Expozitiei Bd, no.1F, phone 021/200.20.00

Trade Register Registration number: J40/7706/1991

Property form: 34 – Stock companies

Main activity (code and class name CAEN): 6419 – Other monetary intermediation activities

Sole registration Code: RO 361536.

The persons responsible for the management of the Group assume responsibility for the production of “Interim condensed consolidated financial statements” as of June 30, 2023.

The financial statements have been prepared in accordance with NBR Order no.27/2010 for approval of Accounting Regulations in accordance to the European Directive, with subsequent updates and ammendments and we confirm that:

- a) the accounting policies applied for the production of the interim condensed consolidated financial statements are in accordance with the applicable accounting regulations;
- b) the interim condensed consolidated financial statements offer a true and fair view of the financial position, of the financial performance and of the other information regarding the activity of the Group.

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)



Mr. Dimitar Todorov
Executive Vice-President



Annex 6.2. Changes in Supervisory Board and Management Board composition

**EXTRAS DIN DECIZIA
CONSILIULUI DE SUPRAVEGHERE
AL UNICREDIT BANK S.A.
DIN DATA DE 03.03.2023**

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și în conformitate cu informațiile puse la dispoziție în legătură cu ședința care a avut loc în data de 03.03.2023,

Referitor la punctul nr. 3 de pe agendă

Având în vedere:

- expirarea mandatului actual al Directoratului Băncii la data de 17.04.2023,
- intenția Băncii de a coopta un alt membru al Directoratului Băncii pentru funcția de Vicepreședinte Executiv, Coordonator al Diviziei COO, care să aibă cunoștințe și experiență profesională practică extinse în domeniul transformării digitale/IT/tehnologie, care poate sprijini cu viziune și inițiativă tehnică procesul strategic de digitalizare accelerată pe care Banca îl are în vedere,

Decide în unanimitate:

1. Se ia act **(i)** de încetarea mandatului de Membru al Directoratului Băncii al dlui Carlo Driussi, Vicepreședinte Executiv al Directoratului Băncii, Coordonator al Diviziei COO (Chief Operating Office), începând cu data de 17.04.2023.

**EXTRACT FROM THE DECISION
OF THE SUPERVISORY BOARD
OF UNICREDIT BANK S.A.
AS OF 03.03.2023**

The Supervisory Board of UniCredit Bank S.A. ("the Bank"), based on the provisions of the Constitutive Act of the Bank and on the legal provisions in force and in accordance with the information made available in relation to the meeting held on 03.03.2023,

Regarding point no. 3 on the agenda

Having in view:

- the expected expiry of the current mandate of Bank's Management Board on April 17 2023,
- the Bank's intention to co-opt another member of the Bank's Management Board for the Executive Vice-President COO position, having extensive know-how and practical professional experience in digital transformation/ IT/ technology area, who can support with vision and technical initiative the accelerated digitization process that the Bank is strategically envisioning,

Unanimously decides:

1. Acknowledges **(i)** the termination of the mandate of Mr. Carlo Driussi as Member of Bank's Management Board, Executive Vice-President, Coordinator of COO Division (Chief Operating Office), starting with 17.04.2023.

Președinte al Consiliului de Supraveghere / Chairman of the Supervisory Board

Pasquale GIAMBOI



Secretar de ședință / Secretary of the meeting

Loredana PĂNCULESCU



**EXTRAS DIN DECIZIA
CONSILIULUI DE SUPRAVEGHERE
AL UNICREDIT BANK S.A.
DIN DATA DE 03.03.2023**

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și în conformitate cu informațiile puse la dispoziție în legătură cu ședința care a avut loc în data de 03.03.2023,

Referitor la punctul nr. 4 de pe agendă

Decide în unanimitate:

1. Prolungirea mandatului Directoratului Băncii începând cu data de 17.04.2023 și până la data de 17.04.2026.
2. Având în vedere cele precizate la punctul 1 de mai sus, se decide prelungirea, începând cu data de 17.04.2023 și până la data de 17.04.2026 a mandatelor următorilor membri existenți, respectiv ai următorilor membri desemnați ai Directoratului Băncii, pentru aceștia din urmă sub rezerva primirii aprobărilor prealabile din partea Băncii Naționale a României, în conformitate cu decizia Consiliului de Supraveghere din data de 24.10.2022. Titulatura pe care o va utiliza și divizia pe care o va coordona fiecare dintre membrii existenți, respectiv fiecare dintre membrii desemnați ai Directoratului Băncii va fi următoarea:

| Nume | Poziție | Divizie |
|----------------------|---------------------|--------------------------|
| Feza Tan | Prim Vicepreședinte | Adjunct CEO |
| Antoaneta Curteanu | Vicepreședinte | Retail |
| Andrei-Florin Bratu | Vicepreședinte | Administrarea Riscurilor |
| Diana Ciubotariu | Vicepreședinte | Juridic |
| Dragoș-Marian Bîrlig | Vicepreședinte | Conformitate |

**EXTRACT FROM THE DECISION
OF THE SUPERVISORY BOARD
OF UNICREDIT BANK S.A.
AS OF 03.03.2023**

The Supervisory Board of UniCredit Bank S.A. ("the Bank"), based on the provisions of the Constitutive Act of the Bank and on the legal provisions in force and in accordance with the information made available in relation to the meeting held on 03.03.2023,

Regarding point no. 4 on the agenda

Unanimously decides:

1. The prolongation of the Bank's Management Board mandate starting with the date of 17.04.2023 until 17.04.2026.
2. Considering those mentioned at point 1 above, it is decided to prolong, starting with the date of 17.04.2023 and until 17.04.2026 the mandates of the following existing members, respectively of the following designated members of the Bank's Management Board, for the latter subject to receipt of the prior approvals from the National Bank of Romania, as per the Supervisory Board decision dated 24.10.2022. The title which will be used and the Division which will be coordinated by each of the existing members, respectively by each of the designated members of the Bank's Management Board, shall be as follows:

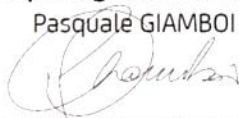
| Name | Position | Division |
|----------------------|----------------------|-----------------|
| Feza Tan | First Vice-President | Deputy CEO |
| Antoaneta Curteanu | Vice-President | Retail |
| Andrei-Florin Bratu | Vice-President | Risk Management |
| Diana Ciubotariu | Vice-President | Legal |
| Dragoș-Marian Bîrlig | Vice-President | Compliance |

| În curs de aprobare BNR | | |
|-------------------------------|----------------|------------|
| Septimiu Postelnicu | Președinte | CEO |
| Raluca-Mihaela Popescu-Goglea | Vicepreședinte | Corporații |
| Dimitar Todorov | Vicepreședinte | Finanțe |

| Pending NBR approval | | |
|-------------------------------|----------------|------------|
| Septimiu Postelnicu | President | CEO |
| Raluca-Mihaela Popescu-Goglea | Vice-President | Corporates |
| Dimitar Todorov | Vice-President | Finance |

Președinte al Consiliului de Supraveghere / Chairman of the Supervisory Board

Pasquale GIAMBOI



Secretar de ședință / Secretary of the meeting

Loredana PĂNCULESCU



**EXTRAS DIN DECIZIA
CONSILIULUI DE SUPRAVEGHERE
AL UNICREDIT BANK S.A.
DIN DATA DE 03.03.2023**

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și în conformitate cu informațiile puse la dispoziție în legătură cu ședința care a avut loc în data de 03.03.2023,

Referitor la punctul nr. 4 de pe agendă

Având în vedere că mandatul dlui Carlo Driussi de membru al Directoratului Băncii, Vicepreședinte Executiv, Coordonator al Diviziei COO (Chief Operating Office) va înceta la data de 17.04.2023, ca urmare a expirării duratei pentru care a fost acordat,

Decide în unanimitate:

1. Se numește, începând cu data de 17.04.2023, în funcția de Membru al Directoratului Băncii, Vicepreședinte Executiv, Coordonator al Diviziei COO, dl. Cengiz Arslan, cetățean născut la data de _____ posesor al Pașaportului nr. _____ emis de autoritățile din _____ și valabil până la _____, număr de identificare personală _____.
2. Durata mandantului dlui Cengiz Arslan va fi egală cu durata noului mandat al Directoratului Băncii, respectiv până la data de 17.04.2026.
3. Dl. Cengiz Arslan va începe să-și exercite atribuțiile de Membru al Directoratului Băncii, Vicepreședinte Executiv, Coordonator al Diviziei COO, numai începând de la data primirii aprobării prealabile din partea Băncii Naționale a României.
4. Pentru a se asigura gestionarea adecvată a activităților în domeniile de activitate

**EXTRACT FROM THE DECISION
OF THE SUPERVISORY BOARD
OF UNICREDIT BANK S.A.
AS OF 03.03.2023**

The Supervisory Board of UniCredit Bank S.A. ('the Bank'), based on the provisions of the Constitutive Act of the Bank and on the legal provisions in force and in accordance with the information made available in relation to the meeting held on 03.03.2023,

Regarding point no. 4 on the agenda

Having in view that the mandate of Mr. Carlo Driussi as Member of the Bank's Management Board, Executive Vice-President, Coordinator of COO Division (Chief Operating Office) will terminate starting with 17.04.2023, following the expiry of the duration for which it was entrusted,

Unanimously decides:

1. The appointment, starting with the date of 17.04.2023, as Member of the Bank's Management Board, Executive Vice-President, Coordinator of COO Division, of Mr. Cengiz Arslan, _____ citizen, born on _____ in _____, identified with Passport no. _____ issued by _____ authorities on _____, personal identifying number _____.
2. The duration of the mandate of Mr. Cengiz Arslan shall be equal with the duration of the new mandate of the Bank's Management Board, respectively until 17.04.2026.
3. Mr. Cengiz Arslan will start exercising his responsibilities as Member of Bank's Management Board, Executive Vice-President, Coordinator of COO Division, only after receiving the prior approval of the National Bank of Romania.
4. In order to ensure the proper management of the activities in the corresponding domains of

corespunzătoare, până la data la care dl. Cengiz Arslan va primi aprobarea prealabilă a Băncii Naționale a României, dna Feza Tan, Prim Vicepreședinte Executiv al Directoratului Băncii, este împuternicită să exercite temporar oricare și toate competențele interne de decizie/ drepturile de semnătură, ce aparțin Vicepreședintelui Executiv al Directoratului Băncii, Coordonator al Diviziei COO.

activity, until the date on which Mr. Cengiz Arslan will receive the prior approval of the National Bank of Romania, Mrs. Feza Tan, First Executive Vice-President of the Bank's Management Board, is hereby empowered to temporarily exercise any and all internal decision competencies/ signature rights corresponding to the position of Executive Vice-President of the Bank's Management Board, Coordinator of COO Division.

Președinte al Consiliului de Supraveghere / Chairman of the Supervisory Board

Pasquale GIAMBOI



Secretar de ședință / Secretary of the meeting

Loredana PĂNCULESCU





HOTĂRÂREA
ADUNĂRII GENERALE ORDINARE A ACȚIONARILOR
UniCredit Bank S.A.
din data de 21.02.2023

Adunarea Generală Ordinară a Acționarilor UniCredit Bank S.A., persoană juridică română organizată sub forma unei societăți pe acțiuni, administrată în sistem dualist, cu sediul social în București, Bulevardul Expoziției nr. 1F, sectorul 1, România, înregistrată în Registrul Bancar sub nr. RB-PJR-40-011/18.02.1999 și la Registrul Comerțului sub nr. J40/7706/1991, EUID: ROONRC J40/7706/1991, cod unic de înregistrare RO 361536, (denumită în continuare „Banca”), a fost convocată pentru data de **21.02.2023**, începând cu ora 14.30 World Trade Center București, situat în București, Piața Montreal, nr.10, sector 1, sala de conferințe "Montreal", în prezența acționarilor înscriși în Registrul acționarilor Băncii la data de referință **01.02.2023**, ce reprezintă **98,64 %** din totalul drepturilor de vot.

Adunarea Generală Ordinară a Acționarilor a fost convocată în mod legal de către Directoratul Băncii prin publicarea convocatorului în Monitorul Oficial al României, partea a IV-a, nr. 341 din data de 20.01.2023 și în ziarul „Adevărul” din data de 20.01.2023, precum și pe pagina de internet a Băncii, potrivit prevederilor art. 117 și art. 117² al. 2 din Legea nr.31/1990 privind societățile, republicată, cu modificările și completările ulterioare.

Asupra aspectelor înscrise la **punctul 1** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **100 %** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

1. Aprobarea prelungirii mandatelor a trei dintre membrii existenți ai Consiliului de Supraveghere al Băncii, având în vedere ajungerea la termen a mandatelor acestora, după cum urmează:

- 1.1 Aprobarea prelungirii mandatului domnului Riccardo Roscini de membru al Consiliului de Supraveghere (deținând în prezent funcția de Vice-Președinte al

UniCredit Bank S.A.

Bulevardul Expoziției nr. 1F,
Sector 1, București
Tel +40 21 200 2000
e-mail: office@unicredit.ro

Banca membra a UniCredit Group, societate administrată în sistem dualist, cu sediul în România, București, Bulevardul Expoziției nr. 1F, sector 1, înregistrată în Registrul Comerțului sub nr. J40/7706/1991, în Registrul Bancar sub nr. RB-PJR-40-011/18.02.1999 și înregistrată la ANSPDCP cu notificarea nr. 10964, cod unic de înregistrare 361536, atribut fiscal RO, capital social subscris și versat 379.075.291,20 RON- Cod SWIFT: BACXROBU

Consiliului de Supraveghere), pentru un nou mandat de 3 ani, de la data de 21.02.2023 până la data de 21.02.2026.

1.2 Aprobarea prelungirii mandatului doamnei Zeynep Nazan Somer Ozelgin de membru al Consiliului de Supraveghere al Băncii pentru un nou mandat de 3 ani, de la data de 21.02.2023 până la data de 21.02.2026.

1.3 Aprobarea prelungirii mandatului doamnei Graziana Mazzone de membru al Consiliului de Supraveghere al Băncii pentru un nou mandat de 3 ani, de la data de 21.02.2023 până la data de 21.02.2026.

Asupra aspectelor înscrise la **punctul 2** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **100 %** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

2. Aprobarea împuternicirii Președintelui Executiv al Băncii și a oricăruia dintre Vicepreședinții Executivi ai Băncii să semneze orice documente ce vor fi întocmite în baza hotărârii Adunării Generale Ordinare a Acționarilor, precum și să îndeplinească toate acțiunile și formalitățile necesare pentru înregistrarea și/sau publicarea hotărârii Adunării Generale Ordinare a Acționarilor și/sau a oricăror documente, potrivit reglementărilor legale în vigoare. Președintele Executiv al Băncii și, respectiv, oricare dintre Vicepreședinții Executivi ai Băncii pot împuternici oricare 2 (doi) salariați ai Băncii pentru aducerea la îndeplinire a acestui mandat.

Redactată astăzi, 21.02.2023

Președinte de ședință a
Adunării Generale Ordinare a
Acționarilor

Diana Ciubotariu

S.S. INDESCIFRABIL

Secretar de ședință

Elena Cristina Tudoraș

S.S. INDESCIFRABIL

UniCredit Bank S.A.

Bulevardul Expoziției nr. 1F,
Sector 1, București
Tel +40 21 200 2000
e-mail: office@unicredit.ro

Banca membru a UniCredit Group, societate administrată în sistem dualist, cu sediul în România, București, Bulevardul Expoziției nr. 1F, sector 1, înregistrată în Registrul Comerțului sub nr. J40/7706/1891, în Registrul Bancar sub nr. RB-PJR-40-011/18.02.1999 și înregistrată la ANSPDCP cu notificarea nr. 10964, cod unic de înregistrare 361536, atribuit fiscal RO, capital social subscris și versat 379.075.291,20 RON. Cod SWIFT: BACXROBU



ROMÂNIA
UNIUNEA NAȚIONALĂ A NOTARILOR PUBLICI
SOCIETATE PROFESIONALĂ NOTARIALĂ
"DURNESCU și Asociații"

Licența de funcționare nr.318/09.11.2022

Sediul: Str. Sfântul Ștefan nr.13B, Sector 2, Mun. București

Tel: 021.331.20.71 / 0723.288.948, Fax: 021.331.20.99

e-mail: secretariat@bnpdurnescu.ro

ÎNCHEIERE DE AUTENTIFICARE NR. 2155
ANUL: 2023, LUNA: FEBRUARIE, ZIUA: 21

Eu, **IANACHIEVICI ANDRA-MIHAELA**, notar public, la cererea părții m-am deplasat la adresa din Mun. București, Piața Montreal, nr.10, Sector 1, sala de conferințe " Montreal", unde am găsit pe:

- **CIUBOTARIU DIANA**, cetățean român, domiciliată în Mun. nr. _____
, posesoare a cărții de identitate seria _____ la

data de _____, valabilă până la data de _____, cunoscută personal de notar, în calitate de Președinte de Ședință al Adunării Generale Ordinare a Acționarilor UniCredit Bank S.A. din data de 21.02.2023,

- **TUDORAȘ ELENA-CRISTINA**, cetățean român, domiciliată în Loc. _____
, identificată cu cartea de identitate seria _____

la data de _____, valabilă până la data de _____, în calitate de Secretar de Ședință al Adunării Generale Ordinare a Acționarilor UniCredit Bank S.A. din data de 21.02.2023,

care, după ce au citit actul, au declarat că i-au înțeles conținutul, că cele cuprinse în act reprezintă voința lor, au consimțit la autentificarea prezentului înscris și au semnat unicul exemplar.

În temeiul art. 12 lit. b) din Legea notarilor publici și a activității notariale nr. 36/1995, republicată, cu modificările ulterioare,

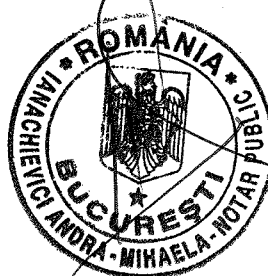
SE DECLARĂ AUTENTIC PREZENTUL ÎNSCRIS

S-a perceput onorariul de 350 lei plus TVA cu factura seria FV nr. 88855/2023.

NOTAR PUBLIC
IANACHIEVICI ANDRA-MIHAELA
S.S. Indescifrabil/L.S. Stampilă Notar

PREZENTUL DUPLICAT S-A ÎNTOCMIT ÎN 4 (PATRU) EXEMPLARE, DE IANACHIEVICI ANDRA-MIHAELA, NOTAR PUBLIC, ASTĂZI, DATA AUTENTIFICĂRII ACTULUI ȘI ARE ACEEAȘI FORȚĂ PROBANTĂ CA ORIGINALUL.

NOTAR PUBLIC
IANACHIEVICI ANDRA-MIHAELA





HOTĂRÂREA
ADUNĂRII GENERALE ORDINARE A ACȚIONARILOR

UniCredit Bank S.A.
din data de 27.03.2023

Adunarea Generală Ordinară a Acționarilor UniCredit Bank S.A., persoană juridică română organizată sub forma unei societăți pe acțiuni, administrată în sistem dualist, cu sediul social în București, Bulevardul Expoziției nr. 1F, sectorul 1, România, înregistrată în Registrul Bancar sub nr. RB-PJR-40-011/18.02.1999 și la Registrul Comerțului sub nr. J40/7706/1991, EUID: ROONRC J40/7706/1991, cod unic de înregistrare RO 361536, (denumită în continuare „Banca”), a fost convocată pentru data de **27.03.2023**, începând cu ora 10.30 World Trade Center București, situat în București, Piața Montreal, nr.10, sector 1, sala de conferințe "Montreal", în prezența acționarilor înscrși în Registrul acționarilor Băncii la data de referință **06.03.2023**, ce reprezintă **98,63 %** din totalul drepturilor de vot.

Adunarea Generală Ordinară a Acționarilor a fost convocată în mod legal de către Directoratul Băncii prin publicarea convocatorului în Monitorul Oficial al României, partea a IV-a, nr. 929 din data de 24.02.2023 și în ziarul „Adevărul” din data de 24.02.2023, precum și pe pagina de internet a Băncii, potrivit prevederilor art. 117 și art. 117² al. 2 din Legea nr.31/1990 privind societățile, republicată, cu modificările și completările ulterioare.

Asupra aspectelor înscrise la **punctul 1** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **99,99 %** din voturile exprimate de acționarii prezenți sau reprezentati la Adunarea Generală Ordinară a Acționarilor Băncii:

1.

UniCredit Bank S.A.

Bulevardul Expoziției nr 1F,
Sector 1, București
Tel +40 21 200 2000
e-mail: office@unicredit.ro

Banca membră a UniCredit Group, societate administrată în sistem dualist, cu sediul în România, București, Bulevardul Expoziției nr. 1F, sector 1, înregistrată în Registrul Comerțului sub nr. J40/7706/1991, în Registrul Bancar sub nr. RB-PJR-40-011/18.02.1999 și înregistrată la ANSPDCP cu notificarea nr. 10964, cod unic de înregistrare 361536, atribut fiscal RO, capital social subscris și versat 379.075.291,20 RON. Cod SWIFT: BACXROBU

Asupra
Acțiunilor
reprezintă

5.

Asupra aspectelor înscrise la **punctul 8** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **99,99%** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

8. Aprobarea numirii doamnei Tina Pogacic în funcția de membru al Consiliului de Supraveghere al Băncii, pentru un mandat de 3 ani, respectiv de la data de 27.03.2023

UniCredit Bank S.A.

Bulevardul Expoziției nr 1F,
Sector 1, București
Tel +40 21 200 2000
e-mail: office@unicredit.ro

Banca membru a UniCredit Group, societate administrată în sistem dualist, cu sediul în România, București, Bulevardul Expoziției nr. 1F, sector 1, înregistrată în Registrul Comerțului sub nr. J40/7705/1991, în Registrul Bancar sub nr. RB-PJR-49-011/18.02.1999 și înregistrată la ANSPDCP cu notificarea nr. 10964, cod unic de înregistrare 361536, atribut fiscal RO, capital social subscris și versat 379.075.291,20 RON. Cod SWIFT: BACXROBU



până la data de 27.03.2026. Doamna Tina Pogacic își va exercita responsabilitățile după obținerea aprobării prealabile a Băncii Naționale a României.



Asupra aspectelor înscrise la **punctul 9** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **99,99%** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

9.

Redactată astăzi, 27.03.2023

Președinte de ședință a
Adunării Generale Ordinare a
Acționarilor

Diana Ciubotariu

S.S. INDESCIFRABIL

Secretar de ședință

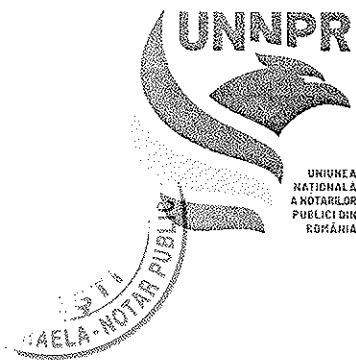
Elena Cristina Tudoraș

S.S. INDESCIFRABIL

UniCredit Bank S.A.

Bulevardul Expoziției nr 1F,
Sector 1, București
Tel +40 21 200 2000
e-mail: office@unicredit.ro

Banca membră a UniCredit Group, societate administrată în sistem dualist, cu sediul în România, București, Bulevardul Expoziției nr. 1F, sector 1, înregistrată în Registrul Comerțului sub nr. J40/7706/1991, în Registrul Bancar sub nr. RB-P/R:40-011/18.02.1999 și înregistrată la ANSPDCP cu notificarea nr. 10964, cod unic de înregistrare 261536, atribut fiscal RD, capital social subscris și versat 375.075.291,20 RON. Cod SWIFT: BACXROBU



ROMÂNIA
UNIUNEA NAȚIONALĂ A NOTARILOR PUBLICI
SOCIETATE PROFESIONALĂ NOTARIALĂ
"DURNESCU și Asociații"
Licența de funcționare nr.318/09.11.2022
Sediul: Str. Sfântul Ștefan nr.13B, Sector 2, Mun. București
Tel: 021.331.20.71 / 0723.288.948, Fax: 021.331.20.99
e-mail: secretariat@bnpdumescu.ro

ÎNCHIEIERE DE AUTENTIFICARE NR. 3557
ANUL: 2023, LUNA: MARTIE, ZIUA: 27

Eu, **IANACHIEVICI ANDRA-MIHAELA**, notar public, la cererea părții m-am deplasat la adresa din Mun. București, Piața Montreal, nr.10, Sector 1, sala de conferințe " Montreal", unde am găsit pe:

- **CIUBOTARIU DIANA**, cetățean român, domiciliată în Mun.

posesoare a cărții de identitate seria _____, emisă de _____ a
data de _____, valabilă până la data de _____, cunoscută personal de notar, în
calitate de Președinte de Ședință al Adunării Generale Ordinare a Acționarilor UniCredit Bank S.A. din data de
27.03.2023,

- **TUDORAȘ ELENA-CRISTINA**, cetățean român, domiciliată în Loc. _____, Str.

Argeș nr. _____ identificată cu cartea de identitate seria I _____, emisă de SPCLEP Eforie
la data de _____ în calitate de Secretar de
Ședință al Adunării Generale Ordinare a Acționarilor UniCredit Bank S.A. din data de 27.03.2023,

care, după ce au citit actul, au declarat că i-au înțeles conținutul, că cele cuprinse în act reprezintă voința
lor, au consimțit la autentificarea prezentului înscris și au semnat unicul exemplar.

În temeiul art. 12 lit. b) din Legea notarilor publici și a activității notariale nr. 36/1995, republicată, cu
modificările ulterioare,

SE DECLARĂ AUTENTIC PREZENTUL ÎNSCRIS

S-a perceput onorariul de 350 lei plus TVA cu factura seria FV nr. 91522/2023.

NOTAR PUBLIC
IANACHIEVICI ANDRA-MIHAELA
S.S. Indescifrabil/L.S. Stampilă Notar

PREZENTUL DUPLICAT S-A ÎNTOCMIT ÎN 4 (PATRU) EXEMPLARE, DE IANACHIEVICI ANDRA-MIHAELA, NOTAR PUBLIC, ASTĂZI, DATA AUTENTIFICĂRII ACTULUI ȘI ARE ACEEAȘI FORȚĂ PROBANTĂ CA ORIGINALUL.

NOTAR PUBLIC
IANACHIEVICI ANDRA-MIHAELA



Annex 6.3. Financial Statements

Unlocking...

A better bank

A better world

A better future

UniCredit Bank S.A.
**Unaudited Interim Condensed Consolidated
and Separate Financial Statements**

30 June 2023

prepared in accordance with

IAS 34 “Interim Financial Reporting”

Empowering
Communities to Progress.





UniCredit Bank S.A.

Unaudited Interim Condensed Consolidated
and Separate Financial Statements

30 June 2023

prepared in accordance with
IAS 34 "Interim Financial Reporting"

Content

| | |
|--|----|
| Interim condensed consolidated and separate statement of comprehensive income | 1 |
| Interim condensed consolidated and separate statement of financial position | 3 |
| Interim condensed consolidated and separate statement of changes in shareholders' equity | 5 |
| Interim condensed consolidated and separate statement of cash flows | 9 |
| Notes to the Interim condensed consolidated and separate financial statements | 11 |
| 1. REPORTING ENTITY | 11 |
| 2. BASIS OF PREPARATION | 12 |
| 3. SIGNIFICANT ACCOUNTING POLICIES | 14 |
| 4. RISK MANAGEMENT | 16 |
| 5. USE OF ESTIMATES AND JUDGEMENTS | 40 |
| 6. ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES | 55 |
| 7. NET INTEREST INCOME | 59 |
| 8. NET FEES AND COMMISSIONS INCOME | 60 |
| 9. NET INCOME FROM TRADING AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS | 60 |
| 10. PERSONNEL EXPENSES | 60 |
| 11. OTHER ADMINISTRATIVE COSTS | 61 |
| 12. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS | 61 |
| 13. INCOME TAX | 62 |
| 14. CASH AND CASH EQUIVALENTS | 63 |
| 15. ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | 63 |
| 16. LOANS AND ADVANCES TO CUSTOMERS | 65 |
| 17. NET FINANCIAL LEASE RECEIVABLES | 68 |
| 18. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME | 70 |
| 19. FINANCIAL ASSETS (DEBT INSTRUMENTS) AT AMORTIZED COST | 71 |
| 20. DEPOSITS FROM BANKS | 72 |
| 21. LOANS FROM BANKS | 72 |
| 22. DEPOSITS FROM CUSTOMERS | 72 |
| 23. SUBORDINATED LIABILITIES | 72 |
| 24. PROVISIONS | 73 |
| 25. ISSUED CAPITAL | 73 |
| 26. RELATED PARTY TRANSACTIONS | 74 |
| 27. COMMITMENTS AND CONTINGENCIES | 76 |
| 28. OPERATING SEGMENTS | 78 |
| 29. MACROECONOMIC CONTEXT | 85 |
| 30. SUBSEQUENT EVENTS | 86 |

Unaudited Interim condensed consolidated and separate statement of Comprehensive Income for the six months period ended 30 June 2023

| In RON thousands | Note | Group | | Bank | |
|---|----------|-------------------------|------------------------|-------------------------|------------------------|
| | | 30.06.2023 Unaudited | 30.06.2022 Reviewed | 30.06.2023 Unaudited | 30.06.2022 Reviewed |
| Interest income using effective interest rate method | | 1,757,227 | 1,013,167 | 1,615,347 | 883,610 |
| Other interest income | | 106,519 | 66,672 | 8 | - |
| Interest expense | | (866,704) | (280,238) | (756,590) | (230,150) |
| Net interest income | 7 | 997,042 | 799,601 | 858,765 | 653,460 |
| Fee and commission income | | 388,831 | 316,891 | 358,450 | 290,040 |
| Fee and commission expense | | (142,935) | (110,965) | (134,833) | (104,450) |
| Net fee and commission income | 8 | 245,896 | 205,926 | 223,617 | 185,590 |
| Net income from instruments at fair value through profit and loss | 9 | 202,947 | 104,664 | 203,009 | 104,664 |
| Net gain/(loss) from foreign exchange | | 53,142 | 12,595 | 42,706 | 2,191 |
| Fair value adjustments in hedge accounting | | (4,821) | 11,106 | (4,821) | 11,106 |
| Net gain/(loss) from derecognition of financial assets measured at amortised cost | | 13,627 | 15,923 | 6,895 | 8,790 |
| Net gain/(loss) from derecognition of financial assets measured at FVTOCI | | (3,897) | - | (3,897) | - |
| Dividend income | | 3,868 | 3,196 | 3,868 | 3,196 |
| Other operating income | | 2,387 | 19,033 | 6,465 | 6,180 |
| Operating income | | 1,510,191 | 1,172,044 | 1,336,607 | 975,177 |
| Personnel expenses | 10 | (278,660) | (250,243) | (246,030) | (220,325) |
| Depreciation and impairment of tangible assets | | (53,912) | (51,082) | (49,334) | (47,695) |
| Amortization and impairment of intangible assets | | (30,524) | (25,923) | (27,228) | (23,086) |
| Other administrative costs | 11 | (232,254) | (232,771) | (215,719) | (218,589) |
| Other operating costs | | (10,387) | (19,042) | (6,249) | (5,736) |
| Operating expenses | | (605,737) | (579,061) | (544,560) | (515,431) |
| Net impairment losses on financial instruments | 12 | (124,998) | (105,066) | (103,032) | (50,266) |
| Losses on modification of financial assets | | (11) | 153 | (11) | 153 |
| Net operating income | | 779,445 | 488,070 | 689,004 | 409,633 |
| Net impairment losses on non-financial assets | | 501 | 576 | 501 | 576 |
| Net provision gains/ (losses) | | 1,562 | (1,726) | 2,027 | (2,090) |
| Profit before tax | | 781,508 | 486,920 | 691,532 | 408,119 |
| Income tax expense | 13 | (117,643) | (81,538) | (109,142) | (66,893) |
| Net profit for the reporting period | | 663,865 | 405,382 | 582,390 | 341,226 |
| Attributable to: | | | | | |
| Equity holders of the parent company | | 654,946 | 400,862 | - | - |
| Non-controlling interests | | 8,919 | 4,520 | - | - |

The accompanying notes form an integral part of these interim condensed consolidated and separate financial statements.
Convenience translation in English of the original Romanian version.

Unaudited Interim condensed consolidated and separate statement of Comprehensive Income for the six months period ended 30 June 2023

| In RON thousands | Note | Group | | Bank | |
|---|------|-------------------------|------------------------|-------------------------|------------------------|
| | | 30.06.2023 Unaudited | 30.06.2022 Reviewed | 30.06.2023 Unaudited | 30.06.2022 Reviewed |
| Other comprehensive income, net of tax: | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Revaluation of property, plant and equipment | | 5,091 | 1,002 | 5,091 | 1,002 |
| Movement in investment revaluation reserve for equity instruments at FVTOCI | | 4,937 | (1,720) | 4,937 | (1,720) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | | (769) | 1,247 | (769) | 1,247 |
| Total items that will not be reclassified subsequently to profit or loss | | 9,259 | 529 | 9,259 | 529 |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Movement in reserve for debt instruments at FVTOCI: | | | | | |
| Gains/(losses) arising during the period | | 64,317 | (211,721) | 64,317 | (211,721) |
| Reclassification of (gains)/losses included in profit or loss | | 3,897 | - | 3,897 | - |
| Net changes in cash flow hedging reserve: | | | | | |
| Gains/(losses) arising during the period | | 5,512 | 15,363 | 5,512 | 15,363 |
| Reclassification of (gains)/losses included in profit or loss | | 234 | 839 | 234 | 839 |
| Income tax relating to items that may be reclassified subsequently to profit or loss | | (11,833) | 31,283 | (11,833) | 31,283 |
| Total items that may be reclassified subsequently to profit or loss | | 62,127 | (164,236) | 62,127 | (164,236) |
| Other comprehensive income, net of tax | | 71,386 | (163,707) | 71,386 | (163,707) |
| Total comprehensive income | | 735,251 | 241,675 | 653,776 | 177,519 |
| Attributable to: | | | | | |
| Shareholders of parent – company | | 726,332 | 237,155 | - | - |
| Non-controlling interests | | 8,919 | 4,520 | - | - |

The interim condensed consolidated and separate financial statements were approved by the Management Board on 02 August 2023 and were signed on its behalf by:

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)



Mr. Dimitar Todorov
Executive Vice-President



Unaudited Interim condensed consolidated and separate statement of Financial Position for the six months period ended 30 June 2023

| In RON thousands | Note | Group | | Bank | |
|---|------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | 30.06.2023 Unaudited | 31.12.2022 Audited | 30.06.2023 Unaudited | 31.12.2022 Audited |
| Assets: | | | | | |
| Cash and cash equivalents | 14 | 15,813,878 | 16,456,169 | 15,813,102 | 16,455,940 |
| Financial assets at fair value through profit or loss | 15 | 207,312 | 214,714 | 207,312 | 214,714 |
| Derivatives assets designated as hedging instruments | | 303,655 | 310,229 | 303,655 | 310,229 |
| Loans and advances to banks at amortized cost | | 205,254 | 399,455 | 205,254 | 399,455 |
| Loans and advances to customers at amortized cost | 16 | 34,248,866 | 32,849,251 | 32,253,521 | 31,054,544 |
| Net lease receivables | 17 | 4,051,165 | 3,788,693 | 9,839 | 11,342 |
| Debt instruments at amortized cost | 19 | 8,892,877 | 8,856,966 | 8,892,877 | 8,856,966 |
| Other financial assets at amortized cost | | 419,526 | 319,475 | 323,973 | 250,620 |
| Financial assets at fair value through other comprehensive income | 18 | 1,962,562 | 1,922,518 | 1,960,216 | 1,920,172 |
| Investment in subsidiaries | | - | - | 143,116 | 143,116 |
| Property, plant and equipment | | 176,957 | 179,752 | 174,309 | 176,415 |
| Right of use assets | | 204,982 | 199,230 | 191,336 | 181,355 |
| Intangible assets | | 380,581 | 362,782 | 362,771 | 344,366 |
| Current tax assets | | 14,980 | 8,109 | - | - |
| Deferred tax assets | | 124,435 | 163,726 | 47,758 | 73,999 |
| Other assets | | 249,116 | 175,767 | 55,062 | 50,866 |
| Total assets | | 67,256,146 | 66,206,836 | 60,944,101 | 60,444,099 |
| Liabilities: | | | | | |
| Financial liabilities at fair value through profit or loss | 15 | 105,610 | 176,965 | 105,610 | 176,966 |
| Derivatives liabilities designated as hedging instruments | | 248,797 | 262,514 | 248,797 | 262,514 |
| Deposits from banks | 20 | 870,248 | 1,050,418 | 870,248 | 1,050,418 |
| Loans from banks | 21 | 5,976,042 | 5,653,932 | 741,858 | 849,329 |
| Deposits from customers | 22 | 45,723,575 | 45,310,940 | 45,829,242 | 45,404,198 |
| Debt securities issued | | 3,535,074 | 3,502,834 | 3,535,074 | 3,502,834 |
| Other financial liabilities at amortized cost | | 1,126,506 | 1,307,973 | 1,033,579 | 1,239,449 |
| Subordinated liabilities | 23 | 949,317 | 945,604 | 840,122 | 836,761 |
| Lease liabilities | | 204,449 | 198,403 | 200,421 | 193,362 |
| Current tax liabilities | | 61,644 | 24,969 | 60,396 | 24,969 |
| Provisions | 24 | 183,313 | 250,064 | 183,271 | 250,737 |
| Other non-financial liabilities | | 293,386 | 279,645 | 165,707 | 176,914 |
| Total liabilities | | 59,277,961 | 58,964,261 | 53,814,325 | 53,968,451 |

The accompanying notes form an integral part of these interim condensed consolidated and separate financial statements.
Convenience translation in English of the original Romanian version.

Unaudited Interim condensed consolidated and separate statement of Financial Position for the six months period ended 30 June 2023

| In RON thousands | Note | Group | | Bank | |
|--|------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | 30.06.2023 Unaudited | 31.12.2022 Audited | 30.06.2023 Unaudited | 31.12.2022 Audited |
| Equity | | | | | |
| Share capital | 25 | 1,177,748 | 1,177,748 | 1,177,748 | 1,177,748 |
| Share premium account | 25 | 621,680 | 621,680 | 621,680 | 621,680 |
| Cash flow hedging reserve | | (2,675) | (7,501) | (2,675) | (7,501) |
| Reserve on financial assets at fair value through other comprehensive income | | (46,977) | (108,424) | (46,977) | (108,424) |
| Revaluation reserve on property, plant and equipment | | 22,289 | 17,177 | 22,289 | 17,177 |
| Other reserves | | 434,219 | 399,973 | 434,219 | 399,973 |
| Retained earnings | | 5,602,560 | 4,981,500 | 4,923,492 | 4,374,995 |
| Total equity for parent company | | 7,808,844 | 7,082,153 | 7,129,776 | 6,475,648 |
| Non-controlling interest | | 169,341 | 160,422 | - | - |
| Total equity | | 7,978,185 | 7,242,575 | 7,129,776 | 6,475,648 |
| Total liabilities and equity | | 67,256,146 | 66,206,836 | 60,944,101 | 60,444,099 |

The interim condensed consolidated and separate financial statements were approved by the Management Board on 02 August 2023 and were signed on its behalf by:

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)

Mr. Dimitar Todorov
Executive Vice-President

Unaudited Interim condensed consolidated and separate statement of Changes in Equity for the six months period ended 30 June 2023

| 30.06.2023 in RON thousands | Share capital | Reserve on financial assets at fair value through other comprehensive income | Group Cash flow hedging reserve | Revaluation of property, plant and equipment | Other reserves | Share premium | Retained earnings | Total | Non-Controlling Interest | Total |
|---|------------------|--|------------------------------------|--|----------------|----------------|-------------------|------------------|--------------------------|------------------|
| Balance at 31 December 2022 | 1,177,748 | (108,424) | (7,501) | 17,177 | 399,973 | 621,680 | 4,981,500 | 7,082,153 | 160,422 | 7,242,575 |
| Comprehensive income for the year | | | | | | | | | | |
| Net profit for the year | - | - | - | - | - | - | 654,946 | 654,946 | 8,919 | 663,865 |
| Other comprehensive income net of tax | | | | | | | | | | |
| Revaluation of property, plant and equipment, net of tax | - | - | - | 5,112 | - | - | - | 5,112 | - | 5,112 |
| Net change in fair value of financial assets through other comprehensive income, net of tax | - | 61,447 | - | - | - | - | - | 61,447 | - | 61,447 |
| Net change in cash flow hedging reserve, net of tax | - | - | 4,826 | - | - | - | - | 4,826 | - | 4,826 |
| Total other comprehensive income | - | 61,447 | 4,826 | 5,112 | - | - | - | 71,385 | - | 71,385 |
| Total comprehensive income for the year | - | 61,447 | 4,826 | 5,112 | - | - | 654,946 | 726,331 | 8,919 | 735,250 |
| Transactions with shareholders | | | | | | | | | | |
| Transfer to other reserves* | - | - | - | - | 34,246 | - | (34,246) | - | - | - |
| Other movements | - | - | - | - | - | - | 360 | 360 | - | 360 |
| Balance at 30 June 2023** | 1,177,748 | (46,977) | (2,675) | 22,289 | 434,219 | 621,680 | 5,602,560 | 7,808,844 | 169,341 | 7,978,185 |

* According to the decision of the General Meeting of Shareholders of 27 March 2023, it was decided to allocate a part of the Bank's net profit for 2022 (879,240 RON thousands) to the reinvested profit reserve (exempt from the payment of the profit tax according to art. 22 of Law 227/2015) of an amount of 34,246 RON thousands and to reinvest of the net profit remained undistributed amounting to 844,994 RON thousands.

** Unaudited.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 02 August 2023 and were signed on its behalf by:

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)



Mr. Dimitar Todorov
Executive Vice-President



Unaudited Interim condensed consolidated and separate statement of Changes in Equity for the six months period ended 30 June 2023

| 30.06.2022 | Share capital | Reserve on financial assets at fair value through other comprehensive income | Group Cash flow hedging reserve | Revaluation of property, plant and equipment | Other reserves | Share premium | Retained earnings | Total | Non-Controlling Interest | Total |
|---|---------------|--|---------------------------------|--|----------------|---------------|-------------------|-----------|--------------------------|-----------|
| in RON thousands | | | | | | | | | | |
| Balance at 31 December 2021 | 1,177,748 | (10,389) | (33,407) | 14,122 | 365,616 | 621,680 | 4,262,398 | 6,397,768 | 146,979 | 6,544,747 |
| Comprehensive income for the year | | | | | | | | | | |
| Net profit for the year | - | - | - | - | - | - | 400,862 | 400,862 | 4,520 | 405,382 |
| Other comprehensive income net of tax | | | | | | | | | | |
| Revaluation of property, plant and equipment, net of tax | - | - | - | 1,974 | - | - | - | 1,974 | - | 1,974 |
| Net change in fair value of financial assets through other comprehensive income, net of tax | - | (179,291) | - | - | - | - | - | (179,291) | - | (179,291) |
| Net change in cash flow hedging reserve, net of tax | - | - | 13,610 | - | - | - | - | 13,610 | - | 13,610 |
| Total other comprehensive income | - | (179,291) | 13,610 | 1,974 | - | - | - | (163,707) | - | (163,707) |
| Total comprehensive income for the year | - | (179,291) | 13,610 | 1,974 | - | - | 400,862 | 237,155 | 4,520 | 241,675 |
| Transactions with shareholders | | | | | | | | | | |
| Transfer to other reserves* | - | - | - | - | 32,452 | - | (32,452) | - | - | - |
| Dividends distributed* | - | - | - | - | - | - | (583,929) | (583,929) | - | (583,929) |
| Other movements | - | - | - | - | - | - | 642 | 642 | - | 642 |
| Balance at 30 June 2022** | 1,177,748 | (189,680) | (19,797) | 16,097 | 398,068 | 621,680 | 4,047,521 | 6,051,637 | 151,499 | 6,203,136 |

* According to the decision of the General Meeting of Shareholders of 06 April 2022, it was decided to allocate a part of the Bank's net profit for 2021 (639,306 RON thousands) in the form of dividends amounting to 583,929 RON thousands, to the reinvested profit reserve (exempt from the payment of the profit tax according to art. 22 of Law 227/2015) of an amount of 32,452 RON thousands, and to reinvest of the net profit remained undistributed amounting to 22,925 RON thousands.

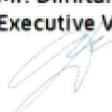
** Reviewed.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 02 August 2023 and were signed on its behalf by:

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)



Mr. Dimitar Todorov
Executive Vice-President



Unaudited Interim condensed consolidated and separate statement of Changes in Equity for the six months period ended 30 June 2023

| 30.06.2023 | | Bank | | | | | | |
|---|------------------|--|---------------------------|--|----------------|----------------|-------------------|------------------|
| In RON thousands | Share capital | Reserve on financial assets at fair value through other comprehensive income | Cash flow hedging reserve | Revaluation of property, plant and equipment | Other reserves | Share premium | Retained earnings | Total |
| Balance at 31 December 2022 | 1,177,748 | (108,424) | (7,501) | 17,177 | 399,973 | 621,680 | 4,374,995 | 6,475,648 |
| Comprehensive income for the year | | | | | | | | |
| Net profit for the year | - | - | - | - | - | - | 582,390 | 582,390 |
| Other comprehensive income net of tax | | | | | | | | |
| Revaluation of property, plant and equipment, net of tax | - | - | - | 5,112 | - | - | - | 5,112 |
| Net change in fair value of financial assets through other comprehensive income, net of tax | - | 61,447 | - | - | - | - | - | 61,447 |
| Net change in cash flow hedging reserve, net of tax | - | - | 4,826 | - | - | - | - | 4,826 |
| Total other comprehensive income | - | 61,447 | 4,826 | 5,112 | - | - | - | 71,385 |
| Total comprehensive income for the year | - | 61,447 | 4,826 | 5,112 | - | - | 582,390 | 653,775 |
| Transactions with shareholders | | | | | | | | |
| Transfer to other reserves* | - | - | - | - | 34,246 | - | (34,246) | - |
| Other movements | - | - | - | - | - | - | 353 | 353 |
| Balance at 30 June 2023** | 1,177,748 | (46,977) | (2,675) | 22,289 | 434,219 | 621,680 | 4,923,492 | 7,129,776 |

* According to the decision of the General Meeting of Shareholders of 27 March 2023, it was decided to allocate a part of the Bank's net profit for 2022 (879,240 RON thousands) to the reinvested profit reserve (exempt from the payment of the profit tax according to art. 22 of Law 227/2015) of an amount of 34,246 RON thousands and to reinvest of the net profit remained undistributed amounting to 844,994 RON thousands.

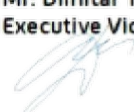
** Unaudited.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 02 August 2023 and were signed on its behalf by:

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)



Mr. Dimitar Todorov
Executive Vice-President



Unaudited Interim condensed consolidated and separate statement of Changes in Equity for the six months period ended 30 June 2023

| 30.06.2022 In RON thousands | Bank | | | | | | | Total |
|---|---------------|--|---------------------------|--|----------------|---------------|-------------------|-----------|
| | Share capital | Reserve on financial assets at fair value through other comprehensive income | Cash flow hedging reserve | Revaluation of property, plant and equipment | Other reserves | Share premium | Retained earnings | |
| Balance at 31 December 2021 | 1,177,748 | (10,389) | (33,407) | 14,122 | 365,616 | 621,680 | 3,761,449 | 5,896,819 |
| Comprehensive income for the year | | | | | | | | |
| Net profit for the year | - | - | - | - | - | - | 341,226 | 341,226 |
| Other comprehensive income net of tax | | | | | | | | |
| Revaluation of property, plant and equipment, net of tax | - | - | - | 1,974 | - | - | - | 1,974 |
| Net change in fair value of financial assets through other comprehensive income, net of tax | - | (179,291) | - | - | - | - | - | (179,291) |
| Net change in cash flow hedging reserve, net of tax | - | - | 13,610 | - | - | - | - | 13,610 |
| Total other comprehensive income | - | (179,291) | 13,610 | 1,974 | - | - | - | (163,707) |
| Total comprehensive income for the year | - | (179,291) | 13,610 | 1,974 | - | - | 341,226 | 177,519 |
| Transactions with shareholders | | | | | | | | |
| Transfer to other reserves* | - | - | - | - | 32,452 | - | (32,452) | - |
| Dividends distributed* | - | - | - | - | - | - | (583,929) | (583,929) |
| Other movements | - | - | - | - | - | - | 295 | 295 |
| Balance at 30 June 2022** | 1,177,748 | (189,680) | (19,797) | 16,097 | 398,068 | 621,680 | 3,486,590 | 5,490,706 |

* According to the decision of the General Meeting of Shareholders of 06 April 2022, it was decided to allocate a part of the Bank's net profit for 2021 (639,306 RON thousands) in the form of dividends amounting to 583,929 RON thousands, to the reinvested profit reserve (exempt from the payment of the profit tax according to art. 22 of Law 227/2015) of an amount of 32,452 RON thousands, and to reinvest of the net profit remained undistributed amounting to 22,925 RON thousands.

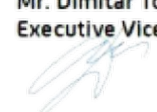
** Reviewed.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 02 August 2023 and were signed on its behalf by:

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)



Mr. Dimitar Todorov
Executive Vice-President



Unaudited Interim condensed consolidated and separate statement of Cash Flows for the six months period ended 30 June 2023

| In RON thousands | Note | Group | | Bank | |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 30.06.2023 Unaudited | 30.06.2022 *Restated | 30.06.2023 Unaudited | 30.06.2022 *Restated |
| Profit for the reporting period before tax | 13 | 781,508 | 486,920 | 691,532 | 408,119 |
| Adjustments for non-cash items: | | | | | |
| Depreciation and amortization of property, plant and equipment and of intangible assets | | 84,329 | 76,893 | 76,562 | 70,782 |
| Net impairment losses on financial instruments | | 189,355 | 159,464 | 167,741 | 105,130 |
| Fair value (gain)/loss on derivatives and other financial assets held for trading | | (46,941) | 13,710 | (46,941) | 13,710 |
| Other items for which the cash effects are investing or financing | | 41,897 | 7,688 | 25,483 | 796 |
| Accrued interest and unwinding effect | | 75,453 | (35,714) | 61,675 | (32,772) |
| Impairment of assets and provisions | | (90,355) | (17,546) | (80,398) | (34,060) |
| FX impact | | (42,740) | 16,610 | (42,287) | 15,965 |
| Other non-cash items | | 53,575 | (9,429) | 6,210 | (622) |
| Operating profit before changes in operating assets and liabilities | | 1,046,081 | 698,596 | 859,577 | 547,048 |
| Change in operating assets: | | | | | |
| (Increase)/Decrease in financial assets at fair value through profit and loss | | (2,277) | 42,662 | (2,277) | 42,662 |
| Acquisition of debt instruments at amortized cost | | (5,896) | (1,086,309) | (5,896) | (1,086,309) |
| Decrease/(Increase) in loans and advances to banks | | 196,379 | (81,336) | 194,338 | (83,676) |
| (Increase) in loans and advances to customers | | (1,577,302) | (2,681,249) | (1,324,241) | (2,714,625) |
| (Increase) in lease investments | | (286,081) | (48,684) | (9,807) | - |
| (Increase) in other assets | | (179,502) | (100,503) | (75,288) | (62,398) |
| Change in operating liabilities: | | | | | |
| (Decrease)/Increase in deposits from banks | | (181,049) | 59,052 | (181,049) | 59,052 |
| Increase in deposits from customers | | 338,037 | 1,867,365 | 333,498 | 1,928,203 |
| (Decrease)/Increase in other liabilities | | (160,671) | 911,804 | (218,006) | 897,615 |
| Income tax paid | | (61,152) | (83,834) | (60,076) | (67,506) |
| Net cash used in operating activities | | (873,433) | (502,436) | (489,227) | (539,934) |
| Investing activities | | | | | |
| Proceeds on disposal of financial assets at fair value through other comprehensive income | | 233,586 | 39,141 | 233,586 | 39,141 |
| Acquisition of financial assets at fair value through other comprehensive income | | (223,384) | (419,131) | (223,384) | (419,131) |
| Proceeds on disposal of property, plant and equipment | | 1,054 | - | 1,054 | - |
| Acquisition of property, plant and equipment and intangible assets | | (54,756) | (60,017) | (51,999) | (57,079) |
| Dividends received | | 4,091 | 3,269 | 4,091 | 3,269 |
| Net cash used in investing activities | | (39,409) | (436,738) | (36,652) | (433,800) |

* The comparative information has been restated as described in note 3.

Unaudited Interim condensed consolidated and separate statement of Cash Flows for the six months period ended 30 June 2023

| In RON thousands | Note | Group | | Bank | |
|---|-----------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 30.06.2023 Unaudited | 30.06.2022 *Restated | 30.06.2023 Unaudited | 30.06.2022 *Restated |
| Financing activities | | | | | |
| Dividends paid | | (482) | (93) | (482) | (93) |
| Proceeds from bonds issued | | - | 790,967 | - | 790,967 |
| Repayments of loans from banks | | (1,613,750) | (712,884) | (107,521) | (100,264) |
| Drawdowns from loans from banks | | 1,895,383 | 703,965 | - | 123,698 |
| Repayment of the lease liabilities | | (41,727) | (35,266) | (40,241) | (33,191) |
| Net cash from/ (used in) financing activities | | 239,424 | 746,689 | (148,244) | 781,117 |
| Net (decrease) in cash and cash equivalents | | (673,418) | (192,485) | (674,123) | (192,617) |
| Cash and cash equivalents at 1 January - gross value | | 16,459,052 | 11,270,506 | 16,458,822 | 11,270,425 |
| Effect of foreign exchange rate changes | | 31,194 | 121,433 | 31,352 | 121,433 |
| Cash and cash equivalents at 30 June - gross value | 14 | 15,816,828 | 11,199,454 | 15,816,051 | 11,199,241 |
| Impairment allowance | | (2,950) | (1,148) | (2,949) | (1,147) |
| Cash and cash equivalents at 30 June - net value | 14 | 15,813,878 | 11,198,306 | 15,813,102 | 11,198,094 |

* The comparative information has been restated as described in note 3.

Cash flow from operating activities include:

| In RON thousands | Note | Group | | Bank | |
|-------------------|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 30.06.2023 Unaudited | 30.06.2022 *Restated | 30.06.2023 Unaudited | 30.06.2022 *Restated |
| Interest received | | 1,824,710 | 988,952 | 1,603,523 | 812,380 |
| Interest paid | | (626,395) | (236,834) | (572,392) | (199,576) |

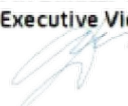
* The comparative information has been restated as described in note 3.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 02 August 2023 and were signed on its behalf by:

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)



Mr. Dimitar Todorov
Executive Vice-President



Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

1. REPORTING ENTITY

The UniCredit Group (the “Group”) consists of UniCredit Bank S.A. (the “Bank”) as mother company and its subsidiaries, UniCredit Consumer Financing IFN S.A. (“UCFIN”), UniCredit Leasing Corporation IFN S.A (“UCLC”) and UniCredit Insurance Broker S.R.L. (“UCIB”). These interim condensed consolidated financial statements comprise the Bank and its subsidiaries.

UniCredit Bank S.A. (the “Bank”), having its current registered office at 1F, Expozitiei Boulevard, District 1, Bucharest, Romania was established as a Romanian commercial bank on 1 June 2007 upon the merger by acquisition of the former UniCredit Romania S.A. (the absorbed bank) by Banca Comerciala HVB Tiriac S.A. (the absorbing bank) and is licensed by the National Bank of Romania to conduct banking activities.

The Bank provides retail and commercial banking services in Romanian Lei (“RON”) and foreign currency for private individuals and companies. These includes: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium and long-term credit facilities, retail loans, bank guarantees, letter of credits and documentary collections.

UniCredit Bank S.A. is directly controlled by UniCredit SpA (Italy), with registered office in Milano, Piazza Gae Aulenti, 3.

The Bank is exercising direct and indirect control over the following subsidiaries:

- UniCredit Consumer Financing IFN S.A., having its current registered office at 1F, Expozitiei Boulevard, 6th floor, District 1, Bucharest, Romania, provides consumer finance loans to individual clients. The Bank has a shareholding of 50.10% in UCFIN since January 2013.
- UniCredit Leasing Corporation IFN (“UCLC”), having its headquarters in 1F, Expozitiei Boulevard, 1st, 7th and 8th floor, District 1, Bucharest, Romania, provides financial leasing services to corporate clients and individuals. UCLC, the former associate, has become the Bank’s subsidiary since April 2014 when the Bank gained indirect control of 99.95% (direct control: 99.90%). The Bank’s indirect controlling interest as of 30 June 2023 is 99.98% (direct control: 99.96%) as a result of the merger by absorption of UniCredit Leasing Romania SA (“UCLRO”) by UCLC finalized in June 2015, the date at which UCLRO was absorbed by UCLC.
- UniCredit Insurance Broker S.R.L. (“UCIB”), having its current registered office at 1F, Expozitiei Boulevard, 8th floor, District 1, Bucharest, Romania, intermediates insurance policies related to leasing activities to legal entities and individuals, and became a subsidiary of the Bank beginning with 31 December 2020. The Bank has an indirect controlling interest of 99.98% through UCLC that owns 100% UCIB.

As at 30 June 2023 the Group carried out its activity in Romania through its Head Office located in Bucharest and through its network, having 168 branches/Bank 166 branches (31 December 2022: Group 164 branches/Bank 162 branches) in Bucharest and in the country.

UniCredit Bank S.A. is directly consolidated by UniCredit SpA (Italy), with registered office in Milano, Piazza Gae Aulenti, 3, and a copy of Financial Statements of the UniCredit S.p.A. can be found at following address: <https://www.unicreditgroup.eu/en/investors/financial-reporting/financial-reports.html>.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

2. BASIS OF PREPARATION

a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with 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 of the Group as at and for the year ended 31 December 2022.

However, certain notes are included to explain the events and transactions that are significant to understand the changes in the financial position and performance of the Group and the Bank compared to the last separate and consolidated annual financial statements from and for the financial year ended 31 December 2022.

The interim condensed consolidated and separate financial statements for the 6-month period ended June 30, 2023 are neither audited, nor reviewed.

The interim condensed consolidated and separate financial statements for the 6-month period ended June 30, 2022 are unaudited.

b) Basis of measurement

The interim condensed consolidated and separate financial statements have been prepared as follows:

| Items | Measurement basis |
|--|--|
| Financial instruments at fair value through profit or loss | Fair value |
| Loans and advances to customers | Amortized cost |
| Financial assets (debt instruments) at amortized cost | Amortized cost |
| Financial assets at fair value through other comprehensive income | Fair value |
| Lands and buildings | Fair value |
| Other fixed assets and intangible assets | Cost |
| Derivatives designated as hedging instruments | Fair value |
| Financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships | Amortized cost adjusted for hedging gain or loss |

c) Functional and presentation currency

The interim condensed consolidated and separate financial statements are presented in Romanian Lei (“RON”), which is the functional and presentation currency. All values are rounded to the nearest RON thousands, except when otherwise indicated. The tables in this report may contain rounding differences.

d) Use of estimates and judgements

The preparation of interim condensed consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments made by management in applying accounting policies that have the most significant effect on the amount recognized in the interim condensed consolidated financial statements are described in notes 4 and 5.

e) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated to RON at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

2. BASIS OF PREPARATION (continued)

e) Foreign currency (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to RON at foreign exchange rates ruling at the dates when the fair value was determined.

The exchange rates of major foreign currencies were:

| Currencies | 30 June 2023 | 31 December 2022 | Variation |
|------------------|---------------|------------------|-----------|
| Euro (EUR) | 1: RON 4.9634 | 1: RON 4.9474 | 0.32% |
| Dollar USA (USD) | 1: RON 4.5750 | 1: RON 4.6346 | -1.29% |

f) Accounting for the effect of hyperinflation

Romania has previously experienced relatively high levels of inflation and was considered to be hyperinflationary as defined by IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"). IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy to be restated in terms of the measuring unit current at the end of reporting period (i.e. non-monetary items are restated using a general price index from the date of acquisition or contribution). As the characteristics of the economic environment of Romania indicate that hyperinflation has ceased, effective from 1 January 2004, the Group no longer applies the provisions of IAS 29.

Accordingly, the amounts expressed in the measuring unit current at 30 June 2003 are treated as the basis for the carrying amounts in these consolidated and separate financial statements.

g) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee if and only if the investor has all of the following elements:

- power over the investee, the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the interim condensed consolidated and separate financial statements from the date that control commences until the date that control ceases.

As of 30 June 2023 and 31 December 2022, the Group consists in the Bank and its subsidiaries UCFIN, UCLC and UCIB.

The Group decided to measure non-controlling interest at its proportionate share of the recognised amount of the identifiable net assets at the acquisition date.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions have been eliminated in preparing the interim condensed consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealized gains arising from transactions with associates are eliminated against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES

The Group applied in 2023 the same accounting policies for the Consolidated and Separate Financial Statements as for December 2022, with the exception of the new standards and interpretations that appeared on January 1, 2023.

The Group reclassified certain amounts after publishing the interim condensed consolidated and separate financial statements as at 30 June 2022 in order to ensure the comparability of the data and information with the current year presentation, as below.

• Consolidated and separate statement of cash flows

| In RON thousands | Group | | | Bank | | |
|---|-------------------------|---------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| | 30.06.2022 Published | 30.06.2022 Restatement | 30.06.2022 *Restated | 30.06.2022 Published | 30.06.2022 Restatement | 30.06.2022 *Restated |
| Accrued interest and unwinding effect | - | (35,714) | (35,714) | - | (32,772) | (32,772) |
| Impairment of assets and provisions | - | (17,546) | (17,546) | - | (34,060) | (34,060) |
| FX impact | - | 16,610 | 16,610 | - | 15,965 | 15,965 |
| Other non-cash items | (46,079) | 36,650 | (9,429) | (51,489) | 50,867 | (622) |
| (Increase)/Decrease in financial assets at fair value through profit and loss | - | 42,662 | 42,662 | - | 42,662 | 42,662 |
| (Decrease)/Increase in other liabilities | 604,089 | 307,715 | 911,804 | 897,615 | - | 897,615 |
| Net cash used in operating activities | (852,813) | 350,377 | (502,436) | (582,596) | 42,662 | (539,934) |
| Proceeds on disposal of financial assets at fair value through other comprehensive income | - | 39,141 | 39,141 | - | 39,141 | 39,141 |
| Acquisition of financial assets at fair value through other comprehensive income | (337,328) | (81,803) | (419,131) | (337,328) | (81,803) | (419,131) |
| Net cash used in investing activities | (394,076) | (42,662) | (436,738) | (391,138) | (42,662) | (433,800) |
| Repayments of loans from banks | (1,009,620) | 296,736 | (712,884) | (100,264) | - | (100,264) |
| Drawdowns from loans from banks | 1,308,416 | (604,451) | 703,965 | 123,698 | - | 123,698 |
| Net cash from/ (used in) financing activities | 1,054,404 | (307,715) | 746,689 | 781,117 | - | 781,117 |

(i) "Other non-cash items" caption in amount of -46,079 RON thousands for the Group/ -51,489 RON thousands for the Bank, was split between:

- "Accrued interest and unwinding effect" caption in amount of -35,714 RON thousands for the Group/ -32,772 RON thousands for the Bank;
- "Impairment of assets and provisions" caption in amount of -17,546 RON thousands for the Group/ -34,060 RON thousands for the Bank;
- "FX impact" caption in amount of 16,610 RON thousands for the Group/ 15,965 RON thousands for the Bank;
- "Other non-cash items" caption in amount of -9,429 RON thousands for the Group/ -622 RON thousands for the Bank;

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (ii) “(Increase)/Decrease in financial assets at fair value through profit and loss/ through other comprehensive income” caption in amount of –337,328 RON thousands for the Group/ Bank, was split between:
- “(Increase)/Decrease in financial assets at fair value through profit and loss” caption in amount of 42,662 RON thousands for the Group/ Bank;
 - “Proceeds on disposal of financial assets at fair value through other comprehensive income” caption in amount of 39,141 RON thousands for the Group/ Bank;
 - “Acquisition of financial assets at fair value through other comprehensive income” caption in amount of -419,131 RON thousands for the Group/ Bank;
- (iii) “(Decrease)/Increase in other liabilities” caption has been recalculated at value of 911,804 RON thousands for the Group (compared to the amount presented previously 604,089 RON thousands for the Group);
- (iv) “Net cash used in operating activities” caption has been recalculated at value of -502,436 RON thousands for the Group/ -539,934 RON thousands for the Bank (compared to the amount presented previously -852,813 RON thousands for the Group/ -582,596 RON thousands for the Bank);
- (v) “Net cash used in investing activities” caption has been recalculated at value of -436,738 RON thousands for the Group/ -433,800 RON thousands for the Bank (compared to the amount presented previously -394,076 RON thousands for the Group/ -391,138 RON thousands for the Bank);
- (vi) “Repayments of loans from banks” caption has been recalculated at value of -712,884 RON thousands for the Group (compared to the amount presented previously -1,009,620 RON thousands for the Group);
- (vii) “Drawdowns from loans from banks” caption has been recalculated at value of 703,965 RON thousands for the Group (compared to the amount presented previously 1,308,416 RON thousands for the Group);
- (viii) “Net cash from/(used in) financing activities” has been recalculated at value of 746,689 RON thousands for the Group (compared to the amount presented previously 1,054,404 RON thousands for the Group).

New Standards and Interpretations

Initial application of new standards and amendments to the existing standards effective for the current reporting period

The following new and amended standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The adoption of these amendments to the existing standards has not led to any material changes in the Group’s financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards / new standards nor interpretations issued by the International Accounting Standards Board (IASB) and not yet effective were adopted by the European Union.

- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards and Interpretations (continued)

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The Group has decided not to adopt these new standards in advance before the date of entry into force.

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

4. RISK MANAGEMENT

There were no significant changes in the Group's financial risk management policies compared to those presented in the Consolidated and Separate Financial Statements for the financial year ended 31 December 2022.

Credit risk

Exposure to credit risk

Throughout the "Exposure to credit risk" notes and disclosures, "Group" includes UniCredit Bank S.A., UniCredit Consumer Financing IFN S.A ("UCFIN") and UniCredit Leasing ("UCLC") for loans to customers, both for on balance sheet exposures and off balance sheet exposures. Lease receivables, belonging to UniCredit Leasing IFN S.A. ("UCLC") are separately reported due to the fact that the business model and the related credit risk drivers are significantly different as compared to the Bank's and UCFIN's.

Throughout this chapter all the amounts contain the effect of Interest adjustments for impaired loans (IRC). As such, gross value of the loans and allowance for impairment are presented including IRC.

Loans and advances to customers, on and off-balance – Assets Quality

| In RON thousands | Group | | | Of which: POCI** | Total |
|----------------------------------|----------------------|------------------------|------------------------|------------------|-------------|
| | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | financial assets | |
| As of 30 June 2023 | | | | | |
| Gross exposure | 44,748,691 | 11,547,234 | 1,239,462 | 5,698 | 57,535,387 |
| On balance | 27,204,947 | 7,798,680 | 1,103,104 | 5,698 | 36,106,731 |
| Off balance | 17,543,744 | 3,748,554 | 136,358 | - | 21,428,656 |
| Allowance for impairment | (345,806) | (747,981) | (930,117) | (889) | (2,023,904) |
| On balance | (321,535) | (696,241) | (840,089) | (889) | (1,857,865) |
| Off balance | (24,271) | (51,740) | (90,028) | - | (166,039) |
| Carrying amount | 44,402,885 | 10,799,253 | 309,345 | 4,809 | 55,511,483 |
| On balance | 26,883,412 | 7,102,439 | 263,015 | 4,809 | 34,248,866 |
| Off balance* | 17,519,473 | 3,696,814 | 46,330 | - | 21,262,617 |
| As of 31 of December 2022 | | | | | |
| Gross exposure | 42,693,607 | 10,656,586 | 1,375,878 | 9,161 | 54,726,071 |
| On balance | 26,218,761 | 7,344,476 | 1,139,951 | 9,161 | 34,703,188 |
| Off balance | 16,474,846 | 3,312,110 | 235,927 | - | 20,022,883 |
| Allowance for impairment | (343,127) | (716,758) | (1,023,739) | (812) | (2,083,624) |
| On balance | (317,295) | (677,225) | (859,417) | (812) | (1,853,937) |
| Off balance | (25,832) | (39,533) | (164,322) | - | (229,687) |
| Carrying amount | 42,350,480 | 9,939,828 | 352,139 | 8,349 | 52,642,447 |
| On balance | 25,901,466 | 6,667,251 | 280,534 | 8,349 | 32,849,251 |
| Off balance* | 16,449,014 | 3,272,577 | 71,605 | - | 19,793,196 |

* Carrying amount for off balance includes the provisions booked in balance sheet in line "Provisions".

** Purchased or Originated Credit Impaired – POCI.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- Loans and advances to customers, on and off balance – Asset Quality (continued)

| RON thousands | Stage 1 12-month ECL | Bank Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI** financial assets | Total |
|----------------------------------|----------------------|-----------------------------|------------------------|-----------------------------------|-------------|
| As of 30 June 2023 | | | | | |
| Gross exposure | 42,921,794 | 10,538,678 | 1,140,250 | 5,698 | 54,600,722 |
| On balance | 25,928,554 | 6,894,799 | 1,006,378 | 5,698 | 33,829,731 |
| Off balance | 16,993,240 | 3,643,879 | 133,872 | - | 20,770,991 |
| Allowance for impairment | (259,343) | (623,496) | (861,416) | (889) | (1,744,255) |
| On balance | (235,980) | (568,388) | (771,842) | (889) | (1,576,210) |
| Off balance | (23,363) | (55,108) | (89,574) | - | (168,045) |
| Carrying amount | 42,662,451 | 9,915,182 | 278,834 | 4,809 | 52,856,467 |
| On balance | 25,692,574 | 6,326,411 | 234,536 | 4,809 | 32,253,521 |
| Off balance* | 16,969,877 | 3,588,771 | 44,298 | - | 20,602,946 |
| As of 31 of December 2022 | | | | | |
| Gross exposure | 41,148,397 | 9,627,729 | 1,275,882 | 9,161 | 52,052,008 |
| On balance | 25,188,398 | 6,403,296 | 1,042,083 | 9,161 | 32,633,777 |
| Off balance | 15,959,999 | 3,224,433 | 233,799 | - | 19,418,231 |
| Allowance for impairment | (273,098) | (587,416) | (952,122) | (812) | (1,812,636) |
| On balance | (248,052) | (542,730) | (788,451) | (812) | (1,579,233) |
| Off balance | (25,046) | (44,686) | (163,671) | - | (233,403) |
| Carrying amount | 40,875,299 | 9,040,313 | 323,760 | 8,349 | 50,239,372 |
| On balance | 24,940,346 | 5,860,566 | 253,632 | 8,349 | 31,054,544 |
| Off balance* | 15,934,953 | 3,179,747 | 70,128 | - | 19,184,828 |

* Carrying amount for off balance includes the provisions booked in balance sheet in line "Provisions".

** Purchased or Originated Credit Impaired – POCI.

Methodological changes leading to stage 2 increase during 2023: bullet & balloon target solution implementation and inclusion of watch list 1 as stage 2 trigger (one-off increase effect of approximately 400 mio RON).

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- Lease receivables, on and off-balance – Assets Quality:

| In RON thousands | UCLC (Unicredit Leasing Corporation) | | | Of which: POCI* | Total |
|----------------------------------|--------------------------------------|------------------------|------------------------|-----------------|-----------|
| | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | | |
| As of 30 June 2023 | | | | | |
| Gross exposure | 3,700,123 | 383,161 | 259,696 | - | 4,342,980 |
| On balance | 3,700,123 | 383,161 | 259,696 | - | 4,342,980 |
| Allowance for impairment | (86,709) | (23,004) | (182,102) | - | (291,815) |
| On balance | (86,709) | (23,004) | (182,102) | - | (291,815) |
| Carrying amount | 3,613,414 | 360,157 | 77,594 | - | 4,051,165 |
| On balance | 3,613,414 | 360,157 | 77,594 | - | 4,051,165 |
| As of 31 of December 2022 | | | | | |
| Gross exposure | 3,328,331 | 481,910 | 270,024 | - | 4,080,265 |
| On balance | 3,328,331 | 481,910 | 270,024 | - | 4,080,265 |
| Allowance for impairment | (76,458) | (29,225) | (185,889) | - | (291,572) |
| On balance | (76,458) | (29,225) | (185,889) | - | (291,572) |
| Carrying amount | 3,251,873 | 452,685 | 84,135 | - | 3,788,693 |
| On balance | 3,251,873 | 452,685 | 84,135 | - | 3,788,693 |

* Purchased or Originated Credit Impaired – POCI.

The tables below present both for the Bank and for the Group the breakdown of loans to customers by business segment and asset quality types, including also the allocated collaterals for the respective asset quality classes, separately for on balance sheet exposures and off balance sheet exposures.

The value of collaterals presented in the following tables from this chapter represents the market value capped at individual loan exposure level and further more adjusted (haircuts applied) as per internal procedure regarding loan impairment computation.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 30.06.2023 RON thousands | Total out of which: | Group Corporate | Retail Micro | Private Individuals | Private banking |
|---|------------------------|--------------------|------------------|------------------------|--------------------|
| Individually significant impaired loans | | | | | |
| Stage 1 | 492,444 | 492,444 | - | - | - |
| Stage 2 | 1,146,130 | 1,146,130 | - | - | - |
| Stage 3 | 791,089 | 706,322 | 38,494 | 46,273 | - |
| Gross amount | 2,429,663 | 2,344,896 | 38,494 | 46,273 | - |
| Allowance for impairment | (784,308) | (712,345) | (29,720) | (42,243) | - |
| Carrying amount | 1,645,355 | 1,632,551 | 8,774 | 4,030 | - |
| Fair value of collateral | 1,339,336 | 1,319,743 | 8,109 | 11,484 | - |
| Property | 984,765 | 966,188 | 7,521 | 11,056 | - |
| Goods | 245,679 | 245,406 | 273 | - | - |
| Assignment of receivables | 8,681 | 8,681 | - | - | - |
| Other collateral | 100,211 | 99,468 | 315 | 428 | - |
| Other not individually impaired loans | | | | | |
| Stage 3 | 312,015 | 40,463 | 37,984 | 233,568 | - |
| Gross amount | 312,015 | 40,463 | 37,984 | 233,568 | - |
| Allowance for impairment | (198,560) | (25,915) | (25,943) | (146,702) | - |
| Carrying amount | 113,455 | 14,548 | 12,041 | 86,866 | - |
| Fair value of collateral | 184,819 | 23,344 | 24,448 | 137,027 | - |
| Property | 158,761 | 12,302 | 14,894 | 131,565 | - |
| Goods | 7,598 | 5,615 | 1,711 | 272 | - |
| Assignment of receivables | 315 | 315 | - | - | - |
| Other collateral | 18,145 | 5,112 | 7,843 | 5,190 | - |
| Past due but not individually impaired loans | | | | | |
| Stage 1 | 2,942,984 | 786,277 | 59,404 | 2,097,303 | - |
| Stage 2 | 1,343,190 | 242,672 | 72,554 | 1,027,964 | - |
| Gross amount | 4,286,174 | 1,028,949 | 131,958 | 3,125,267 | - |
| Allowance for impairment | (302,632) | (19,995) | (11,218) | (271,419) | - |
| Carrying amount | 3,983,542 | 1,008,954 | 120,740 | 2,853,848 | - |
| Neither past due nor individually impaired loans | | | | | |
| Stage 1 | 23,769,519 | 17,207,312 | 1,356,560 | 5,198,526 | 7,121 |
| Stage 2 | 5,309,360 | 3,781,641 | 380,225 | 1,127,819 | 19,675 |
| Gross amount | 29,078,879 | 20,988,953 | 1,736,785 | 6,326,345 | 26,796 |
| Allowance for impairment | (572,365) | (421,107) | (49,125) | (101,382) | (751) |
| Carrying Amount | 28,506,514 | 20,567,846 | 1,687,660 | 6,224,963 | 26,045 |
| Total carrying amount | 34,248,866 | 23,223,899 | 1,829,215 | 9,169,707 | 26,045 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 31.12.2022 RON thousands | Total out of which: | Group Corporate | Retail Micro | Private Individuals | Private banking |
|---|------------------------|--------------------|------------------|------------------------|--------------------|
| Individually significant impaired loans | | | | | |
| Stage 3 | 817,690 | 703,865 | 51,991 | 61,834 | - |
| Gross amount | 817,690 | 703,865 | 51,991 | 61,834 | - |
| Allowance for impairment | (660,257) | (558,517) | (45,358) | (56,382) | - |
| Carrying amount | 157,433 | 145,348 | 6,633 | 5,452 | - |
| Fair value of collateral | 131,493 | 107,535 | 12,295 | 11,663 | - |
| Property | 100,321 | 78,397 | 10,860 | 11,064 | - |
| Goods | 2,430 | 2,071 | 359 | - | - |
| Assignment of receivables | 3,240 | 3,240 | - | - | - |
| Other collateral | 25,502 | 23,827 | 1,076 | 599 | - |
| Other not individually impaired loans | | | | | |
| Stage 3 | 322,261 | 40,636 | 49,292 | 232,322 | 11 |
| Gross amount | 322,261 | 40,636 | 49,292 | 232,322 | 11 |
| Allowance for impairment | (199,160) | (27,104) | (29,573) | (142,476) | (7) |
| Carrying amount | 123,101 | 13,532 | 19,719 | 89,846 | 4 |
| Fair value of collateral | 174,089 | 17,825 | 28,077 | 128,179 | 8 |
| Property | 151,717 | 11,201 | 17,610 | 122,906 | - |
| Goods | 5,466 | 3,414 | 1,767 | 285 | - |
| Other collateral | 16,906 | 3,210 | 8,700 | 4,988 | 8 |
| Past due but not individually impaired loans | | | | | |
| Stage 1 | 2,724,524 | 893,005 | 54,939 | 1,776,580 | - |
| Stage 2 | 1,413,264 | 343,428 | 58,444 | 1,011,392 | - |
| Gross amount | 4,137,788 | 1,236,433 | 113,383 | 2,787,972 | - |
| Allowance for impairment | (316,523) | (37,748) | (10,090) | (268,685) | - |
| Carrying amount | 3,821,265 | 1,198,685 | 103,293 | 2,519,287 | - |
| Neither past due nor individually impaired loans | | | | | |
| Stage 1 | 23,494,235 | 17,233,725 | 1,228,459 | 5,024,063 | 7,990 |
| Stage 2 | 5,931,212 | 4,414,237 | 381,490 | 1,115,746 | 19,739 |
| Gross amount | 29,425,449 | 21,647,962 | 1,609,949 | 6,139,809 | 27,729 |
| Allowance for impairment | (677,997) | (530,546) | (43,896) | (103,125) | (430) |
| Carrying Amount | 28,747,452 | 21,117,416 | 1,566,053 | 6,036,684 | 27,299 |
| Total carrying amount | 32,849,251 | 22,474,981 | 1,695,698 | 8,651,269 | 27,303 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 30.06.2023 RON thousands | Total out of which: | Group Corporate | Retail Micro | Private Individuals | Private banking |
|--|------------------------|--------------------|-----------------|------------------------|--------------------|
| Off balance - Loan commitments | | | | | |
| Stage 1 | 13,547,912 | 12,732,928 | 510,888 | 299,333 | 4,763 |
| Stage 2 | 2,547,393 | 2,343,906 | 75,581 | 124,884 | 3,022 |
| Stage 3 | 43,086 | 38,106 | 1,852 | 3,085 | 43 |
| Gross amount | 16,138,391 | 15,114,940 | 588,321 | 427,302 | 7,828 |
| Allowance for impairment | (69,164) | (65,082) | (2,172) | (1,826) | (84) |
| Off balance - Letters of credit | | | | | |
| Stage 1 | 74,015 | 73,552 | 463 | - | - |
| Stage 2 | 31,271 | 31,271 | - | - | - |
| Gross amount | 105,286 | 104,823 | 463 | - | - |
| Allowance for impairment | (992) | (991) | (1) | - | - |
| Off balance - Guarantees issued | | | | | |
| Stage 1 | 3,921,817 | 3,903,786 | 18,006 | 25 | - |
| Stage 2 | 1,169,890 | 1,163,897 | 4,180 | 439 | 1,374 |
| Stage 3 | 93,272 | 91,954 | 1,226 | 92 | - |
| Gross amount | 5,184,979 | 5,159,637 | 23,412 | 556 | 1,374 |
| Allowance for impairment | (95,883) | (95,342) | (341) | (86) | (114) |

| 31.12.2022 RON thousands | Total out of which: | Group Corporate | Retail Micro | Private Individuals | Private banking |
|--|------------------------|--------------------|-----------------|------------------------|--------------------|
| Off balance - Loan commitments | | | | | |
| Stage 1 | 11,890,497 | 11,127,710 | 489,032 | 270,619 | 3,136 |
| Stage 2 | 2,414,375 | 2,220,307 | 66,159 | 125,143 | 2,766 |
| Stage 3 | 85,359 | 80,092 | 2,545 | 2,681 | 41 |
| Gross amount | 14,390,231 | 13,428,109 | 557,736 | 398,443 | 5,943 |
| Allowance for impairment | (78,950) | (75,379) | (2,179) | (1,381) | (11) |
| Off balance - Letters of credit | | | | | |
| Stage 1 | 181,937 | 181,937 | - | - | - |
| Stage 2 | 40,908 | 40,908 | - | - | - |
| Gross amount | 222,845 | 222,845 | - | - | - |
| Allowance for impairment | (876) | (876) | - | - | - |
| Off balance - Guarantees issued | | | | | |
| Stage 1 | 4,402,412 | 4,386,720 | 14,508 | 951 | 233 |
| Stage 2 | 856,827 | 843,653 | 5,535 | 3,788 | 3,851 |
| Stage 3 | 150,568 | 148,701 | 936 | 560 | 371 |
| Gross amount | 5,409,807 | 5,379,074 | 20,979 | 5,299 | 4,455 |
| Allowance for impairment | (149,861) | (148,392) | (794) | (422) | (253) |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 30.06.2023 | | Bank | | | |
|---|---------------------|-------------------|----------------|---------------------|-----------------|
| RON thousands | Total out of which: | Corporate | Retail Micro | Private Individuals | Private banking |
| Individually significant impaired loans | | | | | |
| Stage 1 | 492,444 | 492,444 | - | - | - |
| Stage 2 | 1,146,130 | 1,146,130 | - | - | - |
| Stage 3 | 770,274 | 706,322 | 17,679 | 46,273 | - |
| Gross amount | 2,408,848 | 2,344,896 | 17,679 | 46,273 | - |
| Allowance for impairment | (763,874) | (712,345) | (9,286) | (42,243) | - |
| Carrying amount | 1,644,974 | 1,632,551 | 8,393 | 4,030 | - |
| Fair value of collateral | 1,338,954 | 1,319,743 | 7,727 | 11,484 | - |
| Property | 984,656 | 966,188 | 7,412 | 11,056 | - |
| Goods | 245,406 | 245,406 | - | - | - |
| Assignment of receivables | 8,681 | 8,681 | - | - | - |
| Other collateral | 100,211 | 99,468 | 315 | 428 | - |
| Other not individually impaired loans | | | | | |
| Stage 3 | 236,104 | 40,463 | 34,059 | 161,582 | - |
| Gross amount | 236,104 | 40,463 | 34,059 | 161,582 | - |
| Allowance for impairment | (150,747) | (25,915) | (23,833) | (100,999) | - |
| Carrying amount | 85,357 | 14,548 | 10,226 | 60,583 | - |
| Fair value of collateral | 183,291 | 23,344 | 23,192 | 136,755 | - |
| Property | 158,761 | 12,302 | 14,894 | 131,565 | - |
| Goods | 6,070 | 5,615 | 455 | - | - |
| Assignment of receivables | 315 | 315 | - | - | - |
| Other collateral | 18,145 | 5,112 | 7,843 | 5,190 | - |
| Past due but not individually impaired loans | | | | | |
| Stage 1 | 871,694 | 786,277 | 28,102 | 57,315 | - |
| Stage 2 | 665,511 | 242,672 | 44,038 | 378,801 | - |
| Gross amount | 1,537,205 | 1,028,949 | 72,140 | 436,116 | - |
| Allowance for impairment | (100,485) | (19,995) | (10,450) | (70,040) | - |
| Carrying amount | 1,436,720 | 1,008,954 | 61,690 | 366,076 | - |
| Neither past due nor individually impaired loans | | | | | |
| Stage 1 | 24,564,416 | 18,972,804 | 386,845 | 5,197,646 | 7,121 |
| Stage 2 | 5,083,158 | 3,781,641 | 156,683 | 1,125,159 | 19,675 |
| Gross amount | 29,647,574 | 22,754,445 | 543,528 | 6,322,805 | 26,796 |
| Allowance for impairment | (561,104) | (426,775) | (32,283) | (101,295) | (751) |
| Carrying amount | 29,086,470 | 22,327,670 | 511,245 | 6,221,510 | 26,045 |
| Total carrying amount | 32,253,521 | 24,983,723 | 591,554 | 6,652,199 | 26,045 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 31.12.2022 | | Bank | | | |
|---|---------------------|------------|--------------|---------------------|-----------------|
| RON thousands | Total out of which: | Corporate | Retail Micro | Private Individuals | Private banking |
| Individually significant impaired loans | | | | | |
| Stage 3 | 797,557 | 703,865 | 31,892 | 61,800 | - |
| Gross amount | 797,557 | 703,865 | 31,892 | 61,800 | - |
| Allowance for impairment | (640,484) | (558,517) | (25,619) | (56,348) | - |
| Carrying amount | 157,073 | 145,348 | 6,273 | 5,452 | - |
| Fair value of collateral | 131,134 | 107,535 | 11,936 | 11,663 | - |
| Property | 100,321 | 78,397 | 10,860 | 11,064 | - |
| Goods | 2,071 | 2,071 | - | - | - |
| Assignment of receivables | 3,240 | 3,240 | - | - | - |
| Other collateral | 25,502 | 23,827 | 1,076 | 599 | - |
| Other not individually impaired loans | | | | | |
| Stage 3 | 244,526 | 40,636 | 45,478 | 158,401 | 11 |
| Gross amount | 244,526 | 40,636 | 45,478 | 158,401 | 11 |
| Allowance for impairment | (147,968) | (27,104) | (27,506) | (93,351) | (7) |
| Carrying amount | 96,558 | 13,532 | 17,972 | 65,050 | 4 |
| Fair value of collateral | 172,633 | 17,825 | 26,906 | 127,894 | 8 |
| Property | 151,717 | 11,201 | 17,610 | 122,906 | - |
| Goods | 4,010 | 3,414 | 596 | - | - |
| Other collateral | 16,906 | 3,210 | 8,700 | 4,988 | 8 |
| Past due but not individually impaired loans | | | | | |
| Stage 1 | 1,012,915 | 893,005 | 27,295 | 92,615 | - |
| Stage 2 | 729,769 | 343,428 | 44,266 | 342,075 | - |
| Gross amount | 1,742,684 | 1,236,433 | 71,561 | 434,690 | - |
| Allowance for impairment | (124,689) | (37,748) | (9,750) | (77,191) | - |
| Carrying amount | 1,617,995 | 1,198,685 | 61,811 | 357,499 | - |
| Neither past due nor individually impaired loans | | | | | |
| Stage 1 | 24,175,483 | 18,762,092 | 371,378 | 5,034,023 | 7,990 |
| Stage 2 | 5,673,527 | 4,403,892 | 135,437 | 1,114,459 | 19,739 |
| Gross amount | 29,849,010 | 23,165,984 | 506,815 | 6,148,482 | 27,729 |
| Allowance for impairment | (666,092) | (534,262) | (28,324) | (103,076) | (430) |
| Carrying amount | 29,182,918 | 22,631,722 | 478,491 | 6,045,406 | 27,299 |
| Total carrying amount | 31,054,544 | 23,989,287 | 564,547 | 6,473,407 | 27,303 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 30.06.2023 RON thousands | Total out of which: | Bank Corporate | Retail Micro | Private Individuals | Private banking |
|--|------------------------|-------------------|-----------------|------------------------|--------------------|
| Off balance - Loan commitments | | | | | |
| Stage 1 | 12,997,016 | 12,646,924 | 238,437 | 106,892 | 4,763 |
| Stage 2 | 2,442,718 | 2,343,906 | 32,902 | 62,888 | 3,022 |
| Stage 3 | 40,600 | 38,106 | 1,718 | 733 | 43 |
| Gross amount | 15,480,334 | 15,028,936 | 273,057 | 170,513 | 7,828 |
| Allowance for impairment | (67,025) | (64,923) | (1,699) | (319) | (84) |
| Off balance - Letters of credit | | | | | |
| Stage 1 | 74,015 | 73,552 | 463 | - | - |
| Stage 2 | 31,271 | 31,271 | - | - | - |
| Gross amount | 105,286 | 104,823 | 463 | - | - |
| Allowance for impairment | (992) | (991) | (1) | - | - |
| Off balance - Guarantees issued | | | | | |
| Stage 1 | 3,922,209 | 3,904,178 | 18,006 | 25 | - |
| Stage 2 | 1,169,890 | 1,163,897 | 4,180 | 439 | 1,374 |
| Stage 3 | 93,272 | 91,954 | 1,226 | 92 | - |
| Gross amount | 5,185,371 | 5,160,029 | 23,412 | 556 | 1,374 |
| Allowance for impairment | (100,028) | (99,487) | (341) | (86) | (114) |

| 31.12.2022 RON thousands | Total out of which: | Bank Corporate | Retail Micro | Private Individuals | Private banking |
|--|------------------------|-------------------|-----------------|------------------------|--------------------|
| Off balance - Loan commitments | | | | | |
| Stage 1 | 11,374,810 | 11,049,514 | 216,844 | 105,316 | 3,136 |
| Stage 2 | 2,326,698 | 2,220,307 | 37,784 | 65,841 | 2,766 |
| Stage 3 | 83,231 | 80,092 | 2,545 | 553 | 41 |
| Gross amount | 13,784,739 | 13,349,913 | 257,173 | 171,710 | 5,943 |
| Allowance for impairment | (77,262) | (75,216) | (1,819) | (216) | (11) |
| Off balance - Letters of credit | | | | | |
| Stage 1 | 181,937 | 181,937 | - | - | - |
| Stage 2 | 40,908 | 40,908 | - | - | - |
| Gross amount | 222,845 | 222,845 | - | - | - |
| Allowance for impairment | (876) | (876) | - | - | - |
| Off balance - Guarantees issued | | | | | |
| Stage 1 | 4,403,252 | 4,387,560 | 14,508 | 951 | 233 |
| Stage 2 | 856,827 | 843,653 | 5,535 | 3,788 | 3,851 |
| Stage 3 | 150,568 | 148,701 | 936 | 560 | 371 |
| Gross amount | 5,410,647 | 5,379,914 | 20,979 | 5,299 | 4,455 |
| Allowance for impairment | (155,265) | (153,796) | (794) | (422) | (253) |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The tables below present the breakdown of **lease receivables** by business segment and asset quality types, including also the allocated collaterals for the respective asset quality classes.

| 30.06.2023 | UCLC (Unicredit Leasing Corporation) | | | |
|---|--------------------------------------|-----------|--------------|---------------------|
| RON thousands | Total out of which: | Corporate | Retail Micro | Private Individuals |
| Individually significant impaired loans | | | | |
| Stage 3 | 208,770 | 38,618 | 168,888 | 1,264 |
| Gross amount | 208,770 | 38,618 | 168,888 | 1,264 |
| Allowance for impairment | (163,465) | (34,720) | (127,481) | (1,264) |
| Carrying amount | 45,305 | 3,898 | 41,407 | - |
| Fair value of collateral | 42,827 | 3,898 | 38,929 | - |
| Property | 34,308 | - | 34,308 | - |
| Vehicles and equipment | 8,519 | 3,898 | 4,621 | - |
| Other not individually impaired loans | | | | |
| Stage 3 | 50,926 | - | 49,389 | 1,537 |
| Gross amount | 50,926 | - | 49,389 | 1,537 |
| Allowance for impairment | (18,637) | - | (17,890) | (747) |
| Carrying amount | 32,289 | - | 31,499 | 790 |
| Fair value of collateral | 29,695 | - | 28,928 | 767 |
| Vehicles and equipment | 29,695 | - | 28,928 | 767 |
| Past due but not individually impaired loans | | | | |
| Stage 1 | 73,028 | 8,619 | 63,740 | 669 |
| Stage 2 | 66,245 | - | 65,491 | 754 |
| Gross amount | 139,273 | 8,619 | 129,231 | 1,423 |
| Allowance for impairment | (5,448) | (91) | (5,344) | (13) |
| Carrying amount | 133,825 | 8,528 | 123,887 | 1,410 |
| Neither past due nor individually impaired loans | | | | |
| Stage 1 | 3,627,096 | 269,771 | 3,280,179 | 77,146 |
| Stage 2 | 316,915 | 7,134 | 306,076 | 3,705 |
| Gross amount | 3,944,011 | 276,905 | 3,586,255 | 80,851 |
| Allowance for impairment | (104,265) | (15,473) | (88,311) | (481) |
| Carrying Amount | 3,839,746 | 261,432 | 3,497,944 | 80,370 |
| Total carrying amount | 4,051,165 | 273,858 | 3,694,737 | 82,570 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 31.12.2022 RON thousands | UCLC (Unicredit Leasing Corporation) | | | |
|---|--------------------------------------|-----------|--------------|---------------------|
| | Total out of which: | Corporate | Retail Micro | Private Individuals |
| Individually significant impaired loans | | | | |
| Stage 3 | 218,665 | 44,167 | 173,507 | 991 |
| Gross amount | 218,665 | 44,167 | 173,507 | 991 |
| Allowance for impairment | (168,277) | (38,724) | (128,562) | (991) |
| Carrying amount | 50,388 | 5,443 | 44,945 | - |
| Other not individually impaired loans | | | | |
| Stage 3 | 51,359 | - | 49,702 | 1,657 |
| Gross amount | 51,359 | - | 49,702 | 1,657 |
| Allowance for impairment | (17,612) | - | (16,852) | (760) |
| Carrying amount | 33,747 | - | 32,850 | 897 |
| Fair value of collateral | 31,233 | - | 30,350 | 883 |
| Vehicles and equipment | 31,233 | - | 30,350 | 883 |
| Past due but not individually impaired loans | | | | |
| Stage 1 | 80,520 | 453 | 75,341 | 4,726 |
| Stage 2 | 38,373 | 41 | 36,404 | 1,928 |
| Gross amount | 118,893 | 494 | 111,745 | 6,654 |
| Allowance for impairment | (2,072) | (3) | (2,038) | (31) |
| Carrying amount | 116,821 | 491 | 109,707 | 6,623 |
| Neither past due nor individually impaired loans | | | | |
| Stage 1 | 3,247,811 | 244,653 | 2,934,011 | 69,147 |
| Stage 2 | 443,537 | 9,186 | 430,992 | 3,359 |
| Gross amount | 3,691,348 | 253,839 | 3,365,003 | 72,506 |
| Allowance for impairment | (103,611) | (14,720) | (88,509) | (382) |
| Carrying Amount | 3,587,737 | 239,119 | 3,276,494 | 72,124 |
| Total carrying amount | 3,788,693 | 245,053 | 3,463,996 | 79,644 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The tables below present the breakdown of loans and advances to customers by risk grades, separately for on balance sheet exposures and off balance sheet exposures.

| 30.06.2023 | Group | | | | |
|--|----------------------|------------------------|------------------------|----------------------------------|-------------------|
| RON thousands | | | | | |
| Loans and advances to customers at amortized cost (on balance) | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 3,544,109 | 378,111 | - | - | 3,922,220 |
| Grades 4-6: performing (medium risk) | 21,990,582 | 5,191,952 | - | - | 27,182,534 |
| Grades 7-8 : performing (in observation & substandard) | 949,208 | 1,921,737 | - | 5,698 | 2,870,945 |
| Grade 8 : impaired | - | - | 1,074,947 | - | 1,074,947 |
| Grade 9: impaired | - | - | 45 | - | 45 |
| Grade 10: impaired | - | - | 28,112 | - | 28,112 |
| Unrated | 721,048 | 306,880 | - | - | 1,027,928 |
| Total gross amount | 27,204,947 | 7,798,680 | 1,103,104 | 5,698 | 36,106,731 |
| Loss allowance | (321,535) | (696,241) | (840,089) | (889) | (1,857,865) |
| Carrying amount | 26,883,412 | 7,102,439 | 263,015 | 4,809 | 34,248,866 |

* Purchased or Originated Credit Impaired - POCI

| 31.12.2022 | Group | | | | |
|--|----------------------|------------------------|------------------------|----------------------------------|-------------------|
| RON thousands | | | | | |
| Loans and advances to customers at amortized cost (on balance) | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 3,032,044 | 636,242 | - | - | 3,668,286 |
| Grades 4-6: performing (medium risk) | 22,498,371 | 4,592,375 | - | - | 27,090,746 |
| Grades 7-8 : performing (in observation & substandard) | 687,303 | 2,030,312 | - | 9,161 | 2,717,615 |
| Grade 8 : impaired | - | - | 1,032,946 | - | 1,032,946 |
| Grade 9: impaired | - | - | 189 | - | 189 |
| Grade 10: impaired | - | - | 33,088 | - | 33,088 |
| Unrated | 1,043 | 85,547 | 73,728 | - | 160,318 |
| Total gross amount | 26,218,761 | 7,344,476 | 1,139,951 | 9,161 | 34,703,188 |
| Loss allowance | (317,295) | (677,225) | (859,417) | (812) | (1,853,937) |
| Carrying amount | 25,901,466 | 6,667,251 | 280,534 | 8,349 | 32,849,251 |

* Purchased or Originated Credit Impaired - POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 30.06.2023 | Group | | | | |
|---|----------------------|------------------------|------------------------|----------------------------------|-------------------|
| RON thousands | | | | | |
| Loans and advances to customers at amortized cost (off balance) | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 5,902,017 | 1,194,849 | - | - | 7,096,866 |
| Grades 4-6: performing (medium risk) | 11,276,517 | 1,990,769 | - | - | 13,267,286 |
| Grades 7-8 : performing (in observation & substandard) | 286,281 | 539,226 | - | - | 825,507 |
| Grade 8 : impaired | - | - | 135,495 | - | 135,495 |
| Grade 9: impaired | - | - | 8 | - | 8 |
| Grade 10: impaired | - | - | 855 | - | 855 |
| Unrated | 78,929 | 23,710 | - | - | 102,639 |
| Total gross amount | 17,543,744 | 3,748,554 | 136,358 | - | 21,428,656 |
| Loss allowance | (24,271) | (51,740) | (90,028) | - | (166,039) |

* Purchased or Originated Credit Impaired - POCI

| 31.12.2022 | Group | | | | |
|---|----------------------|------------------------|------------------------|----------------------------------|-------------------|
| RON thousands | | | | | |
| Loans and advances to customers at amortized cost (off balance) | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 5,278,586 | 1,405,415 | (492) | - | 6,683,509 |
| Grades 4-6: performing (medium risk) | 10,918,007 | 1,571,714 | - | - | 12,489,721 |
| Grades 7-8 : performing (in observation & substandard) | 277,303 | 327,894 | - | - | 605,197 |
| Grade 8 : impaired | - | - | 233,683 | - | 233,683 |
| Grade 9: impaired | - | - | 8 | - | 8 |
| Grade 10: impaired | - | - | 108 | - | 108 |
| Unrated | 950 | 7,087 | 2,620 | - | 10,657 |
| Total gross amount | 16,474,846 | 3,312,110 | 235,927 | - | 20,022,883 |
| Loss allowance | (25,832) | (39,533) | (164,322) | - | (229,687) |

* Purchased or Originated Credit Impaired - POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 30.06.2023 RON thousands | Bank | | | | |
|--|----------------------|------------------------|------------------------|----------------------------------|-------------------|
| Loans and advances to customers at amortized cost (on balance) | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 3,556,815 | 375,768 | - | - | 3,932,583 |
| Grades 4-6: performing (medium risk) | 21,702,400 | 4,717,437 | - | - | 26,419,837 |
| Grades 7-8 : performing (in observation & substandard) | 660,509 | 1,783,909 | - | 5,698 | 2,444,418 |
| Grade 8 : impaired | - | - | 999,853 | - | 999,853 |
| Grade 9: impaired | - | - | 45 | - | 45 |
| Grade 10: impaired | - | - | 6,480 | - | 6,480 |
| Unrated | 8,830 | 17,685 | - | - | 26,515 |
| Total gross amount | 25,928,554 | 6,894,799 | 1,006,378 | 5,698 | 33,829,731 |
| Loss allowance | (235,980) | (568,388) | (771,842) | (889) | (1,576,210) |
| Carrying amount | 25,692,574 | 6,326,411 | 234,536 | 4,809 | 32,253,521 |

* Purchased or Originated Credit Impaired - POCI

| 31.12.2022 RON thousands | Bank | | | | |
|--|----------------------|------------------------|------------------------|----------------------------------|-------------------|
| Loans and advances to customers at amortized cost (on balance) | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 4,113,178 | 632,068 | - | - | 4,745,246 |
| Grades 4-6: performing (medium risk) | 20,578,832 | 3,940,662 | - | - | 24,519,494 |
| Grades 7-8 : performing (in observation & substandard) | 495,348 | 1,807,961 | - | 9,161 | 2,303,309 |
| Grade 8 : impaired | - | - | 1,029,176 | - | 1,029,176 |
| Grade 9: impaired | - | - | 189 | - | 189 |
| Grade 10: impaired | - | - | 12,718 | - | 12,718 |
| Unrated | 1,040 | 22,605 | - | - | 23,645 |
| Total gross amount | 25,188,398 | 6,403,296 | 1,042,083 | 9,161 | 32,633,777 |
| Loss allowance | (248,052) | (542,730) | (788,451) | (812) | (1,579,233) |
| Carrying amount | 24,940,346 | 5,860,566 | 253,632 | 8,349 | 31,054,544 |

* Purchased or Originated Credit Impaired - POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 30.06.2023 RON thousands | Bank | | | | Of which: POCI* financial assets | Total |
|---|--|--------------------------|---------------------------|---------------------------|---|-------------------|
| | Loans and advances to customers at amortized cost (off balance) | Stage 1 12- month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | | |
| Grades 1-3 : performing (low risk) | 5,850,440 | 1,186,094 | - | - | - | 7,036,534 |
| Grades 4-6: performing (medium risk) | 10,849,579 | 1,920,835 | - | - | - | 12,770,414 |
| Grades 7-8 : performing (in observation & substandard) | 281,971 | 535,035 | - | - | - | 817,006 |
| Grade 8 : impaired | - | - | 133,009 | - | - | 133,009 |
| Grade 9: impaired | - | - | 8 | - | - | 8 |
| Grade 10: impaired | - | - | 855 | - | - | 855 |
| Unrated | 11,250 | 1,915 | - | - | - | 13,165 |
| Total gross amount | 16,993,240 | 3,643,879 | 133,872 | - | - | 20,770,991 |
| Loss allowance | (23,363) | (55,108) | (89,574) | - | - | (168,045) |

* Purchased or Originated Credit Impaired - POCI

| 31.12.2022 RON thousands | Bank | | | | Of which: POCI* financial assets | Total |
|---|--|--------------------------|---------------------------|---------------------------|---|-------------------|
| | Loans and advances to customers at amortized cost (off balance) | Stage 1 12- month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | | |
| Grades 1-3 : performing (low risk) | 5,252,005 | 1,394,688 | - | - | - | 6,646,693 |
| Grades 4-6: performing (medium risk) | 10,432,325 | 1,507,068 | - | - | - | 11,939,393 |
| Grades 7-8 : performing (in observation & substandard) | 274,719 | 317,633 | - | - | - | 592,352 |
| Grade 8 : impaired | - | - | 233,683 | - | - | 233,683 |
| Grade 9: impaired | - | - | 8 | - | - | 8 |
| Grade 10: impaired | - | - | 108 | - | - | 108 |
| Unrated | 950 | 5,044 | - | - | - | 5,994 |
| Total gross amount | 15,959,999 | 3,224,433 | 233,799 | - | - | 19,418,231 |
| Loss allowance | (25,046) | (44,686) | (163,671) | - | - | (233,403) |

* Purchased or Originated Credit Impaired - POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

| 30.06.2023 In RON thousands | | UCLC (Unicredit Leasing Corporation) | | | |
|--|----------------------|--------------------------------------|------------------------|----------------------------------|------------------|
| Lease receivables (on balance) | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 29,019 | 564 | - | - | 29,583 |
| Grades 4-6: performing (medium risk) | 3,338,865 | 280,438 | - | - | 3,619,303 |
| Grades 7-8 : performing (in observation & substandard) | 332,239 | 102,159 | - | - | 434,398 |
| Grade 8 : impaired | - | - | 208,328 | - | 208,328 |
| Grade 9: impaired | - | - | 1,987 | - | 1,987 |
| Grade 10: impaired | - | - | 49,381 | - | 49,381 |
| Total gross amount | 3,700,123 | 383,161 | 259,696 | - | 4,342,980 |
| Loss allowance | (86,709) | (23,004) | (182,102) | - | (291,815) |
| Carrying amount | 3,613,414 | 360,157 | 77,594 | - | 4,051,165 |

* Purchased or Originated Credit Impaired - POCI

| 31.12.2022 In RON thousands | | UCLC (Unicredit Leasing Corporation) | | | |
|--|----------------------|--------------------------------------|------------------------|----------------------------------|------------------|
| Lease receivables (on balance) | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 17,244 | - | - | - | 17,244 |
| Grades 4-6: performing (medium risk) | 2,972,494 | 355,063 | - | - | 3,327,557 |
| Grades 7-8 : performing (in observation & substandard) | 338,593 | 126,847 | - | - | 465,440 |
| Grade 8 : impaired | - | - | 218,252 | - | 218,252 |
| Grade 9: impaired | - | - | 2,698 | - | 2,698 |
| Grade 10: impaired | - | - | 49,074 | - | 49,074 |
| Total gross amount | 3,328,331 | 481,910 | 270,024 | - | 4,080,265 |
| Loss allowance | (76,458) | (29,225) | (185,889) | - | (291,572) |
| Carrying amount | 3,251,873 | 452,685 | 84,135 | - | 3,788,693 |

* Purchased or Originated Credit Impaired - POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The tables below present the breakdown of loans and advances to banks by risk grades, separately for on balance sheet exposures and off balance sheet exposures.

| 30.06.2023 RON thousands | Group/Bank | | | | | |
|------------------------------------|---|----------------------|------------------------|------------------------|----------------------------------|------------------|
| | Loans and advances to banks at amortized cost | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 205,300 | - | - | - | - | 205,300 |
| Total gross amount | 205,300 | - | - | - | - | 205,300 |
| Loss allowance | (46) | - | - | - | - | (46) |
| Carrying amount | 205,254 | - | - | - | - | 205,254 |
| Gross amount - off balance | 2,082,929 | 8,894 | - | - | - | 2,091,823 |
| Loss allowance - off balance | (80) | - | - | - | - | (80) |

* Purchased or Originated Credit Impaired – POCI

| 31.12.2022 RON thousands | Group/Bank | | | | | |
|------------------------------------|---|----------------------|------------------------|------------------------|----------------------------------|------------------|
| | Loans and advances to banks at amortized cost | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 386,445 | 13,690 | - | - | - | 400,135 |
| Total gross amount | 386,445 | 13,690 | - | - | - | 400,135 |
| Loss allowance | (677) | (3) | - | - | - | (680) |
| Carrying amount | 385,768 | 13,687 | - | - | - | 399,455 |
| Gross amount - off balance | 2,057,357 | 116,465 | - | - | - | 2,173,822 |
| Loss allowance - off balance | (163) | (4) | - | - | - | (167) |

* Purchased or Originated Credit Impaired - POCI

The two tables above are the same also for the Bank.

| Loans and advances to banks at amortized cost In RON thousands | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Investment-grade | 205,254 | 399,455 | 205,254 | 399,455 |
| Total | 205,254 | 399,455 | 205,254 | 399,455 |

The analysis is based on the ratings issued by Standard & Poor, if available, or by Moody's and Fitch converted to the nearest equivalent on the Standard & Poor rating scale.

The investment-grade category includes loans to banks for which the debtor has the following ratings: A+, A, A-, BBB+, BBB, BBB-, BAA1 and BAA3.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The tables below present the breakdown of financial assets at fair value through other comprehensive income by risk grades.

| 30.06.2023 | | Group | | | |
|---|----------------------|------------------------|------------------------|----------------------------------|------------------|
| RON thousands | | | | | |
| Financial assets at fair value through other comprehensive income | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 1,963,154 | - | - | - | 1,963,154 |
| Total fair value | 1,963,154 | - | - | - | 1,963,154 |
| Loss allowance | (592) | - | - | - | (592) |
| Carrying amount | 1,962,562 | - | - | - | 1,962,562 |

* Purchased or Originated Credit Impaired - POCI

| 31.12.2022 | | Group | | | |
|---|----------------------|------------------------|------------------------|----------------------------------|------------------|
| RON thousands | | | | | |
| Financial assets at fair value through other comprehensive income | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 1,923,186 | - | - | - | 1,923,186 |
| Total fair value | 1,923,186 | - | - | - | 1,923,186 |
| Loss allowance | (668) | - | - | - | (668) |
| Carrying amount | 1,922,518 | - | - | - | 1,922,518 |

* Purchased or Originated Credit Impaired - POCI

| 30.06.2023 | | Bank | | | |
|---|----------------------|------------------------|------------------------|----------------------------------|------------------|
| RON thousands | | | | | |
| Financial assets at fair value through other comprehensive income | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 1,960,808 | - | - | - | 1,960,808 |
| Total fair value | 1,960,808 | - | - | - | 1,960,808 |
| Loss allowance | (592) | - | - | - | (592) |
| Carrying amount | 1,960,216 | - | - | - | 1,960,216 |

* Purchased or Originated Credit Impaired - POCI

| 31.12.2022 | | Bank | | | |
|---|----------------------|------------------------|------------------------|----------------------------------|------------------|
| RON thousands | | | | | |
| Financial assets at fair value through other comprehensive income | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 1,920,840 | - | - | - | 1,920,840 |
| Total fair value | 1,920,840 | - | - | - | 1,920,840 |
| Loss allowance | (668) | - | - | - | (668) |
| Carrying amount | 1,920,172 | - | - | - | 1,920,172 |

* Purchased or Originated Credit Impaired – POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The tables below present the breakdown of debt instruments at amortized cost by risk grades.

| 30.06.2023 RON thousands | Group/Bank | | | | |
|------------------------------------|----------------------|------------------------|------------------------|----------------------------------|------------------|
| Debt instruments at amortized cost | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 8,895,453 | - | - | - | 8,895,453 |
| Total gross amount | 8,895,453 | - | - | - | 8,895,453 |
| Loss allowance | (2,576) | - | - | - | (2,576) |
| Carrying amount | 8,892,877 | - | - | - | 8,892,877 |

* Purchased or Originated Credit Impaired - POCI

| 31.12.2022 RON thousands | Group/Bank | | | | |
|------------------------------------|----------------------|------------------------|------------------------|----------------------------------|------------------|
| Debt instruments at amortized cost | Stage 1 12-month ECL | Stage 2 - Lifetime ECL | Stage 3 - Lifetime ECL | Of which: POCI* financial assets | Total |
| Grades 1-3 : performing (low risk) | 8,859,380 | - | - | - | 8,859,380 |
| Total gross amount | 8,859,380 | - | - | - | 8,859,380 |
| Loss allowance | (2,414) | - | - | - | (2,414) |
| Carrying amount | 8,856,966 | - | - | - | 8,856,966 |

* Purchased or Originated Credit Impaired - POCI

The two tables above are the same also for the Bank.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- **Concentration of credit risk related to loans and advances to customers**

The Group monitors concentrations of credit risk by sector of activity, client segment, products, ratings, geographical area on a quarterly basis. An analysis of concentrations of credit risk by industry at the reporting date is shown below:

| Group | | | |
|---|---|-------------------|-------------------|
| Loans to customers at amortised cost - ON balance | | 30.06.2023 | 31.12.2022 |
| Private entities (including individuals) | | 9,758,249 | 9,249,677 |
| Retail Micro | G Commerce - wholesale and retail | 805,177 | 774,804 |
| | H Transport and storage services | 450,228 | 380,339 |
| | C Manufacturing | 369,526 | 127,265 |
| | A Agriculture - forestry - fisheries | 119,158 | 346,461 |
| | F Construction and civil engineering | 59,701 | 56,598 |
| | Other services | 141,431 | 139,148 |
| Total Retail Micro | | 1,945,221 | 1,824,615 |
| Corporate | G Commerce - wholesale and retail | 6,959,259 | 6,657,850 |
| | C Manufacturing | 5,910,250 | 5,453,158 |
| | A Agriculture - forestry - fisheries | 1,774,992 | 1,813,460 |
| | D Production and supply of electricity, gas, steam and air conditioning | 1,674,549 | 1,750,362 |
| | K Financial and insurance institutions | 1,218,882 | 1,524,037 |
| | Other services | 6,865,329 | 6,430,029 |
| Total Corporate | | 24,403,261 | 23,628,896 |
| Total | | 36,106,731 | 34,703,188 |
| Allowance for impairment | | (1,857,865) | (1,853,937) |
| Carrying amount | | 34,248,866 | 32,849,251 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- Concentration of credit risk related to loans and advances to customers (continued)

| | | Group | |
|--|---|-------------------|-------------------|
| Loans to customers at amortised cost - OFF balance | | 30.06.2023 | 31.12.2022 |
| Private entities (including individuals) | | 437,060 | 414,138 |
| Loans commitments | | | |
| Retail Micro | C Manufacturing | 358,382 | 40,776 |
| | G Commerce - wholesale and retail | 96,547 | 381,707 |
| | A Agriculture - forestry - fisheries | 44,557 | 55,256 |
| | F Construction and civil engineering | 28,024 | 27,675 |
| | H Transport and storage services | 21,550 | 14,985 |
| | Other industries | 39,261 | 37,336 |
| Total Retail Micro | | 588,321 | 557,735 |
| Corporate | G Commerce - wholesale and retail | 3,950,276 | 3,922,656 |
| | C Manufacturing | 3,553,891 | 3,222,236 |
| | D Production and supply of electricity, gas, steam and air conditioning | 2,305,927 | 1,635,093 |
| | F Construction and civil engineering | 1,212,212 | 1,032,087 |
| | K Financial and insurance institutions | 776,517 | 792,781 |
| | Other industries | 3,316,117 | 2,823,259 |
| Total Corporate | | 15,114,940 | 13,428,112 |
| Total loans commitments | | 15,703,261 | 13,985,847 |
| Letters of credit | | | |
| Retail Micro | G Commerce - wholesale and retail | 463 | - |
| Total Retail Micro | | 463 | - |
| Corporate | G Commerce - wholesale and retail | 85,107 | 103,706 |
| | C Manufacturing | 11,831 | 23,517 |
| | L Real estate | 5,568 | - |
| | F Construction and civil engineering | 1,971 | 94,157 |
| | H Transport and storage services | 346 | 1,465 |
| Total Corporate | | 104,823 | 222,845 |
| Total letters of credit | | 105,286 | 222,845 |
| Financial guarantees | | | |
| Retail Micro | M Professional, scientific and technical activities | 4,873 | 5,423 |
| | G Commerce - wholesale and retail | 4,336 | 3,839 |
| | N Administrative and support service activities | 3,002 | 2,506 |
| | D Production and supply of electricity, gas, steam and air conditioning | 2,325 | 1,532 |
| | E Water supply | 1,614 | 125 |
| | Other industries | 7,262 | 7,554 |
| Total Retail Micro | | 23,412 | 20,979 |
| Corporate | G Commerce - wholesale and retail | 1,482,714 | 1,334,722 |
| | F Construction and civil engineering | 1,202,908 | 1,036,236 |
| | D Production and supply of electricity, gas, steam and air conditioning | 915,369 | 1,476,730 |
| | C Manufacturing | 461,938 | 518,028 |
| | M Professional, scientific and technical activities | 449,416 | - |
| | Other Industries | 647,292 | 1,013,358 |
| Total Corporate | | 5,159,637 | 5,379,074 |
| Total financial guarantees | | 5,183,049 | 5,400,053 |
| TOTAL Off balance sheet exposure for loans to customers | | 21,428,656 | 20,022,883 |
| Allowance for impairment | | (166,039) | (229,687) |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- Concentration of credit risk related to loans and advances to customers (continued)

| | | Bank | |
|---|---|-------------------|-------------------|
| Loans to customers at amortised cost - ON balance | | 30.06.2023 | 31.12.2022 |
| Private entities (including individuals) | | 6,993,572 | 6,831,113 |
| Retail Micro | G Commerce - wholesale and retail | 211,028 | 200,624 |
| | C Manufacturing | 114,627 | 112,808 |
| | A Agriculture - forestry - fisheries | 109,510 | 126,751 |
| | F Construction and civil engineering | 56,377 | 52,532 |
| | H Transport and storage services | 45,122 | 39,337 |
| | Other services | 130,742 | 123,694 |
| Total Retail Micro | | 667,406 | 655,746 |
| Corporate | G Commerce - wholesale and retail | 6,858,423 | 6,572,731 |
| | C Manufacturing | 5,910,250 | 5,453,115 |
| | K Financial and insurance institutions | 3,105,573 | 3,151,125 |
| | A Agriculture - forestry - fisheries | 1,772,019 | 1,813,460 |
| | D Production and supply of electricity, gas, steam and air conditioning | 1,674,549 | 1,750,362 |
| | Other services | 6,847,939 | 6,406,125 |
| Total Corporate | | 26,168,753 | 25,146,918 |
| Total | | 33,829,731 | 32,633,777 |
| Allowance for impairment | | (1,576,210) | (1,579,233) |
| Carrying amount | | 32,253,521 | 31,054,544 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- Concentration of credit risk related to loans and advances to customers (continued)

| | | Bank | |
|--|---|-------------------|-------------------|
| Loans to customers at amortised cost - OFF balance | | 30.06.2023 | 31.12.2022 |
| Private entities (including individuals) | | 180,272 | 187,405 |
| Loan commitments | | | |
| Retail Micro | G Commerce - wholesale and retail | 90,719 | 82,227 |
| | C Manufacturing | 48,944 | 39,913 |
| | A Agriculture - forestry - fisheries | 44,557 | 55,256 |
| | F Construction and civil engineering | 28,024 | 27,675 |
| | H Transport and storage services | 21,550 | 14,985 |
| | Other industries | 39,261 | 37,116 |
| Total Retail Micro | | 273,055 | 257,172 |
| Corporate | G Commerce - wholesale and retail | 3,824,065 | 3,780,144 |
| | C Manufacturing | 3,553,892 | 3,222,236 |
| | D Production and supply of electricity, gas, steam and air conditioning | 2,305,927 | 1,635,093 |
| | F Construction and civil engineering | 1,212,212 | 1,032,087 |
| | K Financial and insurance institutions | 816,724 | 857,097 |
| | Other industries | 3,316,117 | 2,823,259 |
| Total Corporate | | 15,028,937 | 13,349,916 |
| Total loans commitments | | 15,301,992 | 13,607,088 |
| Letters of credit | | | |
| Retail Micro | G Commerce - wholesale and retail | 463 | - |
| Total Retail Micro | | 463 | - |
| Corporate | G Commerce - wholesale and retail | 85,107 | 103,706 |
| | C Manufacturing | 11,831 | 23,517 |
| | L Real estate | 5,568 | - |
| | F Construction and civil engineering | 1,971 | 94,157 |
| | H Transport and storage services | 346 | 1,465 |
| Total Corporate | | 104,823 | 222,845 |
| Total letters of credit | | 105,286 | 222,845 |
| Financial guarantees | | | |
| Retail Micro | M Professional, scientific and technical activities | 4,873 | 5,423 |
| | G Commerce - wholesale and retail | 4,336 | 3,839 |
| | N Administrative and support service activities | 3,002 | 2,506 |
| | D Production and supply of electricity, gas, steam and air conditioning | 2,325 | 1,532 |
| | E Water supply | 1,614 | 125 |
| | Other industries | 7,262 | 7,554 |
| Total Retail Micro | | 23,412 | 20,979 |
| Corporate | G Commerce - wholesale and retail | 1,482,714 | 1,334,722 |
| | F Construction and civil engineering | 1,202,908 | 1,036,236 |
| | D Production and supply of electricity, gas, steam and air conditioning | 915,369 | 1,476,730 |
| | C Manufacturing | 461,938 | 518,028 |
| | M Professional, scientific and technical activities | 449,416 | - |
| | Other Industries | 647,684 | 1,014,198 |
| Total Corporate | | 5,160,029 | 5,379,914 |
| Total financial guarantees | | 5,183,441 | 5,400,893 |
| TOTAL Off balance sheet exposure for loans to customers | | 20,770,991 | 19,418,231 |
| Allowance for impairment | | (168,045) | (233,403) |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- Concentration of credit risk related to lease receivables

| UCLC (Unicredit Leasing Corporation) | | |
|--|------------------|------------------|
| Lease receivables at amortised cost - ON balance | 30.06.2023 | 31.12.2022 |
| Private entities (including individuals) | 85,075 | 81,808 |
| Retail Micro | | |
| G Commerce - wholesale and retail | 724,174 | 662,024 |
| F Construction and civil engineering | 684,677 | 656,678 |
| H Transport and storage services | 525,532 | 520,032 |
| C Manufacturing | 464,079 | 462,996 |
| A Agriculture - forestry - fisheries | 296,165 | 264,874 |
| Other services | 1,239,136 | 1,133,353 |
| Total Retail Micro | 3,933,763 | 3,699,957 |
| Corporate | | |
| C Manufacturing | 121,691 | 115,879 |
| G Commerce - wholesale and retail | 64,856 | 59,042 |
| A Agriculture - forestry - fisheries | 11,053 | 13,308 |
| K Financial and insurance institutions | 119 | - |
| Other services | 126,423 | 110,271 |
| Total Corporate | 324,142 | 298,500 |
| Total | 4,342,980 | 4,080,265 |
| Allowance for impairment | (291,815) | (291,572) |
| Carrying amount | 4,051,165 | 3,788,693 |

5. USE OF ESTIMATES AND JUDGEMENTS

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

a) Key sources of estimation uncertainty

Identification and measurement of impairment - Prospective information for the calculation of value adjustments

Loans and advances to customers, loans and advances to banks and debt instruments classified as financial assets at amortized cost, financial assets at fair value through comprehensive income (with the exception of equity instruments) and relevant off-balance sheet exposures are tested for impairment as required by IFRS9.

In this regard, these instruments are classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality with respect to initial disbursement. Specifically:

- stage 1: includes (i) newly issued or acquired credit exposures, (ii) exposures for which credit risk has not significantly increased since initial recognition, (iii) exposures having low credit risk (low credit risk exemption);
- stage 2: includes credit exposures that, although performing, have seen their credit risk significantly increasing since initial recognition;
- stage 3: includes impaired credit exposures.

For exposures in stage 1, impairment is equal to the expected loss calculated over a time horizon of up to one year. For exposures in stages 2 or 3, impairment is equal to the expected loss calculated over a time period corresponding to the entire duration of the exposure.

The Group has developed specific models for calculating the expected loss; such models are based on the parameters of Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and on the effective interest rate. In particular:

- the PD represents the probability of occurrence of an event of default of the credit exposure, in a defined time lag (i.e. 1 year);
- the LGD represents the percentage of the estimated loss, and thus the expected rate of recovery, at the date of occurrence of the default event of the credit exposure;
- the EAD (Exposure at Default) represents the measure of the exposure at the time of the event of default of the credit exposure;
- the Effective interest rate is the discount rate that expresses of the time value of money.

The expected credit loss deriving from the parameters described in the previous paragraph considers macroeconomic forecasts through the application of multiple scenarios to the “forward looking” components in order to compensate the partial non-linearity naturally present in the correlation between macroeconomic changes and credit risk. Specifically, the non-linearity effect was incorporated through the estimation of an overlay factor directly applied to the portfolio Expected Credit Loss

The process defined to include macroeconomic multiple scenarios is fully consistent with macroeconomic forecast processes used by the Group for additional risk management objectives (as for example processes adopted to calculate expected credit losses from macroeconomic forecasts based on EBA stress test and ICAAP Framework) and also took advantage of independent UniCredit Research function. The starting point was therefore fully aligned while the application is differentiated in order to comply with different requirements using internal scenarios only.

In particular, UniCredit Group has selected three macroeconomic scenarios to determine the forward looking component, a baseline scenario, a positive scenario and a negative scenario. The probabilities are set at 60% for the baseline scenario, 40% for the negative scenario and 0% for the positive scenario (31 December 2022: 60% for the baseline scenario, 40% for the negative scenario and 0% for the positive scenario).

As of 30 June 2023, the market environment continues to be affected by high levels of uncertainty for both the short and the medium-term outlook. The economic consequences stemming from the geopolitical tension are continuing to unfold increasing uncertainty, pushing up inflationary pressures.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

The economy is expected to grow in the coming quarters as energy prices moderate, foreign demand strengthens and supply bottlenecks are resolved, allowing firms to continue to work through their significant order backlogs, and as uncertainty reduces (which nonetheless continues to be significant with reference to future energy prices), including that related to the recent banking sector stress.

In the context of persisting uncertainty explained above, UniCredit has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of first half 2023 Condensed interim Consolidated financial statements.

In particular, in addition to the "Baseline" scenario, which reflects the expectations considered most likely concerning macro-economic trends, a Downturn Scenario has been outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business; in light of the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent).

The baseline scenario (probabilities set at 60%): it is the main reference scenario, which embeds the following assumptions: (i) high gas storage thanks to a lower use during Autumn 2022 and diversification of supply sources; (ii) still high inflation in 2023, with a decreasing trend in 2024-2025. Price pressure substantially lifted with reference to energy costs and starting to decrease for goods and food. Nonetheless, rising wage costs contribute to keep selling prices high mainly for services; (iii) the ECB monetary policy expected to remain tight up to 2024 (3M Euribor at 350bps YE2023, 300bps YE2024);

The Negative Scenario ("Downturn scenario") has a probability set at 40%

This scenario embeds stressed macro-economic conditions, consistent with a further escalation of the Russia Ukraine conflicts and higher inflation in 2023 and subsequent years, considering renewed supply side disruption and higher energy costs with erosion of real incomes, low consumptions and investments.

In addition, the scenario assumes: (i) ECB rates lower than the Baseline scenario from year end 2023; inflation higher with an expected decline in the Medium-term, but remaining higher than the ECB target till 2025 (i.e., > 2%); (ii) Russia Sovereign Rating at CCC and Multinational corporation IRB portfolio at CCC from the last quarter 2023.

The table below summarizes the main macroeconomic indicators included in the scenarios used at 30 June 2023:

| Country | Macroeconomic scenario | 23Q2 Baseline IFRS9 (60%) | | | 23Q2 Adverse IFRS9 (40%) | | |
|---------|----------------------------------|---------------------------|------|------|--------------------------|------|------|
| | | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| Romania | Real GDP, yoy % change | 2.9 | 4.4 | 4.1 | -0.1 | 0.2 | 3.6 |
| Romania | Inflation (CPI) yoy, eop | 7.4 | 5.3 | 3.0 | 14.3 | 3.2 | 3.0 |
| Romania | Unemployment rate, % | 5.5 | 5.6 | 5.4 | 5.7 | 6.9 | 6.5 |
| Romania | Short term rate, eop | 6.39 | 4.66 | 3.00 | 8.39 | 7.08 | 5.95 |
| Romania | Long-term interest rates 10y (%) | 7.5 | 6.2 | 5.0 | 9.9 | 7.2 | 5.5 |
| Romania | House Price Index, yoy % change | 1.0 | 4.0 | 5.0 | 0.0 | 2.6 | 4.4 |

The table below summarizes the main macroeconomic indicators included in the scenarios used at 31 December 2022:

| Country | Macroeconomic scenario | Baseline IFRS9 22Q4 (60%) | | | Adverse IFRS9 22Q2 (40%) | | |
|---------|----------------------------------|---------------------------|------|------|--------------------------|------|------|
| | | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| Romania | Real GDP, yoy % change | 1.0 | 3.2 | 4.0 | -3.6 | 3.2 | 4.0 |
| Romania | Inflation (CPI) yoy, eop | 8.4 | 3.5 | 3.0 | 11.2 | 4.5 | 3.5 |
| Romania | Unemployment rate, % | 4.8 | 5.2 | 5.0 | 6.6 | 6.2 | 5.9 |
| Romania | Short term rate, eop | 6.38 | 5.33 | 3.00 | 8.47 | 6.80 | 6.13 |
| Romania | Long-term interest rates 10y (%) | 7.3 | 5.5 | 4.8 | 9.00 | 6.80 | 6.80 |
| Romania | House Price Index, yoy % change | 4.8 | 4.5 | 4.5 | 1.6 | 6.5 | 4.5 |

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

The forecasts in terms of changes in the “Default rate” and in the “Recovery Rate” provided by the Stress Test functions are included within the PD and LGD parameters during calibration. Credit parameters indeed, are normally calibrated over a horizon that considers the entire economic cycle (“Through-the-cycle – TTC”), it is thus necessary a “Point-in-time – PIT” calibration and a “Forward-looking – FL” one that allows to reflect in those credit parameters the current situation and the expectations about the future evolution of the economic cycle.

In this regard, the PD parameter is calculated through a normal calibration procedure, such as logistic regression, using as anchorage point an arithmetic average among the latest default rates observed on the portfolio and the insolvency rates foreseen by the Stress Test function. The PD determined in such way will lose his through the cycle nature in favor of a Point in time and Forward looking philosophy.

The LGD parameter is made Point in time through a scalar factor that allows taking into account the ratio between average recoveries throughout the period and recoveries achieved in previous years. The inclusion of forecast within the LGD parameter is performed by adjusting the yearly “recovery rate” implicit in this parameter to take into account the expectations of variations of recovery rates provided by the Stress Test function.

The Stage Allocation model is a key aspect of the accounting model required to calculate expected credit losses. The Stage Allocation model is based on a combination of relative and absolute elements. The main elements are:

- transfer logic quantitative internal model developed: Lifetime PD from the reporting date is being considered together with the lifetime PD as of the origination date valid for the residual maturity from the reporting date and related quantile level in order to assess if stage 2 is applicable; quantitative model is being applied as developed on sub portfolios such as: Group wide models (multinationals, sovereign, banks, project finance) and Local Models: private individuals, corporate with turnover above 3 Mio EUR, retail micro and small corporate with turnover below 3 Mio EUR and corporate real estate. In order to properly capture the risk underlying from revolving facilities, a behavioral maturity model has been developed for revolving facilities;
- absolute elements such as the law requirements (e.g. 30 days past-due);
- additional internal evidence (e.g. Forborne classification, Watch List 2, Watch List 1 clients only in case of real estate with reimbursement directly linked with income from commercial spaces rental);
- additional criteria for stage 2 allocation such as: obligors with high PD such as 20%, threefold increase in lifetime PD (compared to origination, if PD reaches a level of more than 3 times);
- all cases with PD at reporting date lower than 0.3% would be subject to LCRE (low credit risk exception) and kept under Stage 1 if no other qualitative triggers for stage 2 are active.
- If the client is classified under managerial category Watch List 1, but only after a certain period of time since classification (e.g. when a client reaches a certain number of months after being classified in Watch List 1, trigger for stage 2 allocation will be activated).

Geopolitical overlay resulting from Russia-Ukraine crisis

During 2022, the uncertainties on the economic activities arising from Covid-19 pandemics progressively faded away as demonstrated by the lifting of the restrictive measures put in place by the governments to counteract the pandemic. As well, also the supply chain risk has started to decrease in relevance, given the evolving new geo-political context. Indeed, the start of the Russian-Ukraine conflict acted as a headwind to the economic growth. Indeed, the spill over effects of Russian and Ukraine crises continued leading to revise the outlook for the euro area economy, also pushing up inflationary pressures and interest rates.

In order to factor-in into the risks underlying the sharp rise in energy costs, inflation and interest rates for both corporate and private individuals, the geopolitical overlay was adopted during 2022 and is maintained during 2023.

In this regard, the adoption of this overlay is a complementary measure to the IFRS9 models that, by their structure, have been already properly and directly proving to recognize the effect of geo-political crises. In this context, while IFRS 9 models and in particular satellite models are able to capture the effect of macro-economic scenario at portfolio level, the geopolitical overlay act on specific sub-portfolios considered particularly vulnerable in case contingent situation may evolve to severe stressed conditions.

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

As of 30 June 2023 the geopolitical overlay amount to 129.5 million RON on standalone basis and 195.7 million RON on consolidated basis, additional impact in LLP (main part being cumulated since H2 2022, followed by a recalibration applied in Jun'23 based on H1 2023 portfolio evolution), and is broken-down according to the following components:

- Corporate energy-intensive industry sectors prone to be more affected by spill over effects linked to Russia - Ukraine crisis, specifically affecting the energy supply and related price soaring.
- Retail clients, for: (i) floating rate mortgages (not having overdue instalments), given the sensitiveness in this context of increasing interest rate / inflation, and (ii) at least 1 unpaid instalment on their exposures, considered a perimeter with already difficulties in payments and as such particularly vulnerable in this specific contingency.

With the aim of maintaining the Geo-political overlay for the months following its implementation, calculated as of November 2022, the following approach is being applied:

- November 2022 Additional ECL is used as a starting point for the computation of the overlay to be applied in the subsequent months.
- Each month the additional ECL corresponding to exposures shifted to default are identified and the corresponding additional ECL is deducted from the total additional ECL computed as of November 2022. An updated additional ECL value is then computed.
- Based on the updated additional ECL value and on each month ECL (ECL value pre-application of the geo-political overlay) the overlay value should be recomputed.

As far as the calculation is concerned, credit exposures belonging to the above categories are identified according to their specific features. Starting from this, satellite models are run by applying - as macro-economic conditions - the Multi Year Plan recessive scenario to determine the adjustment to be applied to the default rate. Such adjusted default rate is then applied to the relevant categories to estimate the expected new inflows of defaulted exposure, whose LLPs are then calculated according to the average coverage rate applied to Unlikely to Pay.

Bullet and balloon methodology

Bullet and balloon products are defined as the products for which the payment of principal (or a significant part of the initial principal granted) is performed at end of the maturity of the financial instrument, whereas the payment of interests (or payment of the interest and low level of principal) is performed during amortization schedule.

In order to cope with the characteristics of the Bullet / Balloon products, a correction to the PD Lifetime is applied by keeping fixed the full maturity at inception (thus sterilizing the time effect assuming that the lifetime riskiness does not reduce as time passes, as per amortizing loan). In this way the PD Lifetime results higher thus recognizing:

- the significant loan payment close to maturity -> the adoption of higher PD Lifetime will be prone to make higher the allocation in Stage 2. Furthermore, the EAD fractioning has been removed since these products are characterized by a significant loan payment close to maturity.
- the potential re-financing risk -> by keeping fixed the PD Lifetime over the initial full maturity, that will be representative of the lifetime risk over the full maturity of the instrument, the risk of a re-financing at portfolio level will be inherently considered.

Bullet and balloon methodology applies only to Bank standalone perimeter; it has been implemented during H2 2022 with one off impact of approx. RON 35.9 million additional ECL as of December 2022 via a dedicated overlay (with no stage reclassification). Final approach has been implemented during H1 2023 (removing the initial booked overlay and implementing granular target solution including not only additional ECL but also stage 2 reclassification as per dedicated methodology), leading to additional ECL impact of approx. RON 5.9 million.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

Individual Assessment for Performing Exposures

Starting with June 2023, Unicredit Bank implemented a dedicated methodology for ECL individual assessment for significant exposures or for exposures included in a vulnerable risk category within the performing perimeter, in order to better capture within final ECL the characteristics of this perimeter. The additional LLP impact as of June, 2023 was of 18.5 million RON extra charge for the identified perimeter.

Allowances for loan losses

The Group reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

The loan impairment assessment considers the visible effects on current market conditions on the individual/collective assessment of loans and advances to customers' impairment. The Group has estimated the impairment loss provision for loans and advances to customers based on the internal methodology harmonized with UniCredit SpA policies. Because of the uncertainties on the local financial markets regarding assets valuation and operating environment of the borrowers, that Group's estimate could be revised after the date of the approval of the interim condensed consolidated financial statements.

Sensitivity analysis for assets at fair value through other comprehensive income

The fair value of financial assets at fair value through other comprehensive income is directly dependent on the market yield variable and its changes impact the financial position and the net assets of the Group

In case the market yield varies by +/-10 percent, the negative reserve recorded as at 30 June 2023 on financial assets at fair value through other comprehensive income would vary as follows:

| 30.06.2023 In Thousand RON | Bank | |
|--|-------------------|-------------------|
| | Market Yield -10% | Market Yield +10% |
| Financial assets at fair value through other comprehensive income denominated in RON | 133,828 | (133,828) |
| Financial assets at fair value through other comprehensive income denominated in EUR | 57,088 | (57,088) |
| Financial assets at fair value through other comprehensive income | 190,916 | (190,916) |

In case the market yield varies by +/-10 percent, the negative reserve recorded as at 31 December 2022 on financial assets at fair value through other comprehensive income would vary as follows:

| 31.12.2022 In Thousand RON | Bank | |
|--|-------------------|-------------------|
| | Market Yield -10% | Market Yield +10% |
| Financial assets at fair value through other comprehensive income denominated in RON | 29,594 | (28,402) |
| Financial assets at fair value through other comprehensive income denominated in EUR | 12,497 | (12,040) |
| Financial assets at fair value through other comprehensive income | 42,091 | (40,442) |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies

Financial assets and liabilities classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories.

The classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship.

In accounting for derivatives as cash flow hedges, the Group has determined that the hedged cash flow exposure relates to highly probable future cash flows.

Determining fair values

The fair value of financial instruments that are not traded in an active market (for example, unlisted treasury securities and certificates of deposit) is determined by using appropriate valuation techniques in situations where adequate valuations techniques can be identified. The valuation techniques are chosen among those commonly used by market participants, once it has been demonstrated they provide reliable estimates of prices obtained in actual market transactions, while maximizing the use of observable market data. The Group uses its judgment to select the valuation method and make assumptions that are mainly based on market conditions existing at each reporting date. For situations where adequate valuations techniques cannot be identified, the fair value of the financial instruments that are not traded on an active market are estimated to be equal to their carrying amount.

The classification of FVTOCI assets between quoted and unquoted financial instruments is presented below:

| 30.06.2023 In Thousand RON | Listed* | Group Unlisted | Total | Listed* | Bank Unlisted | Total |
|---|------------------|-------------------|------------------|------------------|------------------|------------------|
| Debt securities at fair value through other comprehensive income | 1,750,099 | 190,368 | 1,940,467 | 1,750,099 | 190,368 | 1,940,467 |
| Equity instruments at fair value through other comprehensive income | - | 22,095 | 22,095 | - | 19,749 | 19,749 |
| Total assets held at fair value through other comprehensive income | 1,750,099 | 212,463 | 1,962,562 | 1,750,099 | 210,117 | 1,960,216 |

*) Listed financial instruments are those quoted on organized and regulated capital market

| 31.12.2022 In Thousand RON | Listed* | Group Unlisted | Total | Listed* | Bank Unlisted | Total |
|---|------------------|-------------------|------------------|------------------|------------------|------------------|
| Debt securities at fair value through other comprehensive income | 1,716,388 | 188,972 | 1,905,360 | 1,716,388 | 188,972 | 1,905,360 |
| Equity instruments at fair value through other comprehensive income | - | 17,158 | 17,158 | - | 14,812 | 14,812 |
| Total assets held at fair value through other comprehensive income | 1,716,388 | 206,130 | 1,922,518 | 1,716,388 | 203,784 | 1,920,172 |

*) Listed financial instruments are those quoted on organized and regulated capital market

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument to which the Bank has access at the measurement date. A quoted price on an active market provides the most reliable evidence for fair value and is applied (as for example the price) or indirect without other adjustments in determining the fair value anytime available.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs are often based on internal assumptions corroborated by few, if any, external observations:

When inputs used to measure the fair value of an asset or a liability are categorized within different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or the liability. IFRS13 does not provide specific guidance on how to evaluate inputs' significance; it is then deemed appropriate, in some cases, to assess it through sensitivity analysis.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The table below presents the fair value of financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 30 June 2023:

| 30.06.2023 In RON thousands | Level 1 | Level 2 | Level 3 | Group Total fair value | Total book value |
|--|------------------|----------------|---------------|---------------------------|------------------|
| Trading assets | | | | | |
| Financial assets held for trading at fair value through profit or loss | 47,502 | 105,999 | 328 | 153,829 | 153,829 |
| Derivatives financial instruments designated as hedging instruments | - | 303,655 | - | 303,655 | 303,655 |
| Total trading assets | 47,502 | 409,654 | 328 | 457,484 | 457,484 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Debt instruments | 1,694,881 | 245,586 | - | 1,940,467 | 1,940,467 |
| Equity instruments (minority holdings) | - | - | 22,095 | 22,095 | 22,095 |
| Total assets at fair value through other comprehensive income | 1,694,881 | 245,586 | 22,095 | 1,962,562 | 1,962,562 |
| Non-transactional financial assets at fair value mandatorily through profit or loss | | | | | |
| VISA Shares | - | 39,602 | 13,881 | 53,483 | 53,483 |
| Total assets at fair value through profit or loss | - | 39,602 | 13,881 | 53,483 | 53,483 |
| Liabilities designated for trading and for hedging | | | | | |
| Financial liabilities at fair value through profit or loss | - | 105,280 | 330 | 105,610 | 105,610 |
| Derivatives financial instruments designated at hedging instruments | - | 248,797 | - | 248,797 | 248,797 |
| Total liabilities designated for trading and for hedging | - | 354,077 | 330 | 354,407 | 354,407 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The table below presents the fair value of financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 31 December 2022:

| 31.12.2022 In RON thousands | Level 1 | Level 2 | Level 3 | Group Total fair value | Total book value |
|--|------------------|----------------|---------------|---------------------------|------------------|
| Trading assets | | | | | |
| Financial assets held for trading at fair value through profit or loss | 36,170 | 130,812 | 7 | 166,989 | 166,989 |
| Derivatives financial instruments designated as hedging instruments | - | 310,229 | - | 310,229 | 310,229 |
| Total trading assets | 36,170 | 441,041 | 7 | 477,218 | 477,218 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Debt instruments | 1,691,950 | 213,410 | - | 1,905,360 | 1,905,360 |
| Equity instruments (minority holdings) | - | - | 17,158 | 17,158 | 17,158 |
| Total assets at fair value through other comprehensive income | 1,691,950 | 213,410 | 17,158 | 1,922,518 | 1,922,518 |
| Non-transactional financial assets at fair value mandatorily through profit or loss | | | | | |
| VISA Shares | - | 35,793 | 11,932 | 47,725 | 47,725 |
| Total assets at fair value through profit or loss | - | 35,793 | 11,932 | 47,725 | 47,725 |
| Liabilities designated for trading and for hedging | | | | | |
| Financial liabilities at fair value through profit or loss | - | 176,957 | 9 | 176,966 | 176,965 |
| Derivatives financial instruments designated at hedging instruments | - | 262,514 | - | 262,514 | 262,514 |
| Total liabilities designated for trading and for hedging | - | 439,471 | 9 | 439,480 | 439,479 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The table below presents an analysis of the movement of financial instruments held at fair value classified as Level 3, at the end of the reporting period 30 June 2023:

| 30.06.2023 In RON thousands | Balance at 31 December 2022 | Gains / Losses from instruments at fair value through profit and loss | Group Gains / Losses from instruments measured at fair value through other comprehensive income | Additions | Disposals (-) | Foreign Currency Exchange Effect | Balance at 30 June 2023 |
|---|-----------------------------------|--|---|--------------|------------------|---|-------------------------------|
| Financial assets held for trading | 7 | (89) | - | 1,963 | (1,553) | - | 328 |
| Financial assets held for trading at fair value through profit or loss | 7 | (89) | - | 1,963 | (1,553) | - | 328 |
| Non-transactional financial assets at fair value mandatorily through profit or loss | 11,932 | 2,103 | - | - | - | (154) | 13,881 |
| VISA Shares | 11,932 | 2,103 | - | - | - | (154) | 13,881 |
| Financial assets at fair value through other comprehensive income | 17,158 | - | 4,937 | - | - | - | 22,095 |
| Equity instruments (minority holdings) | 17,158 | - | 4,937 | - | - | - | 22,095 |
| Total assets | 29,097 | 2,014 | 4,937 | 1,963 | (1,553) | (154) | 36,304 |
| Financial liabilities designated for trading | 9 | (78) | - | 1,968 | (1,569) | - | 330 |
| Derivatives financial instruments | 9 | (78) | - | 1,968 | (1,569) | - | 330 |
| Total liabilities | 9 | (78) | - | 1,968 | (1,569) | - | 330 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The table below presents an analysis of the movement of financial instruments held at fair value classified as Level 3, for the year ended 31 December 2022:

| 31.12.2022 In RON thousands | Balance at 31 December 2021 | Gains / Losses from instruments at fair value through profit and loss | Gains / Losses from instruments measured at fair value through other comprehensive income | Additions | Disposals (-) | Foreign Currency Exchange Effect | Balance at 31 December 2022 |
|---|-----------------------------|---|---|--------------|----------------|----------------------------------|-----------------------------|
| Financial assets held for trading | 494 | (290) | - | 5,384 | (5,581) | - | 7 |
| Financial assets held for trading at fair value through profit or loss | 494 | (290) | - | 5,384 | (5,581) | - | 7 |
| Non-transactional financial assets at fair value mandatorily through profit or loss | 22,921 | (12,373) | - | - | - | 1,384 | 11,932 |
| VISA Shares | 22,921 | (12,373) | - | - | - | 1,384 | 11,932 |
| Financial assets at fair value through other comprehensive income | 8,429 | - | 8,729 | - | - | - | 17,158 |
| Equity instruments (minority holdings) | 8,429 | - | 8,729 | - | - | - | 17,158 |
| Total assets | 31,844 | (12,663) | 8,729 | 5,384 | (5,581) | 1,384 | 29,097 |
| Financial liabilities designated for trading | 500 | (314) | - | 5,552 | (5,729) | - | 9 |
| Derivatives financial instruments | 500 | (314) | - | 5,552 | (5,729) | - | 9 |
| Total liabilities | 500 | (314) | - | 5,552 | (5,729) | - | 9 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The table below presents the fair value of financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 30 June 2023:

| 30.06.2023 In RON thousands | Level 1 | Level 2 | Level 3 | Bank Total fair value | Total book value |
|--|------------------|----------------|---------------|--------------------------|------------------|
| Trading assets | | | | | |
| Financial assets held for trading at fair value through profit or loss | 47,502 | 105,999 | 328 | 153,829 | 153,829 |
| Derivatives financial instruments designated as hedging instruments | - | 303,655 | - | 303,655 | 303,655 |
| Total trading assets | 47,502 | 409,654 | 328 | 457,484 | 457,484 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Debt instruments | 1,694,881 | 245,586 | - | 1,940,467 | 1,940,467 |
| Equity instruments (minority holdings) | - | - | 19,749 | 19,749 | 19,749 |
| Total assets at fair value through other comprehensive income | 1,694,881 | 245,586 | 19,749 | 1,960,216 | 1,960,216 |
| Non-transactional financial assets at fair value mandatorily through profit or loss | | | | | |
| VISA Shares | - | 39,602 | 13,881 | 53,483 | 53,483 |
| Total assets at fair value through profit or loss | - | 39,602 | 13,881 | 53,483 | 53,483 |
| Liabilities designated for trading and for hedging | | | | | |
| Financial Liabilities at fair value through profit or loss | - | 105,280 | 330 | 105,610 | 105,610 |
| Derivatives financial instruments designated as hedging instruments | - | 248,797 | - | 248,797 | 248,797 |
| Total liabilities designated for trading and hedging | - | 354,077 | 330 | 354,407 | 354,407 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The table below presents the fair value of financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 31 December 2022:

| 31.12.2022 In RON thousands | Level 1 | Level 2 | Bank Level 3 | Total fair value | Total book value |
|--|------------------|----------------|-----------------|------------------|------------------|
| Trading assets | | | | | |
| Financial assets held for trading at fair value through profit or loss | 36,170 | 130,812 | 7 | 166,989 | 166,989 |
| Derivatives financial instruments designated as hedging instruments | - | 310,229 | - | 310,229 | 310,229 |
| Total trading assets | 36,170 | 441,041 | 7 | 477,218 | 477,218 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Debt instruments | 1,691,950 | 213,410 | - | 1,905,360 | 1,905,360 |
| Equity instruments (minority holdings) | - | - | 14,812 | 14,812 | 14,812 |
| Total assets at fair value through other comprehensive income | 1,691,950 | 213,410 | 14,812 | 1,920,172 | 1,920,172 |
| Non-transactional financial assets at fair value mandatorily through profit or loss | | | | | |
| VISA Shares | - | 35,793 | 11,932 | 47,725 | 47,725 |
| Total assets at fair value through profit or loss | - | 35,793 | 11,932 | 47,725 | 47,725 |
| Liabilities designated for trading and for hedging | | | | | |
| Financial Liabilities at fair value through profit or loss | - | 176,957 | 9 | 176,966 | 176,966 |
| Derivatives financial instruments designated as hedging instruments | - | 262,514 | - | 262,514 | 262,514 |
| Total liabilities designated for trading and hedging | - | 439,471 | 9 | 439,480 | 439,480 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The table below presents an analysis of the movement of financial instruments held at fair value classified as Level 3, at the end of the reporting period 30 June 2023:

| 30.06.2023 In RON thousands | Balance at 31 December 2022 | Gains / Losses from instruments at fair value through profit and loss | Bank Gains / Losses from instruments measured at fair value through other comprehensive income | Additions | Disposals (-) | Foreign Currency Exchange Effect | Balance at 30 June 2023 |
|---|-----------------------------------|--|--|--------------|------------------|---|-------------------------------|
| Financial assets held for trading | 7 | (89) | - | 1,963 | (1,553) | - | 328 |
| Financial assets held for trading at fair value through profit or loss | 7 | (89) | - | 1,963 | (1,553) | - | 328 |
| Non-transactional financial assets at fair value mandatorily through profit or loss | 11,932 | 2,103 | - | - | - | (154) | 13,881 |
| VISA Shares | 11,932 | 2,103 | - | - | - | (154) | 13,881 |
| Financial assets at fair value through other comprehensive income | 14,812 | - | 4,937 | - | - | - | 19,749 |
| Equity instruments (minority holdings) | 14,812 | - | 4,937 | - | - | - | 19,749 |
| Total assets | 26,751 | 2,014 | 4,937 | 1,963 | (1,553) | (154) | 33,958 |
| Financial liabilities designated for trading | 9 | (78) | - | 1,968 | (1,569) | - | 330 |
| Derivatives financial instruments | 9 | (78) | - | 1,968 | (1,569) | - | 330 |
| Total liabilities | 9 | (78) | - | 1,968 | (1,569) | - | 330 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

b) Critical accounting judgments in applying the Group's accounting policies (continued)

The table below presents an analysis of the movement of financial instruments held at fair value classified as Level 3, for the year ended 31 December 2022:

| 31.12.2022 In RON thousands | Balance at 31 December 2021 | Gains / Losses from instruments at fair value through profit and loss | Bank Gains / Losses from instruments measured at fair value through other comprehensive income | Additions | Disposals (-) | Foreign Currency Exchange Effect | Balance at 31 December 2022 |
|---|-----------------------------------|--|--|--------------|------------------|---|--------------------------------------|
| Financial assets held for trading | 494 | (290) | - | 5,384 | (5,581) | - | 7 |
| Financial assets held for trading at fair value through profit or loss | 494 | (290) | - | 5,384 | (5,581) | - | 7 |
| Non-transactional financial assets at fair value mandatorily through profit or loss | 22,921 | (12,373) | - | - | - | 1,384 | 11,932 |
| VISA Shares | 22,921 | (12,373) | - | - | - | 1,384 | 11,932 |
| Financial assets at fair value through other comprehensive income | 6,083 | - | 8,729 | - | - | - | 14,812 |
| Equity instruments (minority holdings) | 6,083 | - | 8,729 | - | - | - | 14,812 |
| Total assets | 29,498 | (12,663) | 8,729 | 5,384 | (5,581) | 1,384 | 26,751 |
| Financial liabilities designated for trading | 500 | (314) | - | 5,552 | (5,729) | - | 9 |
| Derivatives financial instruments | 500 | (314) | - | 5,552 | (5,729) | - | 9 |
| Total liabilities | 500 | (314) | - | 5,552 | (5,729) | - | 9 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

6. ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES

The table below sets out the Group's carrying amounts of each class of financial assets and liabilities, and their fair values.

| 30.06.2023 | | | | | | | |
|---|------------------|---|-------------------|--|---|-----------------------|-------------------|
| In RON thousands | Fair value level | At fair value through profit or loss - held for trading | At amortized cost | Group Financial assets held at fair value through other comprehensive income | Designated at fair value through profit or loss | Total carrying amount | Fair value |
| Cash and cash equivalents | 3 | - | 15,813,878 | - | - | 15,813,878 | 15,813,878 |
| Financial assets at fair value through profit or loss | 1 | 207,312 | - | - | - | 207,312 | 207,312 |
| Derivatives assets designated as hedging instruments | 2 | 303,655 | - | - | - | 303,655 | 303,655 |
| Loans and advances to banks at amortized cost | 3 | - | 205,254 | - | - | 205,254 | 201,036 |
| Loans and advances to customers at amortized cost | 3 | - | 34,248,866 | - | - | 34,248,866 | 33,567,255 |
| Net lease receivables | 3 | - | 4,051,165 | - | - | 4,051,165 | 3,887,900 |
| Debt instruments at amortized cost | 1 | - | 8,892,877 | - | - | 8,892,877 | 8,243,348 |
| Financial assets at fair value through other comprehensive income | 1 | - | - | 1,962,562 | - | 1,962,562 | 1,962,562 |
| Other financial assets at amortized cost | 3 | - | 419,526 | - | - | 419,526 | 419,526 |
| Total financial assets | | 510,967 | 63,631,566 | 1,962,562 | - | 66,105,095 | 64,606,472 |
| Financial liabilities at fair value through profit or loss | 1 | 105,610 | - | - | - | 105,610 | 105,610 |
| Derivatives liabilities designated as hedging instruments | 2 | 248,797 | - | - | - | 248,797 | 248,797 |
| Deposits from banks | 3 | - | 870,248 | - | - | 870,248 | 869,356 |
| Loans from banks, including subordinated liabilities | 3 | - | 6,925,359 | - | - | 6,925,359 | 6,923,742 |
| Debt securities issued | 1 | - | 3,535,074 | - | - | 3,535,074 | 3,535,074 |
| Deposits from customers | 3 | - | 45,723,575 | - | - | 45,723,575 | 45,676,637 |
| Other financial liabilities at amortized cost | 3 | - | 1,126,506 | - | - | 1,126,506 | 1,126,506 |
| Lease liabilities | 3 | - | 204,449 | - | - | 204,449 | 204,449 |
| Total financial liabilities | | 354,407 | 58,385,211 | - | - | 58,739,618 | 58,690,171 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

6. ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES (continued)

The table below sets out the Group's carrying amounts of each class of financial assets and liabilities, and their fair values.

| 31.12.2022 | | | | | | | |
|---|------------------|---|-------------------|--|---|-----------------------|-------------------|
| In RON thousands | Fair value level | At fair value through profit or loss - held for trading | At amortized cost | Group Financial assets held at fair value through other comprehensive income | Designated at fair value through profit or loss | Total carrying amount | Fair value |
| Cash and cash equivalents | 3 | - | 16,456,169 | - | - | 16,456,169 | 16,456,169 |
| Financial assets at fair value through profit or loss | 1 | 214,714 | - | - | - | 214,714 | 214,714 |
| Derivatives assets designated as hedging instruments | 2 | 310,229 | - | - | - | 310,229 | 310,229 |
| Loans and advances to banks at amortized cost | 3 | - | 399,455 | - | - | 399,455 | 386,812 |
| Loans and advances to customers at amortized cost | 3 | - | 32,849,251 | - | - | 32,849,251 | 31,820,856 |
| Net lease receivables | 3 | - | 3,788,693 | - | - | 3,788,693 | 3,611,692 |
| Debt instruments at amortized cost | 1 | - | 8,856,966 | - | - | 8,856,966 | 7,766,001 |
| Financial assets at fair value through other comprehensive income | 1 | - | - | 1,922,518 | - | 1,922,518 | 1,922,518 |
| Other financial assets at amortized cost | 3 | - | 319,475 | - | - | 319,475 | 319,475 |
| Total financial assets | | 524,943 | 62,670,009 | 1,922,518 | - | 65,117,470 | 62,808,466 |
| Financial liabilities at fair value through profit or loss | 1 | 176,965 | - | - | - | 176,965 | 176,965 |
| Derivatives liabilities designated as hedging instruments | 2 | 262,514 | - | - | - | 262,514 | 262,514 |
| Deposits from banks | 3 | - | 1,050,418 | - | - | 1,050,418 | 1,050,131 |
| Loans from banks, including subordinated liabilities | 3 | - | 6,599,536 | - | - | 6,599,536 | 6,599,074 |
| Debt securities issued | 1 | - | 3,502,834 | - | - | 3,502,834 | 3,502,834 |
| Deposits from customers | 3 | - | 45,310,940 | - | - | 45,310,940 | 45,298,545 |
| Other financial liabilities at amortized cost | 3 | - | 1,307,973 | - | - | 1,307,973 | 1,307,973 |
| Lease liabilities | 3 | - | 198,403 | - | - | 198,403 | 198,403 |
| Total financial liabilities | | 439,479 | 57,970,104 | - | - | 58,409,583 | 58,396,439 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

6. ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES (continued)

The table below sets out the Bank's carrying amounts of each class of financial assets and liabilities, and their fair values.

| 30.06.2023 | | | | Bank | | | |
|---|------------------|---|-------------------|--|---|-----------------------|-------------------|
| In RON thousands | Fair value level | At fair value through profit or loss - held for trading | At amortized cost | Financial assets held at fair value through other comprehensive income | Designated at fair value through profit or loss | Total carrying amount | Fair value |
| Cash and cash equivalents | 3 | - | 15,813,102 | - | - | 15,813,102 | 15,813,102 |
| Financial assets at fair value through profit or loss | 1 | 207,312 | - | - | - | 207,312 | 207,312 |
| Derivatives assets designated as hedging instruments | 2 | 303,655 | - | - | - | 303,655 | 303,655 |
| Loans and advances to banks at amortized cost | 3 | - | 205,254 | - | - | 205,254 | 201,036 |
| Loans and advances to customers at amortized cost | 3 | - | 32,253,521 | - | - | 32,253,521 | 31,590,579 |
| Net lease receivables | 3 | - | 9,839 | - | - | 9,839 | 9,839 |
| Debt instruments at amortized cost | 1 | - | 8,892,877 | - | - | 8,892,877 | 8,243,348 |
| Financial assets at fair value through other comprehensive income | 1 | - | - | 1,960,216 | - | 1,960,216 | 1,960,216 |
| Other financial assets at amortized cost | 3 | - | 323,973 | - | - | 323,973 | 323,973 |
| Total financial assets | | 510,967 | 57,498,566 | 1,960,216 | - | 59,969,749 | 58,653,060 |
| Financial liabilities at fair value through profit or loss | 1 | 105,610 | - | - | - | 105,610 | 105,610 |
| Derivatives liabilities designated as hedging instruments | 2 | 248,797 | - | - | - | 248,797 | 248,797 |
| Deposits from banks | 3 | - | 870,248 | - | - | 870,248 | 869,356 |
| Loans from banks, including subordinated liabilities | 3 | - | 1,581,980 | - | - | 1,581,980 | 1,580,360 |
| Debt securities issued | 1 | - | 3,535,074 | - | - | 3,535,074 | 3,535,074 |
| Deposits from customers | 3 | - | 45,829,242 | - | - | 45,829,242 | 45,782,305 |
| Other financial liabilities at amortized cost | 3 | - | 1,033,579 | - | - | 1,033,579 | 1,033,579 |
| Lease liabilities | 3 | - | 200,421 | - | - | 200,421 | 200,421 |
| Total financial liabilities | | 354,407 | 53,050,544 | - | - | 53,404,951 | 53,355,502 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

6. ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES (continued)

The table below sets out the Bank's carrying amounts of each class of financial assets and liabilities, and their fair values.

| 31.12.2022 | | | | Bank | | | |
|---|------------------|---|-------------------|--|---|-----------------------|-------------------|
| In RON thousands | Fair value level | At fair value through profit or loss - held for trading | At amortized cost | Financial assets held at fair value through other comprehensive income | Designated at fair value through profit or loss | Total carrying amount | Fair value |
| Cash and cash equivalents | 3 | - | 16,455,940 | - | - | 16,455,940 | 16,455,940 |
| Financial assets at fair value through profit or loss | 1 | 214,714 | - | - | - | 214,714 | 214,714 |
| Derivatives assets designated as hedging instruments | 2 | 310,229 | - | - | - | 310,229 | 310,229 |
| Loans and advances to banks at amortized cost | 3 | - | 399,455 | - | - | 399,455 | 386,812 |
| Loans and advances to customers at amortized cost | 3 | - | 31,054,544 | - | - | 31,054,544 | 30,072,629 |
| Net lease receivables | 3 | - | 11,342 | - | - | 11,342 | 11,342 |
| Debt instruments at amortized cost | 1 | - | 8,856,966 | - | - | 8,856,966 | 7,766,001 |
| Financial assets at fair value through other comprehensive income | 1 | - | - | 1,920,172 | - | 1,920,172 | 1,920,172 |
| Other financial assets at amortized cost | 3 | - | 250,620 | - | - | 250,620 | 250,620 |
| Total financial assets | | 524,943 | 57,028,867 | 1,920,172 | - | 59,473,982 | 57,388,459 |
| Financial liabilities at fair value through profit or loss | 1 | 176,966 | - | - | - | 176,966 | 176,966 |
| Derivatives liabilities designated as hedging instruments | 2 | 262,514 | - | - | - | 262,514 | 262,514 |
| Deposits from banks | 3 | - | 1,050,418 | - | - | 1,050,418 | 1,050,131 |
| Loans from banks, including subordinated liabilities | 3 | - | 1,686,090 | - | - | 1,686,090 | 1,685,629 |
| Debt securities issued | 1 | - | 3,502,834 | - | - | 3,502,834 | 3,502,834 |
| Deposits from customers | 3 | - | 45,404,198 | - | - | 45,404,198 | 45,391,803 |
| Other financial liabilities at amortized cost | 3 | - | 1,239,449 | - | - | 1,239,449 | 1,239,449 |
| Lease liabilities | 3 | - | 193,362 | - | - | 193,362 | 193,362 |
| Total financial liabilities | | 439,480 | 53,076,351 | - | - | 53,515,831 | 53,502,688 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

7. NET INTEREST INCOME

| In RON thousands | Group | | Bank | |
|---|------------------|------------------|------------------|----------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| Interest income | | | | |
| Interest and similar income arising from: | | | | |
| Loans and advances to customers* | 1,260,382 | 790,731 | 1,118,503 | 661,178 |
| Treasury bills and bonds at fair value through other comprehensive income | 41,371 | 36,028 | 41,371 | 36,028 |
| Debt instruments at amortized cost | 175,486 | 158,076 | 175,486 | 158,076 |
| Current accounts and placements with banks | 274,779 | 25,741 | 274,778 | 25,737 |
| Hedging derivatives** | 5,209 | - | 5,209 | - |
| Negative interest from financial liabilities | - | 124 | - | 124 |
| Other interest income | - | 2,467 | - | 2,467 |
| Total interest income calculated using the effective interest method | 1,757,227 | 1,013,167 | 1,615,347 | 883,610 |
| Other interest income - Net Lease receivables | 106,519 | 66,672 | 8 | - |
| Total interest income | 1,863,746 | 1,079,839 | 1,615,355 | 883,610 |
| Interest expense | | | | |
| Interest expense and similar charges arising from: | | | | |
| Deposits from customers | 533,908 | 171,593 | 534,943 | 171,787 |
| Loans from banks | 163,705 | 59,167 | 52,845 | 18,885 |
| Deposits from banks | 10,377 | 4,865 | 10,377 | 4,865 |
| Repurchase agreements | 92 | 190 | 92 | 190 |
| Interest related to the bonds issued | 137,323 | 28,258 | 137,323 | 18,371 |
| Hedging derivatives** | 19,125 | - | 19,125 | - |
| Negative interest on financial assets | - | 15,765 | - | 15,765 |
| Debt from leasing operations | 2,174 | 400 | 1,885 | 287 |
| Total interest expense | 866,704 | 280,238 | 756,590 | 230,150 |
| Net interest income | 997,042 | 799,601 | 858,765 | 653,460 |

*) Interest income for the six months period ended at 30 June 2023 includes expenses with interest adjustments related to depreciated financial assets in the total amount of RON thousands 13,200 (30 June 2022: RON thousands 15,094) for the Group and RON thousands 8,000 (30 June 2022: RON thousands 8,538) for the Bank..

**) As of June 30 2022, interest income in amount of RON thousands 4,493 and interest expense in amount of RON thousands -7,341, which represent a total net loss amount of RON thousands -2,848 were reflected under "Net income from instruments at fair value through profit and loss".

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

8. NET FEES AND COMMISSIONS INCOME

| In RON thousands | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| Fees and commissions income | | | | |
| Payments transactions | 235,634 | 200,207 | 235,634 | 200,207 |
| Risk participation fee (refer to Note 27) | 11 | 19 | 11 | 19 |
| Guarantees and letters of credit | 23,730 | 19,553 | 23,730 | 19,553 |
| Loan administration | 32,586 | 20,827 | 18,267 | 7,949 |
| Commissions from other types of financial services | 58,012 | 43,056 | 72,131 | 55,620 |
| Commissions from insurance intermediation | 35,527 | 30,783 | 5,346 | 4,246 |
| Commissions on securities transactions | 3,331 | 2,446 | 3,331 | 2,446 |
| Total fees and commission income | 388,831 | 316,891 | 358,450 | 290,040 |
| Out of which commissions from contracts with clients according to IFRS 15 | 350,329 | 288,763 | 320,825 | 262,519 |
| Fees and commission expense | | | | |
| Inter-banking fees | 74,895 | 55,322 | 74,839 | 55,382 |
| Payments transactions | 46,469 | 43,422 | 43,536 | 41,271 |
| Commitments and similar fees | 161 | 243 | 161 | 243 |
| Intermediary agents fees | 5,631 | 2,462 | 2,806 | 2,054 |
| Other | 15,779 | 9,516 | 13,491 | 5,500 |
| Total fees and commissions expense | 142,935 | 110,965 | 134,833 | 104,450 |
| Net fees and commissions income | 245,896 | 205,926 | 223,617 | 185,590 |

9. NET INCOME FROM TRADING AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

| In RON thousands | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| Net gains from foreign exchange operations (including FX derivatives) | 188,929 | 155,651 | 188,991 | 155,651 |
| Net gains / (losses) from other interest derivatives* | 2,949 | 520 | 2,949 | 520 |
| Net income / (losses) from trading bonds | 5,157 | (47,714) | 5,157 | (47,714) |
| Net gains / (losses) from other derivatives | (66) | 779 | (66) | 779 |
| Net income from trading financial instruments held at fair value through profit or loss | 196,969 | 109,236 | 197,031 | 109,236 |
| Net gains from non-transactional financial instruments held at fair value through profit or loss | 5,978 | (4,572) | 5,978 | (4,572) |
| Net income from financial instruments held at fair value through profit or loss | 202,947 | 104,664 | 203,009 | 104,664 |

* As of June 30 2022, "Net gains / (losses) from other interest derivatives" position includes net interest loss in total amount of RON thousands -2,848. In 2023, interest income and interest expense on derivatives was reflected under "Net interest income".

10. PERSONNEL EXPENSES

| In RON thousands | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| Wages and salaries | 265,183 | 239,156 | 234,595 | 211,354 |
| Social security charges, unemployment fund and health fund | 8,394 | 7,507 | 7,547 | 6,738 |
| Other (income)/costs | 5,083 | 3,580 | 3,888 | 2,233 |
| Total | 278,660 | 250,243 | 246,030 | 220,325 |

The number of employees of the Group at 30 June 2023 was 3,328 (31 December 2022: 3,365). The number of employees of the Bank at 30 June 2023 was 2,987 (31 December 2022: 3,004).

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

11. OTHER ADMINISTRATIVE COSTS

| in RON thousands | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| Office space expenses (rental, maintenance, other) | 30,492 | 30,334 | 28,971 | 27,528 |
| IT services | 85,366 | 75,359 | 82,199 | 73,412 |
| Contributions to resolution funds and deposit guarantee schemes | 59,998 | 76,432 | 59,998 | 76,432 |
| Other taxes and duties | 4,375 | 2,985 | 4,375 | 2,985 |
| Communication expenses | 11,673 | 12,270 | 10,515 | 11,184 |
| Advertising and promotional expenses | 19,118 | 12,595 | 14,418 | 9,015 |
| Consultancy, legal and other professional services | 5,925 | 4,207 | 3,439 | 2,450 |
| Materials and consumables | 5,207 | 4,632 | 4,529 | 3,976 |
| Personnel training and recruiting | 1,917 | 1,273 | 1,463 | 912 |
| Insurance expenses | 2,276 | 2,384 | 2,204 | 2,023 |
| Other | 5,907 | 10,300 | 3,608 | 8,672 |
| Total | 232,254 | 232,771 | 215,719 | 218,589 |

12. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

| In RON thousands | Group | | Bank | |
|--|----------------|----------------|----------------|---------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| Net provision charges for loans and advances to customers (Note 16) | 214,547 | 144,903 | 190,137 | 104,344 |
| Net provision charges for banks | 63 | (393) | 59 | (385) |
| Net provision charges for securities | 86 | (1,103) | 86 | (1,103) |
| Loans written-off | 272 | 386 | 272 | 386 |
| Net provision charges for lease receivables (Note 17) | 855 | 14,710 | - | - |
| Recoveries from loans previously written-off | (26,360) | (35,545) | (26,360) | (35,545) |
| Net provisions charges for other financial instruments | 1,980 | 1,837 | 4,425 | 2,306 |
| Net provision charges for off-balance loan commitments and contingencies | (66,445) | (19,729) | (65,587) | (19,737) |
| Net Impairment losses on financial instruments | 124,998 | 105,066 | 103,032 | 50,266 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

13. INCOME TAX

The reconciliation of profit before tax to income tax expense in the income statement is presented below:

| In RON thousands | Group | | | |
|---|---------------|------------------|---------------|-----------------|
| | | 30.06.2023 | | 30.06.2022 |
| Profit/ (Loss) before tax | | 781,508 | | 486,920 |
| Income tax calculated by applying regulatory tax rate (16%) | -16.0% | (125,041) | -16.0% | (77,907) |
| Additional income tax expense - previous years | -0.5% | (3,660) | -1.5% | (7,427) |
| Tax effect of non-deductible expenses | -4.8% | (37,640) | -7.5% | (36,452) |
| Tax effect of non-taxable income | 5.3% | 41,636 | 7.1% | 34,336 |
| Fiscal credit | 3.4% | 26,747 | 1.5% | 7,121 |
| Total income tax recalculated | -12.5% | (97,958) | -16.5% | (80,329) |
| Income tax as per income statement | -15.1% | (117,643) | -16.7% | (81,538) |
| Difference | | (19,685) | | (1,209) |
| Deferred tax | | (19,685) | | (1,209) |

| In RON thousands | Bank | | | |
|---|---------------|------------------|---------------|-----------------|
| | | 30.06.2023 | | 30.06.2022 |
| Profit/ (Loss) before tax | | 691,532 | | 408,119 |
| Income tax calculated by applying regulatory tax rate (16%) | -16.0% | (110,645) | -16.0% | (65,299) |
| Additional income tax expense - previous years | -0.5% | (3,715) | -0.9% | (3,800) |
| Tax effect of non-deductible expenses | -4.7% | (32,736) | -7.0% | (28,435) |
| Tax effect of non-taxable income | 5.9% | 40,900 | 7.4% | 30,093 |
| Fiscal credit | 1.5% | 10,692 | 1.6% | 6,548 |
| Total income tax recalculated | -13.8% | (95,504) | -14.9% | (60,893) |
| Income tax as per income statement | -15.8% | (109,142) | -16.4% | (66,893) |
| Difference | | (13,638) | | (6,000) |
| Deferred tax | | (13,638) | | (6,000) |

The lower effective tax rate is generated by existence of fiscal credit obtained for sponsorship.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

14. CASH AND CASH EQUIVALENTS

| In RON thousands | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Accounts at NBR | 4,454,420 | 7,090,463 | 4,454,420 | 7,090,463 |
| Cash (including cash in ATMs) | 1,223,489 | 1,706,022 | 1,223,489 | 1,706,022 |
| Short term Money Market placements with banks | 10,049,624 | 7,537,630 | 10,049,624 | 7,537,630 |
| Current balances with other banks | 89,295 | 124,937 | 88,518 | 124,707 |
| Total gross value | 15,816,828 | 16,459,052 | 15,816,051 | 16,458,822 |
| Impairment allowance | (2,950) | (2,883) | (2,949) | (2,882) |
| Total net book value | 15,813,878 | 16,456,169 | 15,813,102 | 16,455,940 |

The balance of current accounts with the National Bank of Romania represents the minimum reserve maintained in accordance with the National Bank of Romania requirements. As of 30 June 2023, the mandatory minimum reserve ratio was 8% (31 December 2022: 8%) for funds raised in RON and 5% (December 31, 2022: 5%) for funds in foreign currency with residual maturity of less than 2 years, at the end of the observation period. For liabilities having residual maturity over 2 years at the end of the observation period, without reimbursement, conversion or early retirement clauses, mandatory minimum reserve ratio was set at 0% (31 December 2022: 0%).

15. ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Financial assets at fair value through profit or loss

| In RON thousands | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Derivatives | 106,328 | 130,819 | 106,328 | 130,819 |
| Investment securities held for trading | 47,501 | 36,170 | 47,501 | 36,170 |
| VISA Shares* | 53,483 | 47,725 | 53,483 | 47,725 |
| Total | 207,312 | 214,714 | 207,312 | 214,714 |

*) VISA Inc shares class A are classified as “Capital Instruments – Financial assets at fair value through profit and loss” and VISA Inc shares class C are classified as “Debt Instruments – Financial assets at fair value through profit and loss”.

| In RON thousands | Group | | Bank | |
|------------------------------|---------------|---------------|---------------|---------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Equity instruments (Class A) | 39,602 | 35,793 | 39,602 | 35,793 |
| Debt instruments (Class C) | 13,881 | 11,932 | 13,881 | 11,932 |
| Total VISA Shares | 53,483 | 47,725 | 53,483 | 47,725 |

| In RON thousands | Group | | Bank | |
|------------------|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Investment-grade | 199,591 | 213,177 | 199,591 | 213,177 |
| No rating* | 7721 | 1,537 | 7721 | 1,537 |
| Total | 207,312 | 214,714 | 207,312 | 214,714 |

*) The majority of these represent financial assets at fair value through profit or loss (derivatives contracts) for which the counterparties are Romanian companies.

The analysis is based on the ratings issued by Standard & Poor, if available, or by Moody's and Fitch converted to the nearest equivalent on the Standard & Poor rating scale..

The investment-grade category includes financial assets at fair value through profit or loss (derivatives contracts, investment securities held for trading, VISA shares) for which the counterparties have the following ratings: A+, A, A-, BBB+, BBB, BBB-, BAA1 and BAA3.

The No-rating category includes financial assets at fair value through profit or loss for which the counterparties have no ratings.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

15. ACTIVE/DATORII FINANCIARE LA VALOAREA JUSTA PRIN CONTUL DE PROFIT SAU PIERDERE (continuare)

(ii) Derivative assets/ liabilities

Financial assets and liabilities at fair value through profit or loss at 30 June 2023 are summarized as follows:

| In RON thousands | Notional amount | Group 30.06.2023 | | Bank 30.06.2023 | | |
|---|------------------|-------------------------|----------------|--------------------|-------------------------|----------------|
| | | Present value Assets | Liabilities | Notional amount | Present value Assets | Liabilities |
| Foreign currency Derivatives | | | | | | |
| Forward contracts | 6,386,868 | 17,850 | 12,034 | 6,386,868 | 17,850 | 12,034 |
| Purchased options | 121,548 | 361 | - | 121,548 | 361 | - |
| Sold options | - | - | 363 | - | - | 363 |
| Total foreign currency derivatives | 6,508,416 | 18,211 | 12,397 | 6,508,416 | 18,211 | 12,397 |
| Interest rates derivatives | | | | | | |
| Interest Rate Swaps | 2,484,311 | 86,207 | 91,297 | 2,484,311 | 86,207 | 91,297 |
| Purchased options | 114,000 | 1,910 | - | 114,000 | 1,910 | - |
| Sold options | 114,000 | - | 1,916 | 114,000 | - | 1,916 |
| Total interest rate derivatives | 2,712,311 | 88,117 | 93,213 | 2,712,311 | 88,117 | 93,213 |
| Total | 9,220,727 | 106,328 | 105,610 | 9,220,727 | 106,328 | 105,610 |

Financial assets and liabilities at fair value through profit or loss at 31 December 2022 are summarized as follows:

| In RON thousands | Notional amount | Group 31.12.2022 | | Bank 31.12.2022 | | |
|--|------------------|-------------------------|----------------|--------------------|-------------------------|----------------|
| | | Present value Assets | Liabilities | Notional amount | Present value Assets | Liabilities |
| Foreign currency Derivatives | | | | | | |
| Forward contracts | 3,865,561 | 36,881 | 78,279 | 3,869,025 | 36,881 | 78,280 |
| Purchased options | 14,923 | 7 | - | 14,923 | 7 | - |
| Sold options | - | - | 9 | - | - | 9 |
| Total foreign currency derivatives | 3,880,484 | 36,888 | 78,288 | 3,883,948 | 36,888 | 78,289 |
| Interest rates derivatives | | | | | | |
| Interest Rate Swaps | 2,782,654 | 91,816 | 96,619 | 2,782,654 | 91,816 | 96,619 |
| Purchased options | 134,982 | 2,048 | - | 134,982 | 2,048 | - |
| Sold options | 134,982 | - | 2,058 | 134,982 | - | 2,058 |
| Total interest rate derivatives | 3,052,618 | 93,864 | 98,677 | 3,052,618 | 93,864 | 98,677 |
| Other derivatives on purchased merchandise | 189 | 67 | - | 189 | 67 | - |
| Other derivatives on sold merchandise | 189 | - | - | 189 | - | - |
| Total derivatives - merchandise | 378 | 67 | - | 378 | 67 | - |
| Total | 6,933,480 | 130,819 | 176,965 | 6,936,944 | 130,819 | 176,966 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

16. LOANS AND ADVANCES TO CUSTOMERS

The Group's commercial lending is concentrated on companies and individuals located mainly in Romania. The below amounts show gross book value and provision for impairment after including IRC.

The breakdown of loan portfolio by type of loan was as follows:

| in RON thousands | Group | | Of which: POCI* financial assets | 30.06.2023 |
|--|------------------------|------------------|-------------------------------------|-------------------|
| | Stage 1 and Stage 2 | Stage 3 | | |
| Mortgages | 6,657,654 | 199,068 | - | 6,856,722 |
| Personal loans and car loans | 2,521,062 | 71,246 | - | 2,592,308 |
| Credit cards and overdraft | 264,453 | 9,381 | - | 273,834 |
| Corporate loans | 22,953,173 | 631,955 | 5,698 | 23,585,128 |
| Retail Micro loans | 1,903,042 | 76,632 | - | 1,979,674 |
| Factoring, Discounting, Forfaiting | 704,243 | 114,822 | - | 819,065 |
| Loans and advances to customers before provisions | 35,003,627 | 1,103,104 | 5,698 | 36,106,731 |
| Less provision for impairment losses on loans | (1,017,776) | (840,089) | (889) | (1,857,865) |
| Net loans and advances to customers | 33,985,851 | 263,015 | 4,809 | 34,248,866 |

* Purchased or Originated Credit Impaired - POCI

| in RON thousands | Group | | Of which: POCI* financial assets | 31.12.2022 |
|--|------------------------|------------------|-------------------------------------|-------------------|
| | Stage 1 and Stage 2 | Stage 3 | | |
| Mortgages | 6,481,444 | 208,712 | - | 6,690,156 |
| Personal loans and car loans | 2,202,221 | 73,934 | - | 2,276,155 |
| Credit cards and overdraft | 244,627 | 11,293 | - | 255,920 |
| Corporate loans | 22,148,524 | 631,317 | 9,161 | 22,779,841 |
| Retail Micro loans | 1,749,990 | 101,510 | - | 1,851,500 |
| Factoring, Discounting, Forfaiting | 736,431 | 113,185 | - | 849,616 |
| Loans and advances to customers before provisions | 33,563,237 | 1,139,951 | 9,161 | 34,703,188 |
| Less provision for impairment losses on loans | (994,520) | (859,417) | (812) | (1,853,937) |
| Net loans and advances to customers | 32,568,717 | 280,534 | 8,349 | 32,849,251 |

* Purchased or Originated Credit Impaired - POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

16. LOANS AND ADVANCES TO CUSTOMERS (continued)

The Bank's commercial lending is concentrated on companies and individuals located in Romania mainly.

The breakdown of loan portfolio by type of loan was as follows:

| in RON thousands | Bank | | Of which: POCI* financial assets | 30.06.2023 |
|--|------------------------|------------------|-------------------------------------|-------------------|
| | Stage 1 and Stage 2 | Stage 3 | | |
| Mortgages | 6,657,654 | 199,068 | - | 6,856,722 |
| Personal loans and car loans | 11,143 | 2,514 | - | 13,657 |
| Credit cards and overdraft | 116,953 | 6,281 | - | 123,234 |
| Corporate loans | 24,718,665 | 631,955 | 5,698 | 25,350,620 |
| Retail Micro loans | 614,695 | 51,738 | - | 666,433 |
| Factoring, Discounting, Forfaiting | 704,243 | 114,822 | - | 819,065 |
| Loans and advances to customers before provisions | 32,823,353 | 1,006,378 | 5,698 | 33,829,731 |
| Less provision for impairment losses on loans | (804,368) | (771,842) | (889) | (1,576,210) |
| Net loans and advances to customers | 32,018,985 | 234,536 | 4,809 | 32,253,521 |

* Purchased or Originated Credit Impaired - POCI

| in RON thousands | Bank | | Of which: POCI* financial assets | 31.12.2022 |
|--|------------------------|------------------|-------------------------------------|-------------------|
| | Stage 1 and Stage 2 | Stage 3 | | |
| Mortgages | 6,481,444 | 208,712 | - | 6,690,156 |
| Personal loans and car loans | 14,434 | 3,383 | - | 17,817 |
| Credit cards and overdraft | 115,110 | 8,116 | - | 123,226 |
| Corporate loans | 23,666,546 | 631,317 | 9,161 | 24,297,863 |
| Retail Micro loans | 577,729 | 77,370 | - | 655,099 |
| Factoring, Discounting, Forfaiting | 736,431 | 113,185 | - | 849,616 |
| Loans and advances to customers before provisions | 31,591,694 | 1,042,083 | 9,161 | 32,633,777 |
| Less provision for impairment losses on loans | (790,782) | (788,451) | (812) | (1,579,233) |
| Net loans and advances to customers | 30,800,912 | 253,632 | 8,349 | 31,054,544 |

* Purchased or Originated Credit Impaired - POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

16. LOANS AND ADVANCES TO CUSTOMERS (continued)

The movements in loan allowances for impairment are summarized as follows:

| in RON thousands | Group | |
|--|------------------|------------------|
| | 30.06.2023 | 30.06.2022 |
| Balance at the 31st of December | 1,853,937 | 1,869,059 |
| Net impairment charge for the period (Note 12) | 214,547 | 144,903 |
| Foreign currency exchange effect | 2,696 | 717 |
| Release of allowances for impairment of loans written-off and loans sold | (233,667) | (118,975) |
| Other adjustments | 20,352 | 21,063 |
| Final balance at 30 June | 1,857,865 | 1,916,767 |

| in RON thousands | Bank | |
|--|------------------|------------------|
| | 30.06.2023 | 30.06.2022 |
| Balance at the 31st of December | 1,579,233 | 1,605,568 |
| Net impairment charge for the period (Note 12) | 190,137 | 104,345 |
| Foreign currency exchange effect | 2,630 | 745 |
| Release of allowances for impairment of loans written-off and loans sold | (216,078) | (85,258) |
| Other adjustments | 20,288 | 20,961 |
| Final balance at 30 June | 1,576,210 | 1,646,361 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

17. NET FINANCIAL LEASE RECEIVABLES

The Group acts as lessor for the finance lease granted mainly to finance purchases of cars, trucks and trailers, equipment and real estate. Lease contracts are mainly in EUR, USD and RON, and are offered for a period between 1 and 15 years, transferring the ownership on the leased assets at the end of lease contract. The interest is invoiced over the lease period using equal instalments. Lease receivables are guaranteed by the goods leased and other guarantees.

The values below indicate the gross carrying amount and the adjustment for impairment including IRC. The split of net lease receivable by stages and by maturities is presented in the following table below:

| in RON thousands | UCLC (Unicredit Leasing Corporation) | | | |
|--|--------------------------------------|------------------|----------------|----------------|
| | 30.06.2023 | | | |
| | Total, of which | Stage 1 | Stage 2 | Stage 3 |
| Lease receivables up to one year, gross | 1,645,074 | 1,383,785 | 144,369 | 116,920 |
| Lease receivables 1-2 years, gross | 1,283,840 | 1,119,974 | 112,648 | 51,218 |
| Lease receivables 2-3 years, gross | 912,879 | 799,171 | 76,527 | 37,181 |
| Lease receivables 3-4 years, gross | 546,614 | 474,230 | 45,502 | 26,882 |
| Lease receivables 4-5 years, gross | 277,885 | 239,134 | 24,683 | 14,068 |
| Lease receivables over 5 years, gross | 167,649 | 77,388 | 28,375 | 61,886 |
| Total contractual undiscounted lease payments receivable | 4,833,941 | 4,093,682 | 432,104 | 308,155 |
| Unearned finance income (future interest) | (490,961) | (393,559) | (48,943) | (48,459) |
| Total gross lease investment net of future interest and unguaranteed residual value | 4,342,980 | 3,700,123 | 383,161 | 259,696 |
| Impairment allowance for lease receivables | (291,815) | (86,709) | (23,004) | (182,102) |
| Total net lease investment | 4,051,165 | 3,613,414 | 360,157 | 77,594 |

| in RON thousands | UCLC (Unicredit Leasing Corporation) | | | |
|--|--------------------------------------|------------------|----------------|----------------|
| | 31.12.2022 | | | |
| | Total, of which | Stage 1 | Stage 2 | Stage 3 |
| Lease receivables up to one year, gross | 1,476,969 | 1,176,878 | 181,555 | 118,536 |
| Lease receivables 1-2 years, gross | 1,166,506 | 979,731 | 136,882 | 49,893 |
| Lease receivables 2-3 years, gross | 823,317 | 690,672 | 98,326 | 34,319 |
| Lease receivables 3-4 years, gross | 496,611 | 419,539 | 49,833 | 27,239 |
| Lease receivables 4-5 years, gross | 248,311 | 207,213 | 24,224 | 16,874 |
| Lease receivables over 5 years, gross | 183,823 | 88,169 | 31,868 | 63,786 |
| Total contractual undiscounted lease payments receivable | 4,395,537 | 3,562,202 | 522,688 | 310,647 |
| Unearned finance income (future interest) | (315,272) | (233,871) | (40,778) | (40,623) |
| Total gross lease investment net of future interest and unguaranteed residual value | 4,080,265 | 3,328,331 | 481,910 | 270,024 |
| Impairment allowance for lease receivables | (291,572) | (76,458) | (29,225) | (185,889) |
| Total net lease investment | 3,788,693 | 3,251,873 | 452,685 | 84,135 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

17. NET FINANCIAL LEASE RECEIVABLES (continued)

The movements in impairment allowances for lease receivables are summarized as follows:

| UCLC (Unicredit Leasing Corporation) | | | |
|--|--|----------------|----------------|
| in RON thousands | | 30.06.2023 | 30.06.2022 |
| Balance at the 31st of December | | 291,572 | 276,006 |
| Net impairment charge for the period (Note 12) | | 855 | 14,710 |
| Foreign currency exchange effect | | 388 | (147) |
| Release of allowances for impairment of loans written-off and loans sold | | (5,259) | (4,967) |
| Unwinding effect on provisions | | 4,259 | 1,928 |
| Balance at 30 June | | 291,815 | 287,529 |

The split between lease receivables on credit types was made as follows:

| in RON thousands | UCLC (Unicredit Leasing Corporation) | | | Of which: POCI* financial assets | 30.06.2023 |
|---|--------------------------------------|----------------|---|----------------------------------|------------------|
| | Stage 1 and Stage 2 | Stage 3 | | | |
| Leasing receivables - real estate assets financed | 220,215 | 98,812 | - | - | 319,027 |
| Other leasing receivables - legal entities and retail: | | | | | |
| Leasing receivables - vehicles financed | 2,750,784 | 87,428 | - | - | 2,838,212 |
| Leasing receivables - equipment for agriculture financed | 225,789 | 8,714 | - | - | 234,503 |
| Leasing receivables - equipment for construction financed | 254,026 | 7,785 | - | - | 261,811 |
| Leasing receivables - other equipment financed | 632,470 | 56,957 | - | - | 689,427 |
| Leasing receivables before provisions | 4,083,284 | 259,696 | - | - | 4,342,980 |
| Less impairment allowance for lease receivables | (109,713) | (182,102) | - | - | (291,815) |
| Net lease receivables | 3,973,571 | 77,594 | - | - | 4,051,165 |

* Purchased or Originated Credit Impaired - POCI

| in RON thousands | UCLC (Unicredit Leasing Corporation) | | | Of which: POCI* financial assets | 31.12.2022 |
|---|--------------------------------------|----------------|---|----------------------------------|------------------|
| | Stage 1 and Stage 2 | Stage 3 | | | |
| Leasing receivables - real estate assets financed | 230,519 | 101,108 | - | - | 331,627 |
| Other leasing receivables - legal entities and retail: | | | | | |
| Leasing receivables - vehicles financed | 2,525,542 | 90,570 | - | - | 2,616,112 |
| Leasing receivables - equipment for agriculture financed | 211,990 | 5,444 | - | - | 217,434 |
| Leasing receivables - equipment for construction financed | 236,291 | 8,690 | - | - | 244,981 |
| Leasing receivables - other equipment financed | 605,899 | 64,212 | - | - | 670,111 |
| Leasing receivables before provisions | 3,810,241 | 270,024 | - | - | 4,080,265 |
| Less impairment allowance for lease receivables | (105,683) | (185,889) | - | - | (291,572) |
| Net lease receivables | 3,704,558 | 84,135 | - | - | 3,788,693 |

* Purchased or Originated Credit Impaired - POCI

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

18. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group held the following financial assets at fair value through other comprehensive income:

| in RON thousands | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Investment securities held at fair value through other comprehensive income | 1,940,467 | 1,905,360 | 1,940,467 | 1,905,360 |
| Equity investments (minority holdings) | 22,095 | 17,158 | 19,749 | 14,812 |
| Total | 1,962,562 | 1,922,518 | 1,960,216 | 1,920,172 |

Investment securities held at fair value through other comprehensive income

As at 30 June 2023, the Group included in investment securities held at fair value through other comprehensive income bonds, T-bills issued by Romanian Government, bonds issued by the municipality of Bucharest and bonds issued by the Ministry of Public Finance.

| in RON thousands | Group | | Bank | |
|------------------|------------------|------------------|------------------|------------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Investment-grade | 1,940,467 | 1,905,360 | 1,940,467 | 1,905,360 |
| No rating* | 22,095 | 17,158 | 19,749 | 14,812 |
| Total | 1,962,562 | 1,922,518 | 1,960,216 | 1,920,172 |

*) It represent the equity investments (minority holdings) in companies incorporated in Romania.

The analysis is based on the ratings issued by Standard & Poor, if available, or by Moody's and Fitch converted to the nearest equivalent on the Standard & Poor rating scale.

The investment-grade category includes financial assets at fair value through other comprehensive income for which the debtor has the following ratings: A+, A, A-, BBB+, BBB, BBB-, BAA1 and BAA3.

The No-rating category includes financial assets at fair value through other comprehensive income for which the debtor has no ratings.

As at 30 June 2023 and 31 December 2022, there are no pledged on the investment securities held at fair value through other comprehensive income.

The Group transferred to profit or loss during 2023 an amount of RON thousands -3,897 (30 June 2022: RON thousands 0) representing net gain from disposal of financial assets at fair value through other comprehensive income investment securities.

Equity investments

The Group held the following unlisted equity investments, financial assets held at fair value through other comprehensive income as at 30 June 2023 and 31 December 2022:

| 30.06.2023 | Group | | |
|---|--------------------------|-----------------|---------------|
| In RON thousands | Nature of business | % Interest held | Fair value |
| UniCredit Leasing Fleet Management | Operational leasing | 9.99% | 2,346 |
| Transfond SA | Other financial services | 8.04% | 17,334 |
| Biroul de Credit SA | Financial services | 6.80% | 2,225 |
| Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA | Financial services | 3.10% | 190 |
| Total | | | 22,095 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

18. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

| 31.12.2022 | Group | | |
|---|--------------------------|-----------------|---------------|
| In RON thousands | Nature of business | % Interest held | Fair value |
| UniCredit Leasing Fleet Management | Operational leasing | 9.99% | 2,346 |
| Transfond SA | Other financial services | 8.04% | 12,728 |
| Biroul de Credit SA | Financial services | 6.80% | 1,678 |
| Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA | Financial services | 3.10% | 406 |
| Total | | | 17,158 |

The above mentioned companies are incorporated in Romania.

The Bank held the following unlisted equity investments classified at fair value through other comprehensive income as at 30 June 2023 and 31 December 2022:

| 30.06.2023 | Bank | | |
|---|--------------------------|-----------------|---------------|
| In RON thousands | Nature of business | % Interest held | Fair value |
| Transfond SA | Other financial services | 8.04% | 17,334 |
| Biroul de Credit SA | Financial services | 6.80% | 2,225 |
| Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA | Financial services | 3.10% | 190 |
| Total | | | 19,749 |

| 31.12.2022 | Bank | | |
|---|--------------------------|-----------------|---------------|
| In RON thousands | Nature of business | % Interest held | Fair value |
| Transfond SA | Other financial services | 8.04% | 12,728 |
| Biroul de Credit SA | Financial services | 6.80% | 1,678 |
| Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA | Financial services | 3.10% | 406 |
| Total | | | 14,812 |

The above mentioned companies are incorporated in Romania.

19. FINANCIAL ASSETS (DEBT INSTRUMENTS) AT AMORTIZED COST

As at 30 June 2023, the Group and the Bank held debt instruments at amortized cost representing bonds and T-bills issued by Romanian Government in amount of RON thousands 8,892,877 (31 December 2022: RON thousands 8,856,966).

As at 30 June 2023, the debt instruments at amortized cost are pledged in amount of RON thousands 374,611 (31 December 2022: RON thousands 416,675).

As at 30 June 2023 and 31 December 2022 the Group and the Bank held debt instruments at amortized cost that can be included in the investment-grade category (debt instruments issued by debtors which have the following ratings: A+, A, A-, BBB+, BBB, BBB-, BAA1 and BAA3 issued by Standard & Poor, if available, or by Moody's and Fitch converted to the nearest equivalent on the Standard & Poor rating scale).

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

20. DEPOSITS FROM BANKS

| In RON thousands | Group | | Bank | |
|------------------|----------------|------------------|----------------|------------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Term deposits | 445,528 | 416,407 | 445,528 | 416,407 |
| Sight deposits | 424,720 | 634,011 | 424,720 | 634,011 |
| Total | 870,248 | 1,050,418 | 870,248 | 1,050,418 |

21. LOANS FROM BANKS

| In RON thousands | Group | | Bank | |
|--------------------------------|------------------|------------------|----------------|----------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Commercial Banks | 5,173,402 | 4,731,665 | - | - |
| Multilateral development banks | 802,640 | 922,267 | 741,858 | 849,329 |
| Total | 5,976,042 | 5,653,932 | 741,858 | 849,329 |

As at 30 June 2023, the final maturity of loans varies from November 2023 to October 2027.

UniCredit Consumer Financing IFN S.A. made new drawdowns amounting 89 million EUR equivalent during the first half of 2023.

UniCredit Leasing Corporation IFN S.A. disbursed EUR 285 million during the first half of 2023.

UniCredit Bank S.A. did not make during the first half of 2023 any new withdrawals.

22. DEPOSITS FROM CUSTOMERS

| In RON thousands | Group | | Bank | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Term deposits | 15,863,694 | 13,044,326 | 15,863,694 | 13,064,379 |
| Payable on demand | 28,897,474 | 31,304,532 | 29,004,283 | 31,377,356 |
| Collateral deposits | 962,402 | 962,041 | 961,260 | 962,422 |
| Certificates of deposits | 5 | 41 | 5 | 41 |
| Total | 45,723,575 | 45,310,940 | 45,829,242 | 45,404,198 |

23. SUBORDINATED LIABILITIES

| In RON thousands | Group | | Bank | |
|---------------------------|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| UniCredit SPA | 840,122 | 836,761 | 840,122 | 836,761 |
| UniCredit Bank Austria AG | 109,195 | 108,843 | - | - |
| Total | 949,317 | 945,604 | 840,122 | 836,761 |

As of 30 June 2023, the following agreements were in place:

- subordinated debt from UniCredit SPA, Italy, in amount of in eq. RON thousands 240,725 (EUR thousands 48,500), with maturity in July 2027, beneficiary UniCredit Bank S.A.;
- subordinated debt from UniCredit SPA, Italy, in amount of in eq. RON thousands 595,608 thousands (EUR thousands 120,000), with maturity in December 2027, beneficiary UniCredit Bank S.A.;
- subordinated debt from UniCredit Bank Austria AG, in amount of in eq. RON thousands 109,195 (EUR thousands 22,000), with maturity in July 2024, beneficiary Unicredit Leasing Corporation IFN S.A.;

Interest accrued amounts to eq. RON thousands 3,789 (EUR thousands 763) for the Group/Bank.

The repayment of outstanding principal and accrued interest of the above-mentioned loans is subordinated to all other obligations of the Group.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

24. PROVISIONS

| In RON thousands | Group | | Bank | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 31.12.2022 | 30.06.2023 | 31.12.2022 |
| Provision for financial guarantees | 95,963 | 150,028 | 100,108 | 155,432 |
| Provision for legal disputes | 12,010 | 13,723 | 10,038 | 11,714 |
| Provision for off-balance commitments | 70,156 | 80,788 | 68,017 | 78,137 |
| Other provisions | 5,184 | 5,525 | 5,108 | 5,454 |
| Total | 183,313 | 250,064 | 183,271 | 250,737 |

The movements in provisions during the year were as follows:

| In RON thousands | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| Balance at 31 December | 250,064 | 220,124 | 250,737 | 216,201 |
| Net expense/(release) with provision for financial guarantees and off-balance commitments | (66,445) | (19,729) | (65,587) | (19,737) |
| Net expense/(release) with provision for legal disputes | (1,223) | 2,598 | (1,683) | 2,376 |
| Net expense/(release) with other provisions | (341) | (872) | (346) | (286) |
| FX effect | 1,258 | (541) | 150 | 102 |
| Balance at 30 June | 183,313 | 201,580 | 183,271 | 198,656 |

25. ISSUED CAPITAL

The statutory share capital of the Bank as at 30 June 2023 is represented by 48,948,331 ordinary shares (31 December 2022: 48,948,331 ordinary shares) having a face value of RON 9.30 each. Out of the total shares, 8,187,547 shares were issued with a share premium of 75.93 RON / share. The total value of the share premium is RON 621,680 thousands.

The shareholders of the Bank are as follows:

| | Bank | |
|--------------------|------------|------------|
| | 30.06.2023 | 31.12.2022 |
| | % | % |
| UniCredit SpA*) | 98.6298 | 98.6298 |
| Other shareholders | 1.3702 | 1.3702 |
| Total | 100 | 100 |

*) UniCredit SpA has taken over the CEE operations and subsidiaries from UniCredit Bank Austria AG since 1st of October 2016.

The share capital comprises of the following:

| In RON thousands | Bank | |
|-----------------------------------|------------------|------------------|
| | 30.06.2023 | 31.12.2022 |
| Statutory share capital | 455,219 | 455,219 |
| Effect of hyperinflation – IAS 29 | 722,529 | 722,529 |
| Share capital under IFRS | 1,177,748 | 1,177,748 |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

26. RELATED PARTY TRANSACTIONS

The Group entered into a number of banking transactions with UniCredit S.p.A and with members of the UniCredit Group in the normal course of business. These transactions were carried out on commercial terms and conditions and at market rate.

The following transactions took place between Group and UniCredit S.p.A and its subsidiaries:

| In RON thousands | Group 30.06.2023 | | 31.12.2022 | |
|---|---------------------|------------------------|------------------|------------------------|
| | Parent Company | Other related entities | Parent Company | Other related entities |
| Derivative assets at fair value through profit or loss | 10,892 | 79,416 | 20,759 | 82,673 |
| Derivatives assets designated as hedging instruments | 19,687 | 34,785 | 16,215 | 33,604 |
| Short term Money Market placements with banks | 7,253,615 | 18,094 | 5,294,668 | 51,538 |
| Loans and advances to banks | - | 6,951 | - | 13,970 |
| Loans and advances to customers | - | 5,867 | - | 11,750 |
| Other assets | 11,902 | 17,724 | 14,664 | 6,851 |
| Outstanding receivables | 7,296,096 | 162,837 | 5,346,306 | 200,386 |
| Derivative liabilities at fair value through profit or loss | 981 | 3,260 | 887 | 5,129 |
| Derivatives liabilities designated as hedging instruments | - | 239,663 | - | 262,515 |
| Current accounts | - | 87,619 | - | 151,368 |
| Deposit attracted | 35,290 | 63,415 | 34,978 | 40,070 |
| Loans received | 3,331,525 | 396,800 | 2,840,826 | 463,425 |
| Debts securities issued | 2,833,349 | - | 2,822,877 | - |
| Subordinated liabilities | 840,122 | 109,086 | 836,760 | 108,843 |
| Other liabilities | 3,521 | 65,598 | 8,808 | 20,148 |
| Outstanding payables | 7,044,788 | 965,441 | 6,545,136 | 1,051,498 |
| Commitments | 1,913,870 | 323,673 | 198,233 | 296,841 |

| In RON thousands | Group 30.06.2023 | | 30.06.2022 | |
|--------------------------------|---------------------|------------------------|-----------------|------------------------|
| | Parent Company | Other related entities | Parent Company | Other related entities |
| Interest income | 94,654 | 490 | 1,677 | 116 |
| Interest expense | (214,291) | (11,902) | (88,449) | (18,033) |
| Fee and commission income | 763 | 2,659 | 1,645 | 2,311 |
| Fee and commission expense | (55) | (1,111) | (39) | (472) |
| Other operating income | 58 | 701 | - | 80 |
| Operating expenses | (1,616) | (35,769) | (955) | (33,443) |
| Net revenue / (expense) | (120,487) | (44,932) | (86,121) | (49,441) |

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

26. RELATED PARTY TRANSACTIONS (continued)

| | Bank | | | | | |
|---|------------------|-------------------------|------------------------|------------------|-------------------------|------------------------|
| | Parent Company | 30.06.2023 Subsidiaries | Other related entities | Parent Company | 31.12.2022 Subsidiaries | Other related entities |
| Derivative assets at fair value through profit or loss | 10,892 | - | 79,416 | 20,759 | - | 82,673 |
| Derivatives assets designated as hedging instruments | 19,687 | - | 34,785 | 16,215 | - | 33,604 |
| Short term Money Market placements with banks | 7,253,615 | - | 18,094 | 5,294,668 | - | 51,472 |
| Loans and advances to banks | - | - | 6,951 | - | - | 13,970 |
| Loans and advances to customers | - | 1,879,678 | 5,867 | - | 1,622,035 | 11,750 |
| Other assets | 11,902 | 11,053 | 13,728 | 14,664 | 15,377 | 11,126 |
| Outstanding receivables | 7,296,096 | 1,890,731 | 158,841 | 5,346,306 | 1,637,412 | 204,595 |
| Derivative liabilities at fair value through profit or loss | 981 | - | 3,260 | 887 | - | 5,129 |
| Derivatives liabilities designated as hedging instruments | - | - | 239,663 | - | - | 262,515 |
| Current accounts | - | 193,283 | 87,619 | - | 175,774 | 151,368 |
| Deposit attracted | 35,290 | 392 | 63,415 | 34,978 | 20,893 | 40,070 |
| Loans received | - | - | 304,904 | - | - | 346,073 |
| Debts securities issued | 2,833,349 | - | - | 2,822,877 | - | - |
| Subordinated liabilities | 840,122 | - | - | 836,760 | - | - |
| Other liabilities | 3,193 | - | 65,401 | 8,452 | - | 19,803 |
| Outstanding payables | 3,712,935 | 193,675 | 764,262 | 3,703,954 | 196,667 | 824,958 |
| Commitments | 177,686 | 40,571 | 323,673 | 198,233 | 65,148 | 296,841 |

| | Bank | | | | | |
|-------------------------------|-----------------|-------------------------|------------------------|-----------------|-------------------------|------------------------|
| | Parent Company | 30.06.2023 Subsidiaries | Other related entities | Parent Company | 30.06.2022 Subsidiaries | Other related entities |
| Interest income | 94,654 | 36,617 | 486 | 1,677 | 12,902 | 116 |
| Interest expense | (135,437) | (676) | (5,997) | (36,464) | (301) | (916) |
| Fee and commission income | 763 | 17,510 | 2,658 | 1,645 | 16,131 | 2,303 |
| Fee and commission expense | (55) | - | (379) | (39) | - | (472) |
| Other operating income | 58 | 3,945 | 37 | - | 2,124 | 79 |
| Operating expenses | (1,616) | 92 | (35,204) | (955) | - | (32,448) |
| Net revenue/ (expense) | (41,633) | 57,488 | (38,399) | (34,136) | 30,856 | (31,338) |

Transactions with key management personnel

A number of banking transactions are entered into with key management personnel (executive management, administrators and managers of the Group) in the normal course of business. These mainly include loans, current accounts and deposits. The volumes of these transactions are presented in the below table:

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

26. RELATED PARTY TRANSACTIONS *(continued)*

Transactions with key management personnel *(continued)*

| In RON thousands | Group | |
|-------------------------------|------------|------------|
| | 30.06.2023 | 31.12.2022 |
| Loans | 4,983 | 6,820 |
| Current accounts and deposits | 9,077 | 20,923 |

| In RON thousands | Group | |
|---------------------------------------|------------|------------|
| | 30.06.2023 | 30.06.2022 |
| Interest and similar income | 104 | 83 |
| Interest expenses and similar charges | (108) | (38) |

In addition to wages, the Bank provides executive directors and executives with non-monetary benefits and participation in the UniCredit Holding's options scheme. The UniCredit Group's Scheme of Compliance fully complies with the Group's legal provisions and Compensation Policy.

27. COMMITMENTS AND CONTINGENCIES

i) *Off-balance-sheet commitments*

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

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

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the end of reporting period if counterparties failed completely to perform as contracted.

The breakdown for off balance sheet exposures by IFRS 9 stages is presented below:

| In RON thousands | Group | | | 30.06.2023 |
|--|---------------------|-----------------|----------------------------------|-------------------|
| | Stage 1 and Stage 2 | Stage 3 | Of which: POCI* financial assets | |
| Loan commitments | 16,095,306 | 43,086 | - | 16,138,392 |
| committed | 4,710,962 | 7,226 | - | 4,718,188 |
| uncommitted | 11,384,344 | 35,860 | - | 11,420,204 |
| Letters of credit | 105,286 | - | - | 105,286 |
| Guarantees issued | 5,091,706 | 93,272 | - | 5,184,978 |
| Gross amount | 21,292,298 | 136,358 | - | 21,428,656 |
| Allowance for impairment - Loan commitments | (44,171) | (24,993) | - | (69,164) |
| Allowance for impairment - Letters of credit | (992) | - | - | (992) |
| Allowance for impairment - Guarantees issued | (30,848) | (65,035) | - | (95,883) |
| Total loss allowance | (76,011) | (90,028) | - | (166,039) |

* *Purchased or Originated Credit Impaired - POCI*

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

27. COMMITMENTS AND CONTINGENCIES (continued)

i) Off-balance-sheet commitments (continued)

| In RON thousands | Group | | Of which: POCI* financial assets | 31.12.2022 |
|--|------------------------|------------------|-------------------------------------|-------------------|
| | Stage 1 and Stage 2 | Stage 3 | | |
| Loan commitments | 14,304,874 | 85,359 | - | 14,390,233 |
| committed | 4,118,692 | 4,387 | - | 4,123,079 |
| uncommitted | 10,186,182 | 80,972 | - | 10,267,154 |
| Letters of credit | 222,845 | - | - | 222,845 |
| Guarantees issued | 5,259,237 | 150,568 | - | 5,409,805 |
| Gross amount | 19,786,956 | 235,927 | - | 20,022,883 |
| Allowance for impairment - Loan commitments | (23,138) | (55,811) | - | (78,949) |
| Allowance for impairment - Letters of credit | (876) | - | - | (876) |
| Allowance for impairment - Guarantees issued | (41,351) | (108,511) | - | (149,862) |
| Total loss allowance | (65,365) | (164,322) | - | (229,687) |

* Purchased or Originated Credit Impaired - POCI

| In RON thousands | Bank | | Of which: POCI* financial assets | 30.06.2023 |
|--|------------------------|-----------------|-------------------------------------|-------------------|
| | Stage 1 and Stage 2 | Stage 3 | | |
| Loan commitments | 15,439,734 | 40,600 | - | 15,480,334 |
| committed | 4,055,390 | 4,740 | - | 4,060,130 |
| uncommitted | 11,384,344 | 35,860 | - | 11,420,204 |
| Letters of credit | 105,286 | - | - | 105,286 |
| Guarantees issued | 5,092,099 | 93,272 | - | 5,185,371 |
| Gross amount | 20,637,119 | 133,872 | - | 20,770,991 |
| Allowance for impairment - Loan commitments | (42,486) | (24,539) | - | (67,025) |
| Allowance for impairment - Letters of credit | (992) | - | - | (992) |
| Allowance for impairment - Guarantees issued | (34,993) | (65,035) | - | (100,028) |
| Total loss allowance | (78,471) | (89,574) | - | (168,045) |

* Purchased or Originated Credit Impaired - POCI

| In RON thousands | Bank | | Of which: POCI* financial assets | 31.12.2022 |
|--|------------------------|------------------|-------------------------------------|-------------------|
| | Stage 1 and Stage 2 | Stage 3 | | |
| Loan commitments | 13,701,510 | 83,231 | - | 13,784,741 |
| committed | 3,515,328 | 2,259 | - | 3,517,587 |
| uncommitted | 10,186,182 | 80,972 | - | 10,267,154 |
| Letters of credit | 222,845 | - | - | 222,845 |
| Guarantees issued | 5,260,077 | 150,568 | - | 5,410,645 |
| Gross amount | 19,184,432 | 233,799 | - | 19,418,231 |
| Allowance for impairment - Loan commitments | (22,101) | (55,160) | - | (77,261) |
| Allowance for impairment - Letters of credit | (876) | - | - | (876) |
| Allowance for impairment - Guarantees issued | (46,755) | (108,511) | - | (155,266) |
| Total loss allowance | (69,732) | (163,671) | - | (233,403) |

* Purchased or Originated Credit Impaired - POCI

The Bank acts as a security agent, payment agent and hedging agent for a series of loan contracts between UniCredit Bank SpA and other entities within UniCredit Group as lender and Romanian companies as borrowers. For each of these contracts there is a risk participation agreement by which the Bank is obliged to indemnify UniCredit SpA or the other entities within UniCredit Group. The total amount of such risk participation agreements in force as at 30 June 2023 is EUR 6,576,825 (31 December 2022: EUR 8,363,875).

27. COMMITMENTS AND CONTINGENCIES (continued)

i) Off-balance-sheet commitments (continued)

As compensation for the financial guarantees assumed by the risk participation agreements and for providing security and payment agent services to UniCredit SpA, the Bank receives the commissions paid by the borrowers plus a portion of the interest margin collected from the borrowers. The Bank defers the commissions collected upfront from the risk participation agreements over the time period that remains until the maturity of the facilities.

ii) Litigations

As at 30 June 2023, the Group was involved in several litigations (as a defendant) for which, based on legal advice, has assessed that a provision amounting to RON thousands 12,010 (31 December 2022: RON thousands 13,723) is necessary to be booked.

As at 30 June 2023, the Bank was involved in several litigations (as a defendant) for which, based upon legal advice, has assessed that a provision amounting to RON thousands 10,038 (31 December 2022: RON thousands 11,714) is necessary to be booked.

28. OPERATING SEGMENTS

The segment report format is based on the internal reporting structure of business segments, which reflects management responsibilities in the Bank.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

28. OPERATING SEGMENTS *(continued)*

Segment reporting on Group's interim consolidated statement of comprehensive income as of 30 June 2023:

| 30.06.2023 In RON thousands | Group | | | | | Total |
|--|----------------|----------------|----------------|---------------|-----------------|------------------|
| | CIB* | Leasing | Retail & PB** | Treasury | Other | |
| Interest income using effective interest rate method | 580,861 | - | 419,134 | (18,101) | (44,717) | 937,177 |
| Other interest income | - | 59,865 | - | - | - | 59,865 |
| Net fee and commission income | 121,745 | 34,611 | 87,869 | (782) | 2,453 | 245,896 |
| Net income from trading and other financial instruments which are not at fair value through profit or loss | 125,838 | - | 17,606 | 61,024 | 3,388 | 207,856 |
| FX Gains/ (Losses) | 42,706 | 10,489 | (53) | - | - | 53,142 |
| Dividend income | - | - | - | - | 3,868 | 3,868 |
| Other operating income | (52) | 1,476 | 4,272 | (3) | (3,306) | 2,387 |
| Operating income | 871,098 | 106,441 | 528,828 | 42,138 | (38,314) | 1,510,191 |
| Operating expenses | (272,338) | (35,297) | (307,599) | (624) | 10,121 | (605,737) |
| Net impairment losses on financial instruments | (125,666) | 63 | 769 | - | (164) | (124,998) |
| Losses on modifications of financial assets | - | - | (11) | - | - | (11) |
| Net operating income | 473,094 | 71,207 | 221,987 | 41,514 | (28,357) | 779,445 |
| Net provision losses | - | (153) | (312) | - | 2,027 | 1,562 |
| Net impairment losses on non-financial assets | - | - | - | - | 501 | 501 |
| Profit before taxation | 473,094 | 71,054 | 221,675 | 41,514 | (25,829) | 781,508 |
| Income tax | (49,830) | (7,765) | (38,195) | (12,400) | (9,453) | (117,643) |
| Net profit | 423,264 | 63,289 | 183,480 | 29,114 | (35,282) | 663,865 |

* *Corporate Investment Banking ("CIB")*

** *Retail & Private Banking („Retail & PB")*

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

28. OPERATING SEGMENTS (continued)

Segment reporting on Group's interim consolidated statement of comprehensive income as of 30 June 2022:

| 30.06.2022 In RON thousands | Group | | | | | Total |
|--|----------------|----------------|-----------------|-----------------|----------------|------------------|
| | CIB* | Leasing | Retail & PB** | Treasury | Other | |
| Interest income using effective interest rate method | 350,699 | - | 268,372 | (3,053) | 120,832 | 736,850 |
| Other interest income | - | 62,751 | - | - | - | 62,751 |
| Net fee and commission income | 99,633 | 30,845 | 73,327 | 2,446 | (325) | 205,926 |
| Net income from trading and other financial instruments which are not at fair value through profit or loss | 105,734 | - | 27,012 | (41,651) | 40,598 | 131,693 |
| FX Gains/ (Losses) | 2,191 | 10,375 | 29 | - | - | 12,595 |
| Dividend income | - | - | - | - | 3,196 | 3,196 |
| Other operating income | (1,266) | 16,817 | 5,518 | - | (2,036) | 19,033 |
| Operating income | 556,991 | 120,788 | 374,258 | (42,258) | 162,265 | 1,172,044 |
| Operating expenses | (252,363) | (42,020) | (270,432) | - | (14,246) | (579,061) |
| Net impairment losses on financial instruments | 26,617 | (17,123) | (134,289) | 1,287 | 18,442 | (105,066) |
| Losses on modifications of financial assets | - | - | 153 | - | - | 153 |
| Net operating income | 331,245 | 61,645 | (30,310) | (40,971) | 166,461 | 488,070 |
| Net provision losses | - | 177 | (412) | - | (1,491) | (1,726) |
| Net impairment losses on non-financial assets | - | - | - | - | 576 | 576 |
| Profit before taxation | 331,245 | 61,822 | (30,722) | (40,971) | 165,546 | 486,920 |
| Income tax | (51,805) | (10,884) | 2,507 | - | (21,356) | (81,538) |
| Net profit | 279,440 | 50,938 | (28,215) | (40,971) | 144,190 | 405,382 |

* Corporate Investment Banking ("CIB")

** Retail & Private Banking („Retail & PB")

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

28. OPERATING SEGMENTS (continued)

Segment reporting on Bank's interim separate statement of comprehensive income as of 30 June 2023:

| 30.06.2023 In RON thousands | CIB* | Retail & PB** | Bank Treasury | Other | Total |
|--|----------------|----------------|------------------|-----------------|------------------|
| Interest income using effective interest rate method | 580,861 | 340,722 | (18,101) | (44,717) | 858,765 |
| Net fee and commission income | 121,745 | 102,359 | (782) | 295 | 223,617 |
| Net income from trading and other financial instruments which are not at fair value through profit or loss | 125,838 | 10,936 | 61,024 | 3,388 | 201,186 |
| FX Gains/ (Losses) | 42,706 | - | - | - | 42,706 |
| Dividend income | - | - | - | 3,868 | 3,868 |
| Other operating income | (52) | 6,502 | (3) | 18 | 6,465 |
| Operating income | 871,098 | 460,519 | 42,138 | (37,148) | 1,336,607 |
| Operating expenses | (272,338) | (276,057) | (624) | 4,459 | (544,560) |
| Net impairment losses on financial instruments | (125,666) | 24,839 | - | (2,205) | (103,032) |
| Losses on modifications of financial assets | - | (11) | - | - | (11) |
| Net operating income | 473,094 | 209,290 | 41,514 | (34,894) | 689,004 |
| Net provision losses | - | - | - | 2,027 | 2,027 |
| Net impairment losses on non-financial assets | - | - | - | 501 | 501 |
| Profit before taxation | 473,094 | 209,290 | 41,514 | (32,366) | 691,532 |
| Income tax | (49,830) | (37,459) | (12,400) | (9,453) | (109,142) |
| Net profit | 423,264 | 171,831 | 29,114 | (41,819) | 582,390 |

* Corporate Investment Banking ("CIB")

** Retail & Private Banking („Retail & PB")

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

28. OPERATING SEGMENTS (continued)

Segment reporting on Bank's interim separate statement of comprehensive income as of 30 June 2022:

| 30.06.2022 In RON thousands | CIB* | Retail & PB** | Bank Treasury | Other | Total |
|--|----------------|-----------------|------------------|----------------|----------------|
| Interest income using effective interest rate method | 350,699 | 185,162 | (3,053) | 120,652 | 653,460 |
| Net fee and commission income | 99,633 | 86,293 | 2,446 | (2,782) | 185,590 |
| Net income from trading and other financial instruments which are not at fair value through profit or loss | 105,734 | 19,879 | (41,651) | 40,598 | 124,560 |
| FX Gains/ (Losses) | 2,191 | - | - | - | 2,191 |
| Dividend income | - | - | - | 3,196 | 3,196 |
| Other operating income | (1,266) | 6,697 | - | 749 | 6,180 |
| Operating income | 556,991 | 298,031 | (42,258) | 162,413 | 975,177 |
| Operating expenses | (252,363) | (244,866) | - | (18,202) | (515,431) |
| Net impairment losses on financial instruments | 26,617 | (92,495) | 1,287 | 14,325 | (50,266) |
| Losses on modifications of financial assets | - | 153 | - | - | 153 |
| Net operating income | 331,245 | (39,177) | (40,971) | 158,536 | 409,633 |
| Net provision losses | - | - | - | (2,090) | (2,090) |
| Net impairment losses on non-financial assets | - | - | - | 576 | 576 |
| Profit before taxation | 331,245 | (39,177) | (40,971) | 157,022 | 408,119 |
| Income tax | (51,805) | 6,268 | - | (21,356) | (66,893) |
| Net profit | 279,440 | (32,909) | (40,971) | 135,666 | 341,226 |

* Corporate Investment Banking ("CIB")

** Retail & Private Banking („Retail & PB")

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

28. OPERATING SEGMENTS (continued)

Segment reporting on Group's interim condensed consolidated statement of financial position as of 30 June 2023

| 30.06.2023 In RON thousands | CIB* | Leasing | Group Retail & PB** | Treasury | Other | Total |
|--------------------------------|------------|-----------|------------------------|------------|------------|------------|
| Total assets | 23,085,072 | 5,744,579 | 9,907,195 | 12,587,512 | 15,931,788 | 67,256,146 |
| Total liabilities | 26,820,149 | 4,087,285 | 21,309,724 | 715,296 | 6,345,507 | 59,277,961 |
| Total equity | - | - | - | - | 7,978,185 | 7,978,185 |
| Total liabilities and equity | 26,820,149 | 4,087,285 | 21,309,724 | 715,296 | 14,323,692 | 67,256,146 |

* Corporate Investment Banking ("CIB")

** Retail & Private Banking („Retail & PB")

Segment reporting on Group's consolidated statement of financial position as of 31 December 2022

| 31.12.2022 In RON thousands | CIB* | Leasing | Group Retail & PB** | Treasury | Other | Total |
|--------------------------------|------------|-----------|------------------------|----------|------------|------------|
| Total assets | 22,239,392 | 5,280,303 | 9,486,214 | 524,945 | 28,675,982 | 66,206,836 |
| Total liabilities | 27,298,012 | 3,730,076 | 20,080,297 | 439,483 | 7,416,393 | 58,964,261 |
| Total equity | - | - | - | - | 7,242,575 | 7,242,575 |
| Total liabilities and equity | 27,298,012 | 3,730,076 | 20,080,297 | 439,483 | 14,658,968 | 66,206,836 |

* Corporate Investment Banking ("CIB")

** Retail & Private Banking („Retail & PB")

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2023

28. OPERATING SEGMENTS (continued)

Segment reporting on Bank's interim separate statement of financial position as of 30 June 2023:

| 30.06.2023 | Bank | | | | |
|------------------------------|------------|---------------|------------|------------|------------|
| In RON thousands | CIB* | Retail & PB** | Treasury | Other | Total |
| Total assets | 23,085,072 | 7,269,574 | 12,587,512 | 18,001,943 | 60,944,101 |
| Total liabilities | 26,820,149 | 18,984,502 | 715,296 | 7,294,378 | 53,814,325 |
| Total equity | - | - | - | 7,129,776 | 7,129,776 |
| Total liabilities and equity | 26,820,149 | 18,984,502 | 715,296 | 14,424,154 | 60,944,101 |

* Corporate Investment Banking ("CIB")

** Retail & Private Banking („Retail & PB")

Segment reporting on Bank's separate statement of financial position as of 31 December 2022:

| 31.12.2022 | Bank | | | | |
|------------------------------|------------|---------------|----------|------------|------------|
| In RON thousands | CIB* | Retail & PB** | Treasury | Other | Total |
| Total assets | 22,239,392 | 7,185,960 | 524,945 | 30,493,802 | 60,444,099 |
| Total liabilities | 27,298,012 | 18,067,496 | 439,483 | 8,163,460 | 53,968,451 |
| Total equity | - | - | - | 6,475,648 | 6,475,648 |
| Total liabilities and equity | 27,298,012 | 18,067,496 | 439,483 | 14,639,108 | 60,444,099 |

* Corporate Investment Banking ("CIB")

** Retail & Private Banking („Retail & PB")

29. MACROECONOMIC CONTEXT

29.1 Trend of economy

Given the large negative revisions by the NIS of the past quarters, our expectations as the Romania's economy to undergo a shallow technical recession in 4Q22 and 1Q23 did not confirm. Romania's 1Q23 GDP grew marginally by 0.1%qoq, seasonally-adjusted data for previous quarters being downwardly revised: from +1.6%qoq to +1.3%qoq in 1Q22, from +1.2%qoq to +0.7%qoq in 2Q22, from +1.2%qoq to +1.0%qoq in 3Q22, while for 4Q22 remained at 1.0%qoq. On an annual basis, the 1Q23 GDP rose by +2.3%yoy (gross data), below our expectations. It increased by 2.8%yoy (seasonally-adjusted data), better than the Eurozone (+1.3%yoy) and the EU 28 countries (+1.2%yoy). However, the economy slowed abruptly in 1Q23 as the public consumption fell and the tighter financial conditions weighed on retail sales and real estate, while the tax receipts at the state budget were short of plan. The private consumption remained strong and households increased savings above the pre-pandemic level as the real wage bill rose by around 2% yoy in 1Q23.

The large statistical revisions turned Romania within the last years from a growth laggard into one of the EU's top performers, the main driver of growth remaining the private consumption, while the investments gained speed starting 3Q22 supported by the funds disbursed from Next Generation EU programme (locally named PNRR). We expect GDP to grow by 3,0%yoy in 2023 and 4,0%yoy in 2024, outpacing the Central Europe due to more resilient consumer demand, public investment and pre-election spending. The government will try to unlock more funds under PNRR by taxing special pensions, reforming the public pay scheme and improving the governance at state-owned enterprises. Spending on infrastructure rebounded in the spring, supported by EU funds and the trend will continue next year, supported also by the pre-election spending.

The annual inflation fell to 10,6%yoy in May from 14.5% in March and 16.4% in December. The sharp decline from 2Q23 was due to a sizeable base effect in the energy prices, while the food prices continued to rise by double digits. We expect inflation to fall into single digits in the autumn and close the year at around 7.3%yoy, declining to around 6% next year, with fiscal policy remaining the biggest risk to disinflation.

29.2 State support measures for the population and the economy – updates in 2023

The Romanian government continued in 2022 and 2023 some of the support measures which proved supportive for the economic growth during pandemic. The state aid scheme IMM Invest Plus became operational for banks at the beginning of October 2022. The program has more sub-components: IMM INVEST ROMÂNIA, AGRO IMM INVEST, IMM PROD (for productive SMEs and startups in the urban area), GARANT CONSTRUCT, INNOVATION and RURAL INVEST and it is aimed at providing SMEs with non-reimbursable funds, state guarantees for loans (working capital/ investments) and state subsidy for the interest rate in the first year of the loan. The allocated funds are mainly targeting the digital and the green transition, improving the energetic efficiency as well as the urban and rural development.

Romania confronted in 2022 and H1 2023 with a very high inflation, driven by the liberalization of the local electricity market in July 2021 and the transition to a greener, but more expensive, energy production. Russia's invasion in Ukraine on February 24, 2022 exacerbated the rise in the energy and commodity prices. Higher prices for oil, gas and agricultural commodities spilled over to the inflation especially in the CEE countries, Romania being among the most affected due to a higher weight of food prices in the consumer basket (~33%). A price cap scheme on the natural gas and the electricity prices was introduced as of 1st November 2021. The scheme was initially valid until 31 March 2022, then prolonged through EGO 27/2022 until 31 August 2023, respectively by 31 March 2025. The scheme consists of state subsidies paid to the energy distributors for the difference between the market prices and a capped energy price paid by the final consumers, households and companies.

Having in view that the increase in the food prices remains in double digits (+18.7%yoy in May) and aiming to support disinflation, the government adopted in June 2023 an EGO introducing for 3 months a 20% cap on the retailers' profit margins for 14 basic food products, applicable starting August 1st, 2023.

29. MACROECONOMIC CONTEXT (continued)

29.3 Financial impact of macroeconomic context on the financial & prudential position of the Group

The macroeconomic context lead to higher than expected interest rate increases which positively impacted the bank revenues, while the high inflation increased its expenses. The bank will continue to see an increase in net interest income also in second half of 2023. The asset quality is being sustained by the government support measures and the price cap in the energy prices, but in the medium-term the credit quality and the loan demand are under pressure.

After a year 2022 with difficult market conditions in the context of the tension of the economic environment due to Russian and Ukraine crises, in first half of 2023 the lending accelerated, both in the Companies segment and in the Individuals segment, through newly financed volumes higher than the similar period of last year. Operating income was over the first half of 2023, supported by commission income and net interest income due to the increase in trade volumes. In the first six months of 2023, the cost of credit risk improved due to the quality of the loan portfolio, significant recoveries and the non-performing loans rate decreased gradually.

Regarding UCLC, the newly financed volumes signed are above the first half of previous year, while interest and commission income was higher than the the first half of previous year, contributing to a higher Gross Operating Profit than one recorded in the first half of previous year.

As concerning UCFIN, H1 -2023 marked a significant acceleration of the consumer lending activity grounded on more efficient working flows, increased automation and focused selling campaigns. Simultaneously, the quality of the portfolio improved steadily as a result of implementing a sound and robust risk framework, including collecting debts.

The Group has a limited estimate of current economic situation on its future financial position due to significant uncertainties, but has analyzed several scenarios and considers that the assessment of the business continuity principle is appropriate and there is no risk in this regard over the next 12 months.

30. SUBSEQUENT EVENTS

There is no significant subsequent event after the end of reporting period.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 02 August 2023 and were signed on its behalf by:

Mrs. Feza Tan
First Executive Vice-President (Deputy CEO)



Mr. Dimitar Todorov
Executive Vice-President

