

Interim Report

For 30 June 2020

This interim report for 30 June 2020 is prepared in accordance with FSA Regulation no.5/ 2018

Date of Report:	28 July 2020
Name of the legal entity:	UniCredit Bank S.A.
Corporate address:	Romania, Bucharest, no. 1F, Expozitiei Bd., 1st District
Corporate Contact Details:	Tel +40 21 200 2000 Website: www.unicredit.ro Email: office@unicredit.ro
Trade Register Registration Number:	J40/7706/1991
Sole Registration Code:	RO361536
Bank Register No:	RB-PJR - 40 - 011/1999
Operator of personal data nb. ANSPDCP:	10964
Subscribed and paid-up share capital:	RON 455,219,478.3
The regulated capital market on which the issued bonds are traded:	Bursa de Valori Bucuresti (BVB) - Bucharest Stock Exchange (www.bvb.ro)
Main characteristics of the bonds issued by UniCredit Bank S.A.:	14,600 corporate bonds having a nominal value of RON 10,000/bond, market symbol UCB20 (ISIN ROUCTBDBC022). http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB20) 28,050 corporate bonds having a nominal value of RON 10,000/bond, market symbol UCB22 (ISIN ROUCTBDBC030). http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB22 18,350 corporate bonds having a nominal value of RON 10,000/bond, market symbol UCB24 (ISIN ROUCTBDBC048). http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB24

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1. Analysis of Bank's activity

1.1. Company's presentation

UniCredit Bank S.A. (the „Bank”) is the new brand name of UniCredit Tiriac Bank SA starting with August 2015, having its current registered office at 1F, Expozitiei Boulevard, District 1, Bucharest, 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. The Bank provides banking services in local currency („RON”) and in foreign currency to individuals and companies. UniCredit Bank is part of UniCredit, the European financial group with the most extensive network in Central and Eastern Europe and one of the most important in Europe. UniCredit Bank is a "one-stop-shop" for financial services, serving more than 600,000 customers.

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 2020, UniCredit Group (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 Debo Leasing SRL (“DEBO”). Please see note **Reporting entity** presented in the notes to the interim condensed consolidated financial statements for the period ended 30 June 2020.

The businesses of the subsidiaries and the percentage stake of the Bank in its subsidiaries are presented within the interim condensed consolidated financial statements prepared in accordance with IFRS as endorsed by EU for 30 June 2020.

At 30 June 2020, the Group has conducted its activity through 147 branches and agencies (31 December 2019: 147) opened in Romania.

1.2. General evaluation in relation to the six-month period ended at 30 June 2020

During the first quarter of the year, the Group focused on further consolidating its market position and its risk management processes; starting from March the Group focused on adopting support measures for employees, customers and communities (in the context of the pandemic), while at the same time maintaining a balanced financial and prudential position. The impact of COVID on the banking system and on UniCredit Group is detailed in chapter 29: „Impact of COVID”, from the consolidated financial statements related to the six-month period ended at June 30, 2020 (Annex 3).

The Group has obtained a consolidated net profit of RON thousands 306,663 during the first six month of 2020, decreasing by 12.92% as compared to the same period of the previous year; the decrease in net profit is mainly generated by the increase in provisions for credit risk, following the update of estimates based on the new macroeconomic scenario, in the context of the COVID pandemic. The equity holders of the parent company registered RON thousands 319,875 during the first half of the year, decreasing only by 7.47% as compared to the same period of the previous year.

The Group had consolidated operational income of RON thousands 1,078,073, higher by 1.69% comparing with the similar period of year 2019. The operational expenses registered a slight increase of 1.17%, in amount of RON thousands 5,433 as compared with June 2019.

UniCredit Group's financial indicators show a at the half-year of 2020 as follows: the annualized return on equity (ROE) was 5.82%, while the annualized return on assets (ROA) reached 0.60%. Cost-income ratio was at 43.49%, down from the same period of the previous year.

1.3. Assessment of the Group's technical level

In the first part of 2020 the Group's focus on digitalization has continued through the automation of different processes, especially in the context of increasing the 'work from home' capability, extending the internal processes covered by RPA, Digital Approval and Signing, upgrading the infrastructure and optimizing our front end systems.

The Group has continued the upgrade of the alternative channels systems with new functionalities aiming to offer UniCredit customers the possibility to interact with the bank and access multiple services offered by the bank in a remote way, through alternative channels. New functionalities related to utility payments based on templates, fees and exchange rates are now displayed in a better structure and card management features as block/unblock or changing the card limit are available for UniCredit customers in Online banking. Mobile Banking was also improved offering the customers an end-to-end process for activating savings accounts online.

1.4. Assessment of sales activity

The first half of 2020 was marked by developing digitalization of banking services for companies - segment in which UniCredit is market leader – as well as for individuals. On the other hand, the efforts for adapting to the new context generated by the Covid-19 pandemics, significantly affected our activity. Therefore, even if during the first 2 months the Bank was focused on business development, with relevant results and achievements, as of March, the Bank mainly focused on the actions meant to support employees, customers and communities.

Related to its activity during the first half of 2020, UniCredit was awarded with a series of international accolades for the quality banking services offered, among which: Best Supplier for All Services in Romania-- Euromoney's Trade Finance Survey 2020 (together with the EEC area, Western Europe, Austria, Bosnia and Herzegovina, Bulgaria, the Czech Republic, Hungary, Italy, Serbia, Slovakia, Croatia and Turkey). At the same time, UniCredit was nominated as Global Best Service Supplier for Services - related to trade and business financing („Trade Finance"). According to the same survey, the bank also received other awards for Advisory, Financing, Overall Execution and Products areas, as well as for the services provided to clients in Central and Eastern Europe (CEE). For the 11th consecutive year, Global Finance acknowledged UniCredit as the best Sub – custodian Bank in Central and Eastern Europe in 2020.

Following its consistent strategy, the Bank also provided its legal entity clients with special financing conditions within the frame of different conventions. Therefore, at the beginning of the year, the European Investment Fund (EIF) and UniCredit agreed to increase InnovFin funding for small and medium enterprises in order to improve financing access for small or medium innovative companies as well as for the medium capitalization companies in nine countries. Pursuant to the agreement, UniCredit was able to grant additional financing amounting to 500 million Euros, through the nine banks and 5 leasing entities in central and eastern Europe, to Romanian innovative companies and to companies in Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Serbia, Slovakia and Slovenia. Subsequently, in mid-June, UniCredit joined the financial support package for the Covid – 19 situation provided by the European Investment Fund (EIF), thus having the opportunity to grant working capital loans to small and medium enterprises and mid – caps companies in the central and eastern Europe, with EIF securities of 80% (as compared to the previous 50%) and simplified eligibility criteria. These new measures have extended the enforceability of the InnovFin security to large mid – caps companies, extending eligibility from the ones already considered (small and medium enterprises of medium capitalization companies).

Furthermore, in order to support digital technologies and companies' digital transformation, InnovFin security has been extended so that it also covers digital transformation financing. This transaction benefited from the support of Horizon 2020, the framework program of the European Union for Research and Innovation and from the one of the European Fund for Strategic Investments (EFSI) – the core of Europe's Investments Plan. Such new measures enabled UniCredit to offer support for Romanian companies and eight other countries in central and eastern Europe: Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Serbia, Slovakia and Slovenia.

At the same time, starting from February, UniCredit Bank has offered access to 60% secured financing to small and medium enterprises through the small and medium enterprises Initiative (SME Initiative), a security

instrument accessed by UniCredit Bank from the European Union. These transactions benefited from the European Union support through the SME Initiative program, financed by the European Union via FEDR and Horizon 2020 and by the European Investment Fund and the European Investment Bank. The Bank provides its eligible beneficiaries with financing which is secured by a guarantee financial instrument, easing their access to convenient financing in order to set up new enterprises, to expand their current activity, to reinforce the companies' activity or create new projects, including taking on new markets, through the Initiative for SME program.

The first half of 2020 brought novelties in the retail area as well: UniCredit pursued the development of its innovative offer, proposing simpler products to its clients, modern digital platforms and simplified processes. Thus, for the companies with an annual turnover of 3 million Euro, the Bank issued an offer through which they would pay less for the same benefits if they use digital channels attached to GeniusIMM checking account package.

The accomplishments in digitalization and the investments made during the past few years for digital channels were essential for our current activity and it supported us in accelerating certain projects. Where possible, the Bank immediately adopted flexible policies, encouraging the employees, whose presence was not required at the office, to work from home. For branches, extended safety measures were enforced. Clients were encouraged to use the bank's digital channels and the remote consultancy services, as often as possible. However, they were provided with on-site services as well, if needed. Thus, the Bank was able to offer during the whole crisis situation the same safety and quality level services to its clients. Furthermore, given that many individuals and companies were strongly impacted during this period, the Bank quickly implemented measures meant to support them through these difficult times.

In the first half of 2020, UniCredit Leasing continued to be number one leasing player in Romania. In the context of the COVID-19 pandemic, the safety and health of customers have also become a priority, the company quickly adapting its processes and operational flows to the new dynamics.

Between March and May 2020, UniCredit Consumer Financing registered a number of about 10,000 requests for rescheduling / restructuring loans, the volume not exceeding 5% of the total number of customers. Also, between March and May 2020, UniCredit Consumer Financing initiated a process to estimate the impact that the current context could have on the financial statements and capital requirements imposed by the National Bank. UniCredit Consumer Financing does not estimate worsening of the capital requirement below the limit imposed by the National Bank of Romania.

The Group estimates a limited impact of Covid-19 on its financial position due to significant uncertainties, but according to several analysed scenarios. Management considers that the assessment of the business continuity principle is appropriate and there is no risk in this respect over the next 12 months. Business transactions have been properly and correctly recorded in the Group's ledgers, based on the appropriate legal evidence and documents. All the legal requirements regarding the organization and running of the accounting activity have been met, respecting all accounting principles, rules and accounting methods provided by the applicable laws and regulations.

The data presented has considered the organization and management of the accounting activity in accordance with Law no. 82/1991, republished with further amendments and updates from NBR (National Bank of Romania) Order no.27/16.12.2010. The liabilities towards the State Budget have been properly booked and paid, in accordance with the applicable local regulations.

The external auditor of the Bank, Deloitte Audit SRL, revised the interim condensed consolidated financial statements for the period ended at 30 June 2020, in accordance with International Standards on Review engagements 2410 „Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

The audit opinion states that the interim condensed consolidated financial statements for the period ended at 30 June 2020 give a true and fair view on the financial position, financial performance and cash flows of the Bank and respectively, of the Group, in accordance with International Financial Reporting Standards as endorsed by European Union.

The review results are presented in the external auditor review report issued by Deloitte Audit SRL, attached to this document.

1.5. Assessment of the risk management activities

The Bank continued to carefully analyze the current and potential risks, reflecting it through the appropriate level of provisioning.

The main risks to which UCB Group is exposed are:

1.5.1. The foreign exchange risk

UCB 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 the Group are EUR and USD. The Group 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

UCB Group faces interest rate risk that could be a result of exposure to unfavorable 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 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.

The Group 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.

1.5.3. Credit risk

UCB 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.

UCB Group manages this risk 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 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 Bank 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.

1.5.4. Operational risk

Exposure to operational risk is generated by the probability 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 includes, but is not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as from private settlements.

The operational risk management framework within UniCredit Bank is well structured and involves relevant factors in promoting a culture favorable 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 efficiency in preventing risks' materialization and mitigating their effects.

1.5.5. Liquidity risk

The liquidity risk is the probability of the 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 the Bank 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 the Group's liquidity framework, the main goal of the overall liquidity management is to keep the liquidity exposure at such a level that the Bank is able to honor 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 centered 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 intern pricing transfer.

Exposure to liquidity risk

Key indicators used by the Bank 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: the Bank has to comply with the limits imposed by National Bank of Romania, such as the liquidity indicator calculated according to NBR Regulation no. 25/201 and the Liquidity coverage ratio, calculated according with to the provisions of Regulation 575/2013 and Regulation no. 61;
- 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.

The 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 the Bank.

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

1.6. Macroeconomic perspectives

The National Bank of Romania („NBR”) operated two rate cuts of the monetary policy rate of 0.25pp each, down to a level of 1.75%. Both rate cuts were operated in the context of the coronavirus pandemic crisis, the first in March and the second in May 2020. In what regards the minimum reserve requirements (MRR), the central bank operated a cut of 2 percentage points for the foreign currency reserves down to the level of 6%. The decision was taken in February 2020 and was meant to increase the liquidity in the system. Considering the expected evolution of future inflation, we believe there is room to cut the policy rate to 1% before year-end. Otherwise, monetary conditions would tighten too much at the end of 2020, once the government stops paying the interest on IMM Invest loans and the moratorium on other SME and mortgage loans ends.

Annual inflation rate decreased within the target interval of 2.5% (+/-1%) in the first half of the year to 2.6% in June 2020 and in the lower interval on May to 2.3%. With real wage growth coming to a standstill this year and the negative output gap likely to persist until late 2022, we expect core inflation to fall below target this year. Discrepancies between retail sales and prices for clothing and durable goods suggest that current inflation may be overestimated. Supply shocks could turn mostly inflationary from 2H20 onwards, with food prices rising due to a poor 2020 harvest and fuel prices recouping some of the losses from 1H20. As a result, headline

inflation could climb back above 3% later this year and in 2021, without exiting the target range. Nevertheless, second-round effects from supply shocks may not be strong enough to push core inflation higher, in line with the headline rate.

Concerns about the RON could be temporarily alleviated after Romania avoided the downgrade to junk and the central bank concluded a EUR 4.5bn repo line with the ECB. Yet pressure on the currency and FX interventions are likely to continue as the C/A deficit could remain above 4% of GDP in 2020-21.

Market liquidity management remains an important NBR monetary policy instrument as the central bank actively supported the market liquidity through repo operations (bilateral) and through bonds' acquisitions from the secondary market. This measure corroborated with the cuts of the key rate contributed to the reduction of ROBOR rates. At the same time, the ample liquidity in the market supported the proper financing of the budget deficit.

Non-performing loans (NPL) touched 3.94% at the end of March 2020 as a consequence of the portfolio improvements and specific sales of NPLs. In the context of the SARS-COV-2 pandemic, the government imposed a moratorium on loan repayments for mortgages and SME loans until the end of the year (9 months postponement of the monthly installments). After the loan moratoria will finish, we expect a gradual increase in the non-performing loans considering the worsening of the macroeconomic environment, the withdrawal of the government support measures and the increase in unemployment.

The stock of total loans reached RON 269.1 billion at the end of May 2020, registering an increase of 4.5% compared to the same month of the previous year, in spite of contracting for two consecutive months, in May and April. The stock of RON loans increased by 6.2%, while the one of foreign currency loans registered an increase of 1.2% in annual terms. An important increase was observed in terms of households' loans, 6.3% in May 2020 compared with the same month of the previous year. Foreign currency loans granted to households continued their downward trend with -8.3% compared with May 2019. In terms of loans granted to companies, foreign currency loans had a more pronounced dynamic, registering an increase of 8.1%, yoy basis.

The savings had a positive trend, with the total deposits of residents, households and companies, touching the 383.5 bn level, increasing by 13.9% in May 2020, on yoy basis. Households' deposits, representing approximately 62% out of the total deposits, registered a bigger increase on foreign currency (18.4%) compared to local currency (13%) in May 2020, yoy basis.

1.7. Integrity/Corporate Social Responsibility

For over 13 years, UniCredit Bank has been supporting some of the most important financial and entrepreneurial education projects, communication and social initiatives, as well as cultural events in Romania. UniCredit Bank was involved and supported an important number of educational, entrepreneurial, social, and cultural events, in cooperation with various NGOs (Non-governmental Organization) and other partners. This year we were among the first companies to support the health system in Romania and started to digitize most of our offline programs. Among them, during the first part of 2020: Social Impact Banking Start Major educational program went online, The Academy of Creative Minds 1st online edition, the Sibiu International Theatre Festival 1st online edition, Pe Bune Podcast series, Future Talks webinars.

Charitable initiatives in response to COVID-19

UniCredit Bank and UniCredit employees supported our communities in the fight against coronavirus through various initiatives:

- 23 March 2020 - UniCredit Bank has donated 120,000 euros to the Zi de Bine Association to support the acquisition of two high-performance mechanical ventilation devices and provide other needed medical support in response to the coronavirus health emergency.
- 14 May 2020 - UniCredit employees from UniCredit Bank, UniCredit Leasing, UniCredit Consumer Financing and UniCredit Services Romania carried out an internal fundraising campaign in April, supplemented by a contribution from UniCredit Foundation. The initiative raised a total of 61,000 euros. 51,000 euros were directed, with the help of Pretuieste Viata Foundation, for purchasing medical equipment for hospitals.

UniCredit donated 10,000 euros for another two health units in the country - Mangalia Municipal Hospital in Constanța County and "Sfântul Pantelimon" County Emergency Hospital in Focșani, Vrancea County.

- 21 May 2020 - UniCredit Bank joined the #together campaign, initiated by Altex Romania and Altex Foundation, and donated 70,000 euros in order to support the hospitals that are in great need for this medical equipment.

Social impact projects

The Social Impact Banking (SIB) program was launched also in Romania this year. SIB represents the commitment of UniCredit in building a more fair and inclusive society. Its purpose is identifying, financing and promoting businesses and people which have a positive social impact. The goal is to generate both economic benefits, and larger benefits at society level. In addition to the provision of credits for projects and organizations which are generally excluded from accessing banking services and products, SIB offers to UniCredit Group the opportunity to share financial and business expertise through educational projects dedicated to micro-enterprises, social businesses, vulnerable or under-privileged groups, including young persons, elderly persons, and categories in situations with risks of social exclusion.

The involvement of UniCredit employees is an important element in accomplishing the actions within SIB which supports the building of valuable networks in communities wherein the Bank operates. These bring people together in order to share positive experiences and to increase awareness of relevant projects, with the purpose of increasing their potential impact. SIB will also involve the monitoring and measuring of results which are essential in securing a sustainable growth of both sponsored projects, as well as the output of investments made by the bank. The goal is to measure not only direct impact, but also the indirect positive effects of supported projects for social and economic welfare of communities wherein UniCredit is present.

Educational projects

UniCredit is one of the banks that has traditionally supported art and culture, with a special affinity in the area of contemporary art and young artists. In addition, in recent years, we have been developing a financial and entrepreneurial education program for creative minds. These creative minds come from various industries, from theater and film, to architecture and design, to coffee-shops and restaurants, bakeries and pastry chefs, jewelry makers, people who start their own business to pursue their dream.

The Academy of Creative Minds was an offline program. During the past three years we have met 11 times with entrepreneurs from all over the country and we have put in modules for a few days supporting workshops: from how to financially plan the business to how to promote it and to make it sustainable.

Beyond the educational part, the entrepreneurs started to form a community. This year our community has moved online and we were able to offer access to webinars, to 800 entrepreneurs at once. In July, we are launching a grant program dedicated to digital solutions, i.e. we will provide grants that can help automate and digitize processes or communicate small and medium-sized businesses.

The partnership with Teach for Romania will continue in the form of an online Leadership Academy for Teachers, that will take place this summer.

2. Tangible and intangible assets of the Group

Tangible and intangible assets of the Group (net amount) totalled RON thousands 623,331 at the end of first half of 2020 (including assets representing right of use from IFRS 16), compared to RON thousands 570,887 as of 31 December 2019. The 9.19% YoY increase was generated mainly by higher right of use assets (due to the extension by three years of the lease term for the building in which the headquarters is located) and to the increase of investments in intangible assets, necessary in order to increase the degree of digitization.

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, the Bank issued 61,000 medium and long term bonds denominated in RON listed on Bucharest Stock Exchange with nominal value of 10,000/bond, having the following characteristics:

- Symbol UCB20, ISIN ROUCTBDBC022, number of instruments 14,600, floating rate ROBOR 6M + 0.65%, interest coupon half-yearly payable and redemption date on 15 July 2020. Out of 6 interest coupons, 5 coupons have been paid to the bond holders and the last one will be paid in July, 2020;
- Symbol UCB22, ISIN ROUCTBDBC030, number of instruments 28,050, floating rate ROBOR 6M + 0.85%, interest coupon half-yearly payable and redemption date on 15 July 2022. Out of 10 interest coupons of this bond issue, the first 5 coupons have been paid to the bond holders;
- Symbol UCB24, 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 5 coupons have been paid to the bond holders.

Information regarding these bonds are presented on the Bucharest Stock Exchange website

<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB20>

<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB22>

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

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

The coupon payments are made in accordance with the provisions of the Chapter „Bonds terms and conditions”, paragraph **9 Payments** in the „BONDS ISSUE PROSPECTUS” published on the Financial Supervision Authority’s website (<http://www.asfromania.ro>) – direct link:

<http://www.asfromania.ro/supraveghere/supraveghere-capital/emitenți-capital-supraveghere/oferte-publice-capital-supraveghere/prospecte-amendamente/1891-prospectele-amendamentele-certIFICATELE-PENTRU-OFERTELE-DE-VANZARE-APROBATE-DE-A-S-F-C-N-V-M>

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

3.3. Description of Bank’s policy regarding dividends

In April 2020, the General Meeting of Shareholders approved the distribution of the Bank's net profit for the year 2019, in total amount of RON 572,920,274.07, as presented in the Separate Financial Statements prepared in accordance with IFRS as endorsed by EU and applicable to credit institutions in accordance with NBR Order 27/2010 and further amendments, as follows:

- set-up of a reserve for the amount of RON 28,179,641.00 related to the reinvested profit of the year 2019, for which the Bank applied the income tax exemption according to art. 22 of Law no. 227/2015;
- reinvestment of the remaining net profit in total amount of RON 544,740,633.07.

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.

Presentation of the Supervisory Board members as of June 30, 2020

Supervisory Board of UniCredit Bank as of June 30, 2020 consisted of:

1. Pasquale Giamboi, Italian citizen, President of Supervisory Board;
2. Faik Acikalin, Turkish citizen, Member;
3. Zeynep Nazan Somer Ozelgin, Turkish citizen, Member;
4. Luboslava Uram, Slovak citizen, Vice-president;
5. Corneliu Dan Pascariu, Romanian citizen, Member.

Presentation of the Management Board members as of June 30, 2020

Management Board of UniCredit Bank as of 30 June 2020 consists of:

1. Catalin Rasvan Radu, Romanian citizen, Executive President (CEO), President of Management Board;
2. Tzvetanka Gueorguieva Mintcheva, Bulgarian citizen, Member of Management Board, Deputy CEO;
3. Philipp Gamauf, Austrian citizen, Executive Vice-president, Member of Management Board;
4. Nicola Longo Dente, Italian citizen, Executive Vice-president, Member of Management Board;
5. Andrei Bratu, Romanian citizen, Executive Vice-President, Member of Management Board;
6. Carlo Driussi, Italian citizen, Executive Vice-President, Member of Management Board;
7. Antoaneta Curteanu – Romanian citizen, Executive Vice-President, Member of Management Board.

During January-June 2020, there have been the following changes in the governing bodies of UniCredit Bank:

Supervisory Board's members:

General Shareholders Meeting held on 20.02.2020 adopted:

- Acknowledgement of the termination of the mandate of Mr. Stefano Porro as member of Supervisory Board, effective as of February 21, 2020;
- Acknowledgement of the termination of the mandate of Mrs. Jutta Liebernwein Schoeffmann as member of Supervisory Board, effective as of February 21, 2020;
- Appointment of Mr. Niccolo Ubertalli as member of Supervisory Board for a mandate of 3 (three) years starting with February 21, 2020 until February 21, 2023 - *pending for NBR approval*;
- Appointment of Ms. Graziana Mazzone as Member of Supervisory Board for a period of 3 (three) years starting with February 21, 2020 until February 21, 2023 - *pending for NBR approval*;

- Appointment of Mr. Riccardo Roscini as Member of Supervisory Board for a period of 3 (three) years starting with February 21, 2020 until February 21, 2023 - *pending for NBR approval*;
- Prolongation of Mr. Corneliu-Dan Pascariu mandate as member of Supervisory Board starting with April 15, 2020 and until December 31, 2020;
- Prolongation of Mrs. Zeynep Nazan Somer Ozelgin mandate as member of the Supervisory Board for a period of 3 (three) years starting with February 21, 2020 until February 21, 2023.

Supervisory Board held on 02.03.2020 decided upon:

- Appointment of Mrs. Luboslava Uram as SB Vice-Chairman, starting with her NBR approval date, respectively 27.03.2020.

Supervisory Board held on 02.04.2020 acknowledged:

- Resignation from the position of Chairman of Supervisory Board of Mr. Corneliu Dan Pascariu as of 03.04.2020.

Supervisory Board held on 30.04.2020 decided upon:

- Appointment of Mr. Pasquale Giamboi as Chairman of Supervisory Board, as of 30.04.2020.

Management Board's members:

Supervisory Board held on 26.02.2020 decided upon:

- appointment of Mrs. Tzvetanka Gueorguieva Mintcheva as member of Management Board, Deputy CEO – approved by NBR on 19.06.2020.

Supervisory Board held on 02.03.2020 decided upon:

- Prolongation of Management Board mandate, from 17.04.2020 until 17.04.2023.

There are no litigations or administrative proceedings in the Bank's records regarding the members of the Supervisory Board or the Board of Directors of UniCredit Bank.

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

As of 30 June 2020, the share capital of the Bank consists of 48,948,331 ordinary shares (same number as for 31 December 2019), with a face value of RON 9.30 /share and a share premium of RON 75.93 /share. The total value of the share premium is RON thousands 621,680.

As of 30 June 2020, UniCredit Bank SpA, the main shareholder of the Bank, owns 98.63% of the Bank's social capital (same as in 31 December 2019).

No changes in the share capital of the Bank were performed during January-June, 2020.

Half-Year Report as of 30 June 2020 as per FSA Reg. no.5/2018

Therefore, on June 30, 2020, the Shareholders structure was as follows:

Shareholders	Shares' number	Value (RON)	%
UniCredit S.p.A. - Italy	48,277,621	448,981,875.30	98.6298
Romanian Individuals	626,485	5,826,310.50	1.2799
Romanian Legal Entities	21,606	200,935.80	0.0441
Foreign Individuals	15,279	142,094.70	0.0312
Foreign Legal Entities	7,340	68,262.00	0.0150
TOTAL	48,948,331	455,219,478.30	100

The shareholders' structure of the Bank is as follows:

	30.06.2020	31.12.2019
	%	%
UniCredit SpA*	98.63	98.63
Others investors	1.37	1.37
Total	100.00	100.00

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

The structure of the capital is as follows:

RON thousands	30.06.2020	31.12.2019
Statutory social capital	455,219	455,219
IAS 29 – Hiperinflation effect	722,529	722,529
Social capital as per IFRS	1,177,748	1,177,748

5. Consolidated financial statements

5.1. Assets, Liabilities, Equity

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

In RON thousands	Group	
	30.06.2020	31.12.2019
Assets:		
Cash and cash equivalents	10,989,903	11,693,894
Financial assets at fair value through profit or loss	519,808	267,990
Derivatives assets designated as hedging instruments	-	-
Loans and advances to customers at amortized cost*	25,544,328	26,013,805
Net lease receivables*	3,460,570	3,323,516
Placements with banks at amortized cost	4,093,695	-
Other financial assets at amortized cost	429,249	572,567
Financial assets at fair value through other comprehensive income	114,203	142,810
Equity investments	4,406,388	8,614,640
Held-to-maturity investments	-	-
Fair value changes of the hedged items in portfolio hedge	-	-
Investment in subsidiaries	-	-
Property and equipment	203,525	200,368
Right of use assets	204,541	174,235
Intangible assets	215,265	196,284
Current tax assets	-	2,848
Deferred tax assets	153,410	132,466
Other assets	133,953	191,185
Non-current assets and disposal groups classified as held for sale	-	-
Total assets	50,468,838	51,526,608
Liabilities:		
Financial liabilities at fair value through profit or loss	90,573	73,969
Derivatives liabilities designated as hedging instruments	119,960	114,852
Deposits from banks	1,333,922	1,666,287
Loans from banks and other financial institutions at amortized cost	5,924,164	6,483,236
Deposits from customers	32,982,658	33,938,950
Debt securities issued	2,071,740	2,044,046
Other financial liabilities at amortized cost	730,530	391,071
Subordinated liabilities	924,612	912,449
Lease liabilities	197,641	163,898
Current tax liabilities	38,007	2,699
Deferred tax liabilities	-	-
Provisions	263,501	240,959
Other non-financial liabilities	289,245	251,401
Total liabilities	44,966,553	46,283,817

In RON thousands	Group	
	30.06.2020	31.12.2019
Equity		
Share capital	1,177,748	1,177,748
Share premium	621,680	621,680
Cash flow hedge reserve	(49,692)	(47,833)
Reserve on financial assets at fair value through other comprehensive income	(24,580)	20,330
Revaluation reserve on property and equipment	12,018	12,682
Other reserves	326,469	298,289
Retained earnings	3,341,960	3,050,001
Total equity for parent company	5,405,603	5,132,897
Non-controlling interest	96,682	109,894
Total equity	5,502,285	5,242,791
Total liabilities and equity	50,468,838	51,526,608

At the end of June 2020, total assets were RON thousands 50,468,838 compared to RON thousands 51,526,608 as of 31 December 2019 (decrease by 2.05%).

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

- **Loans and advances to banks:** decreased by RON thousands 143,318 (-25.03%) from RON thousands 572,567 in December 2019, to RON thousands 429,249 in June 2020.
- **Cash and cash equivalents:** decreased by RON thousands 703,991 (-6.02%) from RON thousands 11,693,894 in December 2019, to RON thousands 10,989,903 in June 2020.
- **Net lease receivables:** increased by RON thousands 137,054 (+4.12%) from RON thousands 3,323,516 in December 2019, to RON thousands 3,460,570 in June 2020.
- **Financial assets at fair value through profit or loss:** decreased by RON thousands 4,208,252 (-48.85%) from RON thousands 8,614,640 in December 2019, to RON thousands 4,406,388 in June 2020.
- **Other financial assets at amortised cost:** decreased by RON thousands 28,607 (-20.03%) from RON thousands 142,810 in December 2019, to RON thousands 114,203 in June 2020.

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

- **Liabilities at fair value through profit or loss:** increased by RON thousands 16,604 (+22.45%) from RON thousands 73,969 in 31 December 2019, to RON thousands 90,573 at June 2020.
- **Derivatives liabilities designated as hedging instruments:** increased by RON thousands 5,108 (+4.45%) from RON thousands 114,852 as at 31 December 2019, to RON thousands 119,960 as at June 2020.
- **Deposits from banks:** decreased by RON thousands 332,365 (-19.95%) from RON thousands 1,666,287 at 31 December 2019, to RON thousands 1,333,922 at June 2020.
- **Other financial liabilities at amortised cost:** increased by RON thousands 339,459 (+86.80%) from RON thousands 391,071 at 31 December 2019, to RON thousands 730,530 at June 2020.
- **Lease liabilities:** increased by RON thousands 33,743 (+20.59%) from RON thousands 163,898 at 31 December 2019, to RON thousands 197,641 at June 2020.
- **Current tax liabilities:** increased by RON thousands 35,308 (+1,308.19%) from RON thousands 2,699 at 31 December 2019, to RON thousands 38,007 at June 2020.

Half-Year Report as of 30 June 2020 as per FSA Reg. no.5/2018

• **Reserve on financial assets at fair value through other comprehensive income:** decreased by RON thousands 44,910 (-220.91%) from RON thousands 20,330 at 31 December 2019, to RON thousands (24,580) RON at June 2020.

5.2. Income statement

The Group Income statement for June 2020 and June 2019 is presented below:

In RON thousands	Group	
	30.06.2020	30.06.2019
Interest income	906,956	913,011
Interest expense	(246,117)	(279,969)
Net interest income	660,839	633,042
Fee and commission income	221,477	212,881
Fee and commission expense	(67,718)	(61,948)
Net fee and commission income	153,759	150,933
Net income from instruments at fair value through profit and loss*	161,629	183,788
FX Gains/ (Losses)	29,430	57,353
Fair value adjustments in hedge accounting	437	3,405
Net income on disposal of financial assets and liabilities which are not at fair value through profit or loss	58,291	24,162
Dividends incomes	1,972	1,971
Other operating income	11,716	5,464
Operating income	1,078,073	1,060,118
Personnel expenses	(214,217)	(206,067)
Depreciation and impairment of tangible assets	(49,784)	(46,274)
Amortisation and impairment of intangible assets	(23,211)	(27,214)
Other administrative costs	(168,833)	(174,424)
Other operating costs	(13,855)	(10,488)
Operating expenses	(469,900)	(464,467)
Net operating income	608,173	595,651
Net impairment losses on financial assets	(221,333)	(162,748)
Net impairment losses on non-financial assets	(2,788)	-
Net provision losses*	(16,855)	(6)
FX Gains/ (Losses)	-	-
Profit before taxation	367,197	432,897
Income tax	(60,534)	(80,717)
Net profit for the period	306,663	352,180
Attributable to:		
Equity holders of the parent company	319,875	345,696
Non-controlling interests	(13,212)	6,484
Net profit for the period	306,663	352,180

* The Group reclassified certain amounts in 2019, but after publishing the interim condensed consolidated financial statements as at 30 June 2019. In order to ensure the comparability of the data and information with the current year presentation, in the Interim Condensed Consolidated Statement of Cash Flows as at 30 June 2019, amount of 7,244 RON thousands was reclassified at 30 June 2019 in the Interim Condensed Consolidated Statement of Comprehensive Income from "Income tax" caption to "Net provision losses" caption.

5.3. Cash flows

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

In RON thousands	Group	
	30.06.2020	30.06.2019
Operating activities		
Profit before taxation	367,197	432,897
Adjustments for non-cash items:		
Depreciation, amortization and impairment on tangible and intangible assets	72,995	73,488
Net impairment losses on financial assets	236,200	197,595
Change in fair value of derivatives at fair value through profit or loss	(3,139)	39,925
Other items for which the cash effects are investing or financing	78,981	24,146
Other non-cash items	111,280	184,820
Operating profit before changes in operating assets and liabilities	863,514	952,871
Change in operating assets:		
(Increase) / Decrease in financial assets held for trading	3,828,340	161,613
(Increase) / Decrease in loans and advances to banks	(4,014,368)	-
(Increase) / Decrease in loans and advances to customers	142,767	1,525,746
(Increase) / Decrease in lease investment	369,899	(375,259)
(Increase) / Decrease in other assets	(161,919)	(161,258)
Decrease in other assets	73,912	21,082
Change in operating liabilities:		
(Decrease) / Increase in deposits from banks	(332,770)	(2,418,290)
(Decrease) / Increase in deposits from customers	(1,113,442)	(118,684)
(Decrease) / Increase in other liabilities	362,981	244,163
Income tax paid	(34,306)	(80,015)
Cash flows from / (used in) operating activities	(15,392)	(248,031)
Investment activities		
(Increase)/Decrease in other assets*	(61,327)	(52,364)
Dividends received	2,322	2,169
Cash flows used in investment activities	(59,005)	(50,195)
Financing activities		
Dividends paid	(298)	(356,875)
(Payments)/Receivables from bonds	-	-
Increase in capital and share premium	-	-
Repayments of loans from financial institutions	(1,295,044)	(1,208,034)
Drawdowns from loans from financial institutions	696,808	1,052,702
Repayment of the lease liabilities	(30,628)	(25,118)
Cash flows from financing activities	(629,162)	(537,325)
Net increase in cash and cash equivalents	(703,559)	(835,551)
Cash and cash equivalents at 1 January	11,698,460	10,285,156
Cash and cash equivalents at 30 June 2019- gross value	10,994,901	9,449,605
Impairment adjustments	(4,998)	(5,910)
Cash and cash equivalents at 30 June 2019- net value	10,989,903	9,443,695
Cash flow from operating activities include:		
Interest received**	936,869	1,042,610
Interest paid	(193,042)	(303,907)

* The variation of advances paid for fixed and intangible assets acquisition in amount of 18,991 RON thousands was reclassified from "Acquisition of property and equipment and intangible assets" caption to "(Increase)/Decrease in other assets". caption

** The amount of "Interest received" caption has been recalculated at value of 1,042,610 RON thousands as against of value of 1,019,082 RON thousands previously presented.

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 2020.

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

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

6.3. Financial statements and auditor report

Interim Condensed Consolidated Financial Statements for the period ended 30 June 2020 prepared in accordance with IFRS as endorsed by European Union and reviewed by external independent auditor Deloitte Audit SRL.

Mr. Catalin Rasvan Radu

Chief Executive Officer



Mr. Philipp Gamauf

Chief Financial Officer



Revised by,

Ana Costea


Accounting & Reporting Director



Prepared by,

Andreea Andrei

Regulatory Reporting



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, 2020 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, 2020.

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 amendments 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,

Catalin Rasvan Radu



Chief Financial Officer,

Philipp Gamauf



Annex 6.2. Changes in Supervisory Board and Management Board composition



BANCA NAȚIONALĂ A ROMÂNIEI

UniCredit Bank S.A.	
07 JAN 2020	
39 INTRARE	3761
IEȘIRE	

FLORIN GEORGESCU
Prim-viceguvernator

Nr./FG/851/24.12.2019

Domnului CĂTĂLIN RĂSVAN RADU

Președinte executiv
UniCredit Bank S.A.

Domnule Președinte executiv,

Referitor la solicitarea dvs. formulată prin scrisoarea nr. 47243/08.04.2019, în conformitate cu prevederile art.108 alin.3 și art.109 din Ordonanța de urgență a Guvernului nr.99/2006 privind instituțiile de credit și adecvarea capitalului, aprobată cu modificări și completări prin Legea nr.227/2007, cu modificările și completările ulterioare, și ale art.3 alin.(1) lit.b) și art.7 alin.(1) din Regulamentul Băncii Naționale a României nr.6/2008 privind începerea activității și modificările în situația instituțiilor de credit, persoane juridice române, și a sucursalelor din România ale instituțiilor de credit din state terțe, cu modificările și completările ulterioare, vă comunicăm aprobarea prealabilă a Băncii Naționale a României pentru domnul Hüseyin Faik Açıkalın nominalizat în calitate de membru al Consiliului de Supraveghere al UniCredit Bank S.A.

În conformitate cu prevederile art.3 alin.3 din Regulamentul Băncii Naționale a României nr.6/2008 privind începerea activității și modificările în situația instituțiilor de credit, persoane juridice române, și a sucursalelor din România ale instituțiilor de credit din state terțe, cu modificările și completările ulterioare, veți notifica Băncii Naționale a României înregistrarea modificării intervenite în situația băncii la Oficiul Registrului Comerțului, în termen de 10 zile de la data realizării acesteia.

Cu stimă,



Banca Națională a României, în calitate de operator de date cu caracter personal, prelucrează datele cu caracter personal care au fost obținute direct de la persoana vizată sau indirect de la un alt operator de date cu caracter personal, în conformitate cu prevederile legislației naționale în vigoare aplicabile și ale Regulamentului (UE) 679/2016 privind protecția persoanelor fizice în ceea ce privește prelucrarea datelor cu caracter personal și privind libera circulație a acestor date și de abrogare a Directivei 95/46/CE (Regulamentul general privind protecția datelor – RGPD). Mai multe informații cu privire la prelucrarea datelor cu caracter personal de către Banca Națională a României puteți afla accesând pagina web www.bnro.ro/Date-cu-caracter-personal-17892.aspx.



BANCA NAȚIONALĂ A ROMÂNIEI

FLORIN GEORGESCU
Prim-viceguvernator

Nr./FG/146/27.03.2020

Domnului CĂTĂLIN RĂSVAN RADU

Președinte executiv

UniCredit Bank S.A.

Domnule Președinte executiv,

Referitor la solicitarea dvs. formulată prin scrisoarea nr.141226/09.10.2019 completată cu adresa nr.28029/11.02.2020, în conformitate cu prevederile art.108 alin.3 și art.109 din Ordonanța de urgență a Guvernului nr.99/2006 privind instituțiile de credit și adecvarea capitalului, aprobată cu modificări și completări prin Legea nr.227/2007, cu modificările și completările ulterioare, și ale art.3 alin.(1) lit.b) și art.7 alin.(1) din Regulamentul Băncii Naționale a României nr.6/2008 privind începerea activității și modificările în situația instituțiilor de credit, persoane juridice române, și a sucursalelor din România ale instituțiilor de credit din state terțe, cu modificările și completările ulterioare, vă comunicăm aprobarea prealabilă a Băncii Naționale a României pentru doamna L'uboslava Uram nominalizată în calitate de membru al Consiliului de Supraveghere al UniCredit Bank S.A.

În conformitate cu prevederile art.3 alin.3 din Regulamentul Băncii Naționale a României nr.6/2008 privind începerea activității și modificările în situația instituțiilor de credit, persoane juridice române, și a sucursalelor din România ale instituțiilor de credit din state terțe, cu modificările și completările ulterioare, veți notifica Băncii Naționale a României înregistrarea modificării intervenite în situația băncii la Oficiul Registrului Comerțului, în termen de 10 zile de la data realizării acesteia.

Cu stimă,

Banca Națională a României, în calitate de operator de date cu caracter personal, prelucrează datele cu caracter personal care au fost obținute direct de la persoana vizată sau indirect de la un alt operator de date cu caracter personal, în conformitate cu prevederile legislației naționale în vigoare aplicabile și ale Regulamentului (UE) 679/2016 privind protecția persoanelor fizice în ceea ce privește prelucrarea datelor cu caracter personal și privind libera circulație a acestor date și de abrogare a Directivei 95/46/CE (Regulamentul general privind protecția datelor – RGPD). Mai multe informații cu privire la prelucrarea datelor cu caracter personal de către Banca Națională a României puteți afla accesând pagina web www.bnr.ro/Date-cu-caracter-personal-17892.aspx.

FLORIN GEORGESCU

Prim viceguvernator

Nr./FG/ 331 /19.06.2020

Domnului CĂTĂLIN RĂSVAN RADU

Președinte executiv

UniCredit Bank S.A.

Domnule Președinte executiv,

Referitor la solicitarea dvs. formulată prin scrisoarea nr.44140/12.03.2020, în conformitate cu prevederile art.108 alin.3 și art.109 din Ordonanța de urgență a Guvernului nr.99/2006 privind instituțiile de credit și adecvarea capitalului, aprobată cu modificări și completări prin Legea nr.227/2007, cu modificările și completările ulterioare, și ale art.3 alin.(1) lit.b) și art.7 alin.(1) din Regulamentul Băncii Naționale a României nr.6/2008 privind începerea activității și modificările în situația instituțiilor de credit, persoane juridice române, și a sucursalelor din România ale instituțiilor de credit din state terțe, cu modificările și completările ulterioare, vă comunicăm aprobarea prealabilă a Băncii Naționale a României pentru doamna Tzvetanka Gueorguieva Mintcheva, nominalizată în calitate de conducător al UniCredit Bank S.A, membru al Directoratului instituției de credit.

În conformitate cu prevederile art.3 alin.3 din Regulamentul Băncii Naționale a României nr.6/2008 privind începerea activității și modificările în situația instituțiilor de credit, persoane juridice române, și a sucursalelor din România ale instituțiilor de credit din state terțe, cu modificările și completările ulterioare, veți notifica Băncii Naționale a României înregistrarea modificării intervenite în situația băncii la Oficiul Registrului Comerțului, în termen de 10 zile de la data realizării acesteia.

Cu stima,



Banca Națională a României, în calitate de operator de date cu caracter personal, prelucrează datele cu caracter personal care au fost obținute direct de la persoana vizată sau indirect de la un alt operator de date cu caracter personal, în conformitate cu prevederile legislației naționale în vigoare aplicabile și ale Regulamentului (UE) 679/2016 privind protecția persoanelor fizice în ceea ce privește prelucrarea datelor cu caracter personal și privind libera circulație a acestor date și de abrogare a Directivei 95/46/CE (Regulamentul general privind protecția datelor – RGPD). Mai multe informații cu privire la prelucrarea datelor cu caracter personal de către Banca Națională a României puteți afla accesând pagina web www.bnr.ro/Data-cu-caracter-personal-17892.aspx.



BANCA NAȚIONALĂ A ROMÂNIEI



FLORIN GEORGESCU
Prim-viceguvernator

Nr. FG/495/25.11.2019

Domnului CĂTĂLIN RĂSVAN RADU

Președinte executiv

UniCredit Bank S.A.

Domnule Președinte executiv,

Referitor la solicitarea dvs. formulată prin scrisoarea nr. 130011/16.09.2019, în conformitate cu prevederile art.108 alin.3 și ale art.109 din Ordonanța de urgență a Guvernului nr.99/2006 privind instituțiile de credit și adecvarea capitalului, aprobată cu modificări și completări prin Legea nr.227/2007, cu modificările și completările ulterioare, precum și ale art.3 alin.1 lit.b) și art.7 din Regulamentul Băncii Naționale a României nr.6/2008 privind începerea activității și modificările în situația instituțiilor de credit, persoane juridice române, și a sucursalelor din România ale instituțiilor de credit din state terțe, cu modificările și completările ulterioare, vă comunicăm aprobarea prealabilă a doamnei Antoaneta Curteanu nominalizată în calitate de vicepreședinte executiv, coordonator al Diviziei Retail în cadrul UniCredit Bank S.A.

În conformitate cu prevederile art.3 alin.3 din Regulamentul Băncii Naționale a României nr.6/2008 privind începerea activității și modificările în situația instituțiilor de credit, persoane juridice române, și a sucursalelor din România ale instituțiilor de credit din state terțe, cu modificările și completările ulterioare, veți notifica Băncii Naționale a României înregistrarea modificării intervenite în situația băncii la Oficiul Registrului Comerțului, în termen de 10 zile de la data realizării acesteia.



Cu stăruință
Florin Georgescu

Banca Națională a României, în calitate de operator de date cu caracter personal, prelucrează datele cu caracter personal care au fost obținute direct de la persoana vizată sau indirect de la un alt operator de date cu caracter personal, în conformitate cu prevederile legislației naționale în vigoare aplicabile și ale Regulamentului (UE) 679/2016 privind protecția persoanelor fizice în ceea ce privește prelucrarea datelor cu caracter personal și privind libera circulație a acestor date și de abrogare a Directivei 95/46/CE (Regulamentul general privind protecția datelor – RGPD). Mai multe informații cu privire la prelucrarea datelor cu caracter personal de către Banca Națională a României puteți afla accesând pagina web www.bnr.ro/Date-cu-caracter-personal-17892.aspx.



DUPLICAT

HOTĂRÂREA

ADUNĂRII GENERALE ORDINARE A ACȚIONARILOR

UniCredit Bank S.A.

din data de 20.02.2020

Adunarea Generală Ordinară a Acționarilor UniCredit Bank S.A., persoană juridică română organizată sub forma unei societăți pe acțiuni, administrată în sistem dualist, cu sediul social în București, Bulevardul Expoziției nr. 1F, sectorul 1, România, înregistrată în Registrul Bancar sub nr. RB-PJR-40-011/18.02.1999 și la Registrul Comerțului sub nr. J40/7706/1991, EUID: R00NRC J40/7706/1991, cod unic de înregistrare RO 361536, (denumită în continuare „Banca”), a fost convocată pentru data de **20.02.2020**, începând cu ora 09.00 World Trade Center București, situat în București, Piața Montreal, nr.10, sector 1, sala de conferințe "Montreal", în prezența acționarilor înscrși în Registrul acționarilor Băncii la data de referință **03.02.2020**, ce reprezintă **98,6298 %** din totalul drepturilor de vot.

Adunarea Generală Ordinară a Acționarilor a fost convocată în mod legal de către Directoratul Băncii prin publicarea convocatorului în Monitorul Oficial al României, partea a IV-a, nr. 195 din data de 17.01.2020 și în ziarul „România Liberă” din data de 20.01.2020, precum și pe pagina de internet a Băncii, potrivit prevederilor art. 117 și art. 117² al. 2 din Legea nr.31/1990 privind societățile, republicată, cu modificările și completările ulterioare.

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

1. Luarea la cunoștință cu privire la încetarea mandatului de membru al Consiliului de Supraveghere al domnului Stefano Porro începând cu data de 21.02.2020.

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

2. Luarea la cunoștință cu privire la încetarea mandatului de membru al Consiliului de Supraveghere al doamnei Jutta Lieberwein Schoeffmann începând cu data de 21.02.2020.

TRACIA

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BULGARIA

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Asupra aspectelor înscrise la **punctul 3** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **100 %** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

3. Numirea domnului Niccolo Ubertalli în funcția de membru al Consiliului de Supraveghere pentru un mandat de 3 (trei) ani începând cu 21 februarie 2020 până la 21 februarie 2023. Domnul Niccolo Ubertalli își va exercita responsabilitățile după obținerea aprobării prealabile a Băncii Naționale a României.

Asupra aspectelor înscrise la **punctul 4** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **100 %** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

4. Numirea doamnei Graziana Mazzone ca membru al Consiliului de Supraveghere pentru o perioadă de 3 (trei) ani începând cu 21 februarie 2020 până la 21 februarie 2023. Doamna Graziana Mazzone își va exercita responsabilitățile după obținerea aprobării prealabile a Băncii Naționale a României.

Asupra aspectelor înscrise la **punctul 5** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **100 %** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

5. Numirea domnului Riccardo Roscini ca membru al Consiliului de Supraveghere pentru o perioadă de 3 (trei) ani începând cu 21 februarie 2020 până la 21 februarie 2023. Domnul Riccardo Roscini își va exercita responsabilitățile după obținerea aprobării prealabile a Băncii Naționale a României.

Asupra aspectelor înscrise la **punctul 6** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **100 %** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

6. Prelungirea mandatului domnului Corneliu-Dan Pascariu în funcția de membru al Consiliului de Supraveghere începând cu data de 15 aprilie 2020 până la 31 decembrie 2020.

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Asupra aspectelor înscrise la **punctul 7** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **100 %** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

7. Prelungirea mandatului doamnei Zeynep Nazan Somer Ozelgin de membru al Consiliului de Supraveghere pentru o perioadă de 3 (trei) ani începând cu 21 februarie 2020 până la 21 februarie 2023.

Asupra aspectelor înscrise la **punctul 8** pe ordinea de zi, Adunarea Generală Ordinară a Acționarilor a aprobat, cu **100 %** din voturile exprimate de acționarii prezenți sau reprezentați la Adunarea Generală Ordinară a Acționarilor Băncii:

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

Redactată astăzi, 20.02.2020

Președinte de ședință

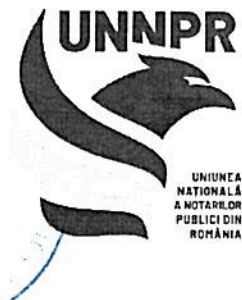
Dan Pascariu

Secretar de ședință

Sevastița Drăghici



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ALBĂ



ROMÂNIA
UNIUNEA NAȚIONALĂ A NOTARILOR PUBLICI
SOCIETATE PROFESIONALĂ NOTARIALĂ
"DURNESCU și Asociații"
Licența de funcționare nr. 249/3526/13.09.2016
Sediul: Str. Jean Louis Calderon nr. 57, etaj 1 și 2, Sector 2, București
Tel: 021.331.20.71 / 0723.288.948, Fax: 021.331.20.99
e-mail: secretariat@bnpdurnescu.ro



ÎNCHEIERE DE AUTENTIFICARE NR. 1035
ANUL: 2020 LUNA FEBRUARIE ZIUA: 20

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

- **PASCARIU CORNELIU-DAN**, cetățean român, domiciliat în Mun. București, Sector 1, Str. George Demetrescu Mirea nr.3, ap.1, posesor al cărții de identitate seria RD nr.643931 emisă de SPCEP S1 biroul nr.2 la data de 19.08.2010, valabilă până la data de 12.05.2070, CNP 1500512400327, cunoscut personal de notar, în calitate de Președinte de Ședință al Adunării Generale Ordinare a Acționarilor UniCredit Bank S.A. din data de 20.02.2020,

- **DRĂGHICI SEVASTIȚA**, cetățean român, domiciliată în Mun. București, Sector 4, Str. Trestiana nr.3, bl.8B, sc.B et.8, ap.77, posesoare a cărții de identitate seria RX nr.711794 emisă de SPCEP Sector 4 la data de 14.05.2015, valabilă până la data de 05.05.2025, CNP 2630505400402, cunoscută personal de notar, în calitate de Secretar de Ședință al Adunării Generale Ordinare a Acționarilor UniCredit Bank S.A. din data de 20.02.2020,

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

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

SE DECLARĂ AUTENTIC PREZENTUL ÎNSCRIS

S-a perceput onorariul de 300 lei plus 57 lei TVA cu factura seria FV nr.41024/2020.

NOTAR PUBLIC
IANACHIEVICI ANDRA MIHAELA
s.s. indescifrabil/l.s. stampilă notar

PREZENTUL DUPLICAT S-A ÎNTOCMIT ÎN 6 (ȘASE) EXEMPLARE, DE IANACHIEVICI ANDRA MIHAELA, NOTAR PUBLIC, ASTĂZI, DATA AUTENTIFICĂRII ACTULUI ȘI ARE ACEEAȘI FORȚĂ PROBANTĂ CA ORIGINALUL.

NOTAR PUBLIC
IANACHIEVICI ANDRA MIHAELA



**EXTRAS DIN
HOTĂRÂREA CONSILIULUI DE SUPRAVEGHERE**

**UniCredit Bank S.A.
din data de 26.02.2020**

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și **în conformitate cu informațiile și materialele** prezentate în cadrul ședinței care a avut loc în data de **26.02.2020**,

Referitor la punctul nr. 04 al ordinii de zi
'Modificări în componența Directoratului UniCredit Bank S.A.'

Având în vedere:

- i. Decizia Consiliului de Supraveghere al Băncii din data de 12.11.2019 privind numirea domnului Claudio Cesario în funcția de Membru al Directoratului Băncii, Prim Vice-Președinte Executiv, începând cu data de 01.01.2020;
- ii. Informațiile recente furnizate Băncii de la nivelul Grupului UniCredit privind adoptarea de către Grup a unor altor decizii în ceea ce privește angajamentele domnului Claudio Cesario;
- iii. Faptul că domnul Claudio Cesario nu a acceptat în mod expres numirea sa în funcția de Membru al Directoratului Băncii, în confirmare cu cerințele art. 153¹² alin. 3 din Legea societăților nr. 31/1990;

Decide în unanimitate după cum urmează:

1. Se ia act de faptul că decizia de numire a domnului Claudio Cesario în funcția de Membru al Directoratului Băncii, Prim-Vicepreședinte Executiv, a devenit caducă și, pe cale de consecință, se ia act de încetarea mandatului domnului Claudio Cesario începând cu data de 26.02.2020.
2. Se numește începând cu data de 15.03.2020, în funcția de Membru al Directoratului Băncii, Prim-Vicepreședinte Executiv, doamna Tzvetanka Gueorguieva Mintcheva, cetățean bulgar, născută la data de 02.04.1977, în Sofia, Bulgaria, identificată cu pașaport nr. 386404066, emis la data de 17.09.2019 și valabil până la data de 17.09.2024.
3. Durata mandatului doamnei Tzvetanka Gueorguieva Mintcheva va fi egală cu durata rămasă până la expirarea mandatului Directoratului Băncii, respectiv până la data de 17.04.2020.
4. Doamna Tzvetanka Gueorguieva Mintcheva va începe să-și exercite atribuțiile de Membru al Directoratului Băncii, Prim-Vicepreședinte Executiv, numai începând de la data primirii aprobării prealabile din partea Băncii Naționale a României.
5. Pentru a se asigura gestionarea adecvată a activităților în domeniile de activitate corespunzătoare, dacă va fi cazul, începând cu data de 15.03.2020 și până la data la care doamna Tzvetanka Gueorguieva Mintcheva va primi aprobarea prealabilă a Băncii Naționale a României, domnul Cătălin-Răsvan Radu, Președinte Executiv al Directoratului Băncii, va exercita în mod corespunzător și valabil,

oricare și toate competențele interne de decizie/ drepturile de semnătură ce aparțin Prim Vicepreședintelui Executiv al Directoratului Băncii.

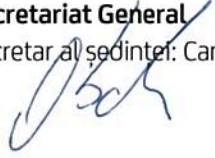
Președinte al Consiliului de Supraveghere

Corneliu Dan PASCARIU



Secretariat General

Secretar al ședinței: Carmen DURNEA



**EXTRAS DIN
HOTĂRÂREA CONSILIULUI DE SUPRAVEGHERE
UniCredit Bank S.A.
din data de 02.03.2020**

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și **în conformitate cu informațiile și materialele** prezentate în cadrul ședinței care a avut loc în data de **02.03.2020**,

Referitor la punctul nr. 05 al ordinii de zi
'Aprobarea prelungirii mandatului Directoratului și a mandatelor individuale ale tuturor membrilor
Directoratului'

Decide în unanimitate după cum urmează:

1. Prolungirea mandatului Directoratului începând cu data de 17.04.2020 și până la data de 17.04.2023.
2. Având în vedere cele precizate la punctul 1 din prezenta hotărâre, se decide prelungirea, începând cu data de 17.04.2020 și până la data de 17.04.2023 a mandatelor tuturor membrilor Directoratului, titlatura pe care o va utiliza și divizia pe care o va coordona fiecare membru al Directoratului fiind următoarele:

(...)

Dna. Tzvetanka Gueorguieva Mintcheva

Prim - Vicepreședinte Executiv

Deputy CEO

Președinte al Consiliului de Supraveghere

Corneliu Dan PASCARIU



Secretariat General

Secretar al ședinței: Carmen DURNEA



**EXTRAS DIN
HOTĂRÂREA CONSILIULUI DE SUPRAVEGHERE
UniCredit Bank S.A.
din data de 02.03.2020**

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și **în conformitate cu informațiile și materialele** prezentate în cadrul ședinței care a avut loc în data de **02.03.2020**,

**Referitor la punctul nr. 6 al ordinii de zi
'Alegerea Vicepreședintelui Consiliului de Supraveghere al UniCredit Bank S.A.'**

În unanimitate aprobă alegerea doamnei L`uboslava Uram în funcția de Vicepreședinte al Consiliului de Supraveghere al UniCredit Bank S.A., numire ce va deveni efectivă de la data și sub condiția emiterii de către Banca Națională a României a aprobării prealabile pentru exercitarea atribuțiilor sale în calitate de membru al Consiliului de Supraveghere.

Președinte al Consiliului de Supraveghere

Cornetiu Dan PASCARIU



Secretariat General

Secretar al ședinței: Carmen DURNEA



EXTRAS DIN
HOTĂRÂREA CONSILIULUI DE SUPRAVEGHERE
UniCredit Bank S.A.
din data de 02.03.2020

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și **în conformitate cu informațiile și materialele** prezentate în cadrul ședinței care a avut loc în data de **02.03.2020**,

Referitor la punctul nr. 05 al ordinii de zi
'Aprobarea prelungirii mandatului Directoratului și a mandatelor individuale ale tuturor membrilor
Directoratului'

Decide în unanimitate după cum urmează:

1. Prolungirea mandatului Directoratului începând cu data de 17.04.2020 și până la data de 17.04.2023.
2. Având în vedere cele precizate la punctul 1 din prezenta hotărâre, se decide prelungirea, începând cu data de 17.04.2020 și până la data de 17.04.2023 a mandatelor tuturor membrilor Directoratului, titlatura pe care o va utiliza și divizia pe care o va coordona fiecare membru al Directoratului fiind următoarele:

Dl. Cătălin Răsvan Radu	Președinte Executiv	CEO
Dl. Andrei - Florin Bratu	Vicepreședinte Executiv	CRO
Dl. Philipp Gamauf	Vicepreședinte Executiv	CFO
Dna. Antoaneta Curteanu	Vicepreședinte Executiv	Retail
Dl. Nicola Longo Dente	Vicepreședinte Executiv	CIB
Dl. Carlo Driussi	Vicepreședinte Executiv	GBS

Președinte al Consiliului de Supraveghere

Corneliu-Dan PASCARIU



Secretariat General

Secretar al ședinței: Carmen DURNEA




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DIANA CIUBOTARIU

Date: 2020.04.02

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**EXTRAS DIN DECIZIA
CONSILIULUI DE SUPRAVEGHERE AL
UNICREDIT BANK S.A.
DIN DATA DE 02.04.2020**

**EXTRACT FROM THE DECISION OF THE
SUPERVISORY BOARD OF
UNICREDIT BANK S.A.
AS OF 02.04.2020**

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și în conformitate cu informațiile prezentate în cadrul ședinței care a avut loc în data de 02.04.2020,

The Supervisory Board of UniCredit Bank S.A. ("the Bank"), based on the provisions of the Constitutive Act of the Bank and with the law, in accordance with the information presented during the meeting held on 02.04.2020,

**Referitor la
'Renunțarea la mandat a Președintelui Consiliului
de Supraveghere al UniCredit Bank S.A.'**

**Regarding the
'Resignation from the mandate of Chairman of the
Supervisory Board of UniCredit Bank S.A.'**

În unanimitate ia la cunoștință de renunțarea la mandatul de membru și de Președinte al Consiliului de Supraveghere al UniCredit Bank S.A., a domnului Corneliu Dan Pascariu, începând cu data de 03.04.2020, potrivit informării efectuate de către domnul Corneliu Dan Pascariu în timpul ședinței.

Unanimously acknowledges the resignation from the position as member and Chairman of the Supervisory Board of UniCredit Bank S.A., of Mr. Corneliu Dan Pascariu, as of 03.04.2020, as per the announcement made by Mr. Corneliu Dan Pascariu during the meeting.

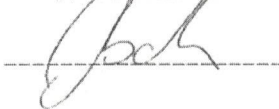
Vicepreședinte al Consiliului de Supraveghere / Vice-Chairman of the Supervisory Board

Luboslava URAM



Secretar de ședință / Secretary of the meeting

Carmen DURNEA



UniCredit Bank S.A.

Bulevardul Expozitiei nr. 1F,
Sector 1, Bucuresti
Tel +40 21 200 2020
e-mail: infocenter@unicredit.ro

Bancă membră a UniCredit Group - Nr. de ordine în Registrul Bancar: RB-PJR-40-011/18.02.1999 - Capital social: 455.219.478,30 RON - Nr. de Ordine în registrul Comerțului: J40/7706/1991 - Cod unic de înregistrare: 361536 - EUID: R00NRC.J40/7706/1991 - Operator de date cu caracter personal nr. 10964, societate administrată în sistem dualist, Cod SWIFT: BACXROBU

**EXTRAS DIN DECIZIA
CONSILIULUI DE SUPRAVEGHERE AL
UNICREDIT BANK S.A.
DIN DATA DE 30.04.2020**

Consiliul de Supraveghere al UniCredit Bank S.A. ("Banca"), în baza prevederilor Actului Constitutiv al Băncii și a dispozițiilor legale în vigoare și în conformitate cu informațiile prezentate în cadrul ședinței care a avut loc în data de 30.04.2020,

**Referitor la punctul nr. 9 de pe agendă
"Alegerea Președintelui Consiliului de Supraveghere
al UniCredit Bank S.A."**

În unanimitate decide alegerea domnului Pasquale Giamboi în funcția de Președinte al Consiliului de Supraveghere al UniCredit Bank S.A., începând cu data prezentei decizii.

Înainte de începerea exercitării responsabilităților, Banca va verifica eventuala necesitate a unei noi reevaluări din partea Băncii Naționale a României.

**EXTRACT FROM THE DECISION OF THE
SUPERVISORY BOARD OF
UNICREDIT BANK S.A.
AS OF 30.04.2020**

The Supervisory Board of UniCredit Bank S.A. ('the Bank'), based on the provisions of the Constitutive Act of the Bank and on the legal provisions in force and in accordance with the information presented during the meeting held on 30.04.2020,

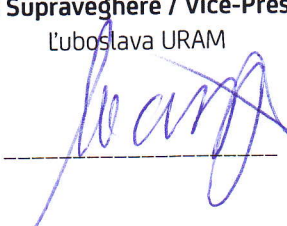
**Regarding point no. 9 on the agenda
'Election of Chairman of the Supervisory Board of
UniCredit Bank S.A.'**

Unanimously approves the election of Mr. Pasquale Giamboi as Chairman of the Supervisory Board of UniCredit Bank S.A., starting from the date of the present decision.

Prior to starting exercising the responsibilities, the Bank shall check potential need for reevaluation from the part of the National Bank of Romania.

Vicepreședinte al Consiliului de Supraveghere / Vice-President of the Supervisory Board

Luboslava URAM



Secretar de ședință / Secretary of the meeting

Carmen DURNEA



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CARMEN-MIHAELA
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UniCredit Bank Internal Use Only

UniCredit Bank S.A.

Bulevardul Expozitiei nr. 1F,
Sector 1, Bucuresti
Tel +40 21 200 2020
e-mail: infocenter@unicredit.ro

Bancă membră a UniCredit Group - Nr. de ordine în Registrul Bancar: RB-PJR-40-011/
18.02.1999 - Capital social: 455.219.478,30 RON - Nr. de Ordine în registrul
Comerțului: J40/7706/1991 - Cod unic de înregistrare: 361536 - EUID:
ROONRC.J40/7706/1991 - Operator de date cu caracter personal nr. 10964,
societate administrată în sistem dualist, Cod SWIFT: BACXROBU

Annex 6.3. Financial Statements and Auditor's Report

One Bank, One Team, One UniCredit.

Capital and balance
sheet management

Transform

Enhanced
service model

Ethics and Respect

Team 23

Compliance

Grow and strengthen
client franchise

Process
optimisation

**Sustainable
results**

Sustainability

Paperless
bank

Growth
engines

**Customer
experience**

Disciplined risk
management

“Go-to” bank for SMEs

“Do the right thing!”

30 June 2020

Interim Condensed Consolidated Financial Statements

prepared in accordance with International Financial Reporting Standards
as endorsed by European Union IAS 34 “Interim Financial Reporting”



UniCredit Bank S.A.

Interim Condensed Consolidated Financial Statements 30 June 2020

prepared in accordance with International Financial
Reporting Standards as endorsed by European Union
IAS 34 "Interim Financial Reporting"

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the shareholders of
UniCredit Bank S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of UniCredit Bank S.A. (the 'Bank') and its subsidiaries: UniCredit Consumer Financing IFN S.A., UniCredit Leasing Corporation IFN S.A. and Debo Leasing S.R.L. as of 30 June 2020 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended ("Interim condensed consolidated financial information"). Management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, Regulation (EU) No. 537/2014 of the European Parliament and the Council and Law 162/2017 and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of the Bank is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Claudiu Ghiurluc, Audit Director

*For signature, please refer to the original
signed Romanian version.*

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. AF 3113*

On behalf of:

DELOITTE AUDIT SRL

*Registered in the Electronic Public Register of
Financial Auditors and Audit Firms under no. FA 25*

The Mark Building, 84-98 and 100-102 Calea Grivitei,
8th Floor and 9th Floor, District 1
Bucharest, Romania
August 3, 2020

Interim condensed consolidated financial statement of Comprehensive income for the six months period ended 30 June 2020

In RON thousands	Note	30.06.2020	30.06.2019* Restated
Interest income		906,956	913,011
Interest expense		(246,117)	(279,969)
Net interest income	7	660,839	633,042
Fee and commission income		221,477	212,881
Fee and commission expense		(67,718)	(61,948)
Net fee and commission income	8	153,759	150,933
Net income from instruments at fair value through profit and loss	9	161,629	183,788
FX Gains/ (Losses)		29,430	57,353
Fair value adjustments in hedge accounting		437	3,405
Net income on disposal of financial assets and liabilities which are not at fair value through profit or loss		58,291	24,162
Dividends incomes		1,972	1,971
Other operating income		11,716	5,464
Operating income		1,078,073	1,060,118
Personnel expenses	10	(214,217)	(206,067)
Depreciation and impairment of tangible assets		(49,784)	(46,274)
Amortization and impairment of intangible assets		(23,211)	(27,214)
Other administrative costs	11	(168,833)	(174,424)
Other operating costs		(13,855)	(10,488)
Operating expenses		(469,900)	(464,467)
Net operating income		608,173	595,651
Net impairment losses on financial assets	12	(221,333)	(162,748)
Net impairment losses on non-financial assets		(2,788)	-
Net provision losses*		(16,855)	(6)
Profit before taxation*		367,197	432,897
Income tax*	13	(60,534)	(80,717)
Net profit for the year		306,663	352,180
Attributable to:			
Equity holders of the parent company		319,875	345,696
Non-controlling interests		(13,212)	6,484
Net profit for the year		306,663	352,180

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

**Interim condensed consolidated financial statement of Comprehensive income
for the six months period ended 30 June 2020**

In RON thousands	30.06.2020	30.06.2019
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Revaluation of property, plant and equipment (net of deferred tax)	(664)	21
Net change in fair value of financial assets through other comprehensive income – equity (net of deferred tax)	(756)	5
Total items that will not be reclassified to profit or loss	(1,420)	26
Items that may be reclassified to profit or loss		
Net change in fair value of financial assets through other comprehensive income – debt instruments (net of deferred tax)	(44,154)	77,074
Net changes in cash flow hedging reserve (net of deferred tax)	(1,859)	(7,099)
Total items that may be reclassified to profit or loss	(46,013)	69,975
Other comprehensive income for the year, net of tax	(47,433)	70,001
Total comprehensive income	259,230	422,181
Attributable to:		
Shareholders of parent – company	272,442	415,697
Non-controlling interests	(13,212)	6,484
Other comprehensive income	259,230	422,181

The interim condensed consolidated financial statements were approved by the Management Board on 28 July 2020 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer



Mr. Philipp Gamauf
Chief Financial Officer



Interim condensed consolidated financial statement of Financial Position for the six months period ended 30 June 2020

In RON thousands	Note	30.06.2020	31.12.2019
Assets:			
Cash and cash equivalents	14	10,989,903	11,693,894
Financial assets at fair value through profit or loss	15	519,808	267,990
Derivatives assets designated as hedging instruments		-	-
Loans and advances to customers at amortized cost	16	25,544,328	26,013,805
Net lease receivables	17	3,460,570	3,323,516
Debt instruments at amortized cost	19	4,093,695	-
Placements with banks at amortized cost		429,249	572,567
Other financial assets at amortized cost		114,203	142,810
Financial assets at fair value through other comprehensive income	18	4,406,388	8,614,640
Property, plant and equipment		203,525	200,368
Right of use assets		204,541	174,235
Intangible assets		215,265	196,284
Current tax assets		-	2,848
Deferred tax assets		153,410	132,466
Other assets		133,953	191,185
Non-current assets and disposal groups classified as held for sale		-	-
Total assets		50,468,838	51,526,608
Liabilities:			
Financial liabilities at fair value through profit or loss	15	90,573	73,969
Derivatives liabilities designated as hedging instruments		119,960	114,852
Deposits from banks	20	1,333,922	1,666,287
Loans from banks and other financial institutions at amortized cost	21	5,924,164	6,483,236
Deposits from customers	22	32,982,658	33,938,950
Debt securities issued		2,071,740	2,044,046
Other financial liabilities at amortized cost		730,530	391,071
Subordinated liabilities	23	924,612	912,449
Lease liabilities		197,641	163,898
Current tax liabilities		38,007	2,699
Provisions	24	263,501	240,959
Other non-financial liabilities		289,245	251,401
Total liabilities		44,966,553	46,283,817

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

**Interim condensed consolidated financial statement of Financial Position
for the six months period ended 30 June 2020**

In RON thousands	Note	30.06.2020	31.12.2019
Equity			
Share capital	25	1,177,748	1,177,748
Share premium		621,680	621,680
Cash flow hedging reserve		(49,692)	(47,833)
Reserve on financial assets at fair value through other comprehensive income		(24,580)	20,330
Revaluation reserve on property, plant and equipment		12,018	12,682
Other reserves		326,469	298,289
Retained earnings		3,341,960	3,050,001
Total equity for parent company		5,405,603	5,132,897
Non-controlling interest		96,682	109,894
Total equity		5,502,285	5,242,791
Total liabilities and equity		50,468,838	51,526,608

The interim condensed consolidated financial statements were approved by the Management Board on 28 July 2020 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer



Mr. Philipp Gamauf
Chief Financial Officer



Interim condensed consolidated financial statement of Changes in Equity for the six months period ended 30 June 2020

30.06.2020										
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 2019	1,177,748	20,330	(47,833)	12,682	298,289	621,680	3,050,001	5,132,897	109,894	5,242,791
Comprehensive income										
Net profit for the year	-	-	-	-	-	-	319,875	319,875	(13,212)	306,663
Other comprehensive income net of tax										
Revaluation of property, plant and equipment, net of tax	-	-	-	(664)	-	-	-	(664)	-	(664)
Net change in fair value of financial assets through other comprehensive income, net of tax	-	(44,910)	-	-	-	-	-	(44,910)	-	(44,910)
Net change in cash flow hedging reserve, net of tax	-	-	(1,859)	-	-	-	-	(1,859)	-	(1,859)
Transfer to other reserves*	-	-	-	-	28,180	-	(28,180)	-	-	-
Total Other comprehensive income	-	(44,910)	(1,859)	(664)	28,180	-	(28,180)	(47,433)	-	(47,433)
Total comprehensive income	-	(44,910)	(1,859)	(664)	28,180	-	291,695	272,442	(13,212)	259,230
Other changes	-	-	-	-	-	-	264	264	-	264
Balance at 30 June 2020	1,177,748	(24,580)	(49,692)	12,018	326,469	621,680	3,341,960	5,405,603	96,682	5,502,285

* According to the decision of the General Meeting of Shareholders of 8 April 2020, it was decided to allocate a part of the Bank's net profit for 2019 (572,920 RON thousands) to the reinvested profit reserve amounting to 28,180 RON thousands, exempt from the payment of the profit tax according to art. 22 of Law 227/2015, and to reinvest of the net profit remained undistributed amounting to 544,740 RON thousands;

The interim condensed consolidated financial statements were approved by the Management Board on 28 July 2020 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer



Mr. Philipp Gamauf
Chief Financial Officer



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

Interim condensed consolidated financial statement of Changes in Equity for the six months period ended 30 June 2020

30.06.2019										
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 2018	1,177,748	(88,570)	(45,054)	9,819	271,031	621,680	2,794,727	4,741,381	115,803	4,857,184
Comprehensive income										
Net profit for the year	-	-	-	-	-	-	345,696	345,696	6,484	352,180
Other comprehensive income										
Revaluation of property, plant and equipment, net of tax	-	-	-	21	-	-	-	21	-	21
Net change in fair value of financial assets through other comprehensive income, net of tax	-	77,079	-	-	-	-	-	77,079	-	77,079
Net change in cash flow hedging reserve, net	-	-	(7,098)	-	-	-	-	(7,098)	-	(7,098)
Transfer to other reserves*	-	-	-	-	27,258	-	(27,258)	-	-	-
Total Other comprehensive income	-	77,079	(7,098)	21	27,258	-	(27,258)	70,001	-	70,001
Total comprehensive income	-	77,079	(7,098)	21	27,258	-	318,437	415,697	6,484	422,181
Dividends distributed*	-	-	-	-	-	-	(360,749)	(360,749)	-	(360,749)
Other changes**	-	-	-	-	-	-	(9)	(9)	-	(9)
Balance at 30 June 2019	1,177,748	(11,491)	(52,152)	9,840	298,289	621,680	2,752,406	4,796,320	122,287	4,918,607

* According to the decision of the General Meeting of Shareholders of 8 April 2019, it was decided to allocate a part of the Bank's net profit for 2018 (550,799 RON thousands) in the form of dividends amounting to 360,749 RON thousands and to set up a reserve amounting to 27,258 RON thousands for reinvested profit;

** The amount represents the impact of the derecognition of the participation in Casa de Compensare Bucuresti following the liquidation of this company.

The interim condensed consolidated financial statements were approved by the Management Board on 28 July 2020 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer



Mr. Philipp Gamauf
Chief Financial Officer



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

Interim condensed consolidated financial statement of Cash Flows for the six months period ended 30 June 2020

In RON thousands	Note	30.06.2020	30.06.2019* Restated
Profit of reporting period before taxation*	13	367,197	432,897
Adjustments for non-cash items:			
Depreciation, amortization and impairment on tangible and intangible assets		72,995	73,488
Net impairment losses on financial assets*		236,200	197,595
Change in fair value of derivatives at fair value through profit or loss		(3,139)	39,925
Other items for which the cash effects are investing or financing		78,981	24,146
Other non-cash items*		111,280	184,820
Operating profit before changes in operating assets and liabilities		863,514	952,871
Change in operating assets:			
Decrease in financial assets at fair value through profit and loss/other comprehensive income		3,828,340	161,613
Acquisition of debt instruments at amortized cost		(4,014,368)	-
Decrease in loans and advances to banks		142,767	1,525,746
Decrease/(Increase) in loans and advances to customers		369,899	(375,259)
Increase in lease investments		(161,919)	(161,258)
Decrease in other assets*		73,912	21,082
Change in operating liabilities:			
Decrease in deposits from banks		(332,770)	(2,418,290)
Decrease in deposits from customers		(1,113,442)	(118,684)
Increase in other liabilities		362,981	244,163
Income tax paid		(34,306)	(80,015)
Cash flows used in operating activities		(15,392)	(248,031)
Investment activities			
Acquisition of property and equipment and intangible assets*		(61,327)	(52,364)
Dividends received		2,322	2,169
Cash flows used in investment activities		(59,005)	(50,195)

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

Interim condensed consolidated financial statement of Cash Flows for the six months period ended 30 June 2020

In RON thousands	Note	30.06.2020	30.06.2019* Restated
Financing activities			
Dividends paid		(298)	(356,875)
Repayments of loans from financial institutions		(1,295,044)	(1,208,034)
Drawdowns from loans from financial institutions		696,808	1,052,702
Repayment of the lease liabilities		(30,628)	(25,118)
Cash flows used in financing activities		(629,162)	(537,325)
Net decrease in cash and cash equivalents*		(703,559)	(835,551)
Cash and cash equivalents at 1 January - gross value		11,698,460	10,285,156
Cash and cash equivalents at 30 June - gross value	14	10,994,901	9,449,605
Impairment allowance		(4,998)	(5,910)
Cash and cash equivalents at 30 June -net value	14	10,989,903	9,443,695

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

In RON thousands	Note	30.06.2020	30.06.2019* Restated
Cash flow from operating activities include:			
Interest received*		936,869	1,042,610
Interest paid		(193,042)	(303,907)

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

The interim condensed consolidated financial statements were approved by the Management Board on 28 July 2020 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer



Mr. Philipp Gamauf
Chief Financial Officer



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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 Debo Leasing S.R.L. (“DEBO”). 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, 3 Piazza Gae Aulenti.

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

- UniCredit Consumer Financing IFN S.A. (“UCFIN”), having its current registered office at 23-25 Ghetarilor Street, 1st and 3rd floor, District 1, Bucharest, Romania, provides consumer finance loans to individual clients. The Bank has a shareholding of 50.1% in UCFIN since January 2013.
- UniCredit Leasing Corporation IFN (“UCLC”), having its headquarters in Ghetarilor Street no. 23-25, 1st, 2nd and 4th floors, Sector 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 interest rate as of 30 June 2020 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.
- Debo Leasing S.R.L., having its current registered office in 23-25 Ghetarilor Street, 2nd floor, 1st district, Bucharest, Romania, is a real estate finance lease entity and became a subsidiary of the Bank beginning with April 2014. The Bank has an indirect controlling interest of 99.97% through UCLC. Debo Leasing S.R.L. is the new name of Debo Leasing IFN S.A. beginning with October 2018, when the company was erased from the General Register of Financial Non-Banking Institutions.

As at 30 June 2020 the Group carried out its activity in Romania through its Head Office located in Bucharest and through its network, having 147 branches (31 December 2019: 146) in Bucharest and throughout the country.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

2. BASIS OF PREPARATION

a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union, 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 financial statements of the Group as at and for the year ended 31 December 2019.

b) Basis of measurement

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

Items	Measurement basis
Financial instruments at fair value through profit or loss	Fair value
Loans and advances to customers	Amortized cost
Financial assets (debt instruments) at amortized cost	Amortized cost
Financial assets at fair value through other comprehensive income	Fair value
Lands and buildings	Fair value
Investment property	Fair value
Other fixed assets and intangible assets	Cost
Derivatives designated as hedging instruments	Fair value

c) Functional and presentation currency

The interim condensed consolidated financial statements are presented in Romanian Lei thousands (“RON thousands”), 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 financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

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

e) Foreign currency

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

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

2. BASIS OF PREPARATION (continued)

e) Foreign currency (continued)

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

The exchange rates of major foreign currencies were:

Currencies	30 June 2020	31 December 2019	Variation
Euro (EUR)	1: RON 4.8423	1: RON 4.7793	1.32%
Dollar USA (USD)	1: RON 4.3233	1: RON 4.2608	1.47%

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 31 December 2003 are treated as the basis for the carrying amounts in these interim condensed consolidated 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.

Subsidiaries are consolidated in the consolidated financial statements from the date that control commences until the date that control ceases.

As of 30 June 2020 and 31 December 2019 The Group consists of the Bank and its subsidiaries UCFIN, UCLC and DEBO.

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

Transactions eliminated on consolidation

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described in the Consolidated Financial Statements for the financial year ended 31 December 2019 have been applied consistently over the periods presented in these interim condensed consolidated financial statements and have been consistently applied within the Group.

The Group reclassified certain amounts in 2019, but after publishing the interim condensed consolidated financial statements as at 30 June 2019. In order to ensure the comparability of the data and information with the current year presentation, in the Interim Condensed Consolidated Statement of Cash Flows as at 30 June 2019, the amount of "Interest received" caption has been recalculated at value of 1,042,610 RON thousands as against of value of 1,019,082 RON thousands previously presented, the variation of advances paid for fixed and intangible assets acquisition in amount of 18,991 RON thousands was reclassified from "Acquisition of property and equipment and intangible assets" caption to "(Increase)/Decrease in other assets" caption, and the variation of impairment allowance for cash and cash equivalents in amount of 3,011 RON thousands was reclassified from "Net impairment losses on financial assets" caption to "Impairment allowance" caption for gross value of cash and cash equivalents at end of period. Also, amount of 7,244 RON thousands was reclassified at 30 June 2019 in the Interim Condensed Consolidated Statement of Comprehensive Income from "Income tax" caption to "Net provision losses" caption, and in the Interim Condensed Consolidated Statement of Cash Flows from "Other non-cash items" caption to "Profit before taxation" caption.

The Group applied in 2020 the same accounting policies described in the Consolidated and Separate Financial Statements for 31.12.2019. The only update is represented by the creation of a new portfolio of securities, measured at amortized cost.

Starting 3 of April, 2020, the Bank updated its business model including an additional business model, "held to collect" – "HTC", for fixed income portfolio. The addition of a new business model is sustained by the current profile of the holdings pertaining to the Replicating Portfolio, as the respective financial assets are associated to a particular product (Free funds and Non-maturing deposits) and the intention of the Bank is to hold those financial assets until maturity, designating them for the purpose of stabilizing the net interest income of the Bank in a multiyear horizon.

Following the creation of new HTC, the fixed income portfolio is split as follows:

- a) FVTPL bonds held with the intention to realize FV changes by actively benefiting from short term market volatility (Trade);
- b) FVOCI bonds held for liquidity management needs and to optimize the interest income stream, where sales can be performed in order to optimize the liquidity position and/or yield, as well as to meet the legal obligations as primary dealer on the market. (Hold & Sell);
- c) HTC having the characteristics mentioned above.

The accounting for the HTC fixed income portfolio will be done in accordance with IFRS 9, being measured at amortized cost.

With reference to sales, these are usually not compatible with a business model "held to collect" because it would put in doubt the actual intention of the entity to hold the instruments to collect interests and principal cash flows. As a result, there is a presumption that debt instruments classified as HTC are held until maturity or repayment. However, the following kind of sales do not jeopardize the business model held to collect:

- sales that do not determine the accounting derecognition of the financial assets such as in repo contracts;
- sales that occur as a result of a deterioration in credit standing of the financial assets;
- sales that are not significant in value (regardless of the frequency);
- sales that are made close to the maturity of the respective T-Bill.;
- sales that are infrequent.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards and Interpretations

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

The following new standards, amendments to the existing standards and interpretation issued by the International Accounting Standards Board (IASB) and adopted by EU are effective for the current and previous reporting period:

- Amendments to **IAS 1 “Presentation of Financial Statements”** and **IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Material - adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to **IFRS 3 “Business Combinations”** - Definition of a Business - adopted by the EU on 21 April 2020 (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period);
- Amendments to **IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”** and **IFRS 7 “Financial Instruments: Disclosures”** - Interest Rate Benchmark Reform - adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to **References to the Conceptual Framework in IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

The adoption of these new standards, amendments to the existing standards and interpretation has not led to any material changes in the Group’s interim condensed consolidated financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective and are not applied by the Group in preparing interim condensed consolidated financial statements.

At the date of authorisation of these interim condensed consolidated financial statements no 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 interim condensed consolidated financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **IFRS 17 “Insurance Contracts”** (effective for annual periods beginning on or after 1 January 2021);
- Amendments to **IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2022);
- Amendments to **IAS 16 “Property, Plant and Equipment”** - Proceeds before intended use (effective for annual periods beginning on or after 1 January 2022);
- Amendments to **IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);
- Amendments to **IFRS 3 “Business Combinations”** - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022);

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New Standards and Interpretations *(continued)*

- Amendments to **IFRS 10 “Consolidated Financial Statements”** and **IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- **Amendments to IFRS 16 “Leases”** - Covid-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020. The amendment is also available for interim reports.);
- Amendments to various standards due to **“Improvements to IFRSs (cycle 2018 -2020)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the interim condensed consolidated 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 interim condensed consolidated financial statements for the six months period ended 30 June 2020

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 2019.

Credit risk

Exposure to credit risk

Throughout the "Exposure to credit risk" notes and disclosures, "Group" includes UniCredit Bank S.A. (the "Bank"), UniCredit Consumer Financing IFN S.A. ("UCFIN"), UniCredit Leasing 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 IFN S.A. ("UCLC") and Debo Leasing S.R.L. ("DEBO") 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.

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

In RON thousands	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
As of 30 June 2020					
Gross exposure	32,228,447	7,095,750	2,170,423	23,138	41,494,620
On balance	20,373,574	4,945,877	1,941,374	23,138	27,260,825
Off balance	11,854,873	2,149,873	229,049	-	14,233,795
Allowance for impairment	(208,148)	(140,162)	(1,542,551)	(3,588)	(1,890,861)
On balance	(192,080)	(104,108)	(1,420,309)	(3,588)	(1,716,497)
Off balance	(16,068)	(36,054)	(122,242)	-	(174,364)
Carrying amount	32,020,299	6,955,588	627,872	19,550	39,603,759
On balance	20,181,494	4,841,769	521,065	19,550	25,544,328
Off balance*	11,838,805	2,113,819	106,807	-	14,059,431
As of 31 December 2019					
Gross exposure	34,482,139	5,036,041	2,114,917	25,265	41,633,097
On balance	22,314,886	3,429,467	1,888,498	25,265	27,632,851
Off balance	12,167,253	1,606,574	226,419	-	14,000,246
Allowance for impairment	(132,880)	(59,132)	(1,581,214)	(4,106)	(1,773,226)
On balance	(120,093)	(50,554)	(1,448,399)	(4,106)	(1,619,046)
Off balance	(12,787)	(8,578)	(132,815)	-	(154,180)
Off balance	34,349,259	4,976,909	533,703	21,159	39,859,871
On balance	22,194,793	3,378,913	440,099	21,159	26,013,805
Off balance*	12,154,466	1,597,996	93,604	-	13,846,066

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

In RON thousands	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
As of 30 June 2020					
Gross exposure	3,115,449	448,330	303,618	-	3,867,397
On balance	2,997,527	445,396	303,291	-	3,746,214
Off balance	117,922	2,934	327	-	121,183
Allowance for impairment	(54,231)	(32,035)	(200,655)	-	(286,921)
On balance	(53,006)	(31,987)	(200,651)	-	(285,644)
Off balance	(1,225)	(48)	(4)	-	(1,277)
Carrying amount	3,061,218	416,295	102,963	-	3,580,476
On balance	2,944,521	413,409	102,640	-	3,460,570
Off balance*	116,697	2,886	323	-	119,906
As of 31 December 2019					
Gross exposure	3,158,739	251,219	316,364	-	3,726,322
On balance	3,034,128	251,219	315,407	-	3,600,754
Off balance	124,611	-	957	-	125,568
Allowance for impairment	(50,325)	(11,843)	(216,130)	-	(278,298)
On balance	(49,398)	(11,843)	(215,997)	-	(277,238)
Off balance	(927)	-	(133)	-	(1,060)
Carrying amount	3,108,414	239,376	100,234	-	3,448,024
On balance	2,984,730	239,376	99,410	-	3,323,516
Off balance*	123,684	-	824	-	124,508

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

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 procedure regarding loan impairment computation. The value of collaterals disclosed in the narrative disclosures under the above mentioned tables represents market value of collaterals before any value adjustment.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2020					
In RON thousands	Total out of which:	Corporate	SME	Private Individual	Private banking
Individually significant impaired loans					
Stage 3	1,369,583	1,063,973	168,214	117,829	19,567
Gross amount	1,369,583	1,063,973	168,214	117,829	19,567
Allowance for impairment	(1,112,624)	(863,887)	(128,547)	(105,326)	(14,864)
Carrying amount	256,959	200,086	39,667	12,503	4,703
Fair value of collateral	196,960	131,553	39,810	11,845	13,752
Property	156,623	108,727	22,299	11,845	13,752
Goods	12,364	7,961	4,403	-	-
Assignment of receivables	3,525	3,373	152	-	-
Other collateral	24,448	11,492	12,956	-	-
Other impaired loans					
Stage 3	571,791	55,690	110,891	405,177	33
Gross amount	571,791	55,690	110,891	405,177	33
Allowance for impairment	(307,685)	(28,885)	(78,215)	(200,556)	(29)
Carrying amount	264,106	26,805	32,676	204,621	4
Fair value of collateral	207,637	25,225	29,060	153,352	-
Property	192,528	18,276	22,742	151,510	-
Goods	6,963	1,973	4,898	92	-
Assignment of receivables	834	682	152	-	-
Other collateral	7,312	4,294	1,268	1,750	-
Past due but not impaired					
Stage 1	849,414	565,099	110,356	173,842	117
Stage 2	791,137	332,457	205,136	253,538	6
Gross amount	1,640,551	897,556	315,492	427,380	123
Allowance for impairment	(49,897)	(9,447)	(7,011)	(33,439)	-
Carrying amount	1,590,654	888,109	308,481	393,941	123
Neither past due nor impaired					
Stage 1	19,524,160	10,878,552	2,120,960	6,505,884	18,764
Stage 2	4,154,740	2,312,018	436,623	1,369,505	36,594
Gross amount	23,678,900	13,190,570	2,557,583	7,875,389	55,358
Allowance for impairment	(246,291)	(82,650)	(28,872)	(133,282)	(1,487)
Carrying Amount	23,432,609	13,107,920	2,528,711	7,742,107	53,871
Total carrying amount	25,544,328	14,222,920	2,909,535	8,353,172	58,701

* Out of the total gross receivables of RON thousands 27,260,825 as at June 30, 2020, there are loans in amount of RON thousands 1,403,219 for which the Group has not recognized a loss allowance because of the collateral value. These collaterals held as security have a total market value in amount of RON thousands 7,178,116 as at June 30, 2020 and represents mainly immovable properties, movables assets (equipment and vehicles) and cash collaterals, which can be subject to a real guarantee/mortgage.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2019	Total out of which:	Corporate	SME	Private Individual	Private banking
In RON thousands					
Individually significant impaired loans					
Stage 3	1,328,758	1,050,941	138,494	119,989	19,334
Gross amount	1,328,758	1,050,941	138,494	119,989	19,334
Allowance for impairment	(1,101,580)	(859,775)	(116,732)	(110,337)	(14,736)
Carrying amount	227,178	191,166	21,762	9,652	4,598
Fair value of collateral	200,240	149,771	30,588	6,000	13,881
Property	159,337	122,035	17,421	6,000	13,881
Goods	28,051	17,436	10,615	-	-
Assignment of receivables	20	20	-	-	-
Other collateral	12,832	10,280	2,552	-	-
Other impaired loans					
Stage 3	559,740	45,913	113,064	400,723	40
Gross amount	559,740	45,913	113,064	400,723	40
Allowance for impairment	(346,819)	(27,772)	(83,685)	(235,358)	(4)
Carrying amount	212,921	18,141	29,379	165,365	36
Fair value of collateral	190,533	20,502	27,351	142,645	35
Property	175,623	14,633	19,858	141,097	35
Goods	10,953	5,319	5,337	297	-
Assignment of receivables	168	96	72	-	-
Other collateral	3,789	454	2,084	1,251	-
Past due but not impaired					
Stage 1	833,763	377,065	233,884	221,606	1,208
Stage 2	590,165	186,682	105,076	297,244	1,163
Gross amount	1,423,928	563,747	338,960	518,850	2,371
Allowance for impairment	(40,372)	(1,962)	(4,124)	(34,284)	(2)
Carrying amount	1,383,556	561,785	334,836	484,566	2,369
Neither past due nor impaired					
Stage 1	21,481,123	12,120,213	2,576,522	6,737,452	46,936
Stage 2	2,839,302	1,476,130	243,856	1,082,721	36,595
Gross amount	24,320,425	13,596,343	2,820,378	7,820,173	83,531
Allowance for impairment	(130,275)	(48,501)	(22,974)	(58,339)	(461)
Carrying Amount	24,190,150	13,547,842	2,797,404	7,761,834	83,070
Total carrying amount	26,013,805	14,318,934	3,183,381	8,421,417	90,073

* Out of the total gross receivables of RON thousands 27,632,851 as at December 31, 2019, there are loans in amount of RON thousands 2,353,674 for which the Group has not recognized a loss allowance because of the collateral value. These collaterals held as security have a total market value in amount of RON thousands 13,353,553 as at December 31, 2019 and represents mainly immovable properties, movables assets- equipment and vehicles- and cash collaterals, which can be subject to a real guarantee/mortgage.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2020 In RON thousands	Total out of which:	Corporate	SME	Private Individual	Private banking
Off balance - Loan commitments					
Stage 1	8,865,397	7,716,181	794,337	351,039	3,840
Stage 2	1,319,737	1,040,732	197,607	76,247	5,151
Stage 3	93,267	75,737	15,348	2,047	135
Gross amount	10,278,401	8,832,650	1,007,292	429,333	9,126
Allowance for impairment	(62,243)	(50,874)	(6,637)	(4,717)	(15)
Carrying amount*	10,216,158	8,781,776	1,000,655	424,616	9,111
Off balance - Letters of credit					
Stage 1	74,824	74,545	279	-	-
Stage 2	50,287	50,287	-	-	-
Stage 3	730	730	-	-	-
Gross amount	125,841	125,562	279	-	-
Allowance for impairment	(2,606)	(2,606)	-	-	-
Carrying amount*	123,235	122,956	279	-	-
Off balance - Guarantees issued					
Stage 1	2,914,652	2,851,513	61,828	997	314
Stage 2	779,849	748,989	21,705	2,600	6,555
Stage 3	135,052	132,365	1,804	520	363
Gross amount	3,829,553	3,732,867	85,337	4,117	7,232
Allowance for impairment	(109,515)	(108,615)	(752)	(127)	(21)
Carrying amount*	3,720,038	3,624,252	84,585	3,990	7,211
Total carrying amount	14,059,431	12,528,984	1,085,519	428,606	16,322

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2019					
In RON thousands	Total out of which:	Corporate	SME	Private Individual	Private banking
Off balance - Loan commitments					
Stage 1	8,459,581	7,046,818	1,054,948	354,513	3,302
Stage 2	967,317	823,119	64,050	75,680	4,468
Stage 3	84,515	72,977	8,639	2,799	100
Gross amount	9,511,413	7,942,914	1,127,637	432,992	7,870
Allowance for impairment	(59,484)	(53,901)	(3,110)	(2,471)	(2)
Carrying amount*	9,451,929	7,889,013	1,124,527	430,521	7,868
Off balance - Letters of credit					
Stage 1	108,657	108,459	198	-	-
Stage 2	39,220	39,220	-	-	-
Stage 3	985	985	-	-	-
Gross amount	148,862	148,664	198	-	-
Allowance for impairment	(1,634)	(1,634)	-	-	-
Carrying amount*	147,228	147,030	198	-	-
Off balance - Guarantees issued					
Stage 1	3,599,015	3,533,546	64,360	814	295
Stage 2	600,037	572,034	19,072	2,603	6,328
Stage 3	140,919	137,779	1,398	547	1,195
Gross amount	4,339,971	4,243,359	84,830	3,964	7,818
Allowance for impairment	(93,062)	(92,451)	(488)	(113)	(10)
Carrying amount*	4,246,909	4,150,908	84,342	3,851	7,808
Total carrying amount	13,846,066	12,186,951	1,209,067	434,372	15,676

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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, separately for on balance sheet exposures and off balance sheet exposures.

30.06.2020 In RON thousands	Total out of which:	Corporate	SME	Private Individual
Individually significant impaired loans				
Stage 3	234,723	41,654	192,132	937
Gross amount	234,723	41,654	192,132	937
Allowance for impairment	(171,616)	(43,093)	(127,586)	(937)
Carrying amount	63,107	(1,439)	64,546	-
Fair value of collateral	126,026	15,725	110,285	16
Property	11,635	-	11,635	-
Vehicles and equipment	78,883	15,725	63,142	16
Other collateral	35,508	-	35,508	-
Other impaired loans				
Stage 3	68,568	99	65,416	3,053
Gross amount	68,568	99	65,416	3,053
Allowance for impairment	(29,038)	(99)	(27,456)	(1,483)
Carrying amount	39,530	-	37,960	1,570
Fair value of collateral	43,951	82	42,224	1,645
Vehicles and equipment	43,951	82	42,224	1,645
Past due but not impaired				
Stage 1	92,119	4,871	85,239	2,009
Stage 2	160,954	8,083	151,392	1,479
Gross amount	253,073	12,954	236,631	3,488
Allowance for impairment	(5,973)	(245)	(5,678)	(50)
Carrying amount	247,100	12,709	230,953	3,438
Neither past due nor impaired				
Stage 1	2,905,408	253,621	2,577,769	74,018
Stage 2	284,442	15,030	267,939	1,473
Gross amount	3,189,850	268,651	2,845,708	75,491
Allowance for impairment	(79,017)	(17,103)	(61,156)	(758)
Carrying Amount	3,110,833	251,548	2,784,552	74,733
Total carrying amount	3,460,570	262,818	3,118,011	79,741

* Out of the total gross receivables of RON thousands 3,746,214 as at June 30, 2020, there are loans in amount of RON thousands 18,768 for which UCLC has not recognized a loss allowance because of the collateral value. These collaterals held as security have a total market value in amount of RON thousands 51,831 as at June 30, 2020 and they represent Asset Property, Cash Collaterals and Immoveable Mortgages.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2019				
In RON thousands	Total out of which:	Corporate	SME	Private Individual
Individually significant impaired loans				
Stage 3	252,244	42,352	208,956	936
Gross amount	252,244	42,352	208,956	936
Allowance for impairment	(189,207)	(25,506)	(162,765)	(936)
Carrying amount	63,037	16,846	46,191	-
Fair value of collateral	130,566	16,846	113,702	18
Property	12,348	-	12,348	-
Vehicles and equipment	78,025	16,369	61,638	18
Other collateral	40,194	477	39,717	-
Other impaired loans				
Stage 3	63,163	1	62,000	1,162
Gross amount	63,163	1	62,000	1,162
Allowance for impairment	(26,792)	(1)	(25,841)	(950)
Carrying amount	36,371	-	36,159	212
Fair value of collateral	39,416	-	38,554	861
Vehicles and equipment	39,416	-	38,554	861
Past due but not impaired				
Stage 1	92,588	7,214	81,779	3,595
Stage 2	113,172	-	110,813	2,359
Gross amount	205,760	7,214	192,592	5,954
Allowance for impairment	(2,533)	(59)	(2,441)	(34)
Carrying amount	203,227	7,156	190,151	5,920
Neither past due nor impaired				
Stage 1	2,941,540	229,836	2,639,480	72,225
Stage 2	138,047	5	137,307	735
Gross amount	3,079,587	229,841	2,776,787	72,960
Allowance for impairment	(58,708)	(13,626)	(44,566)	(516)
Carrying Amount	3,020,881	216,215	2,732,221	72,444
Total carrying amount	3,323,516	240,217	3,004,723	78,576

* Out of the total gross receivables of RON thousands 3,600,754 as at December 31, 2019, there are loans in amount of RON thousands 21,155 for which UniCredit Leasing has not recognized a loss allowance because of the collateral value. These collaterals held as security have a total market value in amount of RON thousands 57,966 as at December 31, 2019 and they represent Asset Property, Cash Collaterals and Immovable Mortgages.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2020				
In RON thousands	Total out of which:	Corporate	SME	Private Individual
Off balance - Loan commitments				
Stage 1	117,922	14,539	100,237	3,146
Stage 2	2,934	800	2,134	-
Stage 3	327	68	259	-
Gross amount	121,183	15,407	102,630	3,146
Allowance for impairment	(1,277)	(250)	(1,001)	(26)
Carrying amount*	119,906	15,157	101,629	3,120

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

31.12.2019				
In RON thousands	Total out of which:	Corporate	SME	Private Individual
Off balance - Loan commitments				
Stage 1	124,611	23,642	99,590	1,379
Stage 2	-	-	-	-
Stage 3	957	82	874	-
Gross amount	125,568	23,724	100,464	1,379
Allowance for impairment	(1,060)	(225)	(828)	(6)
Carrying amount*	124,508	23,499	99,636	1,373

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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.

30.06.2020					
In RON thousands					
Loans and advances to customers at amortized cost (on balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	3,170,355	78,481	-	-	3,248,836
Grades 4-6: performing (medium risk)	16,456,603	3,306,816	-	-	19,763,419
Grades 7-8 : performing (in observation & substandard)	736,302	1,543,883	-	19,540	2,280,185
Grade 8 : impaired	-	-	1,511,783	3,598	1,511,783
Grade 9: impaired	-	-	235,995	-	235,995
Grade 10: impaired	-	-	193,596	-	193,596
Unrated	10,314	16,697	-	-	27,011
Total gross amount	20,373,574	4,945,877	1,941,374	23,138	27,260,825
Loss allowance	(192,080)	(104,108)	(1,420,309)	(3,588)	(1,716,497)
Carrying amount	20,181,494	4,841,769	521,065	19,550	25,544,328

31.12.2019					
In RON thousands					
Loans and advances to customers at amortized cost (on balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	3,556,836	77,946	-	-	3,634,782
Grades 4-6: performing (medium risk)	16,930,491	2,144,327	-	20,640	19,074,818
Grades 7-8 : performing (in observation & substandard)	1,821,137	1,190,605	-	-	3,011,742
Grade 8 : impaired	-	-	1,523,802	4,625	1,523,802
Grade 9: impaired	-	-	154,586	-	154,586
Grade 10: impaired	-	-	210,110	-	210,110
Unrated	6,422	16,589	-	-	23,011
Total gross amount	22,314,886	3,429,467	1,888,498	25,265	27,632,851
Loss allowance	(120,093)	(50,554)	(1,448,399)	(4,106)	(1,619,046)
Carrying amount	22,194,793	3,378,913	440,099	21,159	26,013,805

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2020					
In RON thousands					
Loans and advances to customers at amortized cost (off balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	3,870,182	446,888	-	-	4,317,070
Grades 4-6: performing (medium risk)	7,677,941	1,131,503	-	-	8,809,444
Grades 7-8 : performing (in observation & substandard)	301,584	558,812	-	-	860,396
Grade 8 : impaired	-	-	195,437	-	195,437
Grade 9: impaired	-	-	33,424	-	33,424
Grade 10: impaired	-	-	188	-	188
Unrated	5,166	12,670	-	-	17,836
Total gross amount	11,854,873	2,149,873	229,049	-	14,233,795
Loss allowance	(16,068)	(36,054)	(122,242)	-	(174,364)
Carrying amount*	11,838,805	2,113,819	106,807	-	14,059,431

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

31.12.2019					
In RON thousands					
Loans and advances to customers at amortized cost (off balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	4,245,154	423,926	-	-	4,669,081
Grades 4-6: performing (medium risk)	7,414,430	698,054	-	-	8,112,482
Grades 7-8 : performing (in observation & substandard)	497,501	470,269	-	-	967,770
Grade 8 : impaired	-	-	171,958	-	171,959
Grade 9: impaired	-	-	54,193	-	54,193
Grade 10: impaired	-	-	268	-	268
Unrated	10,169	14,325	-	-	24,493
Total gross amount	12,167,253	1,606,574	226,419	-	14,000,246
Loss allowance	(12,787)	(8,578)	(132,815)	-	(154,180)
Carrying amount*	12,154,466	1,597,995	93,604	-	13,846,066

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2020 In RON thousands					
Lease receivables (on balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	18,274	332	-	-	18,606
Grades 4-6: performing (medium risk)	2,431,778	309,075	-	-	2,740,853
Grades 7-8 : performing (in observation & substandard)	547,475	135,989	-	-	683,464
Grade 8 : impaired	-	-	27,953	-	27,953
Grade 9: impaired	-	-	162,011	-	162,011
Grade 10: impaired	-	-	113,327	-	113,327
Total gross amount	2,997,527	445,396	303,291	-	3,746,214
Loss allowance	(53,006)	(31,987)	(200,651)	-	(285,644)
Carrying amount	2,944,521	413,409	102,640	-	3,460,570

31.12.2019 In RON thousands					
Lease receivables (on balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	27,152	414	-	-	27,566
Grades 4-6: performing (medium risk)	2,365,200	164,609	-	-	2,529,809
Grades 7-8 : performing (in observation & substandard)	641,776	86,196	-	-	727,972
Grade 8 : impaired	-	-	19,594	-	19,594
Grade 9: impaired	-	-	187,465	-	187,465
Grade 10: impaired	-	-	108,348	-	108,348
Total gross amount	3,034,128	251,219	315,407	-	3,600,754
Loss allowance	(49,398)	(11,843)	(215,997)	-	(277,238)
Carrying amount	2,984,730	239,376	99,410	-	3,323,516

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2020 In RON thousands					
Lease receivables (off balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	2,353	-	79	-	2,432
Grades 4-6: performing (medium risk)	99,542	2,731	-	-	102,273
Grades 7-8 : performing (in observation & substandard)	15,797	203	-	-	16,000
Grade 8 : impaired	230	-	148	-	378
Grade 9: impaired	-	-	100	-	100
Total gross amount	117,922	2,934	327	-	121,183
Loss allowance	(1,225)	(48)	(4)	-	(1,277)
Carrying amount*	116,697	2,886	323	-	119,906

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

31.12.2019 In RON thousands					
Lease receivables (off balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	874	-	-	-	874
Grades 4-6: performing (medium risk)	109,876	-	-	-	109,876
Grades 7-8 : performing (in observation & substandard)	13,861	-	-	-	13,861
Grade 8 : impaired	-	-	598	-	598
Grade 9: impaired	-	-	359	-	359
Total gross amount	124,611	-	957	-	125,568
Loss allowance	(927)	-	(133)	-	(1,060)
Carrying amount*	123,684	-	824	-	124,508

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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.

30.06.2020					
In RON thousands					
Loans and advances to banks at amortized cost	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	429,598	-	-	-	429,598
Total gross amount	429,598	-	-	-	429,598
Loss allowance	(349)	-	-	-	(349)
Carrying amount	429,249	-	-	-	429,249
Gross amount - off balance	1,647,573	49,752	-	-	1,697,325
Loss allowance - off balance	(278)	(18)	-	-	(296)
Carrying amount - off balance	1,647,295	49,734	-	-	1,697,029

31.12.2019					
In RON thousands					
Loans and advances to banks at amortized cost	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	572,918	-	-	-	572,918
Total gross amount	572,918	-	-	-	572,918
Loss allowance	(351)	-	-	-	(351)
Carrying amount	572,567	-	-	-	572,567
Gross amount - off balance	1,784,345	35,650	-	-	1,819,995
Loss allowance - off balance	(192)	(7)	-	-	(199)
Carrying amount - off balance	1,784,153	35,643	-	-	1,819,796

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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.

30.06.2020					
In RON thousands					
Financial assets at fair value through other comprehensive income	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	4,409,345	-	-	-	4,409,345
Total gross amount	4,409,345	-	-	-	4,409,345
Loss allowance	(2,957)	-	-	-	(2,957)
Carrying amount	4,406,388	-	-	-	4,406,388

31.12.2019					
In RON thousands					
Financial assets at fair value through other comprehensive income	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	8,621,164	-	-	-	8,621,164
Total gross amount	8,621,164	-	-	-	8,621,164
Loss allowance	(6,524)	-	-	-	(6,524)
Carrying amount	8,614,640	-	-	-	8,614,640

30.06.2020					
In RON thousands					
Debt instruments at amortized cost	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	4,096,677	-	-	-	4,096,677
Total gross amount	4,096,677	-	-	-	4,096,677
Loss allowance	(2,982)	-	-	-	(2,982)
Carrying amount	4,093,695	-	-	-	4,093,695

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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:

Loans to customers at amortized cost - ON balance		2020	2019
Private entities (including individuals)		8,900,856	8,965,011
SME	G Commerce - wholesale and retail	1,269,615	1,386,638
	C Manufacturing	499,860	524,116
	A Agriculture - forestry - fisheries	455,852	435,957
	F Construction and civil engineering	162,609	169,049
	H Transport and storage services	464,802	535,585
	Other services	299,442	359,551
Total SME		3,152,180	3,410,896
Corporate	C Manufacturing	4,943,873	5,115,425
	G Commerce - wholesale and retail	3,657,571	3,722,630
	L Real estate	1,693,656	1,683,457
	A Agriculture - forestry - fisheries	1,052,944	1,013,365
	H Transport and storage services	780,597	650,471
	Other services	3,079,148	3,071,596
Total Corporate		15,207,789	15,256,944
Total		27,260,825	27,632,851
Allowance for impairment		(1,716,497)	(1,619,046)
Carrying amount		25,544,328	26,013,805

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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 amortized cost - OFF balance		2020	2019
Private entities (including individuals)		449,808	452,644
Loans commitments			
SME	G Commerce - wholesale and retail	551,465	663,338
	C Manufacturing	155,465	144,757
	A Agriculture - forestry - fisheries	109,746	114,845
	F Construction and civil engineering	87,633	100,537
	H Transport and storage services	31,564	27,257
	Other industries	71,419	76,902
Total SME		1,007,292	1,127,636
Corporate	C Manufacturing	2,473,052	2,163,388
	G Commerce - wholesale and retail	2,359,629	2,042,248
	D Production and supply of electricity, gas, steam and air conditioning	1,183,601	847,927
	F Construction and civil engineering	644,476	722,769
	K Financial and insurance institutions	510,733	532,932
	Other industries	1,661,159	1,633,650
Total Corporate		8,832,650	7,942,916
Total loans commitments		9,839,942	9,070,552
Letters of credit			
SME	G Commerce - wholesale and retail	279	198
	Other industries	-	-
Total SME		279	198
Corporate	G Commerce - wholesale and retail	91,784	82,587
	C Manufacturing	23,675	53,877
	H Transport and storage services	4,690	11,530
	M Professional, scientific and technical activities	4,656	985
	F Construction and civil engineering	730	729
	Other industries	27	583
Total Corporate		125,562	150,291
Total letters of credit		125,841	150,489
Financial guarantees			
SME	G Commerce - wholesale and retail	27,857	29,911
	F Construction and civil engineering	16,476	15,366
	C Manufacturing	12,387	14,560
	N Administrative and support service activities	7,428	6,338
	M Professional, scientific and technical activities	4,149	4,764
	Other industries	17,040	13,891
Total SME		85,337	84,830
Corporate	D Production and supply of electricity, gas, steam and air conditioning	1,078,220	1,259,008
	G Commerce - wholesale and retail	852,052	1,056,735
	F Construction and civil engineering	766,719	670,715
	K Financial and insurance institutions	250,494	271,518
	C Manufacturing	173,165	258,095
	Other Industries	612,217	725,661
Total Corporate		3,732,867	4,241,732
Total financial guarantees		3,818,204	4,326,562
TOTAL Off balance sheet exposure		14,233,795	14,000,246
Allowance for impairment		(174,364)	(154,180)
Carrying amount		14,059,431	13,846,066

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- Concentration of credit risk related to lease receivables

Lease receivables at amortized cost - ON balance		2020	2019
Private entities (including individuals)		82,969	81,639
SME	G Commerce - wholesale and retail	560,901	573,799
	H Transport and storage services	532,664	536,256
	C Manufacturing	502,778	470,953
	F Construction and civil engineering	439,898	378,773
	A Agriculture - forestry - fisheries	217,267	221,671
	Other services	1,086,379	1,058,256
Total SME		3,339,887	3,239,708
Corporate	C Manufacturing	149,515	148,317
	G Commerce - wholesale and retail	76,544	88,210
	H Transport and storage services	46,029	20,657
	Q Medical and social activities	15,549	4,498
	J Information and communication	14,236	8,501
	Other services	21,485	9,223
Total Corporate		323,358	279,407
Total		3,746,214	3,600,754
Allowance for impairment		(285,644)	(277,238)
Carrying amount		3,460,570	3,323,516

Lease receivables at amortized cost - OFF balance		2020	2019
Private entities (including individuals)		3,146	1,379
Loan commitments			
SME	C Manufacturing	21,612	26,960
	L Real estate	16,768	19,749
	F Construction and civil engineering	11,171	11,024
	G Commerce - wholesale and retail	10,523	9,876
	H Transport and storage services	10,468	8,494
	Other Industries	32,088	24,361
Total SME		102,630	100,464
Corporate	C Manufacturing	15,048	16,731
	A Agriculture - forestry - fisheries	188	3,684
	G Commerce - wholesale and retail	114	3,310
	J Information and communication	57	-
Total Corporate		15,407	23,725
Total		121,183	125,568
Allowance for impairment		(1,277)	(1,060)
Carrying amount		119,906	124,508

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, placements with 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 deteriorated 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 deteriorating 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 baseline scenario is the main scenario and, indeed, is expected to have the highest probability of occurrence. The positive and negative scenarios represent alternative situations, either better or worse compared to the baseline scenario, in terms of the evolution of the economy of the countries in which the Group operates.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

The Base Scenario (“**Baseline**”) reflects the macroeconomic evolution expected from the Group and as such is coherent with the assumptions used in the planning processes. The Baseline Scenario foresees a contraction of the real GDP by -9.4% for 2020 and a growth by 9.8% for 2021.

In the Eurozone’ GDP is expected to contract by 13% this year, reflecting the period of intensification across countries of lockdown measures to slow the spread of COVID-19. In greater detail, the Group assume that:

- epidemic curves in most Eurozone countries will flatten;
- containment measures will keep the eurozone economy running at about 75% of its normal speed;
- relaxation of restrictions happen very gradually; and
- large-scale fiscal and monetary support will limit but not fully neutralize permanent damage to productive capacity, household income and human capital.

The Group expect GDP to rebound by about 10% qoq in both 3Q20 and 4Q20 as restrictions are progressively eased. The strong carryover at the end of the year might boost average growth for 2021 to 10%. However, at the end of next year, GDP is likely to remain 0,5% below its level at end-2019.

The **Positive Scenario**: in this scenario, the GDP contraction is foreseen at -4.2% for 2020, while estimated growth for 2021 is +6.5%.

The **Adverse Scenario** reflects one of the scenarios used in the evaluation processes of the capital adequacy (ICAAP). In coherence with the ICAAP framework, the scenario has been chosen to represent one of the macroeconomic and financial risks that the Groups foresees as most relevant in the context of the countries where the Group operates and for the Group’s business activities.

As regard the choice of scenario probabilities the rationale is: a potential lower rebound in 2021 may be driven by smaller drop in 2020 (limiting the scope for a rebound), but also by other factors directly or indirectly related to the virus (pandemic resurgence, market/trade tensions); as a consequence, negative scenario is assigned higher probability (30%) than positive one (10%), with baseline at 60%.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most – likely outcome and consists of information used by the Group for strategic planning and budgeting. The table below summarizes the main macroeconomic indicators included in the baseline economic scenarios used at 30 June 2020:

Country	Macroeconomic scenario	Base scenario		
		2020	2021	2022
Romania	Real GDP, yoy % change	-9.4	9.8	3.0
Romania	Inflation (CPI) yoy, eop	2.4	3.5	2.7
Romania	Unemployment rate, %	7.8	7.7	4.5
Romania	Short term rate, eop	2.1	2.4	2.9
Romania	Long-term interest rates 10y (%)	4.5	4.5	4.0
Romania	House Price Index, yoy % change	0.5	0	3.0

The forecasts in terms of changes in the “Default rate” and in the “Recovery Rate” 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, logistics or Bayesian, 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 economic cycle nature (“Through-the-cycle – TTC”) in favour of a Point in time and Forward looking philosophy.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

The LGD parameter is made Point in time through a scalar factor that allows to take 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.

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.

The impact in loan losses allowance of the increase/decrease by +/-10 percent of the probability of default and collateral recognition parameters for collective assessment is presented below:

Entity / Impact In RON thousands 30.06.2020	Impact PD up 10%	Impact PD down 10%	Impact Collateral up 10%	Impact Collateral down 10%
UCLC	8,658	(9,140)	(9,621)	8,755
UCFIN	12,973	(12,802)	-	-
Banca	22,145	(22,145)	(24,790)	45,005
Consolidated	43,777	(44,086)	(34,411)	53,759

Entity / Impact In RON thousands 31.12.2019	Impact PD up 10%	Impact PD down 10%	Impact Collateral up 10%	Impact Collateral down 10%
UCLC	5,815	(6,138)	(6,461)	5,879
UCFIN	7,364	(7,448)	-	-
Banca	12,529	(12,529)	(15,651)	33,379
Consolidated	25,708	(26,115)	(22,112)	39,258

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 significant 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 2020 on financial assets at fair value through other comprehensive income would vary as follows:

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

30.06.2020 In RON thousands	Group	
	Market Yield -10%	Market Yield +10%
Financial assets at fair value through other comprehensive income denominated in RON	42,188	(41,060)
Financial assets at fair value through other comprehensive income denominated in EUR	12,616	(12,361)
Financial assets at fair value through other comprehensive income	54,804	(53,421)

In case the market yield varies by +/-10 percent, the negative reserve recorded as at 31 December 2019 on financial assets at fair value through other comprehensive income would vary as follows:

31.12.2019 In RON thousands	Group	
	Market Yield -10%	Market Yield +10%
Financial assets at fair value through other comprehensive income denominated in RON	88,061	(85,652)
Financial assets at fair value through other comprehensive income denominated in EUR	9,290	(8,851)
Financial assets at fair value through other comprehensive income	97,351	(94,503)

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.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

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 valuation techniques. 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.

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

30.06.2020 In RON thousands	Listed*	Group Unlisted	Total
Debt securities at fair value through other comprehensive income	4,399,431	-	4,399,431
Equity instruments at fair value through other comprehensive income	-	6,957	6,957
Total assets held at fair value through other comprehensive income	4,399,431	6,957	4,406,388

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

31.12.2019 In RON thousands	Listed*	Group Unlisted	Total
Debt securities at fair value through other comprehensive income	8,606,775	8	8,606,783
Equity instruments at fair value through other comprehensive income	-	7,857	7,857
Total assets held at fair value through other comprehensive income	8,606,775	7,865	8,614,640

*) 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 Group has access at the measurement date. A quoted price on an active market provides the most reliable evidence (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 have a significant effect on the instrument's valuation. This category is for instruments that are valued based on unobservable assumptions.

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.

30.06.2020 In RON thousands	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	-	10,989,903	-	-	10,989,903	10,988,125
Financial assets at fair value through profit or loss	519,808	-	-	-	519,808	519,808
Placements with banks at amortized cost	-	429,249	-	-	429,249	429,087
Loans and advances to customers at amortized cost	-	25,544,328	-	-	25,544,328	25,376,281
Net lease receivables	-	3,460,570	-	-	3,460,570	3,460,570
Debt instruments at amortized cost	-	4,093,695	-	-	4,093,695	4,113,418
Financial assets at fair value through other comprehensive income	-	-	4,406,388	-	4,406,388	4,406,388
Other financial assets at amortized cost	-	114,203	-	-	114,203	114,203
Total financial assets	519,808	44,631,948	4,406,388	-	49,558,144	49,407,880
Financial liabilities at fair value through profit or loss	90,573	-	-	-	90,573	90,573
Derivatives liabilities designated as hedging instruments	119,960	-	-	-	119,960	119,960
Deposits from banks	-	1,333,922	-	-	1,333,922	1,329,578
Loans from banks and other financial institutions, including subordinated liabilities	-	6,848,776	-	-	6,848,776	6,843,405
Debt securities issued	-	2,071,740	-	-	2,071,740	2,071,740
Deposits from customers	-	32,982,658	-	-	32,982,658	32,875,316
Other financial liabilities at amortized cost	-	730,530	-	-	730,530	730,530
Lease liabilities	-	197,641	-	-	197,641	197,641
Total financial liabilities	210,533	44,165,267	-	-	44,375,800	44,258,743

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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.

31.12.2019 In RON thousands	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	-	11,693,894	-	-	11,693,894	11,693,894
Financial assets at fair value through profit or loss	267,990	-	-	-	267,990	267,990
Placements with banks at amortized cost	-	572,567	-	-	572,567	567,396
Loans and advances to customers at amortized cost	-	26,013,805	-	-	26,013,805	25,708,206
Net lease receivables	-	3,323,516	-	-	3,323,516	3,323,516
Financial assets at fair value through other comprehensive income	-	-	8,614,640	-	8,614,640	8,614,640
Other financial assets at amortized cost	-	142,810	-	-	142,810	142,810
Total financial assets	267,990	41,746,592	8,614,640	-	50,629,222	50,318,452
Financial liabilities at fair value through profit or loss	73,969	-	-	-	73,969	73,969
Derivatives liabilities designated as hedging instruments	114,852	-	-	-	114,852	114,852
Deposits from banks	-	1,666,287	-	-	1,666,287	1,663,071
Loans from banks and other financial institutions, including subordinated liabilities	-	7,395,685	-	-	7,395,685	7,392,593
Debt securities issued	-	2,044,046	-	-	2,044,046	2,044,046
Deposits from customers	-	33,938,950	-	-	33,938,950	33,871,974
Other financial liabilities at amortized cost	-	391,071	-	-	391,071	391,071
Lease liabilities	-	163,898	-	-	163,898	163,898
Total financial liabilities	188,821	45,599,937	-	-	45,788,758	45,715,474

6. ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES (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 2020:

30.06.2020					
In RON thousands	Level 1	Level 2	Level 3	Total fair value	Total book value
Trading assets					
Financial assets held for trading at fair value through profit or loss	341,060	137,211	1,160	479,431	479,431
Total trading assets	341,060	137,211	1,160	479,431	479,431
Financial assets at fair value through other comprehensive income					
Debt instrument	3,878,106	521,325	-	4,399,431	4,399,431
Equity instruments (minority holdings)	-	-	6,957	6,957	6,957
Total assets at fair value through other comprehensive income	3,878,106	521,325	6,957	4,406,388	4,406,388
Non-transactional financial assets at fair value mandatorily through profit or loss					
Equity instruments (VISA holdings)	-	-	40,377	40,377	40,377
Total assets at fair value through profit or loss	-	-	40,377	40,377	40,377
Liabilities designated for trading and for hedging					
Financial liabilities at fair value through profit or loss	-	89,396	1,177	90,573	90,573
Derivatives financial instruments designated at hedging instruments	-	119,960	-	119,960	119,960
Total liabilities designated for trading and for hedging	-	209,356	1,177	210,533	210,533

6. ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES (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 2020:

31.12.2019					
In RON thousands	Level 1	Level 2	Level 3	Total fair value	Total book value
Trading assets					
Financial assets held for trading at fair value through profit or loss	149,710	77,811	849	228,370	228,370
Total trading assets	149,710	77,811	849	228,370	228,370
Financial assets at fair value through other comprehensive income					
Debt instrument	7,563,637	1,043,146	-	8,606,783	8,606,783
Equity instruments (minority holdings)	-	-	7,857	7,857	7,857
Total assets at fair value through other comprehensive income	7,563,637	1,043,146	7,857	8,614,640	8,614,640
Non-transactional financial assets at fair value mandatorily through profit or loss					
Equity instruments (VISA holdings)	-	-	39,620	39,620	39,620
Total assets at fair value through profit or loss	-	-	39,620	39,620	39,620
Liabilities designated for trading and for hedging					
Financial liabilities at fair value through profit or loss	-	73,120	849	73,969	73,969
Derivatives financial instruments designated at hedging instruments	-	114,852	-	114,852	114,852
Total liabilities designated for trading and for hedging	-	187,972	849	188,821	188,821

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

6. ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES *(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 2020:

In RON thousands	Balance at 31 December 2019	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Additions	Disposals	FX effect	Balance at 30 June 2020
Financial assets held for trading	849	311	-	-	-	-	1,160
Derivatives financial instruments	849	311	-	-	-	-	1,160
Non-transactional financial assets at fair value mandatorily through profit or loss	39,620	176	-	-	-	581	40,377
Equity instrument (VISA holdings)	39,620	176	-	-	-	581	40,377
Financial assets at fair value through other comprehensive income	7,857	-	(900)	-	-	-	6,957
Equity instruments (minority holdings)	7,857	-	(900)	-	-	-	6,957
Total assets	48,326	487	(900)	-	-	581	48,494
Financial liabilities designated for trading	849	328	-	-	-	-	1,177
Derivatives financial instruments	849	328	-	-	-	-	1,177
Total liabilities	849	328	-	-	-	-	1,177

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

7. NET INTEREST INCOME

In RON thousands	30.06.2020	30.06.2019
Interest income		
Interest and similar income arising from:		
Loans and advances to customers*	664,763	659,879
Net Lease receivables	90,710	88,641
Treasury bills and bonds at fair value through other comprehensive income	116,943	120,984
Debt instruments at amortized cost	12,078	-
Current accounts and placements with banks	22,418	40,060
Negative interest from financial liabilities	44	3,447
Total interest income	906,956	913,011
Interest expense		
Interest expense and similar charges arising from:		
Deposits from customers	111,000	129,012
Loans from banks and other financial institutions	89,066	93,105
Deposits from banks	8,837	34,217
Repurchase agreements	243	124
Interest related to the bonds issued	22,211	12,461
Negative interest in financial assets	14,074	9,889
Debt from leasing operations	686	1,161
Total interest expense	246,117	279,969
Net interest income	660,839	633,042

*) Interest income for the six-month period ended 30 June 2020 includes expenses with interest adjustments related to depreciated financial assets in the total amount of RON 43,022 th (30 June 2019: RON 40,315 th). Interest expense and income on assets and liabilities, other than those that are recognized at fair value through profit or loss, are calculated using the effective interest rate method.

8. NET FEES AND COMMISSIONS INCOME

In RON thousands	30.06.2020	30.06.2019
Fees and commissions income		
Payments transactions	130,006	136,859
Risk participation fee (refer to Note 27)	118	171
Guarantees and letters of credit	18,296	14,196
Loan administration	7,655	4,573
Commissions from other types of financial services	43,080	31,684
Commissions from insurance intermediation	19,741	22,645
Commissions on securities transactions	2,581	2,753
Total fees and commission income	221,477	212,881
Fees and commission expense		
Inter-banking fees	29,490	28,322
Payments transactions	29,647	25,250
Commitments and similar fees	397	236
Intermediary agents fees	2,514	2,446
Other	5,670	5,694
Total fees and commissions expense	67,718	61,948
Net fees and commissions income	153,759	150,933

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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

In RON thousands	30.06.2020	30.06.2019
Net gains from foreign exchange operations (including FX)	158,380	164,806
Net gains / (losses) from interest derivatives	(7,977)	(8,891)
Net income / (losses) from trading bonds	8,010	11,663
Net gains / (losses) from other derivatives	2,870	7,574
Net income from trading for financial instruments held at fair value through profit or loss	161,283	175,152
Net gains from non-transactional financial instruments held at fair value through profit or loss	346	8,636
Net income from financial instruments held at fair value through profit or loss	161,629	183,788

10. PERSONNEL EXPENSES

In RON thousands	30.06.2020	30.06.2019
Wages and salaries	207,454	200,224
Social security charges, unemployment fund and health fund	6,392	5,952
Other (income)/costs	371	(109)
Total	214,217	206,067

The number of employees of the Group at 30 June 2020 was 3,414 (31 December 2019: 3,357).

11. OTHER ADMINISTRATIVE COSTS

In RON thousands	30.06.2020	30.06.2019
Office space expenses (rental, maintenance, other)	20,192	24,868
IT services	51,728	51,270
Other taxes and duties	54,612	53,561
Communication expenses	11,479	12,862
Advertising and promotional expenses	8,032	9,535
Consultancy, legal and other professional services	4,899	5,168
Materials and consumables	6,696	5,777
Personnel training and recruiting	1,124	2,334
Insurance expenses	1,638	1,596
Other	8,433	7,453
Total	168,833	174,424

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

12. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

In RON thousands	30.06.2020	30.06.2019
Net provision charges for loans and advances to customers	213,862	167,409
Net provision charges for banks	674	3,246
Net provision charges for securities	(595)	2,241
Loans written-off	529	1,035
Net provision charges for lease receivables	18,598	10,431
Recoveries from loans previously written-off	(16,881)	(23,968)
Net provisions charges for other financial instruments	5,146	2,354
Total	221,333	162,748

13. INCOME TAX

The reconciliation between profit before tax and income tax expense in the income statement is presented below:

In RON thousands	30.06.2020	30.06.2019
Profit/ (Loss) before tax	367,197	432,897
Direct taxes at 16% (2019: 16%) of taxable profits determined in accordance with Romanian law	(72,606)	(78,411)
Correction of current income tax arising from previous year	143	-
Deferred tax income	11,929	(2,306)
Income tax	(60,534)	(80,717)
Profit/ (Loss) before tax	367,197	432,897
Taxation at statutory rate of 16%	(58,752)	(69,263)
Non-deductible expenses	(60,773)	(18,709)
Non-taxable revenues	38,179	6,652
Origination and reversal of temporary differences	13,596	(3,366)
Fiscal credit	7,216	3,948
Taxation in the income statement	(60,534)	(80,717)

14. CASH AND CASH EQUIVALENTS

In RON thousands	30.06.2020	31.12.2019
Accounts at NBR	4,770,688	4,223,925
Cash (including cash in ATMs)	1,515,517	1,607,801
Short term Money Market placements	4,567,699	5,831,936
Current balances with other banks	140,997	34,798
Total gross value	10,994,901	11,698,460
Impairment allowance	(4,998)	(4,566)
Total net book value	10,989,903	11,693,894

The cash maintained at the National Bank of Romania ensures compliance with the requirements regarding the compulsory minimum reserve. As of 30 June 2020, the required minimum reserve ratio was 6% (31 December 2019: 8%) for funds attracted from customers in lei and 6% (31 December 2019: 8%) for funds attracted in foreign currency, both with residual maturity less than 2 years from the end of the reporting period and for debts with residual maturity greater than 2 years with the repayment, transfer and early withdrawal clause, respectively 0% for the other debts included in the calculation basis.

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

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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

In RON thousands	30.06.2020	31.12.2019
Derivatives	86,880	66,672
Investment securities held for trading	392,551	161,698
Capital instruments	40,377	39,620
Total	519,808	267,990

*) Equity investments for VISA Inc were classified as "Capital Instruments – Financial assets at fair value through profit and loss".

(ii) Derivative assets/ liabilities

Financial assets and liabilities at fair value through profit or loss at 30 June 2020 are summarized as follows:

In RON thousands	Notional amount	30.06.2020	
		Assets	Liabilities
Foreign currency Derivatives			
Forward contracts	6,385,165	24,105	21,153
Purchased options	690,999	1,783	12
Sold options	690,999	-	1,801
Total foreign currency derivatives	7,767,163	25,888	22,966
Interest rates derivatives			
Interest Rate Swaps	2,332,337	27,886	33,544
Purchased options	593,136	12,232	-
Sold options	593,136	-	13,354
Total interest rate derivatives	3,518,609	40,118	46,898
Other derivatives on purchased merchandise	220,860	20,874	-
Other derivatives on sold merchandise	220,860	-	20,709
Total derivatives - merchandise	441,720	20,874	20,709
Total	11,727,492	86,880	90,573

Financial assets and liabilities at fair value through profit or loss at 31 December 2019 are summarized as follows:

In RON thousands	Notional amount	31.12.2019	
		Assets	Liabilities
Foreign currency Derivatives			
Forward contracts	6,804,317	23,827	25,008
Purchased options	616,089	1,807	40
Sold options	616,089	-	1,806
Total foreign currency derivatives	8,036,495	25,634	26,854
Interest rates derivatives			
Interest Rate Swaps	2,381,102	27,359	32,516
Purchased options	603,107	13,677	-
Sold options	603,107	-	14,597
Total interest rate derivatives	3,587,316	41,036	47,113
Other derivatives on purchased merchandise	156	2	-
Other derivatives on sold merchandise	156	-	2
Total derivatives - merchandise	312	2	2
Total	11,624,123	66,672	73,969

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

16. LOANS AND ADVANCES TO CUSTOMERS

The commercial activity of the Group is focused on lending to companies and private individuals having mainly its domicile/ registered office in Romania. The values below indicate the gross carrying amount and the adjustment for impairment including IRC. The division of the portfolio by types of loans was as follows:

30.06.2020				
In RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	2020
Mortgages	5,932,990	356,461		6,289,451
Personal loans and car loan	1,988,752	148,614		2,137,366
Credit cards and overdraft	415,859	37,210		453,069
Corporate loans	14,580,499	837,210	23,138	15,417,709
SME loans	1,897,772	234,103		2,131,875
Factoring, Discounting, Forfaiting	503,579	327,776		831,355
Loans and advances to customers before provisions	25,319,451	1,941,374	23,138	27,260,825
Less provision for impairment losses on loans	(296,188)	(1,420,309)	(3,588)	(1,716,497)
Net loans and advances to customers	25,023,263	521,065	19,550	25,544,328

31.12.2019				
In RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	2019
Mortgages	5,734,834	347,915		6,082,749
Personal loans and car loan	2,167,240	158,891		2,326,131
Credit cards and overdraft	506,559	32,834		539,393
Corporate loans	14,633,675	830,461	25,265	15,464,136
SME loans	2,030,764	217,522		2,248,286
Factoring, Discounting, Forfaiting	671,281	300,875		972,156
Loans and advances to customers before provisions	25,744,353	1,888,498	25,265	27,632,851
Less provision for impairment losses on loans	(170,647)	(1,448,399)	(4,106)	(1,619,046)
Net loans and advances to customers	25,573,706	440,099	21,159	26,013,805

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

In RON thousands	30.06.2020	30.06.2019
Balance at the 31 December 2019	1,619,046	1,816,126
Net impairment charge for the period (Note 12)	213,862	167,409
Foreign currency exchange effect	11,213	15,104
Release of allowances for impairment of loans written-off and loans sold	(153,719)	(451,741)
Other adjustments - the effect of interest adjustment IRC	26,095	23,378
Final balance at 30 June 2020	1,716,497	1,570,276

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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 division of the net leasing investment by maturities is presented in the following table:

In RON thousands	30.06.2020			
	Total, of which	Stage 1	Stage 2	Stage 3
Lease receivables up to one year, gross	1,325,433	1,024,316	133,744	167,373
Lease receivables 1-2 years, gross	1,042,911	853,945	129,551	59,415
Lease receivables 2-3 years, gross	745,235	618,137	87,323	39,775
Lease receivables 3-4 years, gross	463,440	365,540	53,033	44,867
Lease receivables 4-5 years, gross	220,088	187,183	24,473	8,432
Lease receivables over 5 years, gross	192,927	133,977	55,910	3,040
Total contractual undiscounted lease payments receivable	3,990,034	3,183,098	484,034	322,902
Unearned finance income (future interest)	(243,820)	(185,571)	(38,638)	(19,611)
Discounted unguaranteed residual value	-	-	-	-
Total gross lease investment net of future interest and unguaranteed residual value	3,746,214	2,997,527	445,396	303,291
Impairment allowance for lease receivables	(285,644)	(53,006)	(31,987)	(200,651)
Total net lease investment	3,460,570	2,944,521	413,409	102,640

In RON thousands	31.12.2019			
	Total, of which	Stage 1	Stage 2	Stage 3
Lease receivables up to one year, gross	1,334,192	1,074,546	79,407	180,239
Lease receivables 1-2 years, gross	1,106,858	926,329	91,743	88,786
Lease receivables 2-3 years, gross	599,295	566,867	27,853	4,575
Lease receivables 3-4 years, gross	393,337	373,339	17,397	2,601
Lease receivables 4-5 years, gross	278,505	199,335	20,492	58,678
Lease receivables over 5 years, gross	138,487	95,400	40,098	2,989
Total contractual undiscounted lease payments receivable	3,850,674	3,235,816	276,990	337,868
Unearned finance income (future interest)	(249,920)	(201,688)	(25,771)	(22,461)
Discounted unguaranteed residual value	-	-	-	-
Total gross lease investment net of future interest and unguaranteed residual value	3,600,754	3,034,128	251,219	315,407
Impairment allowance for lease receivables	(277,238)	(49,398)	(11,843)	(215,997)
Total net lease investment	3,323,516	2,984,730	239,376	99,410

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

17. NET FINANCIAL LEASE RECEIVABLES (continued)

Changes in depreciation adjustments for lease receivables can be summarized as follows:

In RON thousands	30.06.2020	30.06.2019
Balance at the 31 December 2019	277,238	333,966
Net impairment charge for the period (Note 12)	18,598	10,431
Foreign currency exchange effect	3,245	4,766
Release of allowances for impairment of loans written-off and loans sold	(13,437)	(40,049)
Balance at 30 June 2020	285,644	309,113

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

In RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	30.06.2020
Leasing receivables - individuals	409,490	8,194	-	417,684
Leasing receivables - legal entities	3,033,433	295,097	-	3,328,530
Leasing receivables before provisions	3,442,923	303,291	-	3,746,214
Impairment allowance for lease receivables	(84,993)	(200,651)	-	(285,644)
Net lease receivable	3,357,930	102,640	-	3,460,570

In RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	31.12.2019
Leasing receivables - individuals	345,985	7,080	-	353,065
Leasing receivables - legal entities	2,939,362	308,327	-	3,247,689
Leasing receivables before provisions	3,285,347	315,407	-	3,600,754
Impairment allowance for lease receivables	(61,241)	(215,997)	-	(277,238)
Net lease receivable	3,224,106	99,410	-	3,323,516

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

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	30.06.2020	31.12.2019
Investment securities held at fair value through other comprehensive income	4,399,431	8,606,783
Equity investments (minority holdings)	6,957	7,857
Total	4,406,388	8,614,640

Investment securities held at fair value through other comprehensive income

As at 30 June 2020, the Group included in investment securities held at fair value through other comprehensive income bonds, Romanian Government T-bills, bonds issued by the municipality of Bucharest and bonds issued by the Ministry of Public Finance in amount of RON thousands 4,399,431 (31 December 2019: RON thousands 8,606,783).

As at 30 June 2020, the investment securities held at fair value through other comprehensive income are pledged in amount of RON thousands 370,807 (31 December 2019: RON thousands 484,829).

The Group transferred to profit or loss during 2020 an amount of RON thousands 49,656 (30 June 2019: RON thousands 13,001) representing net gain from disposal of financial assets at fair value through other comprehensive income investment securities.

Equity investments

The Group held the following unlisted equity investments, financial assets held at fair value through other comprehensive income as at 30 June 2020 and 31 December 2019:

30.06.2020 In RON thousands	Nature of business	% Interest held	Fair value
UniCredit Leasing Fleet Management	Operational leasing	9.99%	2,346
Transfond SA	Other financial services	8.04%	2,873
Biroul de Credit SA	Financial services	6.80%	997
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	741
Total			6,957

31.12.2019 In RON thousands	Nature of business	% Interest held	Fair value
UniCredit Leasing Fleet Management	Operational leasing	9.99%	2,346
Transfond SA	Other financial services	8.04%	3,610
Biroul de Credit SA	Financial services	6.80%	1,160
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	741
Total			7,857

The above mentioned entities have their registered offices in Romania.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

19. FINANCIAL ASSETS (DEBT INSTRUMENTS) AT AMORTIZED COST

As at 30 June 2020, the Group included debt instruments at amortized cost bonds/Romanian Government T-bills in amount of RON thousands 4,093,695 (31 December 2019 RON thousands 0).

As at 30 June 2020, the debt instruments at amortized cost are pledged in amount of RON thousands 222,820 (31 December 2019: RON thousands 0).

20. DEPOSITS FROM BANKS

In RON thousands	30.06.2020	31.12.2019
Term deposits	831,401	1,002,896
Sight deposits	502,521	663,391
Total	1,333,922	1,666,287

21. LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS AT AMORTIZED COST

In RON thousands	30.06.2020	31.12.2019
Commercial Banks	4,807,084	5,539,000
Multilateral development banks	1,003,772	777,950
International financial institutions	113,308	166,286
Total	5,924,164	6,483,236

As of 30 June 2020, the final maturity of the loans is between July 2020 and May 2025.

During 2020, UniCredit Bank made withdrawals in the total amount of EUR 40 million (equivalent to RON 193,660 thousand) due in 2025 from a facility approved in 2018 by the European Investment Bank. The funds were withdrawn in order to finance the eligible investment projects in Romania for the clients from the Small and Medium segments.

UniCredit Consumer Financing IFN SA made during the year 2020 withdrawals from a facility approved in 2017 by the European Bank for Reconstruction and Development and the International Cooperation and Development Fund from Taiwan in the total amount of RON 46 million with a maturity of 3 years. The funds withdrawn in order to finance investments projects aimed at energy efficiency measures for residential buildings. This product is intended for individuals through the product "Green Credit".

UniCredit Leasing Corporation IFN carried out in 2020 withdrawals in the total amount of EUR 20 million (equivalent to RON 96,888 thousand) due in 2025 from a facility approved in 2019 by the European Investment Bank. The funds were withdrawn for the purpose of granting leasing loans to the SME customer segment.

22. DEPOSITS FROM CUSTOMERS

In RON thousands	30.06.2020	31.12.2019
Term deposits	8,172,262	8,871,596
Payable on demand	23,898,800	23,818,578
Collateral deposits	911,321	1,248,561
Certificates of deposits	275	215
Total	32,982,658	33,938,950

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

23. SUBORDINATED LIABILITIES

In RON thousands	30.06.2020	31.12.2019
UniCredit SPA	818,081	807,304
UniCredit Bank Austria AG	106,531	105,145
Total	924,612	912,449

As of 30 June 2020, the following agreements were in place:

- subordinated debt from UniCredit SPA, Italy, in amount of in eq. RON thousands 234,852 (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 581,076 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 106,531 (EUR thousands 22,000), with indefinite maturity, beneficiary Unicredit Leasing Corporation IFN S.A.;
- Interest accrued in amount of in eq. RON thousands 2,153 (EUR thousands 0.44)

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

24. PROVISIONS

In RON thousands	30.06.2020	31.12.2019
Provision for financial guarantees	109,811	93,261
Provision for legal disputes	41,996	41,278
Provision for off-balance commitments	66,125	62,179
Other provisions	45,569	44,241
Total	263,501	240,959

The movements in provisions during the year were as follows:

In RON thousands	30.06.2020	30.06.2019
Balance at 31 December	240,959	205,454
Net expense/(release) with provision for financial guarantees and off-balance commitments	14,173	(1,306)
Net expense/(release) with provision for legal disputes	494	(502)
Net expense/(release) with other provisions	2,188	1,814
FX effect	5,687	1,325
Balance at 30 June	263,501	206,785

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

25. ISSUED CAPITAL

The statutory share capital of the Bank as at 30 June 2020, is represented by 48,948,331 ordinary shares (31 December 2019: 48,948,331 ordinary shares) having a face value of RON 9.30 each and a share premium of RON 75.93 per share. The total value of the share premium is RON thousands 621,680.

The shareholders of the Bank are as follows:

	30.06.2020	31.12.2019
	%	%
UniCredit SpA*)	98.6298	98.6298
Other shareholders	1.3702	1.3702
Total	100	100

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

The share capital comprises of the following:

	30.06.2020	31.12.2019
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

26. RELATED PARTY TRANSACTIONS

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

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

In RON thousands	30.06.2020		31.12.2019	
	Parent Company	Other related entities	Parent Company	Other related entities
Derivative assets at fair value through profit or loss	21,394	1,919	734	11,230
Current accounts and deposits at banks	4,499,836	11,937	5,783,679	18,316
Loans and advances to banks	59,976	5,239	64,720	9,210
Loans and advances to customers	-	40,407	-	40,971
Other assets	22,486	3,897	32,996	27,481
Outstanding receivables	4,603,692	63,399	5,882,129	107,208
Derivative liabilities at fair value through profit or loss	20,166	41,634	16,797	47,413
Derivatives liabilities designated as hedging instruments	61,494	58,466	47,866	66,984
Current accounts	6,666	206,956	14,300	159,076
Deposit attracted	-	850,491	-	932,699
Loans received	4,069,961	733,789	4,668,786	792,919
Debts securities issued	-	-	-	25,635
Subordinated liabilities	818,081	106,531	807,305	105,145
Other liabilities	8,154	28,589	6,350	4,728
Outstanding payables	4,984,522	2,026,456	5,561,403	2,134,599
Commitments	1,305,953	386,041	131,494	379,648

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

26. RELATED PARTY TRANSACTIONS (continued)

In RON thousands	30.06.2020		30.06.2019	
	Parent Company	Other related entities	Parent Company	Other related entities
Interest income	150	275	23,475	297
Interest expense	(86,882)	(33,179)	(99,720)	(40,913)
Fee and commission income	513	11,873	296	6,319
Fee and commission expense	(75)	(1,942)	(62)	(684)
Other operating income	-	188	-	1,264
Operating expenses	(608)	(25,298)	(546)	(28,878)
Net revenue / (expense)	(86,902)	(48,083)	(76,557)	(62,595)

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 related-party transactions as of year ends are presented in the below tables:

In RON thousands	30.06.2020	31.12.2019
Loans	15,029	12,291
Current accounts and deposits	22,401	26,505

In RON thousands	30.06.2020	30.06.2019
Interest and similar income	115	212
Interest expenses and similar charges	(61)	(81)

In addition to wages, the Bank provides executive directors and executives with non-monetary benefits and participation in the UniCredit Group'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:

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

27. COMMITMENTS AND CONTINGENCIES (continued)

i) Off-balance-sheet commitments (continued)

In RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	30.06.2020
Loan commitments	10,185,134	93,267	-	10,278,401
committed	2,141,606	2,951	-	2,144,557
uncommitted	8,043,528	90,316	-	8,133,844
Letters of credit	125,111	730	-	125,841
Guarantees issued	3,694,501	135,052	-	3,829,553
Gross carrying amount	14,004,746	229,049	-	14,233,795
Allowance for impairment - Loan commitments	(21,896)	(40,347)	-	(62,243)
Allowance for impairment - Letters of credit	(1,958)	(648)	-	(2,606)
Allowance for impairment - Guarantees issued	(28,268)	(81,247)	-	(109,515)
Net carrying amount	(52,122)	(122,242)	-	(174,364)
Carrying amount	13,952,624	106,807	-	14,059,431

In RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	31.12.2019
Loan commitments	9,426,898	84,515	-	9,511,413
committed	2,316,712	8,475	-	2,325,187
uncommitted	7,110,186	76,040	-	7,186,226
Letters of credit	147,877	985	-	148,862
Guarantees issued	4,199,052	140,919	-	4,339,971
Gross carrying amount	13,773,827	226,419	-	14,000,246
Allowance for impairment - Loan commitments	(11,115)	(48,369)	-	(59,484)
Allowance for impairment - Letters of credit	(1,321)	(313)	-	(1,634)
Allowance for impairment - Guarantees issued	(8,929)	(84,133)	-	(93,062)
Net carrying amount	(21,365)	(132,815)	-	(154,180)
Carrying amount	13,752,462	93,604	-	13,846,066

The split into stages of the off-balance sheet exposure related to the commitments assumed within the financial leasing contracts offered is presented below:

In RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	30.06.2020
Loan commitments	120,856	327	-	121,183
committed	120,856	327	-	121,183
Gross amount	120,856	327	-	121,183
Allowance for impairment - Loan commitments	(1,273)	(4)	-	(1,277)
Total loss allowance	(1,273)	(4)	-	(1,277)
Carrying amount	119,583	323	-	119,906

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

27. COMMITMENTS AND CONTINGENCIES (continued)

i) Off-balance-sheet commitments (continued)

RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	31.12.2019
Loan commitments	124,611	957	-	125,568
committed	124,611	957	-	125,568
Gross amount	124,611	957	-	125,568
Allowance for impairment - Loan commitments	(927)	(133)	-	(1,060)
Total loss allowance	(927)	(133)	-	(1,060)
Carrying amount	123,684	824	-	124,508

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 2020 is EUR 25,960,383 (31 December 2019: EUR 27,211,827).

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.

The Bank concluded with UniCredit SpA a series of novation contracts through which loan contracts initially concluded by the Bank with Romanian companies were transferred to UniCredit SpA in exchange for full reimbursement of borrowers' exposure towards the Bank. According to these novation contracts, the Bank is still involved as guarantor and payment agent when the debtor performs its payments.

ii) Litigations

As at 30 June 2020, 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 41,996 as at 30 June 2020 (31 December 2019: RON thousands 41,278) is necessary to be booked.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

28. OPERATING SEGMENTS

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

Segment reporting on Group's interim condensed consolidated statement of comprehensive income as of 30 June 2020:

30.06.2020					
In RON thousands	CIB and PB	Leasing	Retail	Other	Total
Net interest income	286,801	59,382	272,080	42,576	660,839
Net fee and commission income	71,043	17,077	64,123	1,516	153,759
Net income from trading and other financial instruments which are not at fair value through profit or loss	174,953	-	28,458	16,946	220,357
FX Gains/ (Losses)	25,211	4,326	(80)	(27)	29,430
Dividend income	-	-	-	1,972	1,972
Other operating income	4,012	7,734	1,433	(1,463)	11,716
Operating income	562,020	88,519	366,014	61,520	1,078,073
Operating expenses	(192,526)	(31,432)	(254,333)	8,391	(469,900)
Net operating income	369,494	57,087	111,681	69,911	608,173
Net impairment losses on financial assets	(46,785)	(32,068)	(140,912)	(1,568)	(221,333)
Net provision losses	-	4,306	(755)	(20,406)	(16,855)
Net impairment losses on non-financial assets	-	-	-	(2,788)	(2,788)
Profit before taxation	322,709	29,325	(29,986)	45,149	367,197
Income tax	(51,634)	(5,950)	(1,346)	(1,604)	(60,534)
Net profit for the year	271,075	23,375	(31,332)	43,545	306,663

28. OPERATING SEGMENTS (continued)

Segment reporting on Group's interim condensed consolidated statement of comprehensive income as of 31 December 2019:

30.06.2019 In RON thousands	CIB and PB	Leasing	Retail	Other	Total
Net interest income	238,934	64,409	275,113	54,586	633,042
Net fee and commission income	73,085	18,849	58,223	776	150,933
Net income from trading and other financial instruments which are not at fair value through profit or loss	164,588	-	43,149	3,618	211,355
FX Gains/ (Losses)	50,859	6,491	58	(55)	57,353
Dividend income	-	-	-	1,971	1,971
Other operating income	446	4,542	2,742	(2,266)	5,464
Operating income	527,912	94,291	379,285	58,630	1,060,118
Operating expenses	(162,916)	(29,373)	(277,555)	5,377	(464,467)
Net operating income	364,996	64,918	101,730	64,007	595,651
Net impairment losses on financial assets	(83,475)	(14,148)	(64,669)	(456)	(162,748)
Net provision losses	-	(4,405)	(2,006)	6,405	(6)
Profit before taxation	281,521	46,365	35,055	69,956	432,897
Income tax	(45,043)	(14,719)	(11,406)	(9,549)	(80,717)
Net profit for the year	236,478	31,646	23,649	60,407	352,180

28. OPERATING SEGMENTS (continued)

Segment reporting on Group's interim condensed consolidated statement of financial position as of 30 June 2020:

30.06.2020					
In RON thousands	CIB and PB	Leasing	Retail	Other	Total
Total assets	18,302,369	4,712,013	10,363,540	17,090,916	50,468,838
Total liabilities	21,365,904	4,712,584	12,428,636	6,459,429	44,966,553
Total equity	-	-	-	5,502,285	5,502,285
Total liabilities and equity	21,365,904	4,712,584	12,428,636	11,961,714	50,468,838

Segment reporting on Group's interim condensed consolidated statement of financial position as of 31 December 2019:

31.12.2019					
In RON thousands	CIB and PB	Leasing	Retail	Other	Total
Total assets	24,079,725	5,310,972	10,614,054	11,521,857	51,526,608
Total liabilities	23,514,167	4,965,546	11,548,820	6,255,284	46,283,817
Total equity	-	-	-	5,242,791	5,242,791
Total liabilities and equity	23,514,167	4,965,546	11,548,820	11,498,075	51,526,608

29. COVID IMPACT

The below chapter takes into account the recommendations of European Securities and Markets Authority's ("ESMA") Public Statement "Implications of the COVID-19 outbreak on the half-yearly financial reports" dated 20 May 2020, related to the preparation of the interim financial reports in order to ensure that they provide comparable, relevant, reliable, information and an adequate level of disclosure and transparency to market participants.

29.1 COVID 19 - Measures taken by ECB and EBA

In response to the global outbreak of the Corona virus (COVID-19 outbreak) and its spread in Europe particularly since February 2020, the European Banking Authority ("EBA") issued a statement regarding the actions to mitigate the impact of COVID-19 outbreak on the EU banking sector in March 2020 (possible actions to be taken by credit institutions or competent authorities in this context). As the credit institutions may face increasingly difficult conditions in the immediate future, the EBA considers that they need to concentrate their efforts on monitoring and assessing the impact of the COVID-19 outbreak as well as on ensuring business continuity.

During the 1st quarter of 2020, the Board of European Banking Authority (EBA) has decided a number of measures in order to ensure that supervised banks can continue their role of financing the real economy taking into account the effects of Covid-19.

The European Banking Authority (EBA) has also issued numerous statements explaining a number of issues that are imperative for the functioning of the prudential framework in relation to non-performing loans, the identification of restructured exposure, and their accounting treatment. These clarifications help maintain the coherence and compatibility of risk indicators across the European banking sector, which is crucial for measuring the effects of the current crisis. These measures are detailed in the transparency report for the 1st quarter of 2020, published on the Bank's website in the Financial Reports section.

Measures taken by Romanian National Bank

The National Bank of Romania (NBR) adopted a package of measures aimed at mitigating the negative effects of the crisis generated by the coronavirus (COVID-19) epidemic on households and Romanian companies, including the following:

- monetary policy measures: (1) to cut the monetary policy rate by 0.75 pp., from 2.5% to 1.75%; (2) to narrow the symmetrical corridor defined by interest rates on standing facilities around the monetary policy rate to ± 0.5 pp. from ± 1.0 pp. Thus, the deposit facility rate remains at 1.25%, while the lending (Lombard) facility rate is lowered to 2.25% from 3.50%. The expected effect is to reduce the interest rates for loans to companies and households. (3) to provide liquidity to credit institutions; (4) to purchase RON-denominated government securities on the secondary market to ensure the smooth financing of real economy and the public sector;
- measures to increase the flexibility of the legislative framework so that banks and non-bank financial institutions could help households and companies with outstanding loans: lenders will be allowed to delay payments of the loans of any private individuals or company affected by the COVID-19 pandemic, without applying the conditions related to the level of indebtedness, the loan-to-value limit and the maximum maturity of consumer credit;
- on 24 March 2020, the NBR decided to allow banks the temporary use of previously established capital buffers, while maintaining compliance with the requirements of the legal framework for these flexibility measures and non-compliance with the minimum level of liquidity indicator in order to use reserves for better functioning of the banking sector.
- measures regarding the bank resolution: to postpone the deadline for collecting the annual contributions to the bank resolution fund for 2020 by 3 months, with the possibility of extension to up to 6 months; to delay the reporting deadlines of some information on resolution planning;
- operational measures: to ensure the smooth functioning of payment and settlement systems underlying payments in the domestic currency, so that commercial and financial transactions can be performed under normal conditions; the NBR will provide banks with continuous cash flows for all operations, including liquidity for ATMs.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

29. COVID IMPACT (continued)

29.2. Measures taken by the Romanian State and related accounting impact on the Group

Government measures as per EGO 37/2020 regarding the postponement of loan repayments

The Emergency Governmental Ordinance 37/2020 requiring banks and non-bank financial institutions to provide moratorium to all customers impacted by COVID 19 was passed on 30 March 2020, while its Application Norms were passed on 6 April 2020; period of payment postponement it covers a maximum of 9 months, but not later than 31 December 2020, upon request from customers.

Interest accruing during the moratorium for all loans except mortgage loans granted to private individuals is capitalized and its payment is spread over the duration of the loan. For private individuals' mortgage loans, the interest deemed during the suspension period will be treated as an individual claim, that will be recovered in maximum 5 years after the suspension ends with no interest applied to it, having 100% guarantee from Ministry of Finance, while the principal will be spread over the extended duration of the loan.

Accounting wise, the Covid-19 related moratorium will not determine the derecognition of the credit exposures, due to the fact that the net present value of the loan is not materially impact by this restructuring. Furthermore, considering that interests will accrue on the payment delayed, no modification loss is generally expected, with the exception of mortgage loans for individuals due to the different rules related to accrual of interest.

The impact from the change loss for mortgage loans for individuals was presented in the condensed interim consolidated statement of comprehensive income under "Net loss from impairment of financial assets" caption and was in the amount of RON 2,529 thousands as of 30 June 2020.

In the case of loans and financing through leasing contracts granted by UniCredit Leasing IFN S.A. ("UCLC") does not expect a significant decrease in the net present value of loans as a result of this restructuring, given that interest is capitalized.

Also, consumer loans granted by UniCredit Consumer Finance IFN S.A. ("UCFIN") are not expected to significantly decrease the net present value of loans as a result of this restructuring, given that interest is capitalized on consumer loans. For the application of the moratorium in the case of credit cards, UCFIN has developed a similar process as in the case of consumer loans, taking into account the official information received from the Ministry of Finance according to which the provisions of the moratorium are applicable to credit card exposures. afferent COVID-19.

In accordance with ESMA and EBA statements and guidelines, the application of the moratorium has not determined an automatic reclassification of the customer from Stage 1 to Stage 2. However, appropriate credit processes have been activated by the Group in all the processes of credit risk assessment considering both qualitative and quantitative triggers in order to evaluate the classification of credit exposure in order to grant the proper classification in Stage 2 or Stage 3 (default) of those credit exposures for which the increase in credit risk is unrelated to Covid-19 outbreak.

The table below summarizes the impact from implementing the EGO 37/2020, as of 30 June 2020 and contains the total amounts due and postponed for repayment until 31 December 2020:

30.06.2020 In RON thousands	Total suspended instalments
Households, out of which:	76.041
Consumer loans	42.088
Mortgages	33.953
Legal entities (*), out of which,	1.515.859
SME Credits	627.747
Other Credits	888.112
Total	1.591.900

(*) Includes also "bullet" reimbursable amounts, without repayment schedule, related to revolving facilities in the total amount of RON thousands 849,238.

29. COVID IMPACT (continued)

29.2. Measures taken by the Romanian State and related accounting impact on the Group (continued)

IMM Invest Romania program

UniCredit Bank applied for the state guarantee under **IMM Invest Romania program**, where the legislation has been updated in 2020 in order to allow the SMEs affected by COVID-19 outbreak to cover their liquidity needs for current operations or investments needs by accessing financing solutions (both working capital or investment loans) from the banks under FNGCIMM guarantee scheme (on behalf of Ministry of Public Finance). The global amount approved so far is RON 15 billion, while there is also a proposal of the Parliament to increase up to RON 30 billion, to be approved by the European Commission.

Under this guarantee scheme, the loans guarantee coverage ranging between 80-90% depending on the type of company (IMM or Micro Company) and the loan type. The maximum loan exposure toward a single beneficiary is 10Mn RON with a maximum tenor up to 36 months for working capital and up to 72 months for investment loans.

At the date of publication of these financial statements, IMM Invest is applicable only to the loans granted by the Bank, not to those granted by UCFIN nor to the financing (loans/ leasing) granted by UCLC.

29.3. COVID 19 measures taken by Group

The main actions already taken by UniCredit Group in the context of COVID-19 crisis are described below:

- All Group Business Continuity Management scenarios have been fully implemented (all critical processes with BCM alternatives are now in place, with a special focus on work from home for most head office employees), materials for employee's protection were ordered and sent to branches, weekly sanitization takes place in all branches and head office with special antiviral materials (gas, liquid);
- The Group preserved Customer Experience during the emergency state, by ensuring basic services continuity (e.g.: ATMs real time status and availability with prompt intervention, constant communication with the external providers) and accelerated the digital onboarding (e.g.: Digital signature for SME deployment, daily Mobile Banking activation campaign in Contact Center, Mobile Banking sales campaign in Contact Center);
- Tight tracking of liquidity & solvency evolution that cover strict monitoring of capital position and isolation of potential elements with high volatility or impact, while actively observing market and liquidity developments, as well as clients' behavior, as presented in chapter 29.4;
- Dedicated documents and processes have been defined and formalized in order to quickly analyze and process rescheduling requests as well as standardized documents and processes (including IT developments) for suspension requests addressed based on the provisions of EGO 37/2020;
- In addition to public moratorium measures (classified as non-restructured, as described above in the previous chapter), the Group decided to support its clients through other restructurings dedicated to loans, in accordance with the specific needs of clients; they are classified as restructuring.

29.4 Financial impact of COVID 19 outbreak on the financial & prudential position of the Group

UniCredit Group had a strong start of the year, however starting from March, we witnessed a slowdown due to COVID-19 which impacted the entire economy. Due to the resilient business and to the results obtained during the past years, the Group managed to maintain a good position even in this context.

In March 2020, the Group incorporated in the calculation of credit risk provisions the effect of the new macroeconomic scenario; In addition, the potential financial difficulties facing companies in the current financial crisis may lead to deteriorating portfolio levels and a higher risk cost than in recent years.

In terms of expected income, net interest income is the most affected by the slowdown in commercial activities. It is expected that net interest income will be affected by the evolution of ROBOR, which could affect profitability, taking into account, on the one hand, the Group's focus on maintaining liquidity at a sufficient level and, on the other hand, the decrease generated by the decrease. variable interest rate component.

However, given the stress-resistant activity and the very good results obtained so far, at this time the Group does not expect total revenues to deviate significantly from the initial targets.

29. COVID IMPACT (continued)

29.4 Financial impact of COVID 19 outbreak on the financial & prudential position of the Group (continued)

Regarding UCLC, the estimation of the impact generated by the COVID -19 context on the financial and capital indicators and the main hypotheses are described below:

- revision of the estimates of the new volumes that will be financed, in the sense of a negative deviation from the budgetary estimates;
- requests for rescheduling / suspension will mitigate the reduction of new volumes so that the loan portfolio will register a slight increase but below the budgetary projection;
- estimated interest and commission revenues from new transactions will be below the budget projection;
- the costs (except for the financing ones that can register increases) will register a slight decrease;
- the capital indicators will not be affected given the solidity of the company.

In the context of the current estimates of the contraction of real GDP to the level of -9.4% and the increase of the unemployment rate to the level of 7.8% in 2020, UCFIN has taken a series of measures (in accordance with the measures taken at Group level), meant to protect the net assets as well as the continuity of the activity in the future period. These measures imply, on the one hand, the limitation of the activity of granting new loans, in the sense that the existing clients of UCFIN or of the Bank will be served, who collect their income in the accounts opened with the Bank, and on the other hand the granting increased attention to the area of debt collection, including daily monitoring of applications received for the suspension of credit rates, based on the moratorium (EGO 37/2020).

Between March and June 2020, UCFIN initiated a process to estimate the impact that the current context could have on the financial statements and capital requirements imposed by the National Bank of Romania. Following the analyzes, UCFIN does not expect to record significant losses during 2020 (this will be re-evaluated according to the actions taken by the Government and the supervisory authority). Also, the UCFIN Management does not estimate worsening of the capital requirement below the limit imposed by the National Bank of Romania.

The Group has a limited estimate of the impact of Covid-19 on its future financial position due to significant uncertainties, but has analyzed several scenarios and the Group considers that the assessment of the business continuity principle is appropriate and there is no risk in this regard over the next 12 months.

Macroeconomic scenario update – impact in loan loss provisions

Following a significant contraction in the Eurozone economies, Romania will most likely face a deep recession in 2020, with GDP contracting by more than 9% in real terms, with a strong impact in the second quarter due to bottlenecks temporary in Europe and recovery starting in the third quarter. The speed of recovery will be determined by how quickly restrictions are lifted, how quickly the global economy returns and how many of the employees currently technically unemployed are fired in the fourth quarter of 2020 and in 2021.

Following the pessimistic forecast, the Group adopted a prudent approach, and carried out a review of the forward-looking information used in calculating credit risk provisions; thus, the Group accounted for additional credit risk provisions of RON 99 million since March 31, 2020 (of which RON 43 million for the Bank, RON 38 million for UCFIN and RON 18 million for UCLC).

Liquidity & solvency position

The Group regularly assesses the impact of the COVID-19 outbreak in its business, risk profile and prudential and performance indicators. In this sense, the Group evaluates its performance based on stress testing scenarios on key performance and prudence indicators, strict monitoring of position and liquidity indicators (mainly liquidity coverage rate - "LCR" and liquidity quick ratio), monitoring the evolution of government interest rates due to the high level of market volatility and its impact on the capital base and monitoring the simulations of solvency indicators. The results of the stress tests are comfortable both in terms of solvency and in terms of liquidity; The group expects to maintain a strong position compared to the minimum regulatory levels.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2020

29. COVID IMPACT (continued)

29.4 Financial impact of COVID 19 outbreak on the financial & prudential position of the Group (continued)

The Group has comfortable levels on both liquidity and solvency positions, the first half showing a stable trend, unaffected by high volatility. Also, the Bank performed a static and dynamic simulation for the end of 2020, both at consolidated and individual level, the results presenting a good position, the levels of indicators "liquidity coverage rate -" LCR ", net stable financing rate -" NSFR", the total solvency ratio of the capital) being above the minimum requirements of the NBR.

Also, the subsidiaries monitor the liquidity and solvency risks and do not expect a material impact on their value in their context in the context of the COVID-19 outbreak.

Liquidity

During the first semester 2020, the following actions were put in place:

- Liquidity Meetings were held on weekly basis, with the involvement of local Board members (with main focus on actively observing market developments and clients' behavior, monitoring closely the evolution of liquidity and its drivers, assessing the adequacy of the liquidity buffers through various static and dynamic liquidity simulations);
- Strict monitoring of the evolution of commercial volumes (deposits, loans, undrawn facilities);
- Strict monitoring of the liquidity indicators (actual and forecasts) several scenarios both dynamic and static;
- Managing funding initiatives in order to address liquidity needs of the clients affected by the virus outbreak;
- Keeping sufficient stock of liquid assets in order to offset potential liquidity outflows in case of stress.

Liquidity indicators, calculated according to Regulation 575/2013, are comfortably above the minimum regulatory requirements, as depicted in the tables below, and the Group estimate to remain above 100% also for the future:

Ratio	31 December 2019	31 March 2020	30 June 2020
	Group	Group	Group
LCR	166.66%	175.66%	177.73%
NSFR	159.49%	160.78%	n/a*

*) The value of the NSFR indicator for June 30, 2020 will be established in August 2020, after the date of approval of the Condensed interim consolidated financial statements for the period of six months ended on 30.06.2020.

Solvency

The Group adopted measures for capital preservation due to the unanticipated COVID outbreak such as:

- Strict monitoring of capital position and isolation of potential elements with high volatility;
- The planned distribution of dividends for the financial year ended 31 December 2019 did not take place, so the entire consolidated profit (RON 643 million) was kept in own funds;
- Periodic simulations at consolidated level by using stress testing methodologies regarding the increase of the exchange rate, the increase of the interest rate and the increase of the non-repayment probabilities.

Financial impact of the COVID-19 outbreak on the Group's operating costs and capital expenditure

As a result of the adoption of new safety and legal measures, the Group incurred significant expenditure which has been already recognized in the statement of profit or loss or in the financial position in these interim consolidated condensed financial statements.

29. COVID IMPACT (continued)

29.4 Financial impact of COVID 19 outbreak on the financial & prudential position of the Group (continued)

A summary of the typologies of additional costs incurred following COVID 19 outbreak is detailed below:

- **Operating expenses:** RON 6.2 million (of which RON 6.0 million from the Bank, RON 0.1 million from UCLC, RON 0.1 million from UCFIN), including sanitary and related materials (face masks, hygiene kits, disinfection products, thermometer for branches, Plexiglas and stickers, protective visors), IT&C (IT and communications) and related costs (increased VPN bandwidth; IT inventory for laptops, monitors for backup locations, mobile phones, Covid-19 communication materials, other costs (cash expenses, other expenses));
- **Capital expenditures:** RON 8.6 million (of which RON 8.0 million from the Bank, RON 0.1 million from UCLC, RON 0.5 million from UCFIN), including IT&C (IT and communications) and related costs (laptops, hardware for VPN improvements, licenses, UPS Rosetti backup, new hardware), IT developments due to regulatory requirements, other costs (thermal scanners, improvements and space arrangements).

30. SUBSEQUENT EVENTS

On 13 December 2019, the Supervisory Board of UniCredit Leasing Corporation IFN approved the acquisition of all 3,000 shares issued by UniCredit Insurance Broker SRL from the shareholder UniCredit Insurance Management CEE GmbH (2,999 shares) and from the shareholder Pirta Verwaltungs GmbH (1 share). On 17 December 2019, the SPAs (the contracts) were signed and on 23 July 2020, an addendum was signed by which the clauses from precedent events were updated, together with the definition of the closing date. The shares will be transferred in accordance with the approval of the UniCredit Group, following the approval of the Financial Supervisory Authority and subsequent to the recording of the transfer with the Trade Registry. At the date of preparation of these financial statements, the transfer is in process of being approved by the Financial Supervisory Authority.

The consolidated and separate financial statements were approved by the Management Board on 28 July 2020 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer



Mr. Philipp Gamauf
Chief Financial Officer



