

Interim Report For 30 June 2024

This interim report for 30 June 2024 is prepared in accordance with FSA Regulation no.5/ 2018

Date of Report: 14 August 2024

Name of the legal entity: UniCredit Bank S.A.

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Trade Register Registration Number: J40/7706/1991

Sole Registration Code: R0361536

Bank Register No: **RB-PJR - 40 - 011/1999**

Subscribed and paid-up share capital: RON 455,219,478.30

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/bond, market symbol UCB24 (ISIN ROUCTBDBC048).
<https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB24>

977 corporate bonds having a nominal value of RON 500,000/bond, market symbol UCB27 (ISIN RO3WU5H09299).
<https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB27>

960 corporate bonds having a nominal value of RON 500,000/bond, market symbol UCB28 (ISIN ROG0M1EGXBN8).
<https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB28>

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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) R0361536, 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 2024, 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 2024*.

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 2024*.

As of 30 June 2024, UniCredit Group's activity has been operated through 169 branches/Bank 166 branches (31 December 2023: Group 168 branches/Bank 166 branches) in Bucharest and in the country.

1.2. General evaluation in relation to the six-month period ended at 30 June 2024

For UniCredit Group, the first half of 2024 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 947,204 during the first six months of 2024, increasing by 42.68% as compared to the same period of the previous year.

The lending activity accelerated significantly during the first half of 2024, both for companies and individuals, with new volumes financed higher than in the same period of last year.

The variation in provisions on 30.06.2024 versus 31.12.2023 is mainly determined by methodological changes implemented during the year 2024. The impact mainly derives from the methodological modification of the model that identifies the significant increase in credit risk compared to the time of origination of the transaction, thus determining the allocation of credits between the two stages (stage 1 and stage 2).

UniCredit Group Romania obtained a consolidated operating income of RON thousands 1,733,887, 14.81% higher compared with the similar period of 2023, on the background of higher net fee and commission income and net interest income, following the increase of commercial volumes. The operating expenses, in amount of RON thousands 706,288, registered an increase by 16.60%, as compared to June 2023. The increase is mainly due to the new tax on turnover, applicable starting with 2024 according to the Tax Code. The % applied on

turnover, for 2024 and 2025 is 2%, while from 2026 the applicable rate is 1%. The turnover tax is a levy, in scope of IFRIC 21 and the related expense for the period ended June 30, 2024 is RON thousands 51,881.

UniCredit Romania Group's key financial indicators in the first half-year of 2024 are as follows: the return on equity (ROE) was 10.61%, while the return on assets (ROA) reached 1.26%. Cost-income ratio was at 40.73%, slightly higher compared to the same period of the previous year due to higher operating 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 2024, 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 2024, 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 2024, 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.

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 2024 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 31.12.2024, continued to provide SMEs with access to financing under

favourable 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 2024 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 2024 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 2024, 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 2024.

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), 2024 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.

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 2024 „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 2024, 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

In the first half of 2024, the annual inflation rate entered on a declining trend after it spiked to 7.4% YoY in January triggered by several tax increases (especially excise duties for fuels and tobacco).

It gradually declined to 4.9% YoY, leaving room for the NBR to cut the key rate at two consecutive monetary policy meetings on July 5 to 6.75% and on August 7 to 6.5%, as the NBR estimated the inflation will decline by the year-end on a significantly lower path than they forecasted in May 2024, mainly due to the lower energy prices and of the core inflation.

The level of minimum reserve requirements 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 core inflation also decreased to 5.7% YoY in June, but remains much stickier than in other CEE countries due to the strength of domestic demand and the pricing power of retailers. We estimate that the core inflation will fall below 5% YoY only in the last quarter of the year, as another boost to income this year will come through the September pension increase.

We forecast headline inflation to fall towards 4.6% by the end of this year with the core inflation remaining above the headline inflation by about 0.5-1pp. Higher taxes next year and the end of the energy price cap scheme at 31 March 2025 would fuel again the inflation and keep it above 4% in 2025, despite weaker consumer demand weighing on the core reading. A return of the headline inflation inside the target range, to below 3.5% will be possible only in 2026, following the fiscal adjustment to be implemented starting 2025, after the elections.

Given the geopolitical tensions and the poor budget execution in this election year (budget deficit already reached 3.6% of GDP in 1H 2024), the NBR will probably keep the monetary policy rate on hold at 6.50% by the year-end, with the risks skewed towards one more cut or to tighter liquidity conditions, respectively the NBR could resume the reverse repo operations to restrain the market liquidity, as Mr. Isarescu declared when presenting the NBR's August inflation report. At the same time, the NBR will remain cautious and will further monitor closely the disinflation process and the impact of the election-related spending on inflation.

Romania, with 2.1% YoY GDP growth in 2023, was among the outperformers in CEE. The consumption had the largest value contribution, while investments increased sharply (+14.4% YoY) mainly due to the infrastructure spending out of the state budget and the take-up of EU funds. Romania leads the region in money received from the RRF (EUR 9.4bn in loans and grants during 2022-2024).

The economic activity increased slower than anticipated in 1Q 2024 by 0.7%qoq, likely due to a lower demand. The annual GDP growth contracted sharply to 0.5% in 1Q 2024 from 3.0% in 4Q 2023, triggered by the much lower investments vs. a double digit growth in 4Q 2023, while the household consumption accelerated further. We forecast the GDP growth slightly higher as compared to the last year, at 2.4% in 2024, mainly driven by consumption and the investments in infrastructure, along with a slight recovery of the external demand expected in 2H 2024.

The banking sector remained strong, with the capital adequacy and liquidity indicators way above minimum thresholds and improving as compared to the previous year (CAR 22.9% as of March 2024, LCR 286%, NSFR 194.4%). Following a resuming of the lending activity, the sector achieved a record net profit of RON 13.7bn, higher by 35.6%YoY supported by the higher interest revenues and higher fee and commission revenues.

Despite the expectations of a slight deterioration, the asset quality continued to improve, the non-performing loans ratio declining at 2.4% as of March 2024 from 2.7% as of March 2023, while the coverage by provisions ratio decreased marginally to 66% as of March 2024. The banks remained prudent and preferred to prevent the

entrance in default of their customers, by offering their clients facing financial difficulties the possibility of loan refinancing or restructuring.

The stock of total loans reached RON 400.7bn as of June 2024, up by 6.7% YoY, similarly to the pace recorded in June 2023. The lending activity has been affected by the still high interest rates and the low disposable income of the household by the end of 2023. Once the inflation and the interest rates are declining, we expect an acceleration of the lending.

The main driver of growth was the lending to companies (+7.4%YoY vs. 12.3%YoY in June 2023), while the loans to households accelerated to 6.0%YoY from almost flat a year before, mainly due to consumer lending. The stock of RON denominated loans increased significantly in 1H 2024 by 8.7%YoY, while the foreign currency loans decelerated to 2.7% YoY from 22% YoY in June 2023.

The savings maintained the high pace of about 10.0%YoY, similarly to the previous year. Total deposits of households and companies reached a RON 585.4bn as of June 2024, almost fully driven by the RON component up by 13.8%YoY, while the foreign currency increased by only 1.2% YoY. Households' deposits share increased to 60.4% of the total deposits as of June 2024. The household deposits accelerated to 12.5% YoY (from +11.0% YoY in June 2023), fully driven by the RON component (+20.2%) due to higher interest rates offered, while the foreign currency component decreased (-4.5% YoY). Companies' deposits rose by 5.9%YoY as of June 2024 (vs. 16.5% YoY as of June 2023), both the RON and the foreign currency component increasing by 6.4%YoY, respectively 4.2%YoY.

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 2024, 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.

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.

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 828,737 at the end of first half of 2024 (including assets representing right of use from IFRS 16), compared to RON thousands 850,375 as of 31 December 2023, 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 three RON denominated medium and long term bonds listed on the Bucharest Stock Exchange with a nominal value of 10,000 RON/bond and maturities in 2020, 2022 and 2024. As of 30.06.2024 there is one remaining bond out of the three instruments issued in 2017.

- UCB24 ticker, ISIN ROUCTBDBC048, number of instruments 18,350, floating rate ROBOR 6M + 1.05%, interest coupon half-yearly payable and redemption date on 15 July 2024. Out of 14 interest coupons of this bond issue, the first 13 coupons have been paid to the bond holders.

In December 2022, UniCredit Bank S.A issued 977 RON denominated medium and long term bonds with a nominal value of 500,000 RON per piece and listed on the Bucharest Stock Exchange in January 2023:

- UCB27 ticker, ISIN R03WU5H09299, number of instruments of 977, fixed coupon rate 9.07% and a maturity of 5 years.

In November 2023, UniCredit Bank S.A issued 960 RON denominated medium and long term bonds with a nominal value of 500,000 RON per piece and listed on the Bucharest Stock Exchange in December 2023:

- UCB28 ticker, ISIN ROG0M1EGXBN8, number of instruments of 960, fixed coupon rate 7.82% and a maturity of 5 years.

Information regarding the bonds presented above can be found on the Bucharest Stock Exchange website:

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

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

[BVB - Obligatiuni UCB28 UniCredit Bank bonds](#)

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

The coupon payments for the bonds with ISIN ROUCTBDBC048 (UCB24 ticker) are made in accordance with the provisions of the Chapter „Bonds terms and conditions”, paragraph **9 Payments** in the BASE PROSPECTUS from 2017 published on the Financial Supervision Authority’s website and on UniCredit Bank S.A. web page:

<http://www.asfromania.ro>:

https://www.unicredit.ro/content/dam/cee2020-pws-ro/DocumentePDF/Institutional-Rezultate-financiare/Prospectus%202017_ENG%20-%20approved.pdf

The coupon payments for bonds with ISIN IRO3WU5H09299 (UCB27 ticker) and ISIN ROGOM1EGXBN8 (UCB28 ticker) are made in accordance with the provisions of the Chapter „Bonds terms and conditions”, paragraph **8 Payments** in the BASE PROSPECTUS from 2022 published on the Financial Supervision Authority’s website and on UniCredit Bank S.A. web page:

<http://www.asfromania.ro>

[https://www.unicredit.ro/content/dam/cee2020-pws-ro/DocumentePDF/InstitutionalPublicatii/Base%20Prospectus%20\(EN\).pdf](https://www.unicredit.ro/content/dam/cee2020-pws-ro/DocumentePDF/InstitutionalPublicatii/Base%20Prospectus%20(EN).pdf)

UniCredit Bank S.A. signed in 2017 and in 2022 Service Contracts with the Central Depository and has the status of paying agent for its own issued bonds.

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 2023 in the amount of 1,293,876 thousand 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 thousand 40,149 related to the reinvested profit in the financial year 2024, 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 distribution of dividends amounting to RON thousands 646,938;
- c. the reinvestment of the remaining net profit in the increased total amount of RON thousand 606,789 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.

The Supervisory Board of UniCredit Bank as of June 30, 2024 consisted of:

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

Management Board of UniCredit Bank as of 30 June 2024 consists of:

1. Alina Mihaela Lupu, CEO (Executive President of Management Board)
2. Feza Tan, Turkish citizen, Member of Management Board, Deputy CEO;
3. Andrei Bratu, Romanian citizen, Executive Vice-President, Member of Management Board;
4. Antoaneta Curteanu – Romanian citizen, Executive Vice-President, Member of Management Board;
5. Raluca-Mihaela Popescu-Goglea, Romanian citizen, Executive Vice-President, Member of Management Board;
6. Dimitar Todorov, Bulgarian citizen, Executive Vice-President, Member of Management Board;
7. Cengiz Arslan, Turkish citizen, Executive Vice-President, Member of Management Board.

In the period January-June 2024, there were no changes in the management bodies of UniCredit Bank S.A.

In the records of UniCredit Bank S.A. there are no disputes or administrative procedures in which the members of the Supervisory Board or the Directorate of UniCredit Bank S.A. were involved.

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

As of 30 June 2024, the share capital of UniCredit Bank S.A is RON 455,219,470.30 and consists of 48,948,331 ordinary shares (same number as for 31 December 2023), with a face value of RON 9.30 /share. 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 thousands 621,680. Both the statutory capital and the share premium were fully paid.

As of 30 June 2024, 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, 2024.

The shareholders' structure of the Bank is as follows:

	30.06.2024	31.12.2023
	%	%
UniCredit SpA*	98.63	98.63
Others investors	1.37	1.37
Total	100.00	100.00

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

Half-Year Report as of 30 June 2024 as per FSA Reg. no.5/2018

The share capital comprises of the following:

RON thousands	30.06.2024	31.12.2023
Statutory social capital	455,219	455,219
IAS 29 – Hyperinflation effect	722,529	722,529
Share 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	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	Unaudited	Audited	Unaudited	Audited
Assets:				
Cash and cash equivalents	19,308,027	20,106,053	19,307,762	20,105,745
Financial assets at fair value through profit or loss	231,701	97,712	231,701	97,712
Derivatives assets designated as hedging instruments	237,612	242,560	237,612	242,560
Loans and advances to banks at amortized cost	104,356	142,096	104,356	142,096
Loans and advances to customers at amortized cost	37,951,773	36,196,421	35,400,572	33,892,452
Net lease receivables	4,669,712	4,305,696	4,882	7,300
Debt instruments at amortized cost	9,678,430	9,647,214	9,678,430	9,647,214
Other financial assets at amortized cost	475,583	558,257	406,858	497,953
Financial assets at fair value through other comprehensive income	2,042,060	2,026,525	2,032,295	2,016,760
Investment in subsidiaries	-	-	143,116	143,116
Property, plant and equipment	164,822	171,348	163,073	169,000
Right of use assets	229,055	254,151	221,222	242,889
Intangible assets	434,860	424,876	418,419	406,108
Current tax assets	4,495	22,059	-	-
Deferred tax assets	49,756	57,961	39,515	49,686
Other assets	284,456	419,432	58,969	51,504
Total assets	75,866,698	74,672,361	68,448,782	67,712,095
Liabilities:				
Financial liabilities at fair value through profit or loss	55,952	120,253	55,952	120,253
Derivatives liabilities designated as hedging instruments	208,255	202,404	208,255	202,404
Deposits from banks	1,084,799	1,240,982	1,084,799	1,240,982
Loans from banks	7,102,603	6,406,673	828,931	584,966
Deposits from customers	50,621,294	50,955,312	50,740,761	51,002,566
Debt securities issued	4,542,513	4,002,296	4,542,513	4,002,296
Other financial liabilities at amortized cost	1,454,897	1,185,038	1,353,563	1,149,294
Subordinated liabilities	952,272	952,073	842,776	842,632
Lease liabilities	227,355	255,803	223,722	250,414
Current tax liabilities	116,451	18,736	114,927	18,546
Provisions	167,799	206,162	194,513	226,903
Other non-financial liabilities	251,856	346,087	176,525	207,970
Total liabilities	66,786,046	65,891,819	60,367,237	59,849,226

Half-Year Report as of 30 June 2024 as per FSA Reg. no.5/2018

In RON thousands	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	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	(3,557)	(6,506)	(3,557)	(6,506)
Reserve on financial assets at fair value through other comprehensive income	(7,966)	(13,185)	(14,197)	(19,416)
Revaluation reserve on property, plant and equipment	23,395	22,500	23,395	22,500
Other reserves	473,092	432,942	473,092	432,942
Retained earnings	6,610,470	6,369,744	5,803,384	5,633,921
Total equity for parent company	8,894,862	8,604,923	8,081,545	7,862,869
Non-controlling interest	185,790	175,619	-	-
Total equity	9,080,652	8,780,542	8,081,545	7,862,869
Total liabilities and equity	75,866,698	74,672,361	68,448,782	67,712,095

At the end of June 2024, total assets were RON thousands 75,866,698 compared to RON thousands 74,672,361 as of 31 December 2023 (increase by 1.60%).

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

- **Loans and advances to customers at amortized cost:** increased by RON thousands 1,755,352 (+4.85%) from RON thousands 36,196,421 in December 2023, to RON thousands 37,951,773 in June 2024.
- **Debt instruments at amortized cost:** increased by RON thousands 31,216 (+0.32%) from RON thousands 9,647,214 in December 2023, to RON thousands 9,678,430 in June 2024.
- **Cash and cash equivalents:** decreased by RON thousands 798,026 (-3.97%) from RON thousands 20,106,053 in December 2023, to RON thousands 19,308,027 in June 2024.
- **Net lease receivables:** increased by RON thousands 364,016 (+8.45%) from RON thousands 4,305,696 in December 2023, to RON thousands 4,669,712 in June 2024.
- **Financial assets at fair value through other comprehensive income:** increased by RON thousands 15,535 (+0.77%) from RON thousands 2,026,525 in December 2023, to RON thousands 2,042,060 in June 2024.

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

- **Deposits from banks:** decreased by RON thousands 156,183 (-12.59%) from RON thousands 1,240,982 at 31 December 2023, to RON thousands 1,084,799 at June 2024.
- **Loans from banks:** increased by RON thousands 695,930 (+10.86%) from RON thousands 6,406,673 at 31 December 2023, to RON thousands 7,102,603 at June 2024.
- **Deposits from customers:** decreased by RON thousands (334,018) (-0.66%) from RON thousands 50,955,312 at 31 December 2023, to RON thousands 50,621,294 at June 2024.
- **Other financial liabilities at amortised cost:** increased by RON thousands 269,859 (+22.77%) from RON thousands 1,185,038 at 31 December 2023, to RON thousands 1,454,897 at June 2024.
- **Retained earnings:** increased by RON thousands 240,726 (+3.78%) from RON thousands 6,369,744 at 31 December 2023, to RON thousands 6,610,470 at June 2024.

5.2. Income statement

The UniCredit Group Income statement for June 2024 and June 2023 is presented below:

In RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	Unaudited	Unaudited	Unaudited	Unaudited
Interest income using effective interest rate method	2,148,698	1,757,227	1,962,605	1,615,347
Other interest income	156,431	106,519	5	8
Interest expense	(1,116,814)	(866,704)	(936,438)	(756,590)
Net interest income	1,188,315	997,042	1,026,172	858,765
Fee and commission income	462,845	388,831	418,596	358,450
Fee and commission expense	(190,999)	(142,935)	(173,978)	(134,833)
Net fee and commission income	271,846	245,896	244,618	223,617
Net income from instruments at fair value through profit and loss	236,787	202,947	236,787	203,009
Net gain/(loss) from foreign exchange	(11,164)	53,142	(20,867)	42,706
Fair value adjustments in hedge accounting	(1,562)	(4,821)	(1,562)	(4,821)
Net gain/(loss) from derecognition of financial assets measured at amortised cost	10,558	13,627	163	6,895
Net gain/(loss) from derecognition of financial assets measured at FVTOCI	(788)	(3,897)	(788)	(3,897)
Dividend income	4,949	3,868	4,949	3,868
Other operating income	34,946	2,387	29,657	6,465
Operating income	1,733,887	1,510,191	1,519,129	1,336,607
Personnel expenses	(287,155)	(278,660)	(253,805)	(246,030)
Depreciation and impairment of tangible assets	(50,127)	(53,912)	(46,671)	(49,334)
Amortization and impairment of intangible assets	(36,557)	(30,524)	(33,205)	(27,228)
Other administrative costs	(297,485)	(232,254)	(279,302)	(215,719)
Other operating costs	(34,964)	(10,387)	(20,278)	(6,249)
Operating expenses	(706,288)	(605,737)	(633,261)	(544,560)
Net impairment losses on financial instruments	104,402	(124,998)	135,240	(103,032)
Losses on modification of financial assets	3	(11)	3	(11)
Net operating income	1,132,004	779,445	1,021,111	689,004
Net impairment losses on non-financial assets	33	501	33	501
Net provision gains/ (losses)	1,001	1,562	234	2,027
Profit before tax	1,133,038	781,508	1,021,378	691,532
Income tax expense	(185,834)	(117,643)	(165,298)	(109,142)
Net profit for the reporting period	947,204	663,865	856,080	582,390
Attributable to:				
Equity holders of the parent company	932,155	654,946	-	-
Non-controlling interests	15,049	8,919	-	-

In RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	Unaudited	Unaudited	Unaudited	Unaudited
Other comprehensive income, net of tax:				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation of property, plant and equipment	874	5,091	874	5,091
Movement in investment revaluation reserve for equity instruments at FVTOCI	-	4,937	-	4,937
Income tax relating to items that will not be reclassified subsequently to profit or loss	21	(769)	21	(769)
Total items that will not be reclassified subsequently to profit or loss	895	9,259	895	9,259
Items that may be reclassified subsequently to profit or loss:				
Movement in reserve for debt instruments at FVTOCI:				
Gains/(losses) arising during the period	5,388	64,317	5,388	64,317
Reclassification of (gains)/losses included in profit or loss	788	3,897	788	3,897
Net changes in cash flow hedging reserve:				
Gains/(losses) arising during the period	3,177	5,512	3,177	5,512
Reclassification of (gains)/losses included in profit or loss	333	234	333	234
Income tax relating to items that may be reclassified subsequently to profit or loss	(1,518)	(11,833)	(1,518)	(11,833)
Total items that may be reclassified subsequently to profit or loss	8,168	62,127	8,168	62,127
Other comprehensive income, net of tax	9,063	71,386	9,063	71,386
Total comprehensive income	956,267	735,251	865,143	653,776
Attributable to:				
Shareholders of parent – company	941,218	726,332	-	-
Non-controlling interests	15,049	8,919	-	-

5.3. Cash flows

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

Half-Year Report as of 30 June 2024 as per FSA Reg. no.5/2018

In RON thousands	Group		Bank	
	30.06.2024 Unaudited	30.06.2023 Unaudited	30.06.2024 Unaudited	30.06.2023 Unaudited
Profit for the reporting period before tax	1,133,038	781,508	1,021,378	691,532
Adjustments for non-cash items:				
Depreciation and amortization of property, plant and equipment and of intangible assets	86,684	84,329	79,876	76,562
Net impairment losses on financial instruments	(1,053)	189,355	(39,567)	167,741
Fair value (gain)/loss on derivatives and other financial assets held for trading	(58,929)	(46,941)	(58,929)	(46,941)
Other items for which the cash effects are investing or financing	185,659	41,897	38,144	25,483
Accrued interest and unwinding effect	(26,632)	75,453	(25,564)	61,675
Impairment of assets and provisions	(42,847)	(90,355)	(50,800)	(80,398)
FX impact	23,591	(42,740)	22,370	(42,287)
Other non-cash items	18,890	53,575	(29)	6,210
Operating profit before changes in operating assets and liabilities	1,318,401	1,046,081	986,879	859,577
Change in operating assets:				
(Increase) in financial assets at fair value through profit and loss	(137,916)	(2,277)	(137,916)	(2,277)
Acquisition of debt instruments at amortized cost	(21,438)	(5,896)	(21,438)	(5,896)
Decrease in loans and advances to banks	36,926	196,379	36,926	194,338
(Increase) in loans and advances to customers	(1,651,305)	(1,577,302)	(1,433,730)	(1,324,241)
(Increase)/Decrease in lease investments	(381,695)	(286,081)	4,879	(9,807)
Decrease/(Increase) in other assets	231,066	(179,502)	89,643	(75,288)
Change in operating liabilities:				
(Decrease) in deposits from banks	(155,014)	(181,049)	(155,014)	(181,049)
(Decrease)/Increase in deposits from customers	(391,324)	338,037	(336,204)	333,498
Increase/(Decrease) in other liabilities	202,591	(160,671)	197,606	(218,006)
Income tax paid	(61,619)	(61,152)	(60,244)	(60,076)
Net cash used in operating activities	(1,011,327)	(873,433)	(828,613)	(489,227)
Investing activities				
Proceeds on disposal of financial assets at fair value through other comprehensive income	527,970	233,586	527,970	233,586
Acquisition of financial assets at fair value through other comprehensive income	(553,205)	(223,384)	(553,205)	(223,384)
Proceeds on disposal of property, plant and equipment	965	1,054	965	1,054
Acquisition of property, plant and equipment and intangible assets	(52,378)	(54,756)	(51,209)	(51,999)
Dividends received	5,195	4,091	5,195	4,091
Net cash used in investing activities	(71,453)	(39,409)	(70,284)	(36,652)

Half-Year Report as of 30 June 2024 as per FSA Reg. no.5/2018

In RON thousands	Group		Bank	
	30.06.2024 Unaudited	30.06.2023 Unaudited	30.06.2024 Unaudited	30.06.2023 Unaudited
Financing activities				
Dividends paid	(638,447)	(482)	(638,447)	(482)
Proceeds from bonds issued	497,680	-	497,680	-
Repayments of loans from banks	(2,238,449)	(1,613,750)	(109,350)	(107,521)
Drawdowns from loans from banks	2,662,651	1,895,383	348,121	-
Repayment of the lease liabilities	(40,411)	(41,727)	(38,820)	(40,241)
Net cash from/ (used in) financing activities	243,024	239,424	59,184	(148,244)
Net decrease in cash and cash equivalents	(839,756)	(673,418)	(839,713)	(674,123)
Cash and cash equivalents at 1 January - gross value	20,112,188	16,459,052	20,111,879	16,458,822
Effect of foreign exchange rate changes	40,192	31,194	40,192	31,352
Cash and cash equivalents at 30 June - gross value	19,312,624	15,816,828	19,312,358	15,816,051
Impairment allowance	(4,597)	(2,950)	(4,596)	(2,949)
Cash and cash equivalents at 30 June - net value	19,308,027	15,813,878	19,307,762	15,813,102

Cash flow from operating activities include:

In RON thousands	Group		Bank	
	30.06.2024 Unaudited	30.06.2023 Unaudited	30.06.2024 Unaudited	30.06.2023 Unaudited
Interest received	2,287,350	1,824,710	1,947,872	1,603,523
Interest paid	(963,700)	(626,395)	(786,779)	(572,392)

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 2024.


6.2. Financial statements

Interim Condensed Consolidated Financial Statements for the period ended 30 June 2024 prepared in accordance with IFRS as endorsed by European Union are neither audited nor reviewed.



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by MIHAELA-
ALINA LUPU
Date: 2024.08.14
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Mihaela Lupu
Chief Executive Officer



Digitally signed
by DIMITAR
TODOROV
Date: 2024.08.14
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Dimitar Todorov
Executive Vice-President

Revised by,



APOSTOL
ROXANA-MARIA
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APOSTOL ROXANA-MARIA
Date: 2024.08.14 13:51:36
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Roxana Apostol
Accounting & Regulatory Reporting Director

Annex 6.1. Compliance statement

Annex 6.1 - Compliance statement**DECLARATION****According to art. 31 from Accounting Law no. 82/1991**

The **“Interim condensed consolidated financial statements” as of June 30, 2024** 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, 2024.

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.

Chief Executive Officer,



Digitally signed
by MIHAELA-
ALINA LUPU
Date:
2024.08.14
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Mihaela Lupu

**DIMITAR
TODOROV**

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TODOROV
Date: 2024.08.14
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Executive Vice-President,

Dimitar Todorov

Annex 6.2. Financial Statements

UniCredit Bank S.A.
Unaudited Interim Condensed Consolidated
and Separate Financial Statements
30 June 2024
prepared in accordance with
IAS 34 "Interim Financial Reporting"

Unlocking transformation, together.

For our clients, our people,
and our communities.



UniCredit Bank S.A.

Unaudited Interim Condensed Consolidated
and Separate Financial Statements

30 June 2024

prepared in accordance with
IAS 34 "Interim Financial Reporting"

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Unaudited Interim condensed consolidated and separate statement of Comprehensive Income for the six months period ended 30 June 2024


In RON thousands	Note	Group		Bank	
		30.06.2024 Unaudited	30.06.2023 Unaudited	30.06.2024 Unaudited	30.06.2023 Unaudited
Interest income using effective interest rate method		2,148,698	1,757,227	1,962,605	1,615,347
Other interest income		156,431	106,519	5	8
Interest expense		(1,116,814)	(866,704)	(936,438)	(756,590)
Net interest income	7	1,188,315	997,042	1,026,172	858,765
Fee and commission income		462,845	388,831	418,596	358,450
Fee and commission expense		(190,999)	(142,935)	(173,978)	(134,833)
Net fee and commission income	8	271,846	245,896	244,618	223,617
Net income from instruments at fair value through profit and loss	9	236,787	202,947	236,787	203,009
Net gain/(loss) from foreign exchange		(11,164)	53,142	(20,867)	42,706
Fair value adjustments in hedge accounting		(1,562)	(4,821)	(1,562)	(4,821)
Net gain/(loss) from derecognition of financial assets measured at amortised cost		10,558	13,627	163	6,895
Net gain/(loss) from derecognition of financial assets measured at FVTOCI		(788)	(3,897)	(788)	(3,897)
Dividend income		4,949	3,868	4,949	3,868
Other operating income		34,946	2,387	29,657	6,465
Operating income		1,733,887	1,510,191	1,519,129	1,336,607
Personnel expenses	10	(287,155)	(278,660)	(253,805)	(246,030)
Depreciation and impairment of tangible assets		(50,127)	(53,912)	(46,671)	(49,334)
Amortization and impairment of intangible assets		(36,557)	(30,524)	(33,205)	(27,228)
Other administrative costs	11	(297,485)	(232,254)	(279,302)	(215,719)
Other operating costs		(34,964)	(10,387)	(20,278)	(6,249)
Operating expenses		(706,288)	(605,737)	(633,261)	(544,560)
Net impairment losses on financial instruments	12	104,402	(124,998)	135,240	(103,032)
Losses on modification of financial assets		3	(11)	3	(11)
Net operating income		1,132,004	779,445	1,021,111	689,004
Net impairment losses on non-financial assets		33	501	33	501
Net provision gains/ (losses)		1,001	1,562	234	2,027
Profit before tax		1,133,038	781,508	1,021,378	691,532
Income tax expense	13	(185,834)	(117,643)	(165,298)	(109,142)
Net profit for the reporting period		947,204	663,865	856,080	582,390
Attributable to:					
Equity holders of the parent company		932,155	654,946	-	-
Non-controlling interests		15,049	8,919	-	-

Unaudited Interim condensed consolidated and separate statement of Comprehensive Income for the six months period ended 30 June 2024

In RON thousands	Note	Group		Bank	
		30.06.2024 Unaudited	30.06.2023 Unaudited	30.06.2024 Unaudited	30.06.2023 Unaudited
Other comprehensive income, net of tax:					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of property, plant and equipment		874	5,091	874	5,091
Movement in investment revaluation reserve for equity instruments at FVTOCI		-	4,937	-	4,937
Income tax relating to items that will not be reclassified subsequently to profit or loss		21	(769)	21	(769)
Total items that will not be reclassified subsequently to profit or loss		895	9,259	895	9,259
Items that may be reclassified subsequently to profit or loss:					
Movement in reserve for debt instruments at FVTOCI:					
Gains/(losses) arising during the period		5,388	64,317	5,388	64,317
Reclassification of (gains)/losses included in profit or loss		788	3,897	788	3,897
Net changes in cash flow hedging reserve:					
Gains/(losses) arising during the period		3,177	5,512	3,177	5,512
Reclassification of (gains)/losses included in profit or loss		333	234	333	234
Income tax relating to items that may be reclassified subsequently to profit or loss		(1,518)	(11,833)	(1,518)	(11,833)
Total items that may be reclassified subsequently to profit or loss		8,168	62,127	8,168	62,127
Other comprehensive income, net of tax		9,063	71,386	9,063	71,386
Total comprehensive income		956,267	735,251	865,143	653,776
Attributable to:					
Shareholders of parent – company		941,218	726,332	-	-
Non-controlling interests		15,049	8,919	-	-

The interim condensed consolidated and separate financial statements were approved by the Management Board on 14 August 2024 and were signed on its behalf by:

Mrs. Mihaela Lupu
Chief Executive Officer

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Mr. Dimitar Todorov
Executive Vice-President


Unaudited Interim condensed consolidated and separate statement of Financial Position for the six months period ended 30 June 2024

In RON thousands	Note	Group 30.06.2024 Unaudited	31.12.2023 Audited	Bank 30.06.2024 Unaudited	31.12.2023 Audited
Assets:					
Cash and cash equivalents	14	19,308,027	20,106,053	19,307,762	20,105,745
Financial assets at fair value through profit or loss	15	231,701	97,712	231,701	97,712
Derivatives assets designated as hedging instruments		237,612	242,560	237,612	242,560
Loans and advances to banks at amortized cost		104,356	142,096	104,356	142,096
Loans and advances to customers at amortized cost	16	37,951,773	36,196,421	35,400,572	33,892,452
Net lease receivables	17	4,669,712	4,305,696	4,882	7,300
Debt instruments at amortized cost	19	9,678,430	9,647,214	9,678,430	9,647,214
Other financial assets at amortized cost		475,583	558,257	406,858	497,953
Financial assets at fair value through other comprehensive income	18	2,042,060	2,026,525	2,032,295	2,016,760
Investment in subsidiaries		-	-	143,116	143,116
Property, plant and equipment		164,822	171,348	163,073	169,000
Right of use assets		229,055	254,151	221,222	242,889
Intangible assets		434,860	424,876	418,419	406,108
Current tax assets		4,495	22,059	-	-
Deferred tax assets		49,756	57,961	39,515	49,686
Other assets		284,456	419,432	58,969	51,504
Total assets		75,866,698	74,672,361	68,448,782	67,712,095
Liabilities:					
Financial liabilities at fair value through profit or loss	15	55,952	120,253	55,952	120,253
Derivatives liabilities designated as hedging instruments		208,255	202,404	208,255	202,404
Deposits from banks	20	1,084,799	1,240,982	1,084,799	1,240,982
Loans from banks	21	7,102,603	6,406,673	828,931	584,966
Deposits from customers	22	50,621,294	50,955,312	50,740,761	51,002,566
Debt securities issued		4,542,513	4,002,296	4,542,513	4,002,296
Other financial liabilities at amortized cost		1,454,897	1,185,038	1,353,563	1,149,294
Subordinated liabilities	23	952,272	952,073	842,776	842,632
Lease liabilities		227,355	255,803	223,722	250,414
Current tax liabilities		116,451	18,736	114,927	18,546
Provisions	24	167,799	206,162	194,513	226,903
Other non-financial liabilities		251,856	346,087	176,525	207,970
Total liabilities		66,786,046	65,891,819	60,367,237	59,849,226

Unaudited Interim condensed consolidated and separate statement of Financial Position for the six months period ended 30 June 2024

In RON thousands	Note	Group		Bank	
		30.06.2024 Unaudited	31.12.2023 Audited	30.06.2024 Unaudited	31.12.2023 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		(3,557)	(6,506)	(3,557)	(6,506)
Reserve on financial assets at fair value through other comprehensive income		(7,966)	(13,185)	(14,197)	(19,416)
Revaluation reserve on property, plant and equipment		23,395	22,500	23,395	22,500
Other reserves		473,092	432,942	473,092	432,942
Retained earnings		6,610,470	6,369,744	5,803,384	5,633,921
Total equity for parent company		8,894,862	8,604,923	8,081,545	7,862,869
Non-controlling interest		185,790	175,619	-	-
Total equity		9,080,652	8,780,542	8,081,545	7,862,869
Total liabilities and equity		75,866,698	74,672,361	68,448,782	67,712,095

The interim condensed consolidated and separate financial statements were approved by the Management Board on 14 August 2024 and were signed on its behalf by:

 Digitally signed
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Mrs. Mihaela Lupu
Chief Executive Officer

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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 2024

30.06.2024	Group									
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	Non-Controlling Interest	Total
Balance at 31 December 2023	1,177,748	(13,185)	(6,506)	22,500	432,942	621,680	6,369,744	8,604,923	175,619	8,780,542
Comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	932,155	932,155	15,049	947,204
Other comprehensive income net of tax										
Revaluation of property, plant and equipment, net of tax	-	-	-	895	-	-	-	895	-	895
Net change in fair value of financial assets through other comprehensive income, net of tax	-	5,219	-	-	-	-	-	5,219	-	5,219
Net change in cash flow hedging reserve, net of tax	-	-	2,949	-	-	-	-	2,949	-	2,949
Total other comprehensive income	-	5,219	2,949	895	-	-	-	9,063	-	9,063
Total comprehensive income for the year	-	5,219	2,949	895	-	-	932,155	941,218	15,049	956,267
Transactions with shareholders										
Transfer to other reserves*	-	-	-	-	40,150	-	(40,150)	-	-	-
Dividends distributed*	-	-	-	-	-	-	(646,930)	(646,930)	(8)	(646,938)
Other movements	-	-	-	-	-	-	(4,349)	(4,349)	(4,870)	(9,219)
Balance at 30 June 2024**	1,177,748	(7,966)	(3,557)	23,395	473,092	621,680	6,610,470	8,894,862	185,790	9,080,652

* According to the decision of the General Meeting of Shareholders of 11 April 2024, it was decided to allocate a part of the Bank's net profit for 2023 (1,293,876 RON thousands) in the form of dividends amounting to 646,938 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 40,149 RON thousands and to reinvest of the net profit remained undistributed amounting to 606,789 RON thousands.

** Unaudited.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 14 August 2024 and were signed on its behalf by:

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Mr. Dimitar Todorov
Executive Vice-President

Convenience translation in English of the original Romanian version.

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

30.06.2023	Group									
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	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 14 August 2024 and were signed on its behalf by:

Mrs. Mihaela Lupu
Chief Executive Officer



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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 2024

30.06.2024	Share capital	Bank 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
In RON thousands								
Balance at 31 December 2023	1,177,748	(19,416)	(6,506)	22,500	432,942	621,680	5,633,921	7,862,869
Comprehensive income for the year								
Net profit for the year	-	-	-	-	-	-	856,080	856,080
Other comprehensive income net of tax								
Revaluation of property, plant and equipment, net of tax	-	-	-	895	-	-	-	895
Net change in fair value of financial assets through other comprehensive income, net of tax	-	5,219	-	-	-	-	-	5,219
Net change in cash flow hedging reserve, net of tax	-	-	2,949	-	-	-	-	2,949
Total other comprehensive income	-	5,219	2,949	895	-	-	-	9,063
Total comprehensive income for the year	-	5,219	2,949	895	-	-	856,080	865,143
Transactions with shareholders								
Transfer to other reserves*	-	-	-	-	40,150	-	(40,150)	-
Dividends distributed*	-	-	-	-	-	-	(646,938)	(646,938)
Other movements	-	-	-	-	-	-	471	471
Balance at 30 June 2024**	1,177,748	(14,197)	(3,557)	23,395	473,092	621,680	5,803,384	8,081,545

* According to the decision of the General Meeting of Shareholders of 11 April 2024, it was decided to allocate a part of the Bank's net profit for 2023 (1,293,876 RON thousands) in the form of dividends amounting to 646,938 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 40,149 RON thousands and to reinvest of the net profit remained undistributed amounting to 606,789 RON thousands.

** Unaudited.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 14 August 2024 and were signed on its behalf by:

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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 14 August 2024 and were signed on its behalf by:

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Chief Executive Officer

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Mr. Dimitar Todorov
Executive Vice-President

Unaudited Interim condensed consolidated and separate statement of Cash Flows for the six months period ended 30 June 2024

In RON thousands	Note	Group		Bank	
		30.06.2024 Unaudited	30.06.2023 Unaudited	30.06.2024 Unaudited	30.06.2023 Unaudited
Profit for the reporting period before tax	13	1,133,038	781,508	1,021,378	691,532
Adjustments for non-cash items:					
Depreciation and amortization of property, plant and equipment and of intangible assets		86,684	84,329	79,876	76,562
Net impairment losses on financial instruments		(1,053)	189,355	(39,567)	167,741
Fair value (gain)/loss on derivatives and other financial assets held for trading		(58,929)	(46,941)	(58,929)	(46,941)
Other items for which the cash effects are investing or financing		185,659	41,897	38,144	25,483
Accrued interest and unwinding effect		(26,632)	75,453	(25,564)	61,675
Impairment of assets and provisions		(42,847)	(90,355)	(50,800)	(80,398)
FX impact		23,591	(42,740)	22,370	(42,287)
Other non-cash items		18,890	53,575	(29)	6,210
Operating profit before changes in operating assets and liabilities		1,318,401	1,046,081	986,879	859,577
Change in operating assets:					
(Increase) in financial assets at fair value through profit and loss		(137,916)	(2,277)	(137,916)	(2,277)
Acquisition of debt instruments at amortized cost		(21,438)	(5,896)	(21,438)	(5,896)
Decrease in loans and advances to banks		36,926	196,379	36,926	194,338
(Increase) in loans and advances to customers		(1,651,305)	(1,577,302)	(1,433,730)	(1,324,241)
(Increase)/Decrease in lease investments		(381,695)	(286,081)	4,879	(9,807)
Decrease/(Increase) in other assets		231,066	(179,502)	89,643	(75,288)
Change in operating liabilities:					
(Decrease) in deposits from banks		(155,014)	(181,049)	(155,014)	(181,049)
(Decrease)/Increase in deposits from customers		(391,324)	338,037	(336,204)	333,498
Increase/(Decrease) in other liabilities		202,591	(160,671)	197,606	(218,006)
Income tax paid		(61,619)	(61,152)	(60,244)	(60,076)
Net cash used in operating activities		(1,011,327)	(873,433)	(828,613)	(489,227)
Investing activities					
Proceeds on disposal of financial assets at fair value through other comprehensive income		527,970	233,586	527,970	233,586
Acquisition of financial assets at fair value through other comprehensive income		(553,205)	(223,384)	(553,205)	(223,384)
Proceeds on disposal of property, plant and equipment		965	1,054	965	1,054
Acquisition of property, plant and equipment and intangible assets		(52,378)	(54,756)	(51,209)	(51,999)
Dividends received		5,195	4,091	5,195	4,091
Net cash used in investing activities		(71,453)	(39,409)	(70,284)	(36,652)

Unaudited Interim condensed consolidated and separate statement of Cash Flows for the six months period ended 30 June 2024

In RON thousands	Note	Group		Bank	
		30.06.2024 Unaudited	30.06.2023 Unaudited	30.06.2024 Unaudited	30.06.2023 Unaudited
Financing activities					
Dividends paid		(638,447)	(482)	(638,447)	(482)
Proceeds from bonds issued		497,680	-	497,680	-
Repayments of loans from banks		(2,238,449)	(1,613,750)	(109,350)	(107,521)
Drawdowns from loans from banks		2,662,651	1,895,383	348,121	-
Repayment of the lease liabilities		(40,411)	(41,727)	(38,820)	(40,241)
Net cash from/ (used in) financing activities		243,024	239,424	59,184	(148,244)
Net decrease in cash and cash equivalents		(839,756)	(673,418)	(839,713)	(674,123)
Cash and cash equivalents at 1 January - gross value		20,112,188	16,459,052	20,111,879	16,458,822
Effect of foreign exchange rate changes		40,192	31,194	40,192	31,352
Cash and cash equivalents at 30 June - gross value	14	19,312,624	15,816,828	19,312,358	15,816,051
Impairment allowance		(4,597)	(2,950)	(4,596)	(2,949)
Cash and cash equivalents at 30 June - net value	14	19,308,027	15,813,878	19,307,762	15,813,102

Cash flow from operating activities include:

In RON thousands	Note	Group		Bank	
		30.06.2024 Unaudited	30.06.2023 Unaudited	30.06.2024 Unaudited	30.06.2023 Unaudited
Interest received		2,287,350	1,824,710	1,947,872	1,603,523
Interest paid		(963,700)	(626,395)	(786,779)	(572,392)

The interim condensed consolidated and separate financial statements were approved by the Management Board on 14 August 2024 and were signed on its behalf by:



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MIHAELA-ALINA
LUPU
Date: 2024.08.16
15:24:25 +03'00'

Mrs. Mihaela Lupu
Chief Executive Officer



Digitally signed by
DIMITAR
TODOROV
Date: 2024.08.14
15:36:54 +03'00'

Mr. Dimitar Todorov
Executive Vice-President

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 include: 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. („UCFIN”), 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 S.A. (“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 2024 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 2024 the Group carried out its activity in Romania through its Head Office located in Bucharest and through its network, having 169 branches/Bank 166 branches (31 December 2023: Group 168 branches/Bank 166 branches) in Bucharest and in the country.

UniCredit Bank S.A. is directly consolidated by UniCredit SpA (Italy) which is the ultimate parent of the Group, 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 2024

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 2023.

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 2023.

The interim condensed consolidated and separate financial statements for the 6-month period ended June 30, 2024 are neither audited, nor reviewed.

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

The separate financial statements of the Bank and the consolidated financial statements of the UniCredit Group are prepared on a going concern basis, as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Group.

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	Revaluated amount
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.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

2. BASIS OF PREPARATION (continued)

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. 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 2024	31 December 2023	Variation
Euro (EUR)	1: RON 4.9771	1: RON 4.9746	0.05%
Dollar USA (USD)	1: RON 4.6489	1: RON 4.4958	3.41%

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 2024 are treated as the basis for the carrying amounts in these interim condensed 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 2024 and 31 December 2023, The Group consists of the Bank and its subsidiaries UCFIN, UCLC and UCIB.

Non-controlling interest are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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.

Convenience translation in English of the original Romanian version.

3. MATERIAL ACCOUNTING POLICIES

The Group applied in 2024 the same accounting policies for the Consolidated and Separate Financial Statements as for December 2023, with the exception of the new standards and interpretations that appeared on January 1, 2024.

New Standards and Interpretations

Initial application of new 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:

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

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 interim condensed consolidated and separated financial statements none of the 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.

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

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at publishing date of these financial statements (the effective dates stated below is for IFRS as issued by IASB):

- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability;
- IFRS 18 Presentation and Disclosure in Financial Statements.

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.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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 2023.

Credit risk

Exposure to credit risk

Throughout the “Exposure to credit risk” notes and disclosures, “Group” includes UniCredit Bank S.A. (“Bank”), UniCredit Consumer Financing IFN S.A. (“UCFIN”) and UniCredit Leasing Corporation IFN S.A. (“UCLC”) for loans to customers, both for on balance sheet exposures and off-balance sheet exposures. Lease receivables, belonging to UniCredit Leasing Corporation IFN S.A. 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 financial assets**	Total
	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL		
As of 30 June 2024					
Gross exposure	55,040,997	6,881,930	1,323,679	-	63,246,606
On balance	33,408,838	5,244,693	1,148,714	-	39,802,245
Off balance	21,632,159	1,637,237	174,965	-	23,444,361
Allowance for impairment	(424,246)	(611,080)	(961,681)	-	(1,997,007)
On balance	(388,190)	(590,402)	(871,880)	-	(1,850,472)
Off balance	(36,056)	(20,678)	(89,801)	-	(146,535)
Carrying amount	54,616,751	6,270,850	361,998	-	61,249,599
On balance	33,020,648	4,654,291	276,834	-	37,951,773
Off balance*	21,596,103	1,616,559	85,164	-	23,297,826
As of 31 of December 2023					
Gross exposure	46,693,057	11,918,022	1,271,857	-	59,882,936
On balance	28,142,464	8,866,748	1,093,282	-	38,102,494
Off balance	18,550,593	3,051,274	178,575	-	21,780,442
Allowance for impairment	(373,697)	(844,421)	(870,222)	-	(2,088,340)
On balance	(333,767)	(790,773)	(781,533)	-	(1,906,073)
Off balance	(39,930)	(53,648)	(88,689)	-	(182,267)
Carrying amount	46,319,360	11,073,601	401,635	-	57,794,596
On balance	27,808,697	8,075,975	311,749	-	36,196,421
Off balance*	18,510,663	2,997,626	89,886	-	21,598,175

* 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 2024

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	Bank			Of which: POCI financial assets**	Total
	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL		
As of 30 June 2024					
Gross exposure	52,310,630	6,408,772	1,204,383	-	59,923,785
On balance	31,116,070	4,804,198	1,031,289	-	36,951,557
Off balance	21,194,560	1,604,574	173,094	-	22,972,228
Allowance for impairment	(298,815)	(513,398)	(914,257)	-	(1,726,470)
On balance	(263,116)	(492,949)	(794,920)	-	(1,550,985)
Off balance	(35,699)	(20,449)	(119,337)	-	(175,485)
Carrying amount	52,011,815	5,895,374	290,126	-	58,197,315
On balance	30,852,954	4,311,249	236,369	-	35,400,572
Off balance*	21,158,861	1,584,125	53,757	-	22,796,743
As of 31 of December 2023					
Gross exposure	44,457,035	10,961,618	1,155,803	-	56,574,456
On balance	26,529,406	7,974,395	979,084	-	35,482,885
Off balance	17,927,629	2,987,223	176,719	-	21,091,571
Allowance for impairment	(282,859)	(698,424)	(816,785)	-	(1,798,068)
On balance	(242,850)	(645,497)	(702,086)	-	(1,590,433)
Off balance	(40,009)	(52,927)	(114,699)	-	(207,635)
Carrying amount	44,174,176	10,263,194	339,018	-	54,776,388
On balance	26,286,556	7,328,898	276,998	-	33,892,452
Off balance*	17,887,620	2,934,296	62,020	-	20,883,936

* 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 2024

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 financial assets*	Total
	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL		
As of 30 June 2024					
Gross exposure	4,298,434	434,590	274,475	-	5,007,499
On balance	4,298,434	434,590	274,475	-	5,007,499
Allowance for impairment	(115,596)	(37,855)	(184,336)	-	(337,787)
On balance	(115,596)	(37,855)	(184,336)	-	(337,787)
Carrying amount	4,182,838	396,735	90,139	-	4,669,712
On balance	4,182,838	396,735	90,139	-	4,669,712
As of 31 of December 2023					
Gross exposure	4,089,095	287,854	247,980	-	4,624,929
On balance	4,089,095	287,854	247,980	-	4,624,929
Allowance for impairment	(111,201)	(34,098)	(173,934)	-	(319,233)
On balance	(111,201)	(34,098)	(173,934)	-	(319,233)
Carrying amount	3,977,894	253,756	74,046	-	4,305,696
On balance	3,977,894	253,756	74,046	-	4,305,696

* Purchased or Originated Credit Impaired – POCI.

The tables below present 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 procedures.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2024 RON thousands	Total out of which*:	Group Corporate	Retail Micro	Private Individuals	Private banking
Individually significant impaired loans					
Stage 3	841,163	732,359	50,746	58,058	-
Gross amount	841,163	732,359	50,746	58,058	-
Allowance for impairment	(681,893)	(588,863)	(36,999)	(56,031)	-
Carrying amount	159,270	143,496	13,747	2,027	-
Value of collateral	183,428	148,369	12,048	23,011	-
Property	110,529	86,233	2,263	22,033	-
Goods	22,583	13,344	9,239	-	-
Other collateral	50,316	48,792	546	978	-
Other not individually impaired loans					
Stage 3	307,551	42,928	42,847	221,776	-
Gross amount	307,551	42,928	42,847	221,776	-
Allowance for impairment	(189,986)	(22,674)	(27,675)	(139,637)	-
Carrying amount	117,565	20,254	15,172	82,139	-
Value of collateral	174,321	23,030	22,434	128,857	-
Property	147,113	12,812	10,425	123,876	-
Goods	4,068	28	3,498	542	-
Other collateral	23,140	10,190	8,511	4,439	-
Past due but not individually impaired loans					
Stage 1	906,213	763,487	30,642	112,084	-
Stage 2	786,676	282,667	92,070	411,939	-
Gross amount	1,692,889	1,046,154	122,712	524,023	-
Allowance for impairment	(153,625)	(45,454)	(10,776)	(97,395)	-
Carrying amount	1,539,264	1,000,700	111,936	426,628	-
Neither past due nor individually impaired loans					
Stage 1	31,881,362	19,693,916	1,704,686	10,459,136	23,624
Stage 2	2,460,806	1,516,268	215,420	727,536	1,582
Gross amount	34,342,168	21,210,184	1,920,106	11,186,672	25,206
Allowance for impairment	(664,047)	(350,942)	(36,646)	(275,974)	(485)
Carrying Amount	33,678,121	20,859,242	1,883,460	10,910,698	24,721
Individually significant not impaired (performing) loans					
Stage 1	621,263	621,263	-	-	-
Stage 2	1,997,211	1,997,211	-	-	-
Gross amount	2,618,474	2,618,474	-	-	-
Allowance for impairment	(160,921)	(160,921)	-	-	-
Carrying Amount	2,457,553	2,457,553	-	-	-
Valoare contabila totala	37,951,773	24,481,245	2,024,315	11,421,492	24,721

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2023 RON thousands	Total out of which:	Group Corporate	Retail Micro	Private Individuals	Private banking
Individually significant impaired loans					
Stage 3	775,085	684,364	49,402	41,319	-
Gross amount	775,085	684,364	49,402	41,319	-
Allowance for impairment	(589,734)	(513,005)	(37,322)	(39,407)	-
Carrying amount	185,351	171,359	12,080	1,912	-
Value of collateral	591,263	574,118	8,571	8,574	-
Property	67,955	57,242	2,747	7,966	-
Goods	359,140	354,156	4,984	-	-
Other collateral	164,168	162,720	840	608	-
Other not individually impaired loans					
Stage 3	318,197	50,179	34,349	233,669	-
Gross amount	318,197	50,179	34,349	233,669	-
Allowance for impairment	(191,799)	(25,511)	(22,008)	(144,280)	-
Carrying amount	126,398	24,668	12,341	89,389	-
Value of collateral	184,878	25,786	18,703	140,389	-
Property	157,208	12,622	9,459	135,127	-
Goods	6,062	3,694	2,077	291	-
Other collateral	21,608	9,470	7,167	4,971	-
Past due but not individually impaired loans					
Stage 1	1,358,481	1,159,457	126,429	72,595	-
Stage 2	812,230	309,242	68,573	434,415	-
Gross amount	2,170,711	1,468,699	195,002	507,010	-
Allowance for impairment	(153,069)	(37,369)	(7,702)	(107,998)	-
Carrying amount	2,017,642	1,431,330	187,300	399,012	-
Neither past due nor individually impaired loans					
Stage 1	25,705,367	15,975,832	1,615,234	8,107,953	6,348
Stage 2	6,622,756	4,359,717	167,956	2,075,132	19,951
Gross amount	32,328,123	20,335,549	1,783,190	10,183,085	26,299
Allowance for impairment	(817,385)	(449,243)	(32,721)	(334,349)	(1,072)
Carrying Amount	31,510,738	19,886,306	1,750,469	9,848,736	25,227
Individually significant not impaired (performing) loans					
Stage 1	1,078,616	1,078,616	-	-	-
Stage 2	1,431,762	1,431,762	-	-	-
Gross amount	2,510,378	2,510,378	-	-	-
Allowance for impairment	(154,086)	(154,086)	-	-	-
Carrying Amount	2,356,292	2,356,292	-	-	-
Total carrying amount	36,196,421	23,869,955	1,962,190	10,339,049	25,227

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2024 RON thousands	Total out of which:	Group Corporate	Retail Micro	Private Individuals	Private banking
Off balance - Loan commitments					
Stage 1	17,094,042	16,036,714	590,645	459,137	7,546
Stage 2	1,234,425	1,178,353	29,083	26,944	45
Stage 3	54,628	49,032	2,864	2,697	35
Gross amount	18,383,095	17,264,099	622,592	488,778	7,626
Allowance for impairment	(63,348)	(59,987)	(2,042)	(1,309)	(10)
Off balance - Letters of credit					
Stage 1	137,761	137,761	-	-	-
Stage 2	87,604	87,604	-	-	-
Gross amount	225,365	225,365	-	-	-
Allowance for impairment	(2,437)	(2,437)	-	-	-
Off balance - Guarantees issued					
Stage 1	4,400,356	4,379,281	21,015	-	60
Stage 2	315,208	313,818	1,390	-	-
Stage 3	120,337	119,310	909	118	-
Gross amount	4,835,901	4,812,409	23,314	118	60
Allowance for impairment	(80,750)	(80,536)	(198)	(15)	(1)

31.12.2023 RON thousands	Total out of which:	Group Corporate	Retail Micro	Private Individuals	Private banking
Off balance - Loan commitments					
Stage 1	13,631,418	12,793,038	536,014	298,183	4,183
Stage 2	2,316,578	2,118,367	34,332	160,180	3,699
Stage 3	62,003	56,261	3,079	2,628	35
Gross amount	16,009,999	14,967,666	573,425	460,991	7,917
Allowance for impairment	(83,522)	(78,728)	(1,819)	(2,929)	(46)
Off balance - Letters of credit					
Stage 1	184,485	184,485	-	-	-
Stage 2	30,391	30,391	-	-	-
Gross amount	214,876	214,876	-	-	-
Allowance for impairment	(987)	(987)	-	-	-
Off balance - Guarantees issued					
Stage 1	4,734,690	4,716,469	18,103	118	-
Stage 2	704,305	698,857	4,362	120	966
Stage 3	116,572	115,608	874	90	-
Gross amount	5,555,567	5,530,934	23,339	328	966
Allowance for impairment	(97,758)	(97,329)	(219)	(66)	(144)

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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 based on contractual (managerial) DPD, including also the allocated collaterals for the respective asset quality classes of credit-impaired exposure, separately for on balance sheet exposures and off balance sheet exposures. Presenting asset quality depending on contractual DPD is relevant because it presents a factual overdue amount (without applying the significance threshold prescribed by article 178 of CRR and EU Delegate Regulation No. 2010/171 from 19 October 2017) of the days past due of receivables. This presentation is relevant for decisions of the management taken in order to monitor and manage loans portfolios.

30.06.2024	Bank				
RON thousands	Total out of which:	Corporate	Retail Micro	Private Individuals	Private banking
Individually significant impaired loans					
Stage 3	800,896	732,359	10,479	58,058	-
Gross amount	800,896	732,359	10,479	58,058	-
Allowance for impairment	(653,444)	(588,863)	(8,550)	(56,031)	-
Carrying amount	147,452	143,496	1,929	2,027	-
Value of collateral	174,293	148,369	2,913	23,011	-
Property	110,529	86,233	2,263	22,033	-
Goods	13,448	13,344	104	-	-
Other collateral	50,316	48,792	546	978	-
Other not individually impaired loans					
Stage 3	230,393	42,928	34,936	152,529	-
Gross amount	230,393	42,928	34,936	152,529	-
Allowance for impairment	(141,475)	(22,674)	(24,231)	(94,570)	-
Carrying amount	88,918	20,254	10,705	57,959	-
Value of collateral	170,868	23,030	19,523	128,315	-
Property	147,113	12,812	10,425	123,876	-
Goods	615	28	587	-	-
Other collateral	23,140	10,190	8,511	4,439	-
Past due but not individually impaired loans					
Stage 1	873,434	763,487	27,212	82,735	-
Stage 2	677,246	282,667	42,628	351,951	-
Gross amount	1,550,680	1,046,154	69,840	434,686	-
Allowance for impairment	(123,107)	(45,454)	(9,929)	(67,724)	-
Carrying amount	1,427,573	1,000,700	59,911	366,962	-
Neither past due nor individually impaired loans					
Stage 1	29,621,373	21,863,137	486,394	7,248,218	23,624
Stage 2	2,129,741	1,515,781	99,418	512,960	1,582
Gross amount	31,751,114	23,378,918	585,812	7,761,178	25,206
Allowance for impairment	(472,038)	(350,622)	(21,211)	(99,720)	(485)
Carrying amount	31,279,076	23,028,296	564,601	7,661,458	24,721
Individually significant not impaired (performing) loans					
Stage 1	621,263	621,263	-	-	-
Stage 2	1,997,211	1,997,211	-	-	-
Gross amount	2,618,474	2,618,474	-	-	-
Allowance for impairment	(160,921)	(160,921)	-	-	-
Carrying amount	2,457,553	2,457,553	-	-	-
Total carrying amount	35,400,572	26,650,299	637,146	8,088,406	24,721

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2023		Bank			
RON thousands	Total out of which:	Corporate	Retail Micro	Private Individuals	Private banking
Individually significant impaired loans					
Stage 3	733,736	684,364	8,053	41,319	-
Gross amount	733,736	684,364	8,053	41,319	-
Allowance for impairment	(557,815)	(513,005)	(5,403)	(39,407)	-
Carrying amount	175,921	171,359	2,650	1,912	-
Value of collateral	586,180	574,118	3,488	8,574	-
Property	67,856	57,242	2,648	7,966	-
Goods	354,156	354,156	-	-	-
Other collateral	164,168	162,720	840	608	-
Other not individually impaired loans					
Stage 3	245,348	50,179	29,476	165,693	-
Gross amount	245,348	50,179	29,476	165,693	-
Allowance for impairment	(144,271)	(25,511)	(19,471)	(99,289)	-
Carrying amount	101,077	24,668	10,005	66,404	-
Value of collateral	183,107	25,786	17,223	140,098	-
Property	157,208	12,622	9,459	135,127	-
Goods	4,291	3,694	597	-	-
Other collateral	21,608	9,470	7,167	4,971	-
Past due but not individually impaired loans					
Stage 1	1,238,129	1,159,457	29,104	49,568	-
Stage 2	723,597	309,242	44,136	370,219	-
Gross amount	1,961,726	1,468,699	73,240	419,787	-
Allowance for impairment	(122,098)	(37,369)	(6,585)	(78,144)	-
Carrying amount	1,839,628	1,431,330	66,655	341,643	-
Neither past due nor individually impaired loans					
Stage 1	24,212,661	17,947,004	438,170	5,821,139	6,348
Stage 2	5,819,036	4,359,095	142,682	1,297,308	19,951
Gross amount	30,031,697	22,306,099	580,852	7,118,447	26,299
Allowance for impairment	(612,163)	(449,353)	(20,297)	(141,441)	(1,072)
Carrying amount	29,419,534	21,856,746	560,555	6,977,006	25,227
Individually significant not impaired (performing) loans					
Stage 1	1,078,616	1,078,616	-	-	-
Stage 2	1,431,762	1,431,762	-	-	-
Gross amount	2,510,378	2,510,378	-	-	-
Allowance for impairment	(154,086)	(154,086)	-	-	-
Carrying amount	2,356,292	2,356,292	-	-	-
Total carrying amount	33,892,452	25,840,395	639,865	7,386,965	25,227

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2024		Bank			
RON thousands	Total out of which:	Corporate	Retail Micro	Private Individuals	Private banking
Off balance - Loan commitments					
Stage 1	16,656,013	16,211,138	274,368	162,961	7,546
Stage 2	1,201,762	1,178,353	15,116	8,248	45
Stage 3	52,757	49,032	2,864	826	35
Gross amount	17,910,532	17,438,523	292,348	172,035	7,626
Allowance for impairment	(61,920)	(59,823)	(1,578)	(509)	(10)
Off balance - Letters of credit					
Stage 1	137,761	137,761	-	-	-
Stage 2	87,604	87,604	-	-	-
Gross amount	225,365	225,365	-	-	-
Allowance for impairment	(2,437)	(2,437)	-	-	-
Off balance - Guarantees issued					
Stage 1	4,400,786	4,379,711	21,015	-	60
Stage 2	315,208	313,818	1,390	-	-
Stage 3	120,337	119,310	909	118	-
Gross amount	4,836,331	4,812,839	23,314	118	60
Allowance for impairment	(111,128)	(110,914)	(198)	(15)	(1)

31.12.2023		Bank			
RON thousands	Total out of which:	Corporate	Retail Micro	Private Individuals	Private banking
Off balance - Loan commitments					
Stage 1	13,008,026	12,700,816	228,717	74,310	4,183
Stage 2	2,252,527	2,118,367	33,153	97,308	3,699
Stage 3	60,147	56,261	2,934	917	35
Gross amount	15,320,700	14,875,444	264,804	172,535	7,917
Allowance for impairment	(81,709)	(78,573)	(1,427)	(1,663)	(46)
Off balance - Letters of credit					
Stage 1	184,485	184,485	-	-	-
Stage 2	30,391	30,391	-	-	-
Gross amount	214,876	214,876	-	-	-
Allowance for impairment	(987)	(987)	-	-	-
Off balance - Guarantees issued					
Stage 1	4,735,118	4,716,897	18,103	118	-
Stage 2	704,305	698,857	4,362	120	966
Stage 3	116,572	115,608	874	90	-
Gross amount	5,555,995	5,531,362	23,339	328	966
Allowance for impairment	(124,939)	(124,510)	(219)	(66)	(144)

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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.

30.06.2024 RON thousands	UCLC (Unicredit Leasing Corporation)			
	Total out of which:	Corporate	Retail Micro	Private Individuals
Individually significant impaired loans				
Stage 3	208,318	32,399	173,628	2,291
Gross amount	208,318	32,399	173,628	2,291
Allowance for impairment	(158,425)	(55,269)	(101,409)	(1,747)
Carrying amount	49,893	(22,870)	72,219	544
Value of collateral	77,671	6,520	70,607	544
Property	22,382	-	22,382	-
Vehicles and equipment	27,604	6,520	20,540	544
Other collateral	27,685	-	27,685	-
Other not individually impaired loans				
Stage 3	66,157	-	63,721	2,436
Gross amount	66,157	-	63,721	2,436
Allowance for impairment	(25,911)	-	(24,799)	(1,112)
Carrying amount	40,246	-	38,922	1,324
Value of collateral	38,466	-	37,219	1,247
Vehicles and equipment	38,466	-	37,219	1,247
Past due but not individually impaired loans				
Stage 1	31,802	5,154	26,285	363
Stage 2	175,531	14,561	159,931	1,039
Gross amount	207,333	19,715	186,216	1,402
Allowance for impairment	(15,109)	(1,104)	(13,978)	(27)
Carrying amount	192,224	18,611	172,238	1,375
Neither past due nor individually impaired loans				
Stage 1	4,266,632	309,773	3,872,521	84,338
Stage 2	259,059	25,800	231,930	1,329
Gross amount	4,525,691	335,573	4,104,451	85,667
Allowance for impairment	(138,342)	(17,712)	(120,055)	(575)
Carrying Amount	4,387,349	317,861	3,984,396	85,092
Total carrying amount	4,669,712	313,602	4,267,775	88,335

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2023 RON thousands	UCLC (Unicredit Leasing Corporation)			
	Total out of which:	Corporate	Retail Micro	Private Individuals
Individually significant impaired loans				
Stage 3	191,251	35,846	154,215	1,190
Gross amount	191,251	35,846	154,215	1,190
Allowance for impairment	(152,293)	(53,410)	(97,693)	(1,190)
Carrying amount	38,958	(17,564)	56,522	-
Value of collateral	62,310	8,324	53,986	-
Property	19,815	-	19,815	-
Vehicles and equipment	16,447	8,324	8,123	-
Other collateral	26,048	-	26,048	-
Other not individually impaired loans				
Stage 3	56,729	-	54,239	2,490
Gross amount	56,729	-	54,239	2,490
Allowance for impairment	(21,641)	-	(20,561)	(1,080)
Carrying amount	35,088	-	33,678	1,410
Value of collateral	30,976	-	29,581	1,395
Vehicles and equipment	30,976	-	29,581	1,395
Past due but not individually impaired loans				
Stage 1	99,029	1,429	91,902	5,698
Stage 2	66,260	-	64,801	1,459
Gross amount	165,289	1,429	156,703	7,157
Allowance for impairment	(4,351)	(80)	(4,200)	(71)
Carrying amount	160,938	1,349	152,503	7,086
Neither past due nor individually impaired loans				
Stage 1	3,990,066	322,402	3,592,451	75,213
Stage 2	221,594	22,510	198,468	616
Gross amount	4,211,660	344,912	3,790,919	75,829
Allowance for impairment	(140,948)	(19,107)	(121,363)	(478)
Carrying Amount	4,070,712	325,805	3,669,556	75,351
Total carrying amount	4,305,696	309,590	3,912,259	83,847

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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.

30.06.2024		Group				
RON thousands						
Loans and advances to customers at amortized cost (on balance)	IFRS 9 12-month PD ranges	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)	0% - 0.306%	3,425,824	71,844	-	-	3,497,668
Grades 4-6: performing (medium risk)	0.307%-4.965%	28,539,848	3,371,726	-	-	31,911,574
Grades 7-8 : performing (in observation & substandard)	4.966%-99.99%	1,420,515	1,696,140	-	-	3,116,655
Grade 8 : impaired	100%	-	-	1,104,249	-	1,104,249
Grade 9: impaired	100%	-	-	85	-	85
Grade 10: impaired	100%	-	-	44,380	-	44,380
Unrated	100%	22,651	104,983	-	-	127,634
Total gross amount		33,408,838	5,244,693	1,148,714	-	39,802,245
Loss allowance		(388,190)	(590,402)	(871,880)	-	(1,850,472)
Carrying amount		33,020,648	4,654,291	276,834	-	37,951,773

* Purchased or Originated Credit Impaired - POCI

31.12.2023		Group				
RON thousands						
Loans and advances to customers at amortized cost (on balance)	IFRS 9 12-month PD ranges	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)	0% - 0.306%	3,528,657	163,497	-	-	3,692,154
Grades 4-6: performing (medium risk)	0.307%-4.965%	23,574,153	6,729,980	-	-	30,304,133
Grades 7-8 : performing (in observation & substandard)	4.966%-99.99%	1,012,683	1,878,611	-	-	2,891,294
Grade 8 : impaired	100%	-	-	1,063,407	-	1,063,407
Grade 9: impaired	100%	-	-	66	-	66
Grade 10: impaired	100%	-	-	29,809	-	29,809
Unrated	100%	26,971	94,660	-	-	121,631
Total gross amount		28,142,464	8,866,748	1,093,282	-	38,102,494
Loss allowance		(333,767)	(790,773)	(781,533)	-	(1,906,073)
Carrying amount		27,808,697	8,075,975	311,749	-	36,196,421

* 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 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2024 RON thousands		Group					
Loans and advances to customers at amortized cost (off balance)	IFRS 9 12-month PD ranges	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)	0% - 0.306%	7,196,451	286,110	-	-	7,482,561	
Grades 4-6: performing (medium risk)	0.307%-4.965%	13,773,550	1,087,521	-	-	14,861,071	
Grades 7-8 : performing (in observation & substandard)	4.966%-99.99%	326,466	258,196	-	-	584,662	
Grade 8 : impaired	100%	-	-	174,071	-	174,071	
Grade 10: impaired	100%	-	-	894	-	894	
Unrated	100%	335,692	5,410	-	-	341,102	
Total gross amount		21,632,159	1,637,237	174,965	-	23,444,361	
Loss allowance		(36,056)	(20,678)	(89,801)	-	(146,535)	

* Purchased or Originated Credit Impaired - POCI

31.12.2023 RON thousands		Group					
Loans and advances to customers at amortized cost (off balance)	IFRS 9 12-month PD ranges	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)	0% - 0.306%	6,875,810	231,129	-	-	7,106,939	
Grades 4-6: performing (medium risk)	0.307%-4.965%	11,335,423	2,497,278	-	-	13,832,701	
Grades 7-8 : performing (in observation & substandard)	4.966%-99.99%	276,724	318,722	-	-	595,446	
Grade 8 : impaired	100%	-	-	177,712	-	177,712	
Grade 9: impaired	100%	-	-	8	-	8	
Grade 10: impaired	100%	-	-	855	-	855	
Unrated	100%	62,636	4,145	-	-	66,781	
Total gross amount		18,550,593	3,051,274	178,575	-	21,780,442	
Loss allowance		(39,930)	(53,648)	(88,689)	-	(182,267)	

* 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 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2024 RON thousands		Bank					Total
Loans and advances to customers at amortized cost (on balance)	IFRS 9 12-month PD ranges	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI* financial assets		
Grades 1-3 : performing (low risk)	0% - 0.306%	4,324,586	71,566	-	-	4,396,152	
Grades 4-6: performing (medium risk)	0.307%-4.965%	26,100,908	3,192,040	-	-	29,292,948	
Grades 7-8 : performing (in observation & substandard)	4.966%-99.99%	667,925	1,525,694	-	-	2,193,619	
Grade 8 : impaired	100%	-	-	1,006,189	-	1,006,189	
Grade 9: impaired	100%	-	-	85	-	85	
Grade 10: impaired	100%	-	-	25,015	-	25,015	
Unrated	100%	22,651	14,898	-	-	37,549	
Total gross amount		31,116,070	4,804,198	1,031,289	-	36,951,557	
Loss allowance		(263,116)	(492,949)	(794,920)	-	(1,550,985)	
Carrying amount		30,852,954	4,311,249	236,369	-	35,400,572	

* Purchased or Originated Credit Impaired - POCI

31.12.2023 RON thousands		Bank					Total
Loans and advances to customers at amortized cost (on balance)	IFRS 9 12-month PD ranges	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI* financial assets		
Grades 1-3 : performing (low risk)	0% - 0.306%	5,572,379	160,322	-	-	5,732,701	
Grades 4-6: performing (medium risk)	0.307%-4.965%	20,461,371	6,183,506	-	-	26,644,877	
Grades 7-8 : performing (in observation & substandard)	4.966%-99.99%	469,816	1,619,626	-	-	2,089,442	
Grade 8 : impaired	100%	-	-	971,453	-	971,453	
Grade 9: impaired	100%	-	-	66	-	66	
Grade 10: impaired	100%	-	-	7,565	-	7,565	
Unrated	100%	25,840	10,941	-	-	36,781	
Total gross amount		26,529,406	7,974,395	979,084	-	35,482,885	
Loss allowance		(242,850)	(645,497)	(702,086)	-	(1,590,433)	
Carrying amount		26,286,556	7,328,898	276,998	-	33,892,452	

* 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 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2024 RON thousands		Bank					
Loans and advances to customers at amortized cost (off balance)	IFRS 9 12-month PD ranges	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)	0% - 0.306%	7,075,156	284,783	-	-	7,359,939	
Grades 4-6: performing (medium risk)	0.307%-4.965%	13,473,379	1,063,029	-	-	14,536,408	
Grades 7-8 : performing (in observation & substandard)	4.966%-99.99%	310,333	254,001	-	-	564,334	
Grade 8 : impaired	100%	-	-	172,200	-	172,200	
Grade 10: impaired	100%	-	-	894	-	894	
Unrated	100%	335,692	2,761	-	-	338,453	
Total gross amount		21,194,560	1,604,574	173,094	-	22,972,228	
Loss allowance		(35,699)	(20,449)	(119,337)	-	(175,485)	

* Purchased or Originated Credit Impaired - POCI

31.12.2023 RON thousands		Bank					
Loans and advances to customers at amortized cost (off balance)	IFRS 9 12-month PD ranges	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)	0% - 0.306%	6,824,609	220,924	-	-	7,045,533	
Grades 4-6: performing (medium risk)	0.307%-4.965%	10,785,796	2,453,502	-	-	13,239,298	
Grades 7-8 : performing (in observation & substandard)	4.966%-99.99%	254,590	311,340	-	-	565,930	
Grade 8 : impaired	100%	-	-	175,856	-	175,856	
Grade 9: impaired	100%	-	-	8	-	8	
Grade 10: impaired	100%	-	-	855	-	855	
Unrated	100%	62,634	1,457	-	-	64,091	
Total gross amount		17,927,629	2,987,223	176,719	-	21,091,571	
Loss allowance		(40,009)	(52,927)	(114,699)	-	(207,635)	

* 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 2024

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2024		UCLC (Unicredit Leasing Corporation)				
In RON thousands						
Lease receivables (on balance)	IFRS 9 12-month PD ranges	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)	0.02%-0.26%	47,657	1,572	-	-	49,229
Grades 4-6: performing (medium risk)	0.36%-4.28%	3,598,239	334,424	-	-	3,932,663
Grades 7-8 : performing (in observation & substandard)	5.73%-73.50%	652,538	98,594	-	-	751,132
Grade 8 : impaired	100%	-	-	204,903	-	204,903
Grade 10: impaired	100%	-	-	69,572	-	69,572
Total gross amount		4,298,434	434,590	274,475	-	5,007,499
Loss allowance		(115,596)	(37,855)	(184,336)	-	(337,787)
Carrying amount		4,182,838	396,735	90,139	-	4,669,712

* Purchased or Originated Credit Impaired - POCI

31.12.2023		UCLC (Unicredit Leasing Corporation)				
In RON thousands						
Lease receivables (on balance)	IFRS 9 12-month PD ranges	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)	0.02%-0.26%	44,041	-	-	-	44,041
Grades 4-6: performing (medium risk)	0.36%-4.28%	3,455,978	208,046	-	-	3,664,024
Grades 7-8 : performing (in observation & substandard)	5.73%-73.50%	589,076	79,808	-	-	668,884
Grade 8 : impaired	100%	-	-	183,261	-	183,261
Grade 9: impaired	100%	-	-	1,966	-	1,966
Grade 10: impaired	100%	-	-	62,753	-	62,753
Total gross amount		4,089,095	287,854	247,980	-	4,624,929
Loss allowance		(111,201)	(34,098)	(173,934)	-	(319,233)
Carrying amount		3,977,894	253,756	74,046	-	4,305,696

* 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 2024

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.

30.06.2024 RON thousands	Group/Bank					Total
	IFRS 9 12-month PD ranges	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI* financial assets	
Loans and advances to banks at amortized cost						
Grades 1-3 : performing (low risk)	0% - 0.306%	104,365	-	-	-	104,365
Total gross amount		104,365	-	-	-	104,365
Loss allowance		(9)	-	-	-	(9)
Carrying amount		104,356	-	-	-	104,356
Gross amount - off balance		2,934,709	4,998	-	-	2,939,707
Loss allowance - off balance		(1)	-	-	-	(1)

* Purchased or Originated Credit Impaired - POCI

31.12.2023 RON thousands	Group/Bank					Total
	IFRS 9 12-month PD ranges	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI* financial assets	
Loans and advances to banks at amortized cost						
Grades 1-3 : performing (low risk)	0% - 0.306%	142,107	-	-	-	142,107
Total gross amount		142,107	-	-	-	142,107
Loss allowance		(11)	-	-	-	(11)
Carrying amount		142,096	-	-	-	142,096
Gross amount - off balance		2,446,777	-	-	-	2,446,777
Loss allowance - off balance		(10)	-	-	-	(10)

* 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	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
In RON thousands				
Investment-grade	104,356	142,096	104,356	142,096
Total	104,356	142,096	104,356	142,096

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.

The Non-investment grade category includes loans to banks for which the debtor has the following ratings: BB+, BB- and B+.

The No-rating category includes loans to banks for which the debtor has no ratings.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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.

30.06.2024		Group					
RON thousands							
Financial assets at fair value through other comprehensive income	IFRS 9 12-month PD ranges	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)	0% - 0.306%	2,043,113	-	-	-	2,043,113	
Total fair value		2,043,113	-	-	-	2,043,113	
Loss allowance		(1,053)	-	-	-	(1,053)	
Carrying amount		2,042,060	-	-	-	2,042,060	

* Purchased or Originated Credit Impaired – POCI

31.12.2023		Group					
RON thousands							
Financial assets at fair value through other comprehensive income	IFRS 9 12-month PD ranges	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)	0% - 0.306%	2,027,385	-	-	-	2,027,385	
Total fair value		2,027,385	-	-	-	2,027,385	
Loss allowance		(860)	-	-	-	(860)	
Carrying amount		2,026,525	-	-	-	2,026,525	

* Purchased or Originated Credit Impaired – POCI

30.06.2024		Bank					
RON thousands							
Financial assets at fair value through other comprehensive income	IFRS 9 12-month PD ranges	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)	0% - 0.306%	2,033,348	-	-	-	2,033,348	
Total fair value		2,033,348	-	-	-	2,033,348	
Loss allowance		(1,053)	-	-	-	(1,053)	
Carrying amount		2,032,295	-	-	-	2,032,295	

* Purchased or Originated Credit Impaired – POCI

31.12.2023		Bank					
RON thousands							
Financial assets at fair value through other comprehensive income	IFRS 9 12-month PD ranges	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)	0% - 0.306%	2,017,620	-	-	-	2,017,620	
Total fair value		2,017,620	-	-	-	2,017,620	
Loss allowance		(860)	-	-	-	(860)	
Carrying amount		2,016,760	-	-	-	2,016,760	

* 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 2024

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.

30.06.2024 RON thousands		Group/Bank				
Debt instruments at amortized cost	IFRS 9 12-month PD ranges	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)	0% - 0.306%	9,683,633	-	-	-	9,683,633
Total gross amount		9,683,633	-	-	-	9,683,633
Loss allowance		(5,203)	-	-	-	(5,203)
Carrying amount		9,678,430	-	-	-	9,678,430

* Purchased or Originated Credit Impaired - POCI

31.12.2023 RON thousands		Group/Bank				
Debt instruments at amortized cost	IFRS 9 12-month PD ranges	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)	0% - 0.306%	9,651,897	-	-	-	9,651,897
Total gross amount		9,651,897	-	-	-	9,651,897
Loss allowance		(4,683)	-	-	-	(4,683)
Carrying amount		9,647,214	-	-	-	9,647,214

* 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 2024

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		30.06.2024	31.12.2023
Private entities (including individuals)		12,015,735	10,991,382
Retail Micro	G Commerce - wholesale and retail	911,082	865,009
	C Manufacturing	128,432	122,870
	A Agriculture - forestry - fisheries	333,883	348,576
	F Construction and civil engineering	83,310	72,571
	H Transport and storage services	509,496	491,420
	Other services	170,208	161,497
Total Retail Micro		2,136,411	2,061,943
Corporate	G Commerce - wholesale and retail	6,971,656	7,004,751
	C Manufacturing	5,773,700	5,595,385
	K Financial and insurance institutions	1,331,290	1,249,549
	O Public administration and defence; social security insurance	1,891,897	1,898,420
	F Construction and civil engineering	1,851,013	1,564,746
	Other services	7,830,543	7,736,318
Total Corporate		25,650,099	25,049,169
Total		39,802,245	38,102,494
Allowance for impairment		(1,850,472)	(1,906,073)
Carrying amount		37,951,773	36,196,421

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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		30.06.2024	31.12.2023
Private entities (including individuals)		496,582	470,202
Loans commitments			
Retail Micro	G Commerce - wholesale and retail	417,159	392,142
	C Manufacturing	54,488	55,024
	A Agriculture - forestry - fisheries	50,701	36,233
	F Construction and civil engineering	28,003	30,069
	H Transport and storage services	18,524	16,027
	Other industries	53,717	43,930
Total Retail Micro		622,592	573,425
Corporate	G Commerce - wholesale and retail	3,864,999	3,877,490
	C Manufacturing	3,711,542	3,769,233
	D Production and supply of electricity, gas, steam and air conditioning	3,031,028	1,563,275
	F Construction and civil engineering	1,886,914	1,771,429
	K Financial and insurance institutions	731,466	726,817
	Other industries	4,038,150	3,259,422
Total Corporate		17,264,099	14,967,666
Total loans commitments		17,886,691	15,541,091
Letters of credit			
Corporate	G Commerce - wholesale and retail	136,839	148,064
	C Manufacturing	77,987	51,614
	F Construction and civil engineering	10,539	7,057
	Other industries	-	8,141
Total Corporate		225,365	214,876
Total letters of credit		225,365	214,876
Financial guarantees			
Retail Micro	M Professional, scientific and technical activities	6,868	5,025
	N Administrative and support service activities	2,920	2,956
	G Commerce - wholesale and retail	2,623	4,193
	F Construction and civil engineering	2,306	2,294
	D Production and supply of electricity, gas, steam and air conditioning	1,982	1,064
	Other industries	6,615	7,807
Total Retail Micro		23,314	23,339
Corporate	G Commerce - wholesale and retail	1,648,168	1,701,810
	F Construction and civil engineering	1,438,355	1,223,201
	D Production and supply of electricity, gas, steam and air conditioning	600,880	1,184,749
	C Manufacturing	371,518	413,954
	M Professional, scientific and technical activities	214,758	358,181
	Other Industries	538,730	649,039
Total Corporate		4,812,409	5,530,934
Total financial guarantees		4,835,723	5,554,273
TOTAL Off balance sheet exposure for loans to customers		23,444,361	21,780,442
Allowance for impairment		(146,535)	(182,267)

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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		30.06.2024	31.12.2023
Private entities (including individuals)		8,431,657	7,771,545
Retail Micro	G Commerce - wholesale and retail	213,300	212,152
	C Manufacturing	115,746	112,136
	A Agriculture - forestry - fisheries	88,532	106,331
	F Construction and civil engineering	77,800	69,561
	H Transport and storage services	54,976	51,520
	Other services	150,713	139,921
Total Retail Micro		701,067	691,621
Corporate	G Commerce - wholesale and retail	6,869,386	6,914,522
	C Manufacturing	5,773,700	5,595,385
	K Financial and insurance institutions	3,613,264	3,325,283
	O Public administration and defence; social security insurance	1,891,897	1,898,420
	F Construction and civil engineering	1,849,806	1,563,326
	Other services	7,820,780	7,722,783
Total Corporate		27,818,833	27,019,719
Total		36,951,557	35,482,885
Allowance for impairment		(1,550,985)	(1,590,433)
Carrying amount		35,400,572	33,892,452

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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		30.06.2024	31.12.2023
Private entities (including individuals)		179,839	181,746
Loan commitments			
Retail Micro	G Commerce - wholesale and retail	88,626	88,742
	C Manufacturing	52,777	51,365
	A Agriculture - forestry - fisheries	50,701	36,233
	F Construction and civil engineering	28,003	30,069
	H Transport and storage services	18,524	16,027
	Other industries	53,717	42,368
Total Retail Micro		292,348	264,804
Corporate	G Commerce - wholesale and retail	3,745,274	3,744,971
	C Manufacturing	3,711,542	3,769,233
	D Production and supply of electricity, gas, steam and air conditioning	3,031,028	1,563,275
	F Construction and civil engineering	1,886,914	1,771,429
	K Financial and insurance institutions	1,025,615	767,114
	Other industries	4,038,150	3,259,422
Total Corporate		17,438,523	14,875,444
Total loans commitments		17,730,871	15,140,248
Letters of credit			
Corporate	G Commerce - wholesale and retail	136,839	148,064
	C Manufacturing	77,987	51,614
	F Construction and civil engineering	10,539	7,057
	Other industries	-	8,141
Total Corporate		225,365	214,876
Total letters of credit		225,365	214,876
Financial guarantees			
Retail Micro	M Professional, scientific and technical activities	6,868	5,025
	N Administrative and support service activities	2,920	2,956
	G Commerce - wholesale and retail	2,623	4,193
	F Construction and civil engineering	2,306	2,294
	D Production and supply of electricity, gas, steam and air conditioning	1,982	1,064
	Other industries	6,615	7,807
Total Retail Micro		23,314	23,339
Corporate	G Commerce - wholesale and retail	1,648,168	1,701,810
	F Construction and civil engineering	1,438,355	1,223,201
	D Production and supply of electricity, gas, steam and air conditioning	600,880	1,184,749
	C Manufacturing	371,518	413,954
	M Professional, scientific and technical activities	214,758	358,181
	Other Industries	539,160	649,467
Total Corporate		4,812,839	5,531,362
Total financial guarantees		4,836,153	5,554,701
TOTAL Off balance sheet exposure for loans to customers		22,972,228	21,091,571
Allowance for impairment		(175,485)	(207,635)

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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	30.06.2024	31.12.2023
Private entities (including individuals)	91,796	86,666
Retail Micro		
G Commerce - wholesale and retail	815,820	762,507
F Construction and civil engineering	814,013	731,316
H Transport and storage services	586,207	564,586
C Manufacturing	474,315	471,001
M Professional, scientific and technical activities	330,027	308,889
OTHER Other industries	1,507,634	1,317,777
Total Retail Micro	4,528,016	4,156,076
Corporate		
C Manufacturing	108,407	119,594
G Commerce - wholesale and retail	82,406	83,931
F Construction and civil engineering	77,091	74,881
N Administrative and support service activities	72,319	58,734
H Transport and storage services	29,529	26,855
OTHER Other industries	17,935	18,192
Total Corporate	387,687	382,187
Total	5,007,499	4,624,929
Allowance for impairment	(337,787)	(319,233)
Carrying amount	4,669,712	4,305,696

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 for June 30th 2024 at 60% for the baseline scenario, 40% for the negative scenario and 0% for the positive scenario, the same probabilities as for 31st of December 2023.

The market environment continues to be affected by high levels of uncertainty for both the short and the medium-term outlook. Although inflation is on a downward trend, the economic consequences arising from the geopolitical tension continue to unfold a high degree of uncertainty.

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

The economy is expected to grow in the following quarters with a higher growth rate in 2024 than in 2023, as energy prices moderate, external demand strengthens and supply bottlenecks are resolved, allowing companies to continue to work through their significant order backlogs, and uncertainty to reduce.

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 2024 Condensed Interim Consolidated and Separate 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 perspective of economic growth for the next quarters. A period of disinflation is foreseen, with general inflation on a downward trajectory (but still well above target in most countries) allowing the ECB to start reducing interest rates from the second half of 2024. High prices have generally eroded real incomes, Romania being one of the most affected countries in the medium and long term. Disinflation will bring some relief to private consumption. Monetary policy is expected to exert a strong drag on the economy in 2024 as well, as maturing loans and bonds are refinanced at much higher rates. This will increase the companies' interest expenses, thus contributing to the decrease of their profitability, against the background of a still low level of demand. In turn, this is likely to affect the outlook for fixed investment and dampen firms' hiring plans, putting upward pressure on the unemployment rate and downward pressure on wage growth.

Regarding monetary policy rates, the tightening cycle seems to be at an end, with some reductions expected starting in 2024, with impact on interbank rates.

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

This scenario embeds stressed macro-economic conditions, assuming that an escalation of geopolitical tensions in the Middle East and Ukraine leads to higher oil and natural gas prices, while causing shortages and delays in delivery times as pressure on supply chains increases. The shock drives these economies into a severe recession, with the eurozone being hit comparatively harder given its greater openness. Decrease in GDP causes unemployment to rise significantly because firms can no longer afford to hire labour. The production output gap turns deeply negative, and underlying price pressures fall faster than supply shocks. In turn, weaker demand eases pressure on energy prices and supply chains. We assume that disinflationary forces generally prevail, causing central banks to cut interest rates more aggressively than in the baseline scenario.

In addition, the scenario assumes that all economies in the CEE area face a contraction in 2025 and a recovery in 2026. About half of the cumulative shocks, on average, will be generated by events in the euro area, while the rest is caused by country specific factors. The shock is assumed to be disinflationary, with a higher unemployment rate, especially in 2025 and 2026, compared to the baseline scenario. Inflation is expected to be within the target range in most countries.

Currencies with variable exchange rates are generally at a more depreciated level compared to the reference value in all years.

The table below summarizes the main macroeconomic indicators included in the scenarios used at 30 June 2024:

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

Country	Macroeconomic scenario	24Q2 Baseline IFRS9 (60%)			24Q2 Adverse IFRS9 (40%)		
		2024	2025	2026	2024	2025	2026
Romania	Real GDP, yoy % change	2.7	1.9	3.5	2.1	-1.7	3.3
Romania	Inflation (CPI) yoy, eop	5.6	5.6	3.5	5.9	4.6	3.4
Romania	Unemployment rate, %	5.5	5.6	5.4	5.7	7.1	6.1
Romania	Short term rate, eop	5.6	4.6	4.2	4.0	3.2	2.5
Romania	Long-term interest rates 10y (%)	6.3	5.7	5.5	7.3	5.4	5.6
Romania	House Price Index, yoy % change	5.0	4.0	5.0	3.1	3.7	4.1

The table below summarizes the main macroeconomic indicators included in the scenarios used at 31 December 2023:

Country	Macroeconomic scenario	Baseline IFRS9 23Q4 (60%)			Adverse IFRS9 23Q4 (40%)		
		2024	2025	2026	2024	2025	2026
Romania	Real GDP, yoy % change	3.2	4.1	4.1	-1.1	2.7	4.8
Romania	Inflation (CPI) yoy, eop	5.7	4.2	3.5	7.5	3.5	3.5
Romania	Unemployment rate, %	5.5	5.0	4.7	6.8	6.4	6.1
Romania	Short term rate, eop	5.7	4.0	3.0	5.7	4.0	3.0
Romania	Long-term interest rates 10y (%)	6.0	5.5	5.0	6.5	5.3	5.0
Romania	House Price Index, yoy % change	4.0	5.0	4.7	3.7	4.4	5.0

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 classification);
- 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.

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

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. Considering the high level of uncertainty with regard to the evolution of the geo-political tension, heightened by the Middle-East crises outbreak in October 2023, and potential related effect on energy supply chains, coupled with interest rates expected to remain on steadily high level, UniCredit stance for YE-2023 is to keep Geo-Political Overlay fully in place in all its components (Corporate, Energy Intensive, Retail Unpaid1 and Retail Floating Rate), purely managing the ordinary maintenance process in terms of absorption of default inflows and rescaling of overlay amount according to variation of application portfolio, postponing future evaluations according to evolution of the situation.

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.

As of 30 June 2024 the geopolitical overlay amount to 101 million RON on standalone basis and 162 million RON on consolidated basis (31 December 2023: 120 million RON on standalone basis and 184 million RON on consolidated basis), additional impact in LLP, 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.

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

Beginning with Q2 2024, subject to foreseen easing macroeconomic conditions, the Bank has been initiated dedicated activities to fine-tune the geopolitical overlay estimates corroborated with dedicated exit strategy methodological concept. In this respect analytics involved reassessment of the geopolitical overlay estimation by means of scenario evolution update (Q2 2024 vs Q4 2023 – as of the first time adoption), assessment of asset quality trends in the portfolio, absorption of LLP impact coming from scenario worsening via geopolitical overlay decrease.

Commercial Real Estate Financing/ IPRE/ Construction perimeter Overlay

In light of interest rates steadily remaining on higher level and plunging of real estate assets value due to contractions of the sector, an increasing Real Estate Risk has been arisen leading Commercial Real Estate financing perimeter as particularly vulnerable in case of stressed severe evolution of scenario, both in terms of:

- Default risk due to impacted debt repayment capacity as a consequence of higher interest rates, impacting also refinancing of real estate loans.
- Recovery risk due to lower values of real estate assets.

In order to factor-in into the LLP the above mentioned downside risks strongly affecting Commercial Real Estate Financing / IPRE / Construction perimeter a new overlay was introduced starting from YE 2023. As for the Geopolitical overlay, the adoption of this overlay is a complementary measure to the IFRS9 models that, by their structure, have already properly and directly proved to recognize the effect of the rise in inflation and interest rates. As such the CREF overlay has the aim to get ready in case of severe stressed evolution of the scenario such to make this perimeter potentially affected in a significant way in light of its expected higher vulnerability.

As of 30 June 2024 the CREF overlay amount to 93 million RON on standalone basis and 126 million RON on consolidated basis (31 December 2023: 80 million RON on standalone basis and 110 million RON on consolidated basis), additional impact in LLP stock.

Beginning with Q2 2024, subject to foreseen easing macroeconomic conditions, the bank has been initiated dedicated activities to fine-tune the CREF overlay estimates corroborated with dedicated exit strategy methodological concept. In this respect analytics involved reassessment of CREF overlay estimation by means of scenario evolution update (Q2 24 vs Q4 23 – as of the first time adoption), assessment of asset quality trends in the portfolio, absorption of LLP impact coming from scenario worsening via CREF overlay decrease.

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.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

- 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.

The impact of this change was only on Bank standalone side of 35.9 million RON additional LLP as of December 2022, implemented via a dedicated overlay (with no stage reclassification). Following final granular implementation performed in 2023 (including also stage reclassification), additional LLP charge of 5.9 million RON was booked.

Individual Assessment for Performing Exposures

Starting with June 2023, Unicredit Bank implemented a dedicated methodology for ECL individual assessment for significant exposures, 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 2024 on financial assets at fair value through other comprehensive income would vary as follows:

30.06.2024 In Thousand RON	Bank	
	Market Yield -10%	Market Yield +10%
Financial assets at fair value through other comprehensive income denominated in RON	138,680	(138,680)
Financial assets at fair value through other comprehensive income denominated in EUR	58,985	(58,985)
Financial assets at fair value through other comprehensive income	197,665	(197,665)

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

In case the market yield varies by +/-10 percent, the negative reserve recorded as at 31 December 2023 on financial assets at fair value through other comprehensive income would vary as follows:

31.12.2023 In Thousand RON	Bank	
	Market Yield -10%	Market Yield +10%
Financial assets at fair value through other comprehensive income denominated in RON	134,796	(134,796)
Financial assets at fair value through other comprehensive income denominated in EUR	59,789	(59,789)
Financial assets at fair value through other comprehensive income	194,585	(194,585)

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:

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

30.06.2024 In Thousand RON	Listed*	Group Unlisted	Total	Listed*	Bank Unlisted	Total
Debt securities at fair value through other comprehensive income	1,786,494	226,242	2,012,736	1,786,494	226,242	2,012,736
Equity instruments at fair value through other comprehensive income	-	29,324	29,324	-	19,559	19,559
Total assets held at fair value through other comprehensive income	1,786,494	255,566	2,042,060	1,786,494	245,801	2,032,295

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

31.12.2023 In Thousand RON	Listed*	Group Unlisted	Total	Listed*	Bank Unlisted	Total
Debt securities at fair value through other comprehensive income	1,802,133	195,068	1,997,201	1,802,133	195,068	1,997,201
Equity instruments at fair value through other comprehensive income	-	29,324	29,324	-	19,559	19,559
Total assets held at fair value through other comprehensive income	1,802,133	224,392	2,026,525	1,802,133	214,627	2,016,760

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

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 2024

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 2024:

30.06.2024 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	145,196	71,689	85	216,970	216,970
Derivatives financial instruments designated as hedging instruments	-	237,612	-	237,612	237,612
Total trading assets	145,196	309,301	85	454,582	454,582
Financial assets at fair value through other comprehensive income					
Debt instruments	1,792,237	220,499	-	2,012,736	2,012,736
Equity instruments (minority holdings)	-	-	29,324	29,324	29,324
Total assets at fair value through other comprehensive income	1,792,237	220,499	29,324	2,042,060	2,042,060
Non-transactional financial assets at fair value mandatorily through profit or loss					
VISA Shares	-	-	14,731	14,731	14,731
Total assets at fair value through profit or loss	-	-	14,731	14,731	14,731
Liabilities designated for trading and for hedging					
Financial liabilities at fair value through profit or loss	-	55,867	85	55,952	55,952
Derivatives financial instruments designated at hedging instruments	-	208,255	-	208,255	208,255
Total liabilities designated for trading and for hedging	-	264,122	85	264,207	264,207

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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 2023:

31.12.2023 In RON thousands	Level 1	Level 2	Group Level 3	Total fair value	Total book value
Trading assets					
Financial assets held for trading at fair value through profit or loss	30	76,568	6,292	82,890	82,889
Derivatives financial instruments designated as hedging instruments	-	242,560	-	242,560	242,560
Total trading assets	30	319,128	6,292	325,450	325,449
Financial assets at fair value through other comprehensive income					
Debt instruments	1,768,213	228,989	-	1,997,202	1,997,201
Equity instruments (minority holdings)	-	-	29,324	29,324	29,324
Total assets at fair value through other comprehensive income	1,768,213	228,989	29,324	2,026,526	2,026,525
Non-transactional financial assets at fair value mandatorily through profit or loss					
VISA Shares	-	-	14,823	14,823	14,823
Total assets at fair value through profit or loss	-	-	14,823	14,823	14,823
Liabilities designated for trading and for hedging					
Financial liabilities at fair value through profit or loss	-	119,839	417	120,256	120,253
Derivatives financial instruments designated at hedging instruments	-	202,405	-	202,405	202,404
Total liabilities designated for trading and for hedging	-	322,244	417	322,661	322,657

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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 2024:

30.06.2024 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	145,196	71,689	85	216,970	216,970
Derivatives financial instruments designated as hedging instruments	-	237,612	-	237,612	237,612
Total trading assets	145,196	309,301	85	454,582	454,582
Financial assets at fair value through other comprehensive income					
Debt instruments	1,792,237	220,499	-	2,012,736	2,012,736
Equity instruments (minority holdings)	-	-	19,559	19,559	19,559
Total assets at fair value through other comprehensive income	1,792,237	220,499	19,559	2,032,295	2,032,295
Non-transactional financial assets at fair value mandatorily through profit or loss					
VISA Shares	-	-	14,731	14,731	14,731
Total assets at fair value through profit or loss	-	-	14,731	14,731	14,731
Liabilities designated for trading and for hedging					
Financial Liabilities at fair value through profit or loss	-	55,867	85	55,952	55,952
Derivatives financial instruments designated as hedging instruments	-	208,255	-	208,255	208,255
Total liabilities designated for trading and hedging	-	264,122	85	264,207	264,207

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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 2023:

31.12.2023 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	30	76,568	6,292	82,890	82,889
Derivatives financial instruments designated as hedging instruments	-	242,560	-	242,560	242,560
Total trading assets	30	319,128	6,292	325,450	325,449
Financial assets at fair value through other comprehensive income					
Debt instruments	1,768,213	228,989	-	1,997,202	1,997,201
Equity instruments (minority holdings)	-	-	19,559	19,559	19,559
Total assets at fair value through other comprehensive income	1,768,213	228,989	19,559	2,016,761	2,016,760
Non-transactional financial assets at fair value mandatorily through profit or loss					
VISA Shares	-	-	14,823	14,823	14,823
Total assets at fair value through profit or loss	-	-	14,823	14,823	14,823
Liabilities designated for trading and for hedging					
Financial Liabilities at fair value through profit or loss	-	119,839	417	120,256	120,253
Derivatives financial instruments designated as hedging instruments	-	202,405	-	202,405	202,404
Total liabilities designated for trading and hedging	-	322,244	417	322,661	322,657

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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 2024:

30.06.2024 In RON thousands	Balance at 31 December 2023	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 2024
Financial assets held for trading	6,292	(7)	-	1,288	(7,488)	-	85
Financial assets held for trading at fair value through profit or loss	6,292	(7)	-	1,288	(7,488)	-	85
Non-transactional financial assets at fair value mandatorily through profit or loss	14,823	(610)	-	-	-	518	14,731
VISA Shares	14,823	(610)	-	-	-	518	14,731
Financial assets at fair value through other comprehensive income	29,324	-	-	-	-	-	29,324
Equity instruments (minority holdings)	29,324	-	-	-	-	-	29,324
Total assets	50,439	(617)	-	1,288	(7,488)	518	44,140
Financial liabilities designated for trading	417	(8)	-	1,291	(1,615)	-	85
Derivatives financial instruments	417	(8)	-	1,291	(1,615)	-	85
Total liabilities	417	(8)	-	1,291	(1,615)	-	85

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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 2023:

31.12.2023 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 31 December 2023
Financial assets held for trading	7	(178)	-	9,848	(3,385)	-	6,292
Financial assets held for trading at fair value through profit or loss	7	(178)	-	9,848	(3,385)	-	6,292
Non-transactional financial assets at fair value mandatorily through profit or loss	11,932	3,248	-	-	-	(357)	14,823
VISA Shares	11,932	3,248	-	-	-	(357)	14,823
Financial assets at fair value through other comprehensive income	17,158	-	12,166	-	-	-	29,324
Equity instruments (minority holdings)	17,158	-	12,166	-	-	-	29,324
Total assets	29,097	3,070	12,166	9,848	(3,385)	(357)	50,439
Financial liabilities designated for trading	9	(154)	-	4,033	(3,471)	-	417
Derivatives financial instruments	9	(154)	-	4,033	(3,471)	-	417
Total liabilities	9	(154)	-	4,033	(3,471)	-	417

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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 2024:

30.06.2024	Balance at 31 December 2023	Gains / Losses from instruments at fair value through profit and loss	Gains / Losses from instruments measured at fair value through other comprehensive income	Bank Additions	Disposals (-)	Foreign Currency Exchange Effect	Balance at 30 June 2024
In RON thousands							
Financial assets held for trading	6,292	(7)	-	1,288	(7,488)	-	85
Financial assets held for trading at fair value through profit or loss	6,292	(7)	-	1,288	(7,488)	-	85
Non-transactional financial assets at fair value mandatorily through profit or loss	14,823	(610)	-	-	-	518	14,731
VISA Shares	14,823	(610)	-	-	-	518	14,731
Financial assets at fair value through other comprehensive income	19,559	-	-	-	-	-	19,559
Equity instruments (minority holdings)	19,559	-	-	-	-	-	19,559
Total assets	40,674	(617)	-	1,288	(7,488)	518	34,375
Financial liabilities designated for trading	417	(8)	-	1,291	(1,615)	-	85
Derivatives financial instruments	417	(8)	-	1,291	(1,615)	-	85
Total liabilities	417	(8)	-	1,291	(1,615)	-	85

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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 2023:

31.12.2023 In RON thousands	Balance at 31 December 2022	Gains / Losses from instruments at fair value through profit and loss	Gains / Losses from instruments measured at fair value through other comprehensive income	Bank Additions	Disposals (-)	Foreign Currency Exchange Effect	Balance at 31 December 2023
Financial assets held for trading	7	(178)	-	9,848	(3,385)	-	6,292
Financial assets held for trading at fair value through profit or loss	7	(178)	-	9,848	(3,385)	-	6,292
Non-transactional financial assets at fair value mandatorily through profit or loss	11,932	3,248	-	-	-	(357)	14,823
VISA Shares	11,932	3,248	-	-	-	(357)	14,823
Financial assets at fair value through other comprehensive income	14,812	-	4,747	-	-	-	19,559
Equity instruments (minority holdings)	14,812	-	4,747	-	-	-	19,559
Total assets	26,751	3,070	4,747	9,848	(3,385)	(357)	40,674
Financial liabilities designated for trading	9	(154)	-	4,033	(3,471)	-	417
Derivatives financial instruments	9	(154)	-	4,033	(3,471)	-	417
Total liabilities	9	(154)	-	4,033	(3,471)	-	417

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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.

30.06.2024				Group			
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	-	19,308,027	-	-	19,308,027	19,308,027
Financial assets at fair value through profit or loss	1	145,196	-	-	-	145,196	145,196
Financial assets at fair value through profit or loss	2	71,689	-	-	-	71,689	71,689
Financial assets at fair value through profit or loss	3	14,816	-	-	-	14,816	14,816
Derivatives assets designated as hedging instruments	2	237,612	-	-	-	237,612	237,612
Loans and advances to banks at amortized cost	3	-	104,356	-	-	104,356	104,487
Loans and advances to customers at amortized cost	3	-	37,951,773	-	-	37,951,773	37,294,901
Net lease receivables	3	-	4,669,712	-	-	4,669,712	4,552,219
Debt instruments at amortized cost	1	-	9,577,249	-	-	9,577,249	9,096,353
Debt instruments at amortized cost	3	-	101,181	-	-	101,181	111,005
Financial assets at fair value through other comprehensive income	1	-	-	1,792,237	-	1,792,237	1,792,237
Financial assets at fair value through other comprehensive income	2	-	-	220,499	-	220,499	220,499
Financial assets at fair value through other comprehensive income	3	-	-	29,324	-	29,324	29,324
Other financial assets at amortized cost	3	-	475,583	-	-	475,583	475,583
Total financial assets		469,313	72,187,881	2,042,060	-	74,699,254	73,451,948
Financial liabilities at fair value through profit or loss	2	55,867	-	-	-	55,867	55,867
Financial liabilities at fair value through profit or loss	3	85	-	-	-	85	85
Derivatives liabilities designated as hedging instruments	2	208,255	-	-	-	208,255	208,255
Deposits from banks	3	-	1,084,799	-	-	1,084,799	1,084,799
Loans from banks, including subordinated liabilities	3	-	8,054,875	-	-	8,054,875	8,054,875
Debt securities issued	1	-	4,542,513	-	-	4,542,513	4,542,513
Deposits from customers	3	-	50,621,294	-	-	50,621,294	50,621,294
Other financial liabilities at amortized cost	3	-	1,454,897	-	-	1,454,897	1,454,897
Lease liabilities	3	-	227,355	-	-	227,355	227,355
Total financial liabilities		264,207	65,985,733	-	-	66,249,940	66,249,940

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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.

31.12.2023							
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	-	20,106,053	-	-	20,106,053	20,106,053
Financial assets at fair value through profit or loss	1	30	-	-	-	30	30
Financial assets at fair value through profit or loss	2	76,567	-	-	-	76,567	76,567
Financial assets at fair value through profit or loss	3	21,115	-	-	-	21,115	21,115
Derivatives assets designated as hedging instruments	2	242,560	-	-	-	242,560	242,560
Loans and advances to banks at amortized cost	3	-	142,096	-	-	142,096	139,628
Loans and advances to customers at amortized cost	3	-	36,196,421	-	-	36,196,421	35,548,171
Net lease receivables	3	-	4,305,696	-	-	4,305,696	4,105,532
Debt instruments at amortized cost	1	-	9,541,268	-	-	9,541,268	9,134,940
Debt instruments at amortized cost	3	-	105,946	-	-	105,946	117,074
Financial assets at fair value through other comprehensive income	1	-	-	1,768,213	-	1,768,213	1,768,213
Financial assets at fair value through other comprehensive income	2	-	-	228,988	-	228,988	228,988
Financial assets at fair value through other comprehensive income	3	-	-	29,324	-	29,324	29,324
Other financial assets at amortized cost	3	-	558,257	-	-	558,257	558,257
Total financial assets		340,272	70,955,737	2,026,525	-	73,322,534	72,076,452
Financial liabilities at fair value through profit or loss	2	119,836	-	-	-	119,836	119,836
Financial liabilities at fair value through profit or loss	3	417	-	-	-	417	417
Derivatives liabilities designated as hedging instruments	2	202,404	-	-	-	202,404	202,404
Deposits from banks	3	-	1,240,982	-	-	1,240,982	1,239,905
Loans from banks, including subordinated liabilities	3	-	7,358,746	-	-	7,358,746	7,357,504
Debt securities issued	1	-	4,002,296	-	-	4,002,296	4,002,296
Deposits from customers	3	-	50,955,312	-	-	50,955,312	50,910,995
Other financial liabilities at amortized cost	3	-	1,185,038	-	-	1,185,038	1,185,038
Lease liabilities	3	-	255,803	-	-	255,803	255,803
Total financial liabilities		322,657	64,998,177	-	-	65,320,834	65,274,198

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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.

30.06.2024				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	-	19,307,762	-	-	19,307,762	19,307,762
Financial assets at fair value through profit or loss	1	145,196	-	-	-	145,196	145,196
Financial assets at fair value through profit or loss	2	71,689	-	-	-	71,689	71,689
Financial assets at fair value through profit or loss	3	14,816	-	-	-	14,816	14,816
Derivatives assets designated as hedging instruments	2	237,612	-	-	-	237,612	237,612
Loans and advances to banks at amortized cost	3	-	104,356	-	-	104,356	102,487
Loans and advances to customers at amortized cost	3	-	35,400,572	-	-	35,400,572	34,766,723
Net lease receivables	3	-	4,882	-	-	4,882	4,882
Debt instruments at amortized cost	1	-	9,577,249	-	-	9,577,249	9,096,353
Debt instruments at amortized cost	3	-	101,181	-	-	101,181	111,005
Financial assets at fair value through other comprehensive income	1	-	-	1,792,237	-	1,792,237	1,792,237
Financial assets at fair value through other comprehensive income	2	-	-	220,499	-	220,499	220,499
Financial assets at fair value through other comprehensive income	3	-	-	19,559	-	19,559	19,559
Other financial assets at amortized cost	3	-	406,858	-	-	406,858	406,858
Total financial assets		469,313	64,902,860	2,032,295	-	67,404,468	66,297,678
Financial liabilities at fair value through profit or loss	2	55,867	-	-	-	55,867	55,867
Financial liabilities at fair value through profit or loss	3	85	-	-	-	85	85
Derivatives liabilities designated as hedging instruments	2	208,255	-	-	-	208,255	208,255
Deposits from banks	3	-	1,084,799	-	-	1,084,799	1,084,799
Loans from banks, including subordinated liabilities	3	-	1,671,707	-	-	1,671,707	1,671,707
Debt securities issued	1	-	4,542,513	-	-	4,542,513	4,542,513
Deposits from customers	3	-	50,740,761	-	-	50,740,761	50,740,761
Other financial liabilities at amortized cost	3	-	1,353,563	-	-	1,353,563	1,353,563
Lease liabilities	3	-	223,722	-	-	223,722	223,722
Total financial liabilities		264,207	59,617,065	-	-	59,881,272	59,881,272

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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.

31.12.2023				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	-	20,105,745	-	-	20,105,745	20,105,745
Financial assets at fair value through profit or loss	1	30	-	-	-	30	30
Financial assets at fair value through profit or loss	2	76,567	-	-	-	76,567	76,567
Financial assets at fair value through profit or loss	3	21,115	-	-	-	21,115	21,115
Derivatives assets designated as hedging instruments	2	242,560	-	-	-	242,560	242,560
Loans and advances to banks at amortized cost	3	-	142,096	-	-	142,096	139,628
Loans and advances to customers at amortized cost	3	-	33,892,452	-	-	33,892,452	33,303,615
Net lease receivables	3	-	7,300	-	-	7,300	7,300
Debt instruments at amortized cost	1	-	9,541,268	-	-	9,541,268	9,134,940
Debt instruments at amortized cost	3	-	105,946	-	-	105,946	117,074
Financial assets at fair value through other comprehensive income	1	-	-	1,768,213	-	1,768,213	1,768,213
Financial assets at fair value through other comprehensive income	2	-	-	228,988	-	228,988	228,988
Financial assets at fair value through other comprehensive income	3	-	-	19,559	-	19,559	19,559
Other financial assets at amortized cost	3	-	497,953	-	-	497,953	497,953
Total financial assets		340,272	64,292,760	2,016,760	-	66,649,792	65,663,287
Financial liabilities at fair value through profit or loss	2	119,836	-	-	-	119,836	119,836
Financial liabilities at fair value through profit or loss	3	417	-	-	-	417	417
Derivatives liabilities designated as hedging instruments	2	202,404	-	-	-	202,404	202,404
Deposits from banks	3	-	1,240,982	-	-	1,240,982	1,239,905
Loans from banks, including subordinated liabilities	3	-	1,427,598	-	-	1,427,598	1,426,357
Debt securities issued	1	-	4,002,296	-	-	4,002,296	4,002,296
Deposits from customers	3	-	51,002,566	-	-	51,002,566	50,958,249
Other financial liabilities at amortized cost	3	-	1,149,294	-	-	1,149,294	1,149,294
Lease liabilities	3	-	250,414	-	-	250,414	250,414
Total financial liabilities		322,657	59,073,150	-	-	59,395,807	59,349,172

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

7. NET INTEREST INCOME

In RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Interest income				
Interest and similar income arising from:				
Loans and advances to customers*	1,438,514	1,260,382	1,252,431	1,118,503
Treasury bills and bonds at fair value through other comprehensive income	47,507	41,371	47,507	41,371
Debt instruments at amortized cost	219,966	175,486	219,966	175,486
Current accounts and placements with banks	432,308	274,779	432,298	274,778
Hedging derivatives	10,403	5,209	10,403	5,209
Total interest income calculated using the effective interest method	2,148,698	1,757,227	1,962,605	1,615,347
Other interest income - Net Lease receivables	156,431	106,519	5	8
Total interest income	2,305,129	1,863,746	1,962,610	1,615,355
Interest expense				
Interest expense and similar charges arising from:				
Deposits from customers	640,117	533,908	642,814	534,943
Loans from banks	240,242	163,705	57,403	52,845
Deposits from banks	19,850	10,377	19,850	10,377
Repurchase agreements	496	92	496	92
Interest related to the bonds issued	176,070	137,323	176,070	137,323
Hedging derivatives	35,509	19,125	35,509	19,125
Debt from leasing operations	4,530	2,174	4,296	1,885
Total interest expense	1,116,814	866,704	936,438	756,590
Net interest income	1,188,315	997,042	1,026,172	858,765

*) Interest income for the six months period ended at 30 June 2024 includes expenses with interest adjustments related to depreciated financial assets in the total amount of RON thousands 17,397 (30 June 2023: RON thousands 13,200) for the Group and RON thousands 9,490 (30 June 2023: RON thousands 8,000) for the Bank..

8. NET FEES AND COMMISSIONS INCOME

In RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Fees and commissions income				
Payments transactions	288,865	235,634	288,865	235,634
Risk participation fee (refer to Note 27)	-	11	-	11
Guarantees and letters of credit	29,299	23,730	29,299	23,730
Loan administration	33,581	32,586	14,574	18,267
Commissions from other types of financial services	66,674	58,012	74,085	72,131
Commissions from insurance intermediation	39,500	35,527	6,847	5,346
Commissions on securities transactions	4,926	3,331	4,926	3,331
Total fees and commission income	462,845	388,831	418,596	358,450
Out of which commissions from contracts with clients according to IFRS 15	415,575	350,329	378,989	320,825
Fees and commission expense				
Inter-banking fees	106,436	74,895	100,393	74,839
Payments transactions	60,832	46,469	56,275	43,536
Commitments and similar fees	178	161	178	161
Intermediary agents fees	7,392	5,631	3,310	2,806
Other	16,161	15,779	13,822	13,491
Total fees and commissions expense	190,999	142,935	173,978	134,833
Net fees and commissions income	271,846	245,896	244,618	223,617

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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

In RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Net gains from foreign exchange operations (including FX derivatives)	232,843	188,929	232,843	188,991
Net gains / (losses) from other interest derivatives	3,330	2,949	3,330	2,949
Net income / (losses) from trading bonds	585	5,157	585	5,157
Net gains / (losses) from other derivatives	54	(66)	54	(66)
Net income from trading financial instruments held at fair value through profit or loss	236,812	196,969	236,812	197,031
Net gains from non-transactional financial instruments held at fair value through profit or loss	(25)	5,978	(25)	5,978
Net income from financial instruments held at fair value through profit or loss	236,787	202,947	236,787	203,009

10. PERSONNEL EXPENSES

In RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Wages and salaries	272,779	265,183	241,482	234,595
Social security charges, unemployment fund and health fund	8,841	8,394	7,949	7,547
Other (income)/costs	5,535	5,083	4,374	3,888
Total	287,155	278,660	253,805	246,030

The number of employees of the Group at 30 June 2024 was 3,251 (31 December 2023: 3,290). The number of employees of the Bank at 30 June 2024 was 2,926 (31 December 2023: 2,964).

11. OTHER ADMINISTRATIVE COSTS

in RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Office space expenses (rental, maintenance, other)	31,906	30,492	30,293	28,971
IT services	100,015	85,366	95,759	82,199
Contributions to resolution funds and deposit guarantee schemes	35,579	59,998	35,579	59,998
Other taxes and duties*	56,334	4,375	56,334	4,375
Communication expenses	12,870	11,673	11,726	10,515
Advertising and promotional expenses	25,006	19,118	19,871	14,418
Consultancy, legal and other professional services	7,024	5,925	4,689	3,439
Materials and consumables	10,264	5,207	9,753	4,529
Personnel training and recruiting	2,429	1,917	1,855	1,463
Insurance expenses	2,453	2,276	2,369	2,204
Other	13,605	5,907	11,074	3,608
Total	297,485	232,254	279,302	215,719

* Starting with 2024, according to the Tax Code, banks in Romania are obliged to pay the state budget a tax on turnover. The % applied on turnover, for 2024 and 2025 is 2%, while from 2026 the applicable rate is 1%. The turnover tax is a levy, in scope of IFRIC 21 and the related expense for the period ended June 30, 2024 is RON thousands 51,881.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

12. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

In RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Net provision charges for loans and advances to customers (Note 16)	(24,063)	214,547	(41,111)	190,137
Net provision charges for banks	(1,513)	63	(1,540)	59
Net provision charges for securities	713	86	713	86
Loans written-off	755	272	755	272
Net provision charges for lease receivables (Note 17)	21,402	855	-	-
Recoveries from loans previously written-off	(64,128)	(26,360)	(64,128)	(26,360)
Net provisions charges for other financial instruments	2,408	1,980	2,371	4,425
Net provision charges for off-balance loan commitments and contingencies	(39,976)	(66,445)	(32,300)	(65,587)
Net Impairment losses on financial instruments	(104,402)	124,998	(135,240)	103,032

The variation in provisions on 30.06.2024 versus 31.12.2023 is mainly determined by methodological changes implemented during the year 2024. The impact mainly derives from the methodological modification of the model that identifies the significant increase in credit risk compared to the time of origination of the transaction, thus determining the allocation of credits between the two stages (stage 1 and stage 2).

13. INCOME TAX

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

In RON thousands	Group			
		30.06.2024		30.06.2023
Profit/ (Loss) before tax		1,133,038		781,508
Income tax calculated by applying regulatory tax rate (16%)	-16.0%	(181,286)	-16.0%	(125,041)
Additional income tax expense - previous years	-0.3%	(3,704)	-0.5%	(3,660)
Tax effect of non-deductible expenses	-3.9%	(44,687)	-4.8%	(37,640)
Tax effect of non-taxable income	3.2%	35,707	5.3%	41,636
Fiscal credit	1.3%	14,844	3.4%	26,747
Total income tax recalculated	-15.8%	(179,126)	-12.5%	(97,958)
Income tax as per income statement	-16.4%	(185,834)	-15.1%	(117,643)
Difference		(6,708)		(19,685)
Deferred tax		(6,708)		(19,685)

In RON thousands	Bank			
		30.06.2024		30.06.2023
Profit/ (Loss) before tax		1,021,378		691,532
Income tax calculated by applying regulatory tax rate (16%)	-16.0%	(163,420)	-16.0%	(110,645)
Additional income tax expense - previous years	-0.4%	(3,777)	-0.5%	(3,715)
Tax effect of non-deductible expenses	-4.4%	(45,198)	-4.7%	(32,736)
Tax effect of non-taxable income	4.0%	40,926	5.9%	40,900
Fiscal credit	1.5%	14,844	1.5%	10,692
Total income tax recalculated	-15.3%	(156,625)	-13.8%	(95,504)
Income tax as per income statement	-16.2%	(165,298)	-15.8%	(109,142)
Difference		(8,673)		(13,638)
Deferred tax		(8,673)		(13,638)

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 2024

14. CASH AND CASH EQUIVALENTS

In RON thousands	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Accounts at NBR	6,928,676	10,299,807	6,928,676	10,299,807
Cash (including cash in ATMs)	1,082,559	1,429,421	1,082,559	1,429,421
Short term Money Market placements with banks	11,125,306	8,258,363	11,125,306	8,258,363
Current balances with other banks	176,083	124,597	175,817	124,288
Total gross value	19,312,624	20,112,188	19,312,358	20,111,879
Impairment allowance	(4,597)	(6,135)	(4,596)	(6,134)
Total net book value	19,308,027	20,106,053	19,307,762	20,105,745

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 2024, the mandatory minimum reserve ratio was 8% (31 December 2023: 8%) for funds raised in RON and 5% (December 31, 2023: 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 2023: 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	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Derivatives	71,774	76,982	71,774	76,982
Investment securities held for trading	145,196	5,907	145,196	5,907
VISA Shares*	14,731	14,823	14,731	14,823
Total	231,701	97,712	231,701	97,712

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

In RON thousands	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Investment-grade	227,077	87,733	227,077	87,733
No rating*	4,624	9,979	4,624	9,979
Total	231,701	97,712	231,701	97,712

*) 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 Non-investment grade category includes financial assets at fair value through profit or loss for which the counterparties have the following ratings: BB+, BB- and B+.

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 2024

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

(ii) Derivative assets/ liabilities

Financial assets and liabilities at fair value through profit or loss at 30 June 2024 are summarized as follows:

In RON thousands	Group 30.06.2024			Bank 30.06.2024		
	Notional amount	Present value		Notional amount	Present value	
		Assets	Liabilities		Assets	Liabilities
Foreign currency Derivatives						
Forward contracts	3,634,335	21,435	3,957	3,634,335	21,435	3,957
Purchased options	85,395	577	-	85,395	577	-
Sold options	84,953	-	578	84,953	-	578
Total foreign currency derivatives	3,804,683	22,012	4,535	3,804,683	22,012	4,535
Interest rates derivatives						
Interest Rate Swaps	2,010,376	47,786	49,441	2,010,376	47,786	49,441
Purchased options	105,078	1,800	-	105,078	1,800	-
Sold options	105,078	-	1,800	105,078	-	1,800
Total interest rate derivatives	2,220,532	49,586	51,241	2,220,532	49,586	51,241
Other derivatives on purchased merchandise	-	176	-	-	176	-
Other derivatives on sold merchandise	-	-	176	-	-	176
Total derivatives - merchandise	-	176	176	-	176	176
Total	6,025,215	71,774	55,952	6,025,215	71,774	55,952

Financial assets and liabilities at fair value through profit or loss at 31 December 2023 are summarized as follows:

In RON thousands	Group 31.12.2023			Bank 31.12.2023		
	Notional amount	Present value		Notional amount	Present value	
		Assets	Liabilities		Assets	Liabilities
Foreign currency Derivatives						
Forward contracts	3,624,520	13,341	31,497	3,624,520	13,341	31,497
Purchased options	70,806	548	-	70,806	548	-
Sold options	-	-	548	-	-	548
Total foreign currency derivatives	3,695,326	13,889	32,045	3,695,326	13,889	32,045
Interest rates derivatives						
Interest Rate Swaps	2,308,193	61,535	86,602	2,308,193	61,535	86,602
Purchased options	111,900	1,558	-	111,900	1,558	-
Sold options	111,900	-	1,558	111,900	-	1,558
Total interest rate derivatives	2,531,993	63,093	88,160	2,531,993	63,093	88,160
Other derivatives on purchased merchandise	347	-	-	347	-	-
Other derivatives on sold merchandise	-	-	48	-	-	48
Total derivatives - merchandise	347	-	48	347	-	48
Total	6,227,666	76,982	120,253	6,227,666	76,982	120,253

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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	30.06.2024
	Stage 1 and Stage 2	Stage 3		
Mortgages	8,102,362	200,806	-	8,303,168
Personal loans and car loans	3,303,426	66,756	-	3,370,182
Credit cards and overdraft	294,175	11,525	-	305,700
Corporate loans	24,154,719	693,607	-	24,848,326
Retail Micro loans	2,077,271	94,342	-	2,171,613
Factoring, Discounting, Forfeiting	721,578	81,678	-	803,256
Loans and advances to customers before provisions	38,653,531	1,148,714	-	39,802,245
Less provision for impairment losses on loans	(978,592)	(871,880)	-	(1,850,472)
Net loans and advances to customers	37,674,939	276,834	-	37,951,773

in RON thousands	Group		Of which: POCI financial assets	31.12.2023
	Stage 1 and Stage 2	Stage 3		
Mortgages	7,439,063	198,198	-	7,637,261
Personal loans and car loans	2,957,276	65,855	-	3,023,131
Credit cards and overdraft	285,377	10,805	-	296,182
Corporate loans	23,652,286	652,538	-	24,304,824
Retail Micro loans	2,011,461	83,881	-	2,095,342
Factoring, Discounting, Forfeiting	663,749	82,005	-	745,754
Loans and advances to customers before provisions	37,009,212	1,093,282	-	38,102,494
Less provision for impairment losses on loans	(1,124,540)	(781,533)	-	(1,906,073)
Net loans and advances to customers	35,884,672	311,749	-	36,196,421

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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	30.06.2024
	Stage 1 and Stage 2	Stage 3		
Mortgages	8,102,362	200,806	-	8,303,168
Personal loans and car loans	6,280	1,840	-	8,120
Credit cards and overdraft	111,643	7,943	-	119,586
Corporate loans	26,323,453	693,607	-	27,017,060
Retail Micro loans	654,952	45,415	-	700,367
Factoring, Discounting, Forfaiting	721,578	81,678	-	803,256
Loans and advances to customers before provisions	35,920,268	1,031,289	-	36,951,557
Less provision for impairment losses on loans	(756,065)	(794,920)	-	(1,550,985)
Net loans and advances to customers	35,164,203	236,369	-	35,400,572

in RON thousands	Bank		Of which: POCI financial assets	31.12.2023
	Stage 1 and Stage 2	Stage 3		
Mortgages	7,439,063	198,198	-	7,637,261
Personal loans and car loans	8,260	1,884	-	10,144
Credit cards and overdraft	116,416	6,931	-	123,347
Corporate loans	25,622,836	652,538	-	26,275,374
Retail Micro loans	653,477	37,528	-	691,005
Factoring, Discounting, Forfaiting	663,749	82,005	-	745,754
Loans and advances to customers before provisions	34,503,801	979,084	-	35,482,885
Less provision for impairment losses on loans	(888,347)	(702,086)	-	(1,590,433)
Net loans and advances to customers	33,615,454	276,998	-	33,892,452

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

in RON thousands	Group	
	30.06.2024	30.06.2023
Balance at the 31st of December	1,906,073	1,853,937
Net impairment charge for the period (Note 12)	(24,063)	214,547
Foreign currency exchange effect	636	2,696
Release of allowances for impairment of loans written-off and loans sold	(53,989)	(233,667)
Other adjustments	21,815	20,352
Final balance at 30 June	1,850,472	1,857,865

in RON thousands	Bank	
	30.06.2024	30.06.2023
Balance at the 31st of December	1,590,433	1,579,233
Net impairment charge for the period (Note 12)	(41,111)	190,137
Foreign currency exchange effect	615	2,630
Release of allowances for impairment of loans written-off and loans sold	(20,098)	(216,078)
Other adjustments	21,146	20,288
Final balance at 30 June	1,550,985	1,576,210

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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)			
	Total, of which	Stage 1	Stage 2	Stage 3
		30.06.2024		
Lease receivables up to one year, gross	1,875,486	1,571,050	165,160	139,276
Lease receivables 1-2 years, gross	1,477,857	1,296,970	126,004	54,883
Lease receivables 2-3 years, gross	1,056,389	926,503	87,996	41,890
Lease receivables 3-4 years, gross	671,153	597,200	53,434	20,519
Lease receivables 4-5 years, gross	291,238	251,789	27,317	12,132
Lease receivables over 5 years, gross	243,309	161,955	37,099	44,255
Total contractual undiscounted lease payments receivable	5,615,432	4,805,467	497,010	312,955
Unearned finance income (future interest)	(607,933)	(507,033)	(62,420)	(38,480)
Total gross lease investment net of future interest and unguaranteed residual value	5,007,499	4,298,434	434,590	274,475
Impairment allowance for lease receivables	(337,787)	(115,596)	(37,855)	(184,336)
Total net lease investment	4,669,712	4,182,838	396,735	90,139

in RON thousands	UCLC (Unicredit Leasing Corporation)			
	Total, of which	Stage 1	Stage 2	Stage 3
		31.12.2023		
Lease receivables up to one year, gross	1,751,073	1,515,657	104,885	130,531
Lease receivables 1-2 years, gross	1,380,638	1,253,786	80,451	46,401
Lease receivables 2-3 years, gross	982,187	891,131	55,284	35,772
Lease receivables 3-4 years, gross	611,007	551,609	39,072	20,326
Lease receivables 4-5 years, gross	293,133	262,510	19,831	10,792
Lease receivables over 5 years, gross	175,591	87,987	39,058	48,546
Total contractual undiscounted lease payments receivable	5,193,629	4,562,680	338,581	292,368
Unearned finance income (future interest)	(568,700)	(473,585)	(50,727)	(44,388)
Total gross lease investment net of future interest and unguaranteed residual value	4,624,929	4,089,095	287,854	247,980
Impairment allowance for lease receivables	(319,233)	(111,201)	(34,098)	(173,934)
Total net lease investment	4,305,696	3,977,894	253,756	74,046

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

17. NET FINANCIAL LEASE RECEIVABLES (continued)

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

in RON thousands	UCLC (Unicredit Leasing Corporation)	
	30.06.2024	30.06.2023
Balance at the 31st of December	319,232	291,572
Net impairment charge for the period (Note 12)	21,402	855
Foreign currency exchange effect	(1,242)	388
Release of allowances for impairment of loans written-off and loans sold	(5,424)	(5,259)
Unwinding effect on provisions	3,819	4,259
Balance at 30 June	337,787	291,815

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

in RON thousands	UCLC (Unicredit Leasing Corporation)			30.06.2024
	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	
Leasing receivables - real estate assets financed	300,414	80,551	-	380,965
Other leasing receivables - legal entities and retail:				
Leasing receivables - vehicles financed	3,226,198	111,725	-	3,337,923
Leasing receivables - equipment for agriculture financed	238,056	20,112	-	258,168
Leasing receivables - equipment for construction financed	315,388	8,850	-	324,238
Leasing receivables - other equipment financed	652,968	53,237	-	706,205
Leasing receivables before provisions	4,733,024	274,475	-	5,007,499
Less impairment allowance for lease receivables	(153,451)	(184,336)	-	(337,787)
Net lease receivables	4,579,573	90,139	-	4,669,712

in RON thousands	UCLC (Unicredit Leasing Corporation)			31.12.2023
	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	
Leasing receivables - real estate assets financed	212,077	78,701	-	290,778
Other leasing receivables - legal entities and retail:				
Leasing receivables - vehicles financed	2,973,489	98,146	-	3,071,635
Leasing receivables - equipment for agriculture financed	239,962	13,370	-	253,332
Leasing receivables - equipment for construction financed	285,577	6,161	-	291,738
Leasing receivables - other equipment financed	665,844	51,602	-	717,446
Leasing receivables before provisions	4,376,949	247,980	-	4,624,929
Less impairment allowance for lease receivables	(145,299)	(173,934)	-	(319,233)
Net lease receivables	4,231,650	74,046	-	4,305,696

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Investment securities held at fair value through other comprehensive income	2,012,736	1,997,201	2,012,736	1,997,201
Equity investments (minority holdings)	29,324	29,324	19,559	19,559
Total	2,042,060	2,026,525	2,032,295	2,016,760

Investment securities held at fair value through other comprehensive income

As at 30 June 2024, 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	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Investment-grade	2,012,736	1,997,201	2,012,736	1,997,201
No rating*	29,324	29,324	19,559	19,559
Total	2,042,060	2,026,525	2,032,295	2,016,760

*) 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 Non-investment grade category includes financial assets at fair value through other comprehensive income for which the debtor has the following ratings: BB+, BB- and B+.

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 2024 and 31 December 2023, there are no pledged on the investment securities held at fair value through other comprehensive income.

The Group transferred to profit or loss during 2024 an amount of RON thousands -788 (30 June 2023: RON thousands -3,897) representing net loss 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 2024 and 31 December 2023:

30.06.2024	Group		Fair value
In RON thousands	Nature of business	% Interest held	
UniCredit Leasing Fleet Management	Operational leasing	9.99%	9,765
Transfond SA	Other financial services	8.04%	17,334
Biroul de Credit SA	Financial services	6.80%	2,225
Total			29,324

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

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

31.12.2023 In RON thousands	Group Nature of business	% Interest held	Fair value	
	UniCredit Leasing Fleet Management	Operational leasing	9.99%	9,765
	Transfond SA	Other financial services	8.04%	17,334
	Biroul de Credit SA	Financial services	6.80%	2,225
	Total			29,324

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 2024 and 31 December 2023:

30.06.2024 In RON thousands	Bank 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
	Total			19,559

31.12.2023 In RON thousands	Bank 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
	Total			19,559

The above mentioned companies are incorporated in Romania.

19. FINANCIAL ASSETS (DEBT INSTRUMENTS) AT AMORTIZED COST

As at 30 June 2024, 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 9,678,430 (31 December 2023: RON thousands 9,647,214).

As at 30 June 2024, the debt instruments at amortized cost are pledged in amount of RON thousands 220,883 (31 December 2023: RON thousands 303,061).

As at 30 June 2024 and 31 December 2023 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).

20. DEPOSITS FROM BANKS

In RON thousands	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Term deposits	777,767	881,358	777,767	881,358
Sight deposits	307,032	359,624	307,032	359,624
Total	1,084,799	1,240,982	1,084,799	1,240,982

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

21. LOANS FROM BANKS

In RON thousands	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Commercial Banks	6,136,219	5,671,409	667	-
Multilateral development banks	966,384	735,264	828,264	584,966
Total	7,102,603	6,406,673	828,931	584,966

As at 30 June 2024, the final maturity of loans varies from November 2024 to April 2029.

UniCredit Consumer Financing IFN S.A. has not disbursed any loan from external counterparties during the first half of 2024.

UniCredit Leasing Corporation IFN S.A. disbursed a total amount of EUR 50 million during the first half of 2024 under a facility granted by a commercial bank. The funds will be used for general purposes financing to final beneficiaries including a green component.

UniCredit Bank S.A. disbursed a total amount of EUR 70 million during the first half of 2024 (two disbursements of approximately EUR 35 million each) under a facility approved in 2023 by the European Investment Bank (EIB) and the funds were withdrawn for the purpose of granting loans to MSME and mid-capitalization companies with focus on climate action and environmental sustainability projects.

22. DEPOSITS FROM CUSTOMERS

In RON thousands	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Term deposits	17,503,502	17,993,000	17,513,620	18,013,196
Payable on demand	32,178,291	31,956,699	32,293,353	31,988,882
Collateral deposits	939,471	1,005,603	933,758	1,000,478
Certificates of deposits	30	10	30	10
Total	50,621,294	50,955,312	50,740,761	51,002,566

23. SUBORDINATED LIABILITIES

In RON thousands	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
UniCredit SPA	842,776	842,632	842,776	842,632
UniCredit Bank Austria AG	109,496	109,441	-	-
Total	952,272	952,073	842,776	842,632

As of 30 June 2024, the following agreements were in place:

- subordinated debt from UniCredit SPA, Italy, in amount of in eq. RON thousands 241,389 (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 597,252 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 109,496 (EUR thousands 22,000), with maturity in July 2024, beneficiary Unicredit Leasing Corporation IFN S.A.;

Interest accrued amounts to eq. RON thousands 4,135 (EUR thousands 831).

The subordinated liabilities rank below other, more senior loans or securities with respect to claims on assets or earnings. In case of borrower default, creditors/bondholders who own subordinated debt will not be paid out until after senior creditors/bondholders are paid in full.

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

24. PROVISIONS

In RON thousands	Group		Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Provision for financial guarantees	80,751	97,769	111,129	124,949
Provision for legal disputes	8,123	8,276	6,471	6,248
Provision for off-balance commitments	65,785	86,528	64,357	82,696
Other provisions	13,140	13,589	12,556	13,010
Total	167,799	206,162	194,513	226,903

The movements in provisions during the year were as follows:

In RON thousands	Group		Bank	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Balance at 31 December	206,162	250,064	226,903	250,737
Net expense/(release) with provision for financial guarantees and off-balance commitments	(34,237)	(66,445)	(32,300)	(65,587)
Net expense/(release) with provision for legal disputes	(549)	(1,223)	223	(1,683)
Net expense/(release) with other provisions	(452)	(341)	(457)	(346)
FX effect	72	(1)	144	150
Reclassification of provisions off to on balance	(3,197)	1,259	-	-
Balance at 30 June	167,799	183,313	194,513	183,271

25. ISSUED CAPITAL

The statutory share capital of the Bank as at 30 June 2024 is represented by 48,948,331 ordinary shares (31 December 2023: 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. Both the statutory capital and the share premium were fully paid.

The shareholders of the Bank are as follows:

	Bank	
	30.06.2024	31.12.2023
	%	%
UniCredit SpA*)	98.6298	98.6298
Other shareholders	1.3702	1.3702
Total	100	100

The share capital comprises of the following:

In RON thousands	Bank	
	30.06.2024	31.12.2023
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 2024

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:

	Group			
	30.06.2024		31.12.2023	
	Parent Company	Other related entities	Parent Company	Other related entities
Derivative assets at fair value through profit or loss	4,558	44,804	5,906	56,347
Derivatives assets designated as hedging instruments	12,729	23,881	10,187	23,034
Short term Money Market placements with banks	9,026,716	63,664	8,054,581	66,861
Loans and advances to banks	-	9	-	6,367
Loans and advances to customers	-	5,930	-	7,469
Other assets	15,268	10,771	13,479	3,943
Outstanding receivables	9,059,271	149,059	8,084,153	164,021
Derivative liabilities at fair value through profit or loss	892	2,108	892	3,743
Derivatives liabilities designated as hedging instruments	-	197,041	-	186,942
Current accounts	-	93,118	-	169,035
Deposit attracted	15,777	61,353	15,769	46,221
Loans received	4,462,037	250,840	3,804,562	412,324
Debts securities issued	3,340,494	-	2,840,301	-
Subordinated liabilities	995,369	109,496	842,632	109,441
Other liabilities	3,719	26,430	3,652	108,668
Outstanding payables	8,818,288	740,386	7,507,808	1,036,374
Off balance - commitments granted	2,880,866	327,743	1,366,361	338,922

In RON thousands	Group			
	30.06.2024		30.06.2023	
	Parent Company	Other related entities	Parent Company	Other related entities
Interest income	155,228	294	94,654	490
Interest expense	(303,293)	(10,677)	(214,291)	(11,902)
Fee and commission income	1,066	2,638	763	2,659
Fee and commission expense	(68)	(367)	(55)	(1,111)
Other operating income	52	1,261	58	701
Operating expenses	(1,652)	(42,648)	(1,616)	(35,769)
Net revenue / (expense)	(148,667)	(49,499)	(120,487)	(44,932)

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

26. RELATED PARTY TRANSACTIONS (continued)

	30.06.2024			Bank			31.12.2023		
	Parent Company	Subsidiaries	Other related entities	Parent Company	Subsidiaries	Other related entities	Parent Company	Subsidiaries	Other related entities
Derivative assets at fair value through profit or loss	4,558	-	44,804	5,906	-	56,347			
Derivatives assets designated as hedging instruments	12,729	-	23,881	10,187	-	23,034			
Short term Money Market placements with banks	9,026,716	-	63,583	8,054,581	-	66,851			
Loans and advances to banks	-	-	9	-	-	6,367			
Loans and advances to customers	-	2,094,593	5,930	-	1,887,454	7,469			
Other assets	15,268	8,967	10,771	13,479	10,407	7,939			
Outstanding receivables	9,059,271	2,103,560	148,978	8,084,153	1,897,861	168,007			
Derivative liabilities at fair value through profit or loss	892	-	2,108	892	-	3,743			
Derivatives liabilities designated as hedging instruments	-	-	197,041	-	-	186,942			
Current accounts	-	291,223	93,118	-	198,091	169,035			
Deposit attracted	15,777	135,819	61,353	15,769	173,541	46,221			
Loans received	-	-	196,032	-	-	342,765			
Debts securities issued	3,340,494	-	-	2,840,301	-	-			
Subordinated liabilities	842,776	-	-	842,632	-	-			
Other liabilities	3,331	-	26,347	3,236	48,542	108,502			
Outstanding payables	4,203,270	427,042	575,999	3,702,830	420,174	857,208			
Off balance - commitments granted	118,117	294,575	327,743	171,949	40,716	338,922			

	30.06.2024			Bank			30.06.2023		
	Parent Company	Subsidiaries	Other related entities	Parent Company	Subsidiaries	Other related entities	Parent Company	Subsidiaries	Other related entities
Interest income	155,228	55,965	291	94,654	36,617	486			
Interest expense	(172,578)	(2,700)	(5,009)	(135,437)	(676)	(5,997)			
Fee and commission income	1,066	17,444	2,638	763	17,510	2,658			
Fee and commission expense	(68)	-	(355)	(55)	-	(379)			
Other operating income	52	4,097	24	58	3,945	37			
Operating expenses	(1,652)	119	(41,775)	(1,616)	92	(35,204)			
Net revenue/ (expense)	(17,952)	74,925	(44,186)	(41,633)	57,488	(38,399)			

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

26. RELATED PARTY TRANSACTIONS *(continued)*

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:

In RON thousands	Group	
	30.06.2024	31.12.2023
Loans	5,734	7,242
Current accounts and deposits	9,921	9,673

In RON thousands	Group	
	30.06.2024	30.06.2023
Interest and similar income	142	104
Interest expenses and similar charges	(232)	(108)

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			30.06.2024
	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	
Loan commitments	18,328,467	54,628	-	18,383,095
committed	5,097,620	10,567	-	5,108,187
uncommitted	13,230,847	44,061	-	13,274,908
Letters of credit	225,365	-	-	225,365
Guarantees issued	4,715,564	120,337	-	4,835,901
Gross amount	23,269,396	174,965	-	23,444,361
Allowance for impairment - Loan commitments	(34,754)	(28,594)	-	(63,348)
Allowance for impairment - Letters of credit	(2,437)	-	-	(2,437)
Allowance for impairment - Guarantees issued	(19,543)	(61,207)	-	(80,750)
Total loss allowance	(56,734)	(89,801)	-	(146,535)

Notes to the unaudited interim condensed consolidated and separate financial statements for the six months period ended 30 June 2024

27. COMMITMENTS AND CONTINGENCIES (continued)

i) Off-balance-sheet commitments (continued)

In RON thousands	Group		Of which: POCI financial assets	31.12.2023
	Stage 1 and Stage 2	Stage 3		
Loan commitments	15,947,997	62,004	-	16,010,001
committed	4,581,431	9,383	-	4,590,814
uncommitted	11,366,566	52,621	-	11,419,187
Letters of credit	214,876	-	-	214,876
Guarantees issued	5,438,994	116,571	-	5,555,565
Gross amount	21,601,867	178,575	-	21,780,442
Allowance for impairment - Loan commitments	(56,213)	(27,309)	-	(83,522)
Allowance for impairment - Letters of credit	(987)	-	-	(987)
Allowance for impairment - Guarantees issued	(36,378)	(61,380)	-	(97,758)
Total loss allowance	(93,578)	(88,689)	-	(182,267)

In RON thousands	Bank		Of which: POCI financial assets	30.06.2024
	Stage 1 and Stage 2	Stage 3		
Loan commitments	17,857,775	52,757	-	17,910,532
committed	4,626,928	8,696	-	4,635,624
uncommitted	13,230,847	44,061	-	13,274,908
Letters of credit	225,365	-	-	225,365
Guarantees issued	4,715,994	120,337	-	4,836,331
Gross amount	22,799,134	173,094	-	22,972,228
Allowance for impairment - Loan commitments	(33,577)	(28,343)	-	(61,920)
Allowance for impairment - Letters of credit	(2,437)	-	-	(2,437)
Allowance for impairment - Guarantees issued	(20,134)	(90,994)	-	(111,128)
Total loss allowance	(56,148)	(119,337)	-	(175,485)

In RON thousands	Bank		Of which: POCI financial assets	31.12.2023
	Stage 1 and Stage 2	Stage 3		
Loan commitments	15,260,554	60,148	-	15,320,702
committed	3,893,988	7,527	-	3,901,515
uncommitted	11,366,566	52,621	-	11,419,187
Letters of credit	214,876	-	-	214,876
Guarantees issued	5,439,422	116,571	-	5,555,993
Gross amount	20,914,852	176,719	-	21,091,571
Allowance for impairment - Loan commitments	(54,664)	(27,045)	-	(81,709)
Allowance for impairment - Letters of credit	(987)	-	-	(987)
Allowance for impairment - Guarantees issued	(37,285)	(87,654)	-	(124,939)
Total loss allowance	(92,936)	(114,699)	-	(207,635)

27. COMMITMENTS AND CONTINGENCIES (continued)

i) Off-balance-sheet commitments (continued)

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 2024 is EUR 12,000,000 (31 December 2023: EUR 13,342,275).

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 2024, 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 8,123 (31 December 2023: RON thousands 8,276) is necessary to be booked.

As at 30 June 2024, 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 6,471 (31 December 2023: RON thousands 6,248) 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 2024

28. OPERATING SEGMENTS (continued)

Segment reporting on Group's interim consolidated statement of comprehensive income as of 30 June 2024:

30.06.2024 In RON thousands	Group					Total
	CIB*	Leasing	Retail & PB**	Treasury	Other	
Net interest income	648,084	79,766	470,957	11,197	(21,689)	1,188,315
Net fee and commission income	137,148	37,765	96,872	(14)	75	271,846
Net income from trading and other financial instruments which are not at fair value through profit or loss	183,232	-	26,507	36,268	(1,012)	244,995
FX Gains/ (Losses)	(20,867)	9,718	(15)	-	-	(11,164)
Dividend income	-	-	-	-	4,949	4,949
Other operating income	6,279	11,238	20,837	30	(3,438)	34,946
Operating income	953,876	138,487	615,158	47,481	(21,115)	1,733,887
Operating expenses	(298,778)	(46,247)	(369,129)	(2,280)	10,146	(706,288)
Net impairment losses on financial instruments	83,857	(19,606)	40,170	-	(19)	104,402
Losses on modifications of financial assets	-	-	3	-	-	3
Net operating income	738,955	72,634	286,202	45,201	(10,988)	1,132,004
Net provision losses	-	247	520	-	234	1,001
Net impairment losses on non-financial assets	-	-	-	-	33	33
Profit before taxation	738,955	72,881	286,722	45,201	(10,721)	1,133,038
Income tax	(135,044)	(12,344)	(56,540)	(3,837)	21,931	(185,834)
Net profit	603,911	60,537	230,182	41,364	11,210	947,204

* 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 2024

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	
Net interest income	580,861	59,865	419,134	(18,101)	(44,717)	997,042
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 2024

28. OPERATING SEGMENTS (continued)

Segment reporting on Bank's interim separate statement of comprehensive income as of 30 June 2024:

30.06.2024 In RON thousands	CIB*	Retail & PB**	Bank Treasury	Other	Total
Net interest income	648,084	388,579	11,197	(21,688)	1,026,172
Net fee and commission income	137,148	108,488	(14)	(1,004)	244,618
Net income from trading and other financial instruments which are not at fair value through profit or loss	183,232	16,112	36,268	(1,012)	234,600
FX Gains/ (Losses)	(20,867)	-	-	-	(20,867)
Dividend income	-	-	-	4,949	4,949
Other operating income	6,279	22,988	30	360	29,657
Operating income	953,876	536,167	47,481	(18,395)	1,519,129
Operating expenses	(298,778)	(336,203)	(2,280)	4,000	(633,261)
Net impairment losses on financial instruments	83,857	51,102	-	281	135,240
Losses on modifications of financial assets	-	3	-	-	3
Net operating income	738,955	251,069	45,201	(14,114)	1,021,111
Net provision losses	-	-	-	234	234
Net impairment losses on non-financial assets	-	-	-	33	33
Profit before taxation	738,955	251,069	45,201	(13,847)	1,021,378
Income tax	(135,044)	(48,348)	(3,837)	21,931	(165,298)
Net profit	603,911	202,721	41,364	8,084	856,080

* 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 2024

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
Net interest income	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 2024

28. OPERATING SEGMENTS (continued)

Segment reporting on Group's interim condensed consolidated statement of financial position as of 30 June 2024

30.06.2024 In RON thousands	CIB*	Leasing	Group Retail & PB**	Treasury	Other	Total
Total assets	24,402,056	6,503,425	12,132,086	12,253,692	20,575,439	75,866,698
Total liabilities	28,440,510	4,639,822	25,036,344	509,470	8,159,900	66,786,046
Total equity	-	-	-	-	9,080,652	9,080,652
Total liabilities and equity	28,440,510	4,639,822	25,036,344	509,470	17,240,552	75,866,698

Segment reporting on Group's consolidated statement of financial position as of 31 December 2023

31.12.2023 In RON thousands	CIB*	Leasing	Group Retail & PB**	Treasury	Other	Total
Total assets	23,803,090	6,193,568	11,075,543	10,995,731	22,604,429	74,672,361
Total liabilities	29,573,245	4,536,020	23,938,537	665,653	7,178,364	65,891,819
Total equity	-	-	-	-	8,780,542	8,780,542
Total liabilities and equity	29,573,245	4,536,020	23,938,537	665,653	15,958,906	74,672,361

Segment reporting on Bank's interim separate statement of financial position as of 30 June 2024:

30.06.2024 In RON thousands	CIB*	Retail & PB**	Bank Treasury	Other	Total
Total assets	24,402,056	8,750,139	12,253,692	23,042,895	68,448,782
Total liabilities	28,440,510	22,049,857	509,470	9,367,400	60,367,237
Total equity	-	-	-	8,081,545	8,081,545
Total liabilities and equity	28,440,510	22,049,857	509,470	17,448,945	68,448,782

Segment reporting on Bank's separate statement of financial position as of 31 December 2023:

31.12.2023 In RON thousands	CIB*	Retail & PB**	Bank Treasury	Other	Total
Total assets	23,803,090	8,051,958	10,995,731	24,861,316	67,712,095
Total liabilities	29,573,245	21,234,346	665,653	8,375,982	59,849,226
Total equity	-	-	-	7,862,869	7,862,869
Total liabilities and equity	29,573,245	21,234,346	665,653	16,238,851	67,712,095

* 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 2024

29. 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 14 August 2024 and were signed on its behalf by:

Mrs. Mihaela Lupu
Chief Executive Officer



Digitally signed
by MIHAELA-
ALINA LUPU
Date:
2024.08.14
19:05:05 +03'00'

**DIMITAR
TODOROV**

Digitally signed by
DIMITAR
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Date: 2024.08.14
15:38:11 +03'00'

Mr. Dimitar Todorov
Executive Vice-President