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2022

Interim Condensed Consolidated and
Separate Financial Statements

30 June 2022

Prepared in accordance with IAS 34

“Interim Financial Reporting”

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UniCredit Bank S.A.

Interim Condensed Consolidated and
Separate Financial Statements
30 June 2022

prepared in accordance with
IAS 34 "Interim Financial Reporting"

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Independent Auditors' Report on Review of Interim Condensed Consolidated and Separate Financial Statements (free translation¹)

To the Shareholders of UniCredit Bank S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated and separate statement of financial position of UniCredit Bank S.A. ("the Bank") as at 30 June 2022, the interim condensed consolidated and separate statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements ("the interim condensed consolidated and separate financial statements"). Management is responsible for the preparation and presentation of this interim condensed consolidated and separate financial statements in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated and separate financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated and separate financial statements 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 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 and separate financial statements as at and for the six-month period ended 30 June 2022 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union.

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version and refers to the Romanian version of the interim condensed consolidated and separate financial statements which was subject to our review.



Emphasis of Matter - comparative information

We draw attention to Note 3 to the interim condensed consolidated and separate financial statements which indicates that the comparative information presented as at 31 December 2021 and for the six-month period ended 30 June 2021 has been restated. Our conclusion is not modified in respect of this matter.

Other matter – comparative information

The interim condensed consolidated financial statements of the Bank as at and for the six-month period ended 30 June 2021, excluding the adjustments described in Note 3, were reviewed by another auditor, who expressed an unmodified conclusion on those financial statements on 28 July 2021.

The consolidated and separate financial statements of the Bank as at and for the year ended 31 December 2021, excluding the adjustments described in Note 3, were audited by another auditor, who expressed an unmodified opinion on those financial statements on 25 February 2022.

The interim condensed separate financial statements of the Bank as at and for the six-month period ended 30 June 2021 were not audited, nor reviewed.

As part of our review of the interim condensed consolidated and separate financial statements as at 30 June 2022 and for the six-month period then ended, we reviewed the adjustments described in Note 3 that were applied to restate the comparative information presented as at 31 December 2021 and for the six-month period ended 30 June 2021. We were not engaged to audit, review, or apply any procedures to the interim condensed consolidated and separate financial statements as at and for the six-month period ended 30 June 2021 or to the consolidated and separate financial statements as at and for the year ended 31 December 2021, other than with respect to the adjustments described in Note 3 to the interim condensed consolidated and separate financial statements. Accordingly, we do not express any form of assurance on those respective financial statements taken as a whole. However, nothing has come to our attention that causes us to believe that the adjustments described in Note 3 are not appropriate or have not been properly applied, in all material respects.

Refer to the original signed Romanian version

Refer to the original signed Romanian version

For and on behalf of KPMG Audit S.R.L.:

Greco Tudor Alexandru

registered in the electronic public register of financial auditors and audit firms under no AF2368

KPMG Audit SRL

registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 2 August 2022



Interim condensed consolidated and separate statement of Comprehensive Income for the six months period ended 30 June 2022

In RON thousands	Note	Group		Bank	
		30.06.2022	30.06.2021 *Restated	30.06.2022	30.06.2021 *Restated
Interest income using EIR		1,013,167	753,725	883,610	607,572
Other interest income		66,672	65,660	-	-
Interest expense		(280,238)	(153,417)	(230,150)	(89,676)
Net interest income	7	799,601	665,968	653,460	517,896
Fee and commission income		316,891	271,150	290,040	243,453
Fee and commission expense		(110,965)	(81,992)	(104,450)	(75,278)
Net fee and commission income	8	205,926	189,158	185,590	168,175
Net income from instruments at fair value through profit and loss	9	104,664	165,049	104,664	165,062
Net gain/(loss) from foreign exchange		12,595	14,716	2,191	4,082
Fair value adjustments in hedge accounting		11,106	(843)	11,106	(843)
Net gain/(loss) from derecognition of financial assets measured at amortised cost		15,923	467	8,790	149
Net gain/(loss) from derecognition of financial assets measured at FVTOCI		-	42,291	-	42,291
Dividend income		3,196	2,229	3,196	2,229
Other operating income		19,033	6,935	6,180	5,539
Operating income		1,172,044	1,085,970	975,177	904,580
Personnel expenses	10	(250,243)	(228,067)	(220,325)	(202,164)
Depreciation and impairment of tangible assets		(51,082)	(50,046)	(47,695)	(46,095)
Amortization and impairment of intangible assets		(25,923)	(28,839)	(23,086)	(26,450)
Other administrative costs	11	(232,771)	(196,596)	(218,589)	(184,669)
Other operating costs		(19,042)	(24,243)	(5,736)	(5,682)
Operating expenses		(579,061)	(527,791)	(515,431)	(465,060)
Net impairment losses on financial assets	12	(105,066)	(49,529)	(50,266)	(27,463)
Losses on modification of financial assets		153	(65)	153	(65)
Net operating income		488,070	508,585	409,633	411,992
Net impairment losses on non-financial assets		576	1,759	576	1,759
Net provision gains/ (losses)		(1,726)	7,677	(2,090)	(386)
Net gains/(loss) from other activities		-	(153)	-	-
Profit before tax		486,920	517,868	408,119	413,365
Income tax expense	13	(81,538)	(81,652)	(66,893)	(61,379)
Net profit for the year		405,382	436,216	341,226	351,986
Attributable to:					
Equity holders of the parent company		400,862	421,879	-	-
Non-controlling interests		4,520	14,337	-	-
Net profit for the year		405,382	436,216	-	-

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

Interim condensed consolidated and separate statement of Comprehensive Income for the six months period ended 30 June 2022

In RON thousands	Note	Group		Bank	
		30.06.2022	30.06.2021 *Restated	30.06.2022	30.06.2021 *Restated
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		1,002	735	1,002	735
Movement in investment revaluation reserve for equity instruments at FVTOCI		(1,720)	894	(1,720)	894
Income tax relating to items that will not be reclassified subsequently to profit or loss		1,247	(284)	1,247	(284)
Total items that will not be reclassified subsequently to profit or loss		529	1,345	529	1,345
Items that may be reclassified subsequently to profit or loss					
Movement in reserve for debt instruments at FVTOCI:					
Gains/(losses) arising during the period		(211,721)	92	(211,721)	92
Reclassification of (gains)/losses included in profit or loss		-	(42,291)	-	(42,291)
Net changes in cash flow hedging reserve:					
Gains/(losses) arising during the period		15,363	7,184	15,363	7,184
Reclassification of (gains)/losses included in profit or loss		839	1,214	839	1,214
Income tax relating to items that may be reclassified subsequently to profit or loss		31,283	5,408	31,283	5,408
Total items that may be reclassified subsequently to profit or loss		(164,236)	(28,393)	(164,236)	(28,393)
Other comprehensive income for the year, net of tax		(163,707)	(27,048)	(163,707)	(27,048)
Total comprehensive income for the year		241,675	409,168	177,519	324,938
Attributable to:					
Shareholders of parent – company		237,155	394,831	-	-
Non-controlling interests		4,520	14,337	-	-
Other comprehensive income		241,675	409,168	-	-

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

The interim condensed consolidated and separate financial statements were approved by the Management Board on 22 July 2022 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer

Mrs. Feza Tan
Executive Vice-President

Interim condensed consolidated and separate statement of Financial Position for the six months period ended 30 June 2022

In RON thousands	Note	Group		Bank	
		30.06.2022	31.12.2021 *Restated	30.06.2022	31.12.2021 *Restated
Assets:					
Cash and cash equivalents	14	11,198,306	11,269,108	11,198,094	11,269,028
Financial assets at fair value through profit or loss	15	215,720	259,355	215,720	259,355
Derivatives assets designated as hedging instruments		205,137	12,249	205,137	12,249
Loans and advances to banks at amortized cost		580,099	493,611	580,096	493,611
Loans and advances to customers at amortized cost	16	31,987,717	29,395,410	30,068,386	27,427,573
Net lease receivables	17	3,751,877	3,722,302	-	-
Debt instruments at amortized cost	19	9,107,666	7,950,629	9,107,666	7,950,629
Other financial assets at amortized cost		310,175	209,484	246,393	192,123
Financial assets at fair value through other comprehensive income	18	1,828,234	1,677,415	1,825,888	1,675,069
Investment in subsidiaries		-	-	143,116	143,116
Property, plant and equipment		191,904	194,583	184,441	186,624
Right of use assets		193,177	168,672	188,726	162,870
Intangible assets		322,944	300,752	306,699	284,598
Current tax assets		568	568	-	-
Deferred tax assets		174,210	142,887	86,214	59,683
Other assets		113,748	115,834	65,837	58,971
Total assets		60,181,482	55,912,859	54,422,413	50,175,499
Liabilities:					
Financial liabilities at fair value through profit or loss	15	93,683	32,129	93,683	32,129
Derivatives liabilities designated as hedging instruments		194,515	66,812	194,515	66,812
Deposits from banks	20	726,167	666,990	726,167	666,990
Loans from banks	21	4,064,227	3,995,917	594,096	570,921
Deposits from customers	22	42,005,757	39,990,484	42,188,632	40,069,143
Debt securities issued		3,295,951	2,491,879	1,809,388	1,014,391
Other financial liabilities at amortized cost		1,979,474	500,899	1,917,014	434,967
Subordinated liabilities	23	943,511	944,183	834,712	835,325
Lease liabilities		193,460	168,791	189,793	164,895
Current tax liabilities		37,962	41,468	28,522	35,135
Provisions	24	201,580	220,124	198,656	216,201
Other non-financial liabilities		242,059	248,436	156,529	171,771
Total liabilities		53,978,346	49,368,112	48,931,707	44,278,680

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

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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 and separate statement of Financial Position for the six months period ended 30 June 2022

In RON thousands	Note	Group		Bank	
		30.06.2022	31.12.2021 *Restated	30.06.2022	31.12.2021 *Restated
Equity					
Share capital		1,177,748	1,177,748	1,177,748	1,177,748
Share premium account		621,680	621,680	621,680	621,680
Cash flow hedging reserve		(19,797)	(33,407)	(19,797)	(33,407)
Reserve on financial assets at fair value through other comprehensive income		(189,680)	(10,389)	(189,680)	(10,389)
Revaluation reserve on property, plant and equipment		16,097	14,122	16,097	14,122
Other reserves		398,068	365,616	398,068	365,616
Retained earnings		4,047,521	4,262,398	3,486,590	3,761,449
Total equity for parent company		6,051,637	6,397,768	5,490,706	5,896,819
Non-controlling interest		151,499	146,979	-	-
Total equity		6,203,136	6,544,747	5,490,706	5,896,819
Total liabilities and equity		60,181,482	55,912,859	54,422,413	50,175,499

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

The interim condensed consolidated and separate financial statements were approved by the Management Board on 22 July 2022 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer

Mrs. Feza Tan
Executive Vice-President

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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 and separate statement of Changes in Equity for the six months period ended 30 June 2022

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

* According to the decision of the General Meeting of Shareholders of 06 April 2022, it was decided to allocate a part of the Bank's net profit for 2021 (639,306 RON thousands) in the form of dividends amounting to 583,929 RON thousands, to the reinvested profit reserve (32,452 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 22,925 RON thousands.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 22 July 2022 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer

Mrs. Feza Tan
Executive Vice-President

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Interim condensed consolidated and separate statement of Changes in Equity for the six months period ended 30 June 2021

30.06.2021	Group									
in RON thousands	Share capital	Reserve on financial assets at fair value through other comprehensive income	Cash flow hedging reserve	Revaluation of property, plant and equipment	Other reserves	Share premium	Retained earnings	Total	Non-Controlling Interest	Total
Balance at 31 December 2020	1,177,748	107,908	(46,441)	12,722	325,516	621,680	3,521,958	5,721,091	120,858	5,841,949
Comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	421,880	421,880	14,337	436,217
Other comprehensive income net of tax										
Revaluation of property, plant and equipment, net of tax	-	-	-	594	-	-	-	594	-	594
Net change in fair value of financial assets through other comprehensive income, net of tax	-	(34,696)	-	-	-	-	-	(34,696)	-	(34,696)
Net change in cash flow hedging reserve, net of tax	-	-	7,054	-	-	-	-	7,054	-	7,054
Total other comprehensive income	-	(34,696)	7,054	594	-	-	-	(27,048)	-	(27,048)
Total comprehensive income for the year	-	(34,696)	7,054	594	-	-	421,880	394,832	14,337	409,169
Transactions with shareholders										
Transfer to other reserves*	-	-	-	-	39,980	-	(39,980)	-	-	-
Other movements	-	-	-	-	-	-	234	234	-	234
Balance at 30 June 2021	1,177,748	73,212	(39,387)	13,316	365,496	621,680	3,904,091	6,116,156	135,195	6,251,351

* According to the decision of the General Meeting of Shareholders of 14 April 2021, it was decided to allocate a part of the Bank's net profit for 2020 (403,662 RON thousands) to the reinvested profit reserve (39,980 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 363,682 RON thousands.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 22 July 2022 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer

Mrs. Feza Tan
Executive Vice-President

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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 and separate statement of Changes in Equity for the six months period ended 30 June 2022

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

* According to the decision of the General Meeting of Shareholders of 06 April 2022, it was decided to allocate a part of the Bank's net profit for 2021 (639,306 RON thousands) in the form of dividends amounting to 583,929 RON thousands, to the reinvested profit reserve (32,452 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 22,925 RON thousands.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 22 July 2022 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer

Mrs. Feza Tan
Executive Vice-President

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Interim condensed consolidated and separate statement of Changes in Equity for the six months period ended 30 June 2021

30.06.2021 In RON thousands	Share capital	Reserve on financial assets at fair value through other comprehensive income	Bank Cash flow hedging reserve	Revaluation of property, plant and equipment	Other reserves	Share premium	Retained earnings	Total
Balance at 31 December 2020	1,177,748	107,908	(46,441)	12,722	325,516	621,680	3,161,585	5,360,718
Comprehensive income for the year								
Net profit for the year	-	-	-	-	-	-	351,986	351,986
Other comprehensive income net of tax								
Revaluation of property, plant and equipment, net of tax	-	-	-	594	-	-	-	594
Net change in fair value of financial assets through other comprehensive income, net of tax	-	(34,696)	-	-	-	-	-	(34,696)
Net change in cash flow hedging reserve, net of tax	-	-	7,054	-	-	-	-	7,054
Total other comprehensive income	-	(34,696)	7,054	594	-	-	-	(27,048)
Total comprehensive income for the year	-	(34,696)	7,054	594	-	-	351,986	324,938
Transactions with shareholders								
Transfer to other reserves*	-	-	-	-	39,980	-	(39,980)	-
Other movements	-	-	-	-	-	-	252	252
Balance at 30 June 2021	1,177,748	73,212	(39,387)	13,316	365,496	621,680	3,473,843	5,685,908

* According to the decision of the General Meeting of Shareholders of 14 April 2021, it was decided to allocate a part of the Bank's net profit for 2020 (403,662 RON thousands) to the reinvested profit reserve (39,980 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 363,682 RON thousands.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 22 July 2022 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer



Mrs. Feza Tan
Executive Vice-President



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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 and separate statement of Cash Flows for the six months period ended 30 June 2022

In RON thousands	Note	Group		Bank	
		30.06.2022	30.06.2021 *Restated	30.06.2022	30.06.2021 *Restated
Profit for the year before tax	13	486,920	517,868	408,119	413,365
Adjustments for non-cash items:					
Depreciation and amortization of property, plant and equipment and of intangible assets		76,893	78,885	70,782	72,545
Net impairment losses on financial assets		159,464	92,995	105,130	72,227
Fair value (gain)/loss on derivatives and other financial assets held for trading		13,710	(6,635)	13,710	(6,635)
Other items for which the cash effects are investing or financing		7,688	70,151	796	9,796
Other non-cash items		(46,079)	90,247	(51,489)	46,543
Operating profit before changes in operating assets and liabilities		698,596	843,511	547,048	607,841
Change in operating assets:					
Acquisition of debt instruments at amortized cost		(1,086,309)	(1,641,208)	(1,086,309)	(1,641,208)
(Increase)/Decrease in loans and advances to banks		(81,336)	14,598	(83,676)	14,252
(Increase) in loans and advances to customers		(2,681,249)	(1,515,960)	(2,714,625)	(1,852,990)
(Increase) in lease investments		(48,684)	(155,700)	-	-
(Increase) in other assets		(100,503)	(29,509)	(62,398)	(36,076)
Change in operating liabilities:					
Increase in deposits from banks		59,052	215,245	59,052	215,245
Increase/(Decrease) in deposits from customers		1,867,365	(1,447,747)	1,928,203	(1,658,560)
Increase in other liabilities		604,089	7,918	897,615	353,315
Income tax paid		(83,834)	(37,639)	(67,506)	(22,468)
Net cash used in operating activities		(852,813)	(3,746,491)	(582,596)	(4,020,649)
Investing activities					
(Increase)/Decrease in financial assets at fair value through profit and loss/other comprehensive income		(337,328)	798,269	(337,328)	798,269
Proceeds on disposal of property, plant and equipment		-	200	-	-
Acquisition of property, plant and equipment and intangible assets		(60,017)	(45,055)	(57,079)	(42,977)
Dividends received		3,269	2,312	3,269	2,312
Net cash (used in)/ from investing activities		(394,076)	755,726	(391,138)	757,604

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

UniCredit Bank Internal Use Only

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 and separate statement of Cash Flows for the six months period ended 30 June 2022

In RON thousands	Note	Group		Bank	
		30.06.2022	30.06.2021 *Restated	30.06.2022	30.06.2021 *Restated
Financing activities					
Dividends paid		(93)	(91)	(93)	(91)
(Payments)/Proceeds from bonds issued		790,967	-	790,967	-
Repayments of loans from financial institutions		(1,009,620)	(1,074,017)	(100,264)	(127,422)
Drawdowns from loans from financial institutions		1,308,416	669,804	123,698	-
Repayment of the lease liabilities		(35,266)	(33,127)	(33,191)	(32,223)
Net cash from/ (used in) financing activities		1,054,404	(437,431)	781,117	(159,736)
Net decrease in cash and cash equivalents		(192,485)	(3,428,196)	(192,617)	(3,422,781)
Cash and cash equivalents at 1 January - gross value		11,270,506	12,242,063	11,270,425	12,234,872
Effect of foreign exchange rate changes		121,433	70,926	121,433	70,926
Cash and cash equivalents at 30 June - gross value	14	11,199,454	8,884,793	11,199,241	8,883,017
Impairment allowance		(1,148)	(1,307)	(1,147)	(1,307)
Cash and cash equivalents at 30 June -net value	14	11,198,306	8,883,486	11,198,094	8,881,710

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

In RON thousands	Note	Group		Bank	
		30.06.2022	30.06.2021 *Restated	30.06.2022	30.06.2021 *Restated
Cash flow from operating activities include:					
Interest received		988,952	837,211	812,380	615,631
Interest paid		(236,834)	(142,457)	(199,576)	(98,002)

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

The interim condensed consolidated and separate financial statements were approved by the Management Board on 22 July 2022 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer

Mrs. Feza Tan
Executive Vice-President

1. REPORTING ENTITY

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

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

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

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

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

- UniCredit Consumer Financing IFN S.A., having its current registered office at 1F, Expozitiei Boulevard, 6th floor, District 1, Bucharest, Romania, provides consumer finance loans to individual clients. The Bank has a shareholding of 50.10% in UCFIN since January 2013.
- UniCredit Leasing Corporation IFN (“UCLC”), having its headquarters in 1F, Expozitiei Boulevard, 1st, 7th and 8th floor, District 1, Bucharest, Romania, provides financial leasing services to corporate clients and individuals. UCLC, the former associate, has become the Bank's subsidiary since April 2014 when the Bank gained indirect control of 99.95% (direct control: 99.90%). The Bank's indirect controlling interest as of 31 December 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.
- UniCredit Insurance Broker S.R.L. (“UCIB”), having its current registered office in 23-25 Ghetarilor Street, 2nd floor, 1st district, Bucharest, Romania, intermediates insurance policies related to leasing activities to legal entities and individuals, and became a subsidiary of the Bank beginning with 31 December 2020. The Bank has an indirect controlling interest of 99.98% through UCLC which owns 100% UCIB.

As at 30 June 2022 the Group carried out its activity in Romania through its Head Office located in Bucharest and through its network, having 165 branches (31 December 2021: 147) in Bucharest and in the country.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

2. BASIS OF PREPARATION

a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 – “Interim Financial Reporting”. These financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated and separate financial statements of the Group as at and for the year ended 31 December 2021.

However, certain notes are included to explain the events and transactions that are significant to understand the changes in the financial position and performance of the Group and the Bank compared to the last separate and consolidated annual financial statements from and for the financial year ended 31 December 2021 .

The consolidated and separate financial information for the 6-month period ended June 30, 2022 are unaudited. The consolidated financial information for the 6-month period ended June 30, 2021 is unaudited. The separate financial information for the 6-month period ended June 30, 2021 is unaudited and unreviewed.

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
Designated financial assets and financial liabilities designated as hedged items in qualifying fair value hedging relationships	Amortized cost adjusted for hedging gain or loss

c) Functional and presentation currency

The interim condensed consolidated 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 and separate financial statements for the six months period ended 30 June 2022

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 2022	31 December 2021	Variation
Euro (EUR)	1: RON 4.9454	1: RON 4.9481	-0.05%
Dollar USA (USD)	1: RON 4.7424	1: RON 4.3707	8.50%

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.

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

As of 30 June 2022 The Group consists of the Bank and its subsidiaries UCFIN, UCLC and UCIB.

As of 31 December 2021 The Group consists of the Bank and its subsidiaries UCFIN, UCLC, DEBO and UCIB.

Debo Leasing S.R.L. ("DEBO") was a real estate finance lease entity and became a subsidiary of the Bank beginning with April 2014. The Bank had an indirect controlling interest of 99.97% through UCLC. Considering that Debo's portfolio contracts expired in May 2021, the company was liquidated during December 2021.

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 and separate financial statements for the six months period ended 30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES

The Group applied in 2022 the same accounting policies for the Consolidated and Separate Financial Statements as for December 2021, with the exception of the new standards and interpretations that appeared on January 1, 2022.

The Group reclassified certain amounts after publishing the consolidated and separate financial statements as at 31 December 2021 in order to ensure the comparability of the data and information with the current year presentation, as below.

• Consolidated and separate statement of financial position

The amount of 174,956 RON thousands for the Group representing withdrawals from IFC (International Finance Corporation) and intended for the granting of financings, was reclassified from caption "Loans from banks" to caption "Deposits from customers".

The Group also reclassified certain amounts related to six months' period ended at 30 June 2021 but after publishing the interim condensed consolidated financial statements as at 30 June 2021, as presented below.

• Consolidated and separate statement of comprehensive income

- (i) "Interest Income" caption in amount of 819,385 RON thousands for the Group, was split between:
- "Interest income using EIR" caption in amount of de 753,725 RON thousands;
 - "Other interest incom" caption in amount of 65,660 RON thousands;
- (ii) "Net impairment losses on financial assets" caption in amount of -44,188 RON thousands for the Group/ -23,371 RON thousands for the Bank, has been recalculated at value of -49,529 RON thousands for the Group/ -27,463 RON thousands for the Bank by including the net expense/income with provisions for financial guarantees and off-balance sheet commitments;
- (iii) "Net operating income" caption has been recalculated at value of 508,585 RON thousands for the Group/ 411,992 RON thousands for the Bank (compared to the amount presented previously 558,179 RON thousands for the Group/ 439,520 RON thousands for the Bank);
- (iv) "Net provision gains/(losses)" caption in amount of 2,336 RON thousands for the Group/ -4,478 RON thousands for the Bank has been recalculated at value of 7,677 RON thousands for the Group/ -386 RON thousands for the Bank, by excluding the net expense/income with provisions for financial guarantees and off-balance sheet commitments;

• Consolidated and separate statement of cash flows

- (i) The "Net cash used in operating activities" caption in amount of -2,948,222 RON thousands for the Group / -3,222,380 RON thousands for the Bank has been recalculated at value of -3,746,491 RON thousands for the Group/ -4,020,649 RON thousands for the Bank, by excluding the value of (Increase)/Decrease in financial assets at fair value through profit and loss/other comprehensive income (798,269 RON thousands for the Group/Bank);
- (ii) The "Net cash (used in)/from investing activities" caption in amount of -42,543 RON thousands for the Group / -40,665 RON thousands for the Bank has been recalculated at value of 755,726 RON thousands for the Group/ 757,604 RON thousands for the Bank, by including the value of (Increase)/Decrease in financial assets at fair value through profit and loss/other comprehensive income (798,269 RON thousands for the Group/Bank).

New Standards and Interpretations

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

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

- Amendments to **IFRS 16 "Leases"** - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021);

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards and Interpretations (continued)

- Amendments to **IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts - Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022);
- 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.);
- Amendments to **IAS 16 “Property, Plant and Equipment”** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (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 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022);

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

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

At the date of authorisation of these interim condensed consolidated and separated financial statements none of the amendments to the existing standards / new standards nor interpretations issued by the International Accounting Standards Board (IASB) and not yet effective were adopted by the European Union.

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

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

- 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 2023);
- **IFRS 17 “Insurance Contracts”** including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023);
- Amendments to **IAS 1 “Presentation of Financial Statements”** - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023);
- Amendments to **IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023);
- **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); (effective for annual periods beginning on or after 1 January 2023)

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

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

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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 2021.

Credit risk

Exposure to credit risk

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

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

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

In RON thousands	Group			Of which: POCI financial assets	Total
	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL		
As of 30 June 2022					
Gross exposure	41,586,910	9,892,480	1,625,927	12,671	53,105,317
On balance	25,379,217	7,083,588	1,441,679	12,671	33,904,484
Off balance	16,207,693	2,808,892	184,248	-	19,200,833
Allowance for impairment	(280,827)	(573,921)	(1,238,796)	(1,421)	(2,093,544)
On balance	(257,924)	(530,769)	(1,128,074)	(1,421)	(1,916,767)
Off balance	(22,904)	(43,152)	(110,722)	-	(176,778)
Carrying amount	41,306,082	9,318,559	387,131	11,250	51,011,772
On balance	25,121,293	6,552,819	313,605	11,250	31,987,717
Off balance*	16,184,789	2,765,740	73,526	-	19,024,055
As of 31 of December 2021					
Gross exposure	36,301,601	11,010,463	1,980,271	16,248	49,292,335
On balance	22,096,135	7,407,010	1,761,324	16,248	31,264,469
Off balance	14,205,466	3,603,453	218,947	-	18,027,866
Allowance for impairment	(216,468)	(411,783)	(1,437,454)	(856)	(2,065,705)
On balance	(199,632)	(367,041)	(1,302,386)	(856)	(1,869,059)
Off balance	(16,836)	(44,742)	(135,068)	-	(196,646)
Carrying amount	36,085,133	10,598,680	542,817	15,392	47,226,630
On balance	21,896,503	7,039,969	458,938	15,392	29,395,410
Off balance*	14,188,630	3,558,711	83,879	-	17,831,220

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

For June 2022, a managerial overlay is considered only in case of anticipation of forward looking impact from clients expected to access moratoria OUG90/2022 and would be classified as forborne in stage 2 in the future. The managerial overlay is to be applied only as a temporary approach and will be switched off in the moment of setting up in the system of all moratoria granted (and the final effect in ECL will be retrieved via regular process, via regular punctual models / parameters applied on cases with moratoria booked). Total impact booked from managerial overlay in June was of 24 Mio RON on Bank side and 31 Mio ron consolidated figure.

In light of the highly uncertain macro context because of the Russia - Ukraine crises and the relevant potential future effects, the forward looking parameters used as input for LLP calculation were reviewed (within usual half yearly process update) with an impact as of June 2022 of 128 Mio RON on Bank standalone and 156 Mio RON on consolidated basis.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

RON thousands	Bank			Of which: POCI financial assets	Total
	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL		
As of 30 June 2022					
Gross exposure	40,173,868	9,048,052	1,505,215	12,671	50,727,135
On balance	24,068,359	6,323,097	1,323,291	12,671	31,714,747
Off balance	16,105,509	2,724,955	181,924	-	19,012,388
Allowance for impairment	(215,574)	(455,125)	(1,155,092)	(1,421)	(1,825,791)
On balance	(194,130)	(407,247)	(1,044,984)	(1,421)	(1,646,361)
Off balance	(21,444)	(47,878)	(110,108)	-	(179,430)
Carrying amount	39,958,294	8,592,927	350,123	11,250	48,901,344
On balance	23,874,229	5,915,850	278,307	11,250	30,068,386
Off balance*	16,084,065	2,677,077	71,816	-	18,832,958
As of 31 of December 2021					
Gross exposure	34,324,996	10,418,508	1,816,010	16,248	46,559,514
On balance	20,518,605	6,914,914	1,599,622	16,248	29,033,141
Off balance	13,806,391	3,503,594	216,388	-	17,526,373
Allowance for impairment	(152,443)	(323,066)	(1,329,089)	(856)	(1,804,598)
On balance	(136,959)	(273,961)	(1,194,648)	(856)	(1,605,568)
Off balance	(15,484)	(49,105)	(134,441)	-	(199,030)
Carrying amount	34,172,553	10,095,442	486,921	15,392	44,754,916
On balance	20,381,646	6,640,953	404,974	15,392	27,427,573
Off balance*	13,790,907	3,454,489	81,947	-	17,327,343

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

- Lease receivables, on-balance – Assets Quality:

In RON thousands	UCLC (Unicredit Leasing Corporation)			Of which: POCI financial assets	Total
	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL		
As of 30 June 2022					
Gross exposure					
On balance	3,257,795	500,905	280,706	-	4,039,406
Allowance for impairment					
On balance	(63,454)	(36,901)	(187,174)	-	(287,529)
Carrying amount					
On balance	3,194,341	464,004	93,532	-	3,751,877
As of 31 of December 2021					
Gross exposure					
On balance	3,377,023	315,599	305,686	-	3,998,308
Allowance for impairment					
On balance	(55,467)	(32,495)	(188,044)	-	(276,006)
Carrying amount					
On balance	3,321,556	283,104	117,642	-	3,722,302

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 represent market value of collaterals before any haircuts applied.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2022		Group			
RON thousands	Total out of which*:	Corporate	SME	Private Individuals	Private banking
Individually significant impaired loans					
Stage 3	1,135,570	985,984	67,697	81,889	-
Gross amount	1,135,570	985,984	67,697	81,889	-
Allowance for impairment	(980,945)	(843,103)	(60,859)	(76,983)	-
Carrying amount	154,625	142,881	6,838	4,906	-
Fair value of collateral	131,340	101,552	14,114	15,674	-
Property	101,531	74,233	12,654	14,644	-
Goods	3,636	2,667	969	-	-
Assignment of receivables	7,374	7,374	-	-	-
Other collateral	18,799	17,278	491	1,030	-
Other impaired loans					
Stage 3	306,109	29,711	52,474	223,911	13
Gross amount	306,109	29,711	52,474	223,911	13
Allowance for impairment	(147,128)	(18,570)	(31,831)	(96,719)	(8)
Carrying amount	158,981	11,141	20,643	127,192	5
Fair value of collateral	163,772	20,098	29,334	114,328	12
Property	145,047	15,362	19,857	109,828	-
Goods	5,880	3,167	2,424	289	-
Other collateral	12,845	1,569	7,053	4,211	12
Past due but not impaired					
Stage 1	2,826,100	1,041,915	73,663	1,709,863	659
Stage 2	1,677,375	728,151	65,186	884,038	-
Gross amount	4,503,475	1,770,066	138,849	2,593,901	659
Allowance for impairment	(310,740)	(70,658)	(9,344)	(230,733)	(5)
Carrying amount	4,192,735	1,699,408	129,505	2,363,168	654
Neither past due nor impaired					
Stage 1	22,553,117	16,367,399	1,088,983	5,088,999	7,736
Stage 2	5,406,213	3,683,566	354,032	1,348,098	20,517
Gross amount	27,959,330	20,050,965	1,443,015	6,437,097	28,253
Allowance for impairment	(477,954)	(353,059)	(37,004)	(87,548)	(343)
Carrying Amount	27,481,376	19,697,906	1,406,011	6,349,549	27,910
Total carrying amount	31,987,717	21,551,336	1,562,997	8,844,815	28,569

* Out of the total gross receivables of RON thousands 33.904.484 as at June 30, 2022, there are loans in amount of RON thousands 66,324 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 153,340 as at June 30, 2022 and represent 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 and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2021		Group			
RON thousands	Total out of which*:	Corporate	SME	Private Individuals	Private banking
Individually significant impaired loans					
Stage 3	1,340,354	1,076,531	177,271	66,318	20,234
Gross amount	1,340,354	1,076,531	177,271	66,318	20,234
Allowance for impairment	(1,110,874)	(879,639)	(153,324)	(58,230)	(19,681)
Carrying amount	229,480	196,892	23,947	8,088	553
Fair value of collateral	239,311	180,140	36,046	21,454	1,671
Property	199,533	151,866	25,713	20,578	1,376
Goods	22,477	18,728	3,749	-	-
Assignment of receivables	4,058	3,883	175	-	-
Other collateral	13,243	5,663	6,409	876	295
Other impaired loans					
Stage 3	420,970	28,248	90,217	302,241	264
Gross amount	420,970	28,248	90,217	302,241	264
Allowance for impairment	(191,512)	(16,632)	(51,043)	(123,701)	(136)
Carrying amount	229,458	11,616	39,174	178,540	128
Fair value of collateral	208,682	18,282	41,682	148,712	6
Property	188,310	14,668	30,455	143,187	-
Goods	6,798	3,163	3,361	274	-
Assignment of receivables	343	343	-	-	-
Other collateral	13,231	108	7,866	5,251	6
Past due but not impaired					
Stage 1	2,074,800	282,450	95,371	1,696,967	12
Stage 2	1,151,246	385,091	83,369	681,393	1,393
Gross amount	3,226,046	667,541	178,740	2,378,360	1,405
Allowance for impairment	(188,589)	(6,573)	(7,538)	(174,435)	(43)
Carrying amount	3,037,457	660,968	171,202	2,203,925	1,362
Neither past due nor impaired					
Stage 1	20,021,336	12,641,917	2,344,063	5,020,695	14,661
Stage 2	6,255,763	4,269,216	650,916	1,303,180	32,451
Gross amount	26,277,099	16,911,133	2,994,979	6,323,875	47,112
Allowance for impairment	(378,084)	(271,449)	(54,776)	(51,419)	(440)
Carrying Amount	25,899,015	16,639,684	2,940,203	6,272,456	46,672
Total carrying amount	29,395,410	17,509,160	3,174,526	8,663,009	48,715

* Out of the total gross receivables of RON thousands 31.264.469 as at December 31, 2021, there are loans in amount of RON thousands 126,181 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 875,093 as at December 31, 2021 and represent 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 and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2022		Group			
RON thousands	Total out of which:	Corporate	SME	Private Individuals	Private banking
Off balance - Loan commitments					
Stage 1	12,075,002	11,277,278	527,120	267,129	3,475
Stage 2	2,087,676	1,898,519	66,513	120,019	2,625
Stage 3	59,402	50,946	5,033	3,385	38
Gross amount	14,222,080	13,226,743	598,666	390,533	6,138
Allowance for impairment	(62,601)	(55,497)	(3,830)	(3,254)	(20)
Carrying amount*	14,159,479	13,171,246	594,836	387,279	6,118
Off balance - Letters of credit					
Stage 1	326,034	326,034	-	-	-
Stage 2	6,917	6,917	-	-	-
Stage 3	8,618	8,618	-	-	-
Gross amount	341,569	341,569	-	-	-
Allowance for impairment	(4,787)	(4,787)	-	-	-
Carrying amount*	336,782	336,782	-	-	-
Off balance - Guarantees issued					
Stage 1	3,806,657	3,793,634	11,559	994	470
Stage 2	714,299	700,270	6,550	3,901	3,578
Stage 3	116,228	114,312	1,055	490	371
Gross amount	4,637,184	4,608,216	19,164	5,385	4,419
Allowance for impairment	(109,390)	(107,886)	(868)	(391)	(245)
Carrying amount*	4,527,794	4,500,330	18,296	4,994	4,174
Total carrying amount	19,024,055	18,008,358	613,132	392,273	10,292

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2021		Group			
RON thousands	Total out of which:	Corporate	SME	Private Individuals	Private banking
Off balance - Loan commitments					
Stage 1	10,429,316	8,968,262	1,190,257	266,243	4,554
Stage 2	2,517,928	2,188,099	202,259	123,135	4,435
Stage 3	100,189	82,356	13,929	3,552	352
Gross amount	13,047,433	11,238,717	1,406,445	392,930	9,341
Allowance for impairment	(84,383)	(74,760)	(6,862)	(2,757)	(4)
Carrying amount*	12,963,050	11,163,957	1,399,583	390,173	9,337
Off balance - Letters of credit					
Stage 1	128,853	128,781	72	-	-
Stage 2	109,831	109,831	-	-	-
Stage 3	464	464	-	-	-
Gross amount	239,148	239,076	72	-	-
Allowance for impairment	(2,201)	(2,199)	(2)	-	-
Carrying amount*	236,947	236,877	70	-	-
Off balance - Guarantees issued					
Stage 1	3,647,297	3,587,000	59,154	839	304
Stage 2	975,694	944,815	23,044	2,048	5,787
Stage 3	118,294	108,200	9,567	527	-
Gross amount	4,741,285	4,640,015	91,765	3,414	6,091
Allowance for impairment	(110,062)	(102,124)	(7,571)	(211)	(156)
Carrying amount*	4,631,223	4,537,891	84,194	3,203	5,935
Total carrying amount	17,831,220	15,938,725	1,483,847	393,376	15,272

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The tables below present for the Bank 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.

30.06.2022	Bank				
RON thousands	Total out of which*:	Corporate	SME	Private Individuals	Private banking
Individually significant impaired loans					
Stage 3	1,103,515	985,984	35,702	81,829	-
Gross amount	1,103,515	985,984	35,702	81,829	-
Allowance for impairment	(949,896)	(843,103)	(29,870)	(76,923)	-
Carrying amount	153,619	142,881	5,832	4,906	-
Fair value of collateral	130,371	101,552	13,145	15,674	-
Property	101,531	74,233	12,654	14,644	-
Goods	2,667	2,667	-	-	-
Assignment of receivables	7,374	7,374	-	-	-
Other collateral	18,799	17,278	491	1,030	-
Other impaired loans					
Stage 3	219,776	29,711	47,186	142,866	13
Gross amount	219,776	29,711	47,186	142,866	13
Allowance for impairment	(95,087)	(18,570)	(29,127)	(47,382)	(8)
Carrying amount	124,689	11,141	18,059	95,484	5
Fair value of collateral	161,572	20,098	27,423	114,039	12
Property	145,047	15,362	19,857	109,828	-
Goods	3,802	3,167	635	-	-
Assignment of receivables	-	-	-	-	-
Other collateral	12,723	1,569	6,931	4,211	12
Past due but not impaired					
Stage 1	1,142,397	1,041,915	18,678	81,145	659
Stage 2	1,100,532	728,151	48,314	324,067	-
Gross amount	2,242,929	1,770,066	66,992	405,212	659
Allowance for impairment	(126,489)	(70,658)	(8,760)	(47,066)	(5)
Carrying amount	2,116,440	1,699,408	58,232	358,146	654
Neither past due nor impaired					
Stage 1	22,925,962	17,448,171	375,520	5,094,535	7,736
Stage 2	5,222,565	3,683,566	173,307	1,345,175	20,517
Gross amount	28,148,527	21,131,737	548,827	6,439,710	28,253
Allowance for impairment	(474,889)	(359,214)	(27,838)	(87,494)	(343)
Carrying amount	27,673,638	20,772,523	520,989	6,352,216	27,910
Total carrying amount	30,068,386	22,625,953	603,112	6,810,752	28,569

* Out of the total gross receivables of RON thousands 31.714.747 as at June 30, 2022, there are loans in amount of RON thousands 66,203 for which the Bank 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 149,857 as at June 30, 2022 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 and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2021		Bank			
RON thousands	Total out of which*:	Corporate	SME	Private Individuals	Private banking
Individually significant impaired loans					
Stage 3	1,296,527	1,076,531	133,444	66,318	20,234
Gross amount	1,296,527	1,076,531	133,444	66,318	20,234
Allowance for impairment	(1,070,627)	(879,639)	(113,077)	(58,230)	(19,681)
Carrying amount	225,900	196,892	20,367	8,088	553
Fair value of collateral	236,213	180,140	32,948	21,454	1,671
Property	199,533	151,866	25,713	20,578	1,376
Goods	19,379	18,728	651	-	-
Assignment of receivables	4,058	3,883	175	-	-
Other collateral	13,243	5,663	6,409	876	295
Other impaired loans					
Stage 3	303,095	28,248	83,884	190,699	264
Gross amount	303,095	28,248	83,884	190,699	264
Allowance for impairment	(124,021)	(16,632)	(48,743)	(58,510)	(136)
Carrying amount	179,074	11,616	35,141	132,189	128
Fair value of collateral	206,018	18,282	39,292	148,438	6
Property	188,310	14,668	30,455	143,187	-
Goods	4,321	3,163	1,158	-	-
Assignment of receivables	343	343	-	-	-
Other collateral	13,044	108	7,679	5,251	6
Past due but not impaired					
Stage 1	400,358	282,450	67,638	50,258	12
Stage 2	710,949	385,091	77,672	246,793	1,393
Gross amount	1,111,307	667,541	145,310	297,051	1,405
Allowance for impairment	(35,140)	(6,573)	(7,338)	(21,186)	(43)
Carrying amount	1,076,167	660,968	137,972	275,865	1,362
Neither past due nor impaired					
Stage 1	20,118,247	13,412,049	1,659,988	5,031,549	14,661
Stage 2	6,203,965	4,269,216	599,361	1,302,937	32,451
Gross amount	26,322,212	17,681,265	2,259,349	6,334,486	47,112
Allowance for impairment	(375,780)	(275,158)	(48,812)	(51,370)	(440)
Carrying amount	25,946,432	17,406,107	2,210,537	6,283,116	46,672
Total carrying amount	27,427,573	18,275,583	2,404,017	6,699,258	48,715

* Out of the total gross receivables of RON thousands 29,033,141 as at December 31, 2021, there are loans in amount of RON thousands 125,994 for which the Bank 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 871,730 as at December 31, 2021 and represent 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 and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2022		Bank			
RON thousands	Total out of which:	Corporate	SME	Private Individuals	Private banking
Off balance - Loan commitments					
Stage 1	11,972,492	11,672,313	191,178	105,526	3,475
Stage 2	2,003,739	1,898,519	39,765	62,830	2,625
Stage 3	57,078	50,946	5,033	1,061	38
Gross amount	14,033,309	13,621,778	235,976	169,417	6,138
Allowance for impairment	(58,953)	(55,360)	(3,349)	(224)	(20)
Carrying amount*	13,974,356	13,566,418	232,627	169,193	6,118
Off balance - Letters of credit					
Stage 1	326,034	326,034	-	-	-
Stage 2	6,917	6,917	-	-	-
Stage 3	8,618	8,618	-	-	-
Gross amount	341,569	341,569	-	-	-
Allowance for impairment	(4,787)	(4,787)	-	-	-
Carrying amount*	336,782	336,782	-	-	-
Off balance - Guarantees issued					
Stage 1	3,806,983	3,793,960	11,559	994	470
Stage 2	714,299	700,270	6,550	3,901	3,578
Stage 3	116,228	114,312	1,055	490	371
Gross amount	4,637,510	4,608,542	19,164	5,385	4,419
Allowance for impairment	(115,690)	(114,186)	(868)	(391)	(245)
Carrying amount*	4,521,820	4,494,356	18,296	4,994	4,174
Total carrying amount	18,832,958	18,397,556	250,923	174,187	10,292

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2021		Bank			
RON thousands	Total out of which:	Corporate	SME	Private Individuals	Private banking
Off balance - Loan commitments					
Stage 1	10,028,908	9,109,822	810,260	104,272	4,554
Stage 2	2,418,069	2,188,099	159,661	65,874	4,435
Stage 3	97,630	82,356	13,929	993	352
Gross amount	12,544,607	11,380,277	983,850	171,139	9,341
Allowance for impairment	(81,058)	(74,677)	(6,284)	(93)	(4)
Carrying amount*	12,463,549	11,305,600	977,566	171,046	9,337
Off balance - Letters of credit					
Stage 1	128,853	128,781	72	-	-
Stage 2	109,831	109,831	-	-	-
Stage 3	464	464	-	-	-
Gross amount	239,148	239,076	72	-	-
Allowance for impairment	(2,201)	(2,199)	(2)	-	-
Carrying amount*	236,947	236,877	70	-	-
Off balance - Guarantees issued					
Stage 1	3,648,630	3,588,333	59,154	839	304
Stage 2	975,694	944,815	23,044	2,048	5,787
Stage 3	118,294	108,200	9,567	527	-
Gross amount	4,742,618	4,641,348	91,765	3,414	6,091
Allowance for impairment	(115,771)	(107,833)	(7,571)	(211)	(156)
Carrying amount*	4,626,847	4,533,515	84,194	3,203	5,935
Total carrying amount	17,327,343	16,075,992	1,061,830	174,249	15,272

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

30.06.2022	UCLC (Unicredit Leasing Corporation)			
RON thousands	Total out of which*:	Corporate	SME	Private Individuals
Individually significant impaired loans				
Stage 3	222,378	46,295	175,147	936
Gross amount	222,378	46,295	175,147	936
Allowance for impairment	(167,002)	(38,404)	(127,662)	(936)
Carrying amount	55,376	7,891	47,485	-
Fair value of collateral	54,084	7,890	46,194	-
Property	39,187	-	39,187	-
Vehicles and equipment	14,897	7,890	7,007	-
Other impaired loans				
Stage 3	58,329	-	56,850	1,479
Gross amount	58,329	-	56,850	1,479
Allowance for impairment	(20,172)	-	(19,415)	(757)
Carrying amount	38,157	-	37,435	722
Fair value of collateral	35,719	-	35,012	707
Vehicles and equipment	35,719	-	35,012	707
Past due but not impaired				
Stage 1	55,570	1,124	53,134	1,312
Stage 2	37,713	13	37,438	262
Gross amount	93,283	1,137	90,572	1,574
Allowance for impairment	(1,340)	(1)	(1,324)	(15)
Carrying amount	91,943	1,136	89,248	1,559
Neither past due nor impaired				
Stage 1	3,202,224	264,779	2,865,082	72,363
Stage 2	463,192	6,817	451,511	4,864
Gross amount	3,665,416	271,596	3,316,593	77,227
Allowance for impairment	(99,015)	(9,016)	(89,620)	(379)
Carrying Amount	3,566,401	262,580	3,226,973	76,848
Total carrying amount	3,751,877	271,607	3,401,141	79,129

* Out of the total gross receivables of RON thousands 4,039,406 as at June 30, 2022, there are lease receivables in amount of RON thousands 5,191 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 2,565 as at June 30, 2022 and they represent Asset Property, Cash Collaterals and Immovable Mortgages.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2021	UCLC (Unicredit Leasing Corporation)			
RON thousands	Total out of which*:	Corporate	SME	Private Individuals
Individually significant impaired loans				
Stage 3	234,548	48,615	184,730	1,203
Gross amount	234,548	48,615	184,730	1,203
Allowance for impairment	(162,241)	(30,653)	(130,385)	(1,203)
Carrying amount	72,307	17,962	54,345	-
Fair value of collateral	69,832	17,662	52,170	-
Property	37,767	-	37,767	-
Vehicles and equipment	32,065	17,662	14,403	-
Other impaired loans				
Stage 3	71,138	-	69,399	1,739
Gross amount	71,138	-	69,399	1,739
Allowance for impairment	(25,804)	-	(24,939)	(865)
Carrying amount	45,334	-	44,460	874
Fair value of collateral	42,586	-	41,733	853
Vehicles and equipment	42,586	-	41,733	853
Past due but not impaired				
Stage 1	64,569	335	60,832	3,402
Stage 2	27,798	-	27,183	615
Gross amount	92,367	335	88,015	4,017
Allowance for impairment	(834)	(2)	(811)	(21)
Carrying amount	91,533	333	87,204	3,996
Neither past due nor impaired				
Stage 1	3,312,454	210,171	3,029,153	73,130
Stage 2	287,801	457	285,688	1,656
Gross amount	3,600,255	210,628	3,314,841	74,786
Allowance for impairment	(87,127)	(7,705)	(79,037)	(385)
Carrying Amount	3,513,128	202,923	3,235,804	74,401
Total carrying amount	3,722,302	221,218	3,421,813	79,271

* Out of the total gross receivables of RON thousands 3.998.308 as at December 31, 2021, there are lease receivables in amount of RON thousands 17.977 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 50.702 as at December 31, 2021 and they represent Asset Property, Cash Collaterals and Immovable Mortgages.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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.

30.06.2022 RON thousands	Group				
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)	2,745,519	284,295	-	-	3,029,814
Grades 4-6: performing (medium risk)	21,861,437	4,606,363	-	-	26,467,800
Grades 7-8 : performing (in observation & substandard)	698,679	2,172,067	-	12,671	2,870,746
Grade 8 : impaired	-	-	1,336,285	-	1,336,285
Grade 9: impaired	-	-	45,734	-	45,734
Grade 10: impaired	-	-	59,660	-	59,660
Unrated	73,582	20,863	-	-	94,445
Total gross amount	25,379,217	7,083,588	1,441,679	12,671	33,904,484
Loss allowance	(257,924)	(530,769)	(1,128,074)	(1,421)	(1,916,767)
Carrying amount	25,121,293	6,552,819	313,605	11,250	31,987,717

31.12.2021 RON thousands	Group				
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)	2,301,796	553,545	-	-	2,855,341
Grades 4-6: performing (medium risk)	19,121,195	4,663,419	-	-	23,784,614
Grades 7-8 : performing (in observation & substandard)	665,729	2,170,101	-	16,248	2,835,830
Grade 8 : impaired	-	-	1,645,163	-	1,645,163
Grade 9: impaired	-	-	56,510	-	56,510
Grade 10: impaired	-	-	59,651	-	59,651
Unrated	7,415	19,945	-	-	27,360
Total gross amount	22,096,135	7,407,010	1,761,324	16,248	31,264,469
Loss allowance	(199,632)	(367,041)	(1,302,386)	(856)	(1,869,059)
Carrying amount	21,896,503	7,039,969	458,938	15,392	29,395,410

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2022 RON thousands	Group				
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)	6,461,636	720,086	(492)	-	7,181,230
Grades 4-6: performing (medium risk)	9,391,388	1,562,052	-	-	10,953,440
Grades 7-8 : performing (in observation & substandard)	320,584	521,986	-	-	842,570
Grade 8 : impaired	-	-	183,788	-	183,788
Grade 9: impaired	-	-	495	-	495
Grade 10: impaired	-	-	457	-	457
Unrated	34,085	4,768	-	-	38,853
Total gross amount	16,207,693	2,808,892	184,248	-	19,200,833
Loss allowance	(22,904)	(43,152)	(110,722)	-	(176,778)
Carrying amount*	16,184,789	2,765,740	73,526	-	19,024,055

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

31.12.2021 RON thousands	Group				
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)	4,765,176	1,156,604	(492)	-	5,921,288
Grades 4-6: performing (medium risk)	9,064,424	1,762,167	-	-	10,826,591
Grades 7-8 : performing (in observation & substandard)	372,869	676,451	-	-	1,049,320
Grade 8 : impaired	-	-	209,326	-	209,326
Grade 9: impaired	-	-	516	-	516
Grade 10: impaired	-	-	9,597	-	9,597
Unrated	2,997	8,231	-	-	11,228
Total gross amount	14,205,466	3,603,453	218,947	-	18,027,866
Loss allowance	(16,836)	(44,742)	(135,068)	-	(196,646)
Carrying amount*	14,188,630	3,558,711	83,879	-	17,831,220

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2022 RON thousands	Bank				
Loans and advances to customers at amortized cost (on balance)	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	2,742,216	281,245	-	-	3,023,461
Grades 4-6: performing (medium risk)	20,741,507	4,154,624	-	-	24,896,131
Grades 7-8 : performing (in observation & substandard)	511,054	1,866,365	-	12,671	2,377,419
Grade 8 : impaired	-	-	1,267,733	-	1,267,733
Grade 9: impaired	-	-	22,642	-	22,642
Grade 10: impaired	-	-	32,916	-	32,916
Unrated	73,582	20,863	-	-	94,445
Total gross amount	24,068,359	6,323,097	1,323,291	12,671	31,714,747
Loss allowance	(194,130)	(407,247)	(1,044,984)	(1,421)	(1,646,361)
Carrying amount	23,874,229	5,915,850	278,307	11,250	30,068,386

31.12.2021 RON thousands	Bank				
Loans and advances to customers at amortized cost (on balance)	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	2,299,273	551,443	-	-	2,850,716
Grades 4-6: performing (medium risk)	17,729,611	4,440,000	-	-	22,169,611
Grades 7-8 : performing (in observation & substandard)	482,306	1,903,526	-	16,248	2,385,832
Grade 8 : impaired	-	-	1,546,313	-	1,546,313
Grade 9: impaired	-	-	25,045	-	25,045
Grade 10: impaired	-	-	28,264	-	28,264
Unrated	7,415	19,945	-	-	27,360
Total gross amount	20,518,605	6,914,914	1,599,622	16,248	29,033,141
Loss allowance	(136,959)	(273,961)	(1,194,648)	(856)	(1,605,568)
Carrying amount	20,381,646	6,640,953	404,974	15,392	27,427,573

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2022 RON thousands	Bank				
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)	6,362,515	714,245	-	-	7,076,760
Grades 4-6: performing (medium risk)	9,403,143	1,493,083	-	-	10,896,226
Grades 7-8 : performing (in observation & substandard)	305,766	512,859	-	-	818,625
Grade 8 : impaired	-	-	181,459	-	181,459
Grade 9: impaired	-	-	8	-	8
Grade 10: impaired	-	-	457	-	457
Unrated	34,085	4,768	-	-	38,853
Total gross amount	16,105,509	2,724,955	181,924	-	19,012,388
Loss allowance	(21,444)	(47,878)	(110,108)	-	(179,430)
Carrying amount*	16,084,065	2,677,077	71,816	-	18,832,958

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

31.12.2021 RON thousands	Bank				
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)	4,670,710	1,152,257	-	-	5,822,967
Grades 4-6: performing (medium risk)	8,770,941	1,676,028	-	-	10,446,969
Grades 7-8 : performing (in observation & substandard)	361,743	667,078	-	-	1,028,821
Grade 8 : impaired	-	-	206,784	-	206,784
Grade 9: impaired	-	-	8	-	8
Grade 10: impaired	-	-	9,596	-	9,596
Unrated	2,997	8,231	-	-	11,228
Total gross amount	13,806,391	3,503,594	216,388	-	17,526,373
Loss allowance	(15,484)	(49,105)	(134,441)	-	(199,030)
Carrying amount*	13,790,907	3,454,489	81,947	-	17,327,343

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

30.06.2022 In RON thousands		UCLC (Unicredit Leasing Corporation)			
Lease receivables (on balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	26,706	-	-	-	26,706
Grades 4-6: performing (medium risk)	2,805,253	334,677	-	-	3,139,930
Grades 7-8 : performing (in observation & substandard)	425,836	166,228	-	-	592,064
Grade 8 : impaired	-	-	226,199	-	226,199
Grade 10: impaired	-	-	54,507	-	54,507
Total gross amount	3,257,795	500,905	280,706	-	4,039,406
Loss allowance	(63,454)	(36,901)	(187,174)	-	(287,529)
Carrying amount	3,194,341	464,004	93,532	-	3,751,877

31.12.2021 In RON thousands		UCLC (Unicredit Leasing Corporation)			
Lease receivables (on balance)	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-3 : performing (low risk)	24,472	-	-	-	24,472
Grades 4-6: performing (medium risk)	2,915,221	264,749	-	-	3,179,970
Grades 7-8 : performing (in observation & substandard)	437,330	50,850	-	-	488,180
Grade 8 : impaired	-	-	247,101	-	247,101
Grade 10: impaired	-	-	58,585	-	58,585
Total gross amount	3,377,023	315,599	305,686	-	3,998,308
Loss allowance	(55,467)	(32,495)	(188,044)	-	(276,006)
Carrying amount	3,321,556	283,104	117,642	-	3,722,302

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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

30.06.2022		Group			
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	575,925	4,302	-	-	580,227
Total gross amount	575,925	4,302	-	-	580,227
Loss allowance	(126)	(2)	-	-	(128)
Carrying amount	575,799	4,300	-	-	580,099
Gross amount - off balance	2,070,819	3,634	-	-	2,074,453
Loss allowance - off balance	(192)	(13)	-	-	(205)
Carrying amount - off balance	2,070,627	3,621	-	-	2,074,248

30.06.2022		Bank			
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	575,922	4,302	-	-	580,224
Total gross amount	575,922	4,302	-	-	580,224
Loss allowance	(126)	(2)	-	-	(128)
Carrying amount	575,796	4,300	-	-	580,096
Gross amount - off balance	2,070,819	3,634	-	-	2,074,453
Loss allowance - off balance	(192)	(13)	-	-	(205)
Carrying amount - off balance	2,070,627	3,621	-	-	2,074,248

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31.12.2021 RON thousands	Group/Bank					Total
	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets		
Loans and advances to banks at amortized cost						
Grades 1-8 : performing	492,871	829	-	-		493,700
Total gross amount	492,871	829	-	-		493,700
Loss allowance	(89)	-	-	-		(89)
Carrying amount	492,782	829	-	-		493,611
Gross amount - off balance	2,157,289	86,206	-	-		2,243,495
Loss allowance - off balance	(211)	(23)	-	-		(234)
Carrying amount - off balance	2,157,078	86,183	-	-		2,243,261

The tables above is the same also for the Bank.

Loans and advances to banks at amortized cost In RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Investment-grade	580.099	493.611	580.096	493.611
Total	580.099	493.611	580.096	493.611

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

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

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

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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.

30.06.2022		Group			
RON thousands					
Financial assets at fair value through other comprehensive income	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	1,828,660	-	-	-	1,828,660
Total fair value	1,828,660	-	-	-	1,828,660
Loss allowance	(426)	-	-	-	(426)
Carrying amount	1,828,234	-	-	-	1,828,234

31.12.2021		Group			
RON thousands					
Financial assets at fair value through other comprehensive income	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	1,678,030	-	-	-	1,678,030
Total fair value	1,678,030	-	-	-	1,678,030
Loss allowance	(615)	-	-	-	(615)
Carrying amount	1,677,415	-	-	-	1,677,415

30.06.2022		Bank			
RON thousands					
Financial assets at fair value through other comprehensive income	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	1,826,314	-	-	-	1,826,314
Total fair value	1,826,314	-	-	-	1,826,314
Loss allowance	(426)	-	-	-	(426)
Carrying amount	1,825,888	-	-	-	1,825,888

31.12.2021		Bank			
RON thousands					
Financial assets at fair value through other comprehensive income	Stage 1 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Of which: POCI financial assets	Total
Grades 1-8 : performing	1,675,684	-	-	-	1,675,684
Total fair value	1,675,684	-	-	-	1,675,684
Loss allowance	(615)	-	-	-	(615)
Carrying amount	1,675,069	-	-	-	1,675,069

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

30.06.2022		Group/Bank			
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	9,108,914	-	-	-	9,108,914
Total gross amount	9,108,914	-	-	-	9,108,914
Loss allowance	(1,248)	-	-	-	(1,248)
Carrying amount	9,107,666	-	-	-	9,107,666

31.12.2021		Group/Bank			
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	7,952,791	-	-	-	7,952,791
Total gross amount	7,952,791	-	-	-	7,952,791
Loss allowance	(2,162)	-	-	-	(2,162)
Carrying amount	7,950,629	-	-	-	7,950,629

The table above is the same also for the Bank.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

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

Group			
Loans to customers at amortized cost - ON balance		30.06.2022	31.12.2021
Private entities (including individuals)		9,365,724	9,139,809
SME	G Commerce - wholesale and retail	690,114	1,385,982
	A Agriculture - forestry - fisheries	337,221	470,136
	C Manufacturing	135,741	567,837
	F Construction and civil engineering	56,052	254,176
	H Transport and storage services	327,908	443,591
	Other services	154,997	319,485
Total SME		1,702,033	3,441,207
Corporate	C Manufacturing	5,782,327	5,111,940
	G Commerce - wholesale and retail	6,639,164	5,040,812
	K Financial and insurance institutions	1,540,986	1,498,211
	D Production and supply of electricity, gas, steam and air conditioning	1,731,356	727,868
	L Real estate	1,678,357	1,733,698
	Other services	5,464,537	4,570,924
Total Corporate		22,836,727	18,683,453
Total		33,904,484	31,264,469
Allowance for impairment		(1,916,767)	(1,869,059)
Carrying amount		31,987,717	29,395,410

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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		30.06.2022	31.12.2021
Loans to customers at amortised cost - OFF balance			
Private entities (including individuals)		406,476	411,776
Loans commitments			
SME	G Commerce - wholesale and retail	428,156	822,443
	A Agriculture - forestry - fisheries	55,611	97,817
	C Manufacturing	43,730	202,028
	F Construction and civil engineering	23,101	119,667
	H Transport and storage services	14,760	50,420
	Other industries	33,307	114,070
Total SME		598,665	1,406,445
Corporate	G Commerce - wholesale and retail	3,541,918	3,168,536
	C Manufacturing	3,116,539	2,808,030
	D Production and supply of electricity, gas, steam and air conditioning	1,868,292	1,406,382
	K Financial and insurance institutions	740,390	763,552
	F Construction and civil engineering	1,038,987	847,493
	Other industries	2,920,617	2,244,724
Total Corporate		13,226,743	11,238,717
Total loans commitments		13,825,408	12,645,162
Letters of credit			
SME	C Manufacturing	-	72
Total SME		-	72
Corporate	G Commerce - wholesale and retail	244,173	180,503
	F Construction and civil engineering	47,108	20,600
	C Manufacturing	46,404	33,713
	H Transport and storage services	3,884	3,796
	M Professional, scientific and technical activities	-	464
Total Corporate		341,569	239,076
Total letters of credit		341,569	239,148
Financial guarantees			
SME	M Professional, scientific and technical activities	4,701	-
	G Commerce - wholesale and retail	3,651	31,053
	N Administrative and support service activities	3,537	5,868
	F Construction and civil engineering	2,009	16,443
	H Transport and storage services	1,132	3,597
	Other industries	4,134	34,804
Total SME		19,164	91,765
Corporate	G Commerce - wholesale and retail	1,295,994	1,313,753
	D Production and supply of electricity, gas, steam and air conditioning	1,194,387	1,428,139
	F Construction and civil engineering	975,264	809,609
	C Manufacturing	434,042	294,234
	J Information and communication	252,268	250,233
	Other Industries	456,261	544,047
Total Corporate		4,608,216	4,640,015
Total financial guarantees		4,627,380	4,731,780
TOTAL Off balance sheet exposure for loans to customers		19,200,833	18,027,866
Allowance for impairment		(176,778)	(196,646)
Carrying amount		19,024,055	17,831,220

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

		Bank	
Loans to customers at amortised cost - ON balance		30.06.2022	31.12.2021
Private entities (including individuals)		7,098,542	6,957,569
SME	G Commerce - wholesale and retail	213,104	1,046,779
	A Agriculture - forestry - fisheries	129,300	293,729
	C Manufacturing	124,859	558,231
	F Construction and civil engineering	52,837	250,051
	H Transport and storage services	40,243	159,059
	Other services	138,364	314,138
Total SME		698,707	2,621,987
Corporate	G Commerce - wholesale and retail	6,558,836	4,959,045
	C Manufacturing	5,782,327	5,111,872
	K Financial and insurance institutions	2,721,195	2,371,772
	D Production and supply of electricity, gas, steam and air conditioning	1,731,356	727,868
	L Real estate	1,678,357	1,733,698
	Other services	5,445,427	4,549,330
Total Corporate		23,917,498	19,453,585
Total		31,714,747	29,033,141
Allowance for impairment		(1,646,361)	(1,605,568)
Carrying amount		30,068,386	27,427,573

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

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

Bank			
Loans to customers at amortised cost - OFF balance		30.06.2022	31.12.2021
Private entities (including individuals)		185,360	189,985
Loan commitments			
SME	G Commerce - wholesale and retail	70,534	404,721
	A Agriculture - forestry - fisheries	55,611	97,817
	C Manufacturing	39,294	197,910
	F Construction and civil engineering	23,101	119,667
	H Transport and storage services	14,760	50,420
	Other industries	32,676	113,315
Total SME		235,976	983,850
Corporate	G Commerce - wholesale and retail	3,427,576	3,096,290
	C Manufacturing	3,116,539	2,808,030
	D Production and supply of electricity, gas, steam and air conditioning	1,868,292	1,406,382
	K Financial and insurance institutions	1,249,766	977,358
	F Construction and civil engineering	1,038,987	847,493
	Other industries	2,920,617	2,244,724
Total Corporate		13,621,777	11,380,277
Total loans commitments		13,857,753	12,364,127
Letters of credit			
SME	C Manufacturing	-	72
	Other industries	-	-
Total SME		-	72
Corporate	G Commerce - wholesale and retail	244,173	180,503
	F Construction and civil engineering	47,108	20,600
	C Manufacturing	46,404	33,713
	H Transport and storage services	3,884	3,796
	M Professional, scientific and technical activities	-	464
	Other industries	-	-
Total Corporate		341,569	239,076
Total letters of credit		341,569	239,148
Financial guarantees			
SME	M Professional, scientific and technical activities	4,701	-
	G Commerce - wholesale and retail	3,651	31,053
	N Administrative and support service activities	3,537	5,868
	F Construction and civil engineering	2,009	16,443
	H Transport and storage services	1,132	3,597
	Other industries	4,134	34,804
Total SME		19,164	91,765
Corporate	G Commerce - wholesale and retail	1,295,994	1,313,753
	D Production and supply of electricity, gas, steam and air conditioning	1,194,387	1,428,139
	F Construction and civil engineering	975,264	809,609
	C Manufacturing	434,042	294,234
	J Information and communication	252,268	250,233
	Other Industries	456,587	545,380
Total Corporate		4,608,542	4,641,348
Total financial guarantees		4,627,706	4,733,113
TOTAL Off balance sheet exposure for loans to customers		19,012,388	17,526,373
Allowance for impairment		(179,430)	(199,030)
Carrying amount		18,832,958	17,327,343

**Notes to the interim condensed consolidated and separate financial statements
for the six months period ended 30 June 2022**

4. RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

• **Concentration of credit risk related to lease receivables**

UCLC (Unicredit Leasing Corporation)			
Lease receivables at amortised cost - ON balance		30.06.2022	31.12.2021
Private entities (including individuals)		81,216	81,745
SME	F Construction and civil engineering	623,868	607,972
	G Commerce - wholesale and retail	611,012	587,642
	H Transport and storage services	553,479	557,818
	C Manufacturing	475,828	504,201
	A Agriculture - forestry - fisheries	259,886	221,616
	Other services	1,115,088	1,177,736
Total SME		3,639,161	3,656,985
Corporate	C Manufacturing	112,786	120,770
	G Commerce - wholesale and retail	81,420	77,090
	N Administrative and support service activities	78,187	5,564
	A Agriculture - forestry - fisheries	16,030	18,507
	H Transport and storage services	13,597	17,598
	Other services	17,009	20,049
Total Corporate		319,029	259,578
Total		4,039,406	3,998,308
Allowance for impairment		(287,529)	(276,006)
Carrying amount		3,751,877	3,722,302

5. USE OF ESTIMATES AND JUDGEMENTS

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

a) Key sources of estimation uncertainty

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

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

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

- stage 1: includes (i) newly issued or acquired credit exposures, (ii) exposures for which credit risk has not significantly 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 probabilities are set at 60% for the baseline scenario, 40% for the negative scenario and 0% for the positive scenario (31 December 2021: 55% for the baseline scenario, 40% for the negative (pandemic “mild”) scenario and 5% for the positive scenario).

The baseline scenario (“Baseline”) is the main scenario and, indeed, is expected to be the one with the highest likelihood of occurrence and is coherent with the assumptions used in the planning processes. The positive and the negative scenario represent alternative occurrences, either better or worse when compared to the baseline scenario in terms of evolution of the economies of the countries where the Group operates.

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

The baseline scenario (“Baseline”) (probabilities set at 60%) considering the followings:

- The global economic outlook has worsened. The Russia-Ukraine crisis has caused a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty, and a sharp drop in consumer confidence. Global central banks will walk a thin line as the growth-inflation trade-off deteriorates. Assuming no major disruptions of energy supplies from Russia, Eurozone Real GDP is expected to expand by 2.6% in 2022, 1.9% in 2023 and 1.7% in 2024. Russia is expected to shrink by 10% in 2022 with a muted rebound in 2023-2024 akin to stagnation;
- For FX rates, the baseline scenario envisages a mild and gradual appreciation of the CZK and a mild depreciation for the RON, the HUF and the RSD. For the RUB, the exchange rate vs. the EUR is expected to remain broadly stable in 2022, significantly increase in 2023 and remain at high levels in 2024;
- As inflation builds up as a result of the increase in energy price and the supply disruptions, ECB is changing its monetary stance and market is repricing interest rate expectations;
- In terms of monetary policy, in the eurozone, the ECB is expected to take further steps in normalizing its monetary policy and raising interest rates. The phasing-out of stimulus is likely to happen gradually to maintain ample liquidity conditions. In CE & EE, in 2022, the scenario assumes further hikes in almost all countries while in Russia policy rate is expected to remain mostly at current levels despite the inflation acceleration;
- With reference to Interest rate, as monetary policy is normalizing, short term and MM rates are expected to increase. Long maturity yields are also expected to rise, both in US and Eurozone.

The **Advers** (Severe case Recession) has a probabilities set at 40% and considering the followings

- it assumes an escalation of the conflict with restricted gas supply, higher energy prices compared to Baseline that result in a Recession for most Western European countries in 2023. Governments will keep expansionary policies in place to mitigate the spillover effects of conflict in Ukraine (e.g., disrupting trade, shortages of materials, and high energy and commodity prices). After expanding by 5.4% in 2021, Eurozone GDP would: (i) increase by 1.5% in 2022 (-1.1pp compared to baseline), (ii) followed by a recession of -2.0% in 2023 (-3.9pp vs bl) and a mild expansion of 2.0% in 2024 (+0.3pp vs bl);
- Inflationary forces materialize, as supply-side disruption intensifies together with higher oil prices. As a result, Eurozone headline inflation spikes at 8.5% in 2022, which is well above the tolerance threshold of the ECB. Inflation will reduce in '23 at 6.4% and close to ECB target at 1.9% in '24;
- Because inflation is expected to be temporary and mainly due to exogenous shocks, Monetary policy responds to the deterioration in the outlook for growth by remaining reasonable supportive. Policy rates in the Euro area and in the US are expected to increase by less than in the baseline.

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

In this regard, the PD parameter is calculated through a normal calibration procedure, 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 cycle nature in favour of a Point in time and Forward looking philosophy.

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.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

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 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 2022:

Country	Macroeconomic scenario	Base scenario		
		2022	2023	2024
Romania	Real GDP, yoy % change	2.5	2.7	3.2
Romania	Inflation (CPI) yoy, eop	12.6	7.4	3.5
Romania	Unemployment rate, %	5.5	5.5	5.3
Romania	Short term rate, eop	6.0	5.5	4.25
Romania	Long-term interest rates 10y (%)	7.5	6.5	5.0
Romania	House Price Index, yoy % change	4.8	4.5	4.0

The table below summarizes the main macroeconomic indicators included in the baseline economic scenarios used at 31 December 2021:

Country	Macroeconomic scenario	Base scenario		
		2022	2023	2024
Romania	Real GDP, yoy % change	5.0	4.0	4.0
Romania	Inflation (CPI) yoy, eop	3.3	3.4	2.5
Romania	Unemployment rate, %	4.5	4.0	3.8
Romania	Short term rate, eop	1.84	2.04	2.14
Romania	Long-term interest rates 10y (%)	4.0	3.7	3.5
Romania	House Price Index, yoy % change	7.0	5.0	5.0

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

a) Key sources of estimation uncertainty (continued)

Sensitivity analysis for assets at fair value through other comprehensive income

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

In case the market yield varies by +/-10 percent, the negative reserve recorded as at 30 June 2022 on financial assets at fair value through other comprehensive income would vary as follows:

30.06.2022 In Thousand RON	Bank	
	Market Yield -10%	Market Yield +10%
Financial assets at fair value through other comprehensive income denominated in RON	36,256	(34,570)
Financial assets at fair value through other comprehensive income denominated in EUR	12,744	(12,272)
Financial assets at fair value through other comprehensive income	49,000	(46,842)

In case the market yield varies by +/-10 percent, the negative reserve recorded as at 31 December 2021 on financial assets at fair value through other comprehensive income would vary as follows:

31.12.2021 In Thousand RON	Bank	
	Market Yield -10%	Market Yield +10%
Financial assets at fair value through other comprehensive income denominated in RON	26,307	(25,535)
Financial assets at fair value through other comprehensive income denominated in EUR	3,285	(3,217)
Financial assets at fair value through other comprehensive income	29,592	(28,752)

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.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship. In accounting for derivatives as cash flow hedges, the Group has determined that the hedged cash flow exposure relates to highly probable future cash flows.

Determining fair values

The fair value of financial instruments that are not traded in an active market (for example, unlisted treasury securities and certificates of deposit) is determined by using 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:

30.06.2022 In Thousand RON	Listed*	Group Unlisted	Total	Listed*	Bank Unlisted	Total
Debt securities at fair value through other comprehensive income	1,631,137	190,388	1,821,525	1,631,137	190,388	1,821,525
Equity instruments at fair value through other comprehensive income	-	6,709	6,709	-	4,363	4,363
Total assets held at fair value through other comprehensive income	1,631,137	197,097	1,828,234	1,631,137	194,751	1,825,888

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

31.12.2021 In Thousand RON	Listed*	Group Unlisted	Total	Listed*	Bank Unlisted	Total
Debt securities at fair value through other comprehensive income	1,639,118	29,868	1,668,986	1,639,118	29,868	1,668,986
Equity instruments at fair value through other comprehensive income	-	8,429	8,429	-	6,083	6,083
Total assets held at fair value through other comprehensive income	1,639,118	38,297	1,677,415	1,639,118	35,951	1,675,069

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

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

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument to which the Bank has access at the measurement date. A quoted price on an active market provides the most reliable evidence (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.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

The table below presents the fair value of financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 30 June 2022:

30.06.2022 In RON thousands	Group				
	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	88,866	80,074	784	169,724	169,724
Derivatives financial instruments designated as hedging instruments	-	21,007	-	21,007	21,007
Total trading assets	88,866	101,081	784	190,731	190,731
Financial assets at fair value through other comprehensive income					
Debt instruments	1,608,577	190,388	22,560	1,821,525	1,821,525
Equity instruments (minority holdings)	-	-	6,709	6,709	6,709
Total assets at fair value through other comprehensive income	1,608,577	190,388	29,269	1,828,234	1,828,234
Non-transactional financial assets at fair value mandatorily through profit or loss					
VISA Shares	-	23,571	22,425	45,996	45,996
Total assets at fair value through profit or loss	-	23,571	22,425	45,996	45,996
Liabilities designated for trading and for hedging					
Financial liabilities at fair value through profit or loss	-	92,857	826	93,683	93,683
Derivatives financial instruments designated at hedging instruments	-	194,515	-	194,515	194,515
Total liabilities designated for trading and for hedging	-	287,372	826	288,198	288,198

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

The table below presents the fair value of financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 31 December 2021:

31.12.2021 In RON thousands	Group				
	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	178,284	33,817	494	212,595	212,595
Derivatives financial instruments designated as hedging instruments	-	12,249	-	12,249	12,249
Total trading assets	178,284	46,066	494	224,844	224,844
Financial assets at fair value through other comprehensive income					
Debt instruments	1,622,693	-	46,293	1,668,986	1,668,986
Equity instruments (minority holdings)	-	-	8,429	8,429	8,429
Total assets at fair value through other comprehensive income	1,622,693	-	54,722	1,677,415	1,677,415
Non-transactional financial assets at fair value mandatorily through profit or loss					
VISA Shares	-	23,839	22,921	46,760	46,760
Total assets at fair value through profit or loss	-	23,839	22,921	46,760	46,760
Liabilities designated for trading and for hedging					
Financial liabilities at fair value through profit or loss	-	31,629	500	32,129	32,129
Derivatives financial instruments designated at hedging instruments	-	66,812	-	66,812	66,812
Total liabilities designated for trading and for hedging	-	98,441	500	98,941	98,941

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

The table below presents an analysis of the movement of financial instruments held at fair value classified as Level 3, at the end of the reporting period 30 June 2022:

30.06.2022	Group						
In RON thousands	Balance at 31 December 2021	Gains / Losses in profit or loss	Gains / Losses in other comprehensive income	Additions	Disposals (-)	Foreign Currency Exchange Effect	Balance at 30 June 2022
Financial assets held for trading	494	(368)	-	3,773	(3,300)	185	784
Financial assets held for trading at fair value through profit or loss	494	(368)	-	3,773	(3,300)	185	784
Non-transactional financial assets at fair value mandatorily through profit or loss	22,921	(2,445)	-	-	-	1,949	22,425
VISA Shares	22,921	(2,445)	-	-	-	1,949	22,425
Financial assets at fair value through other comprehensive income	8,429	-	(1,720)	-	-	-	6,709
Equity instruments (minority holdings)	8,429	-	(1,720)	-	-	-	6,709
Total assets	31,844	(2,813)	(1,720)	3,773	(3,300)	2,134	29,918
Financial liabilities designated for trading	500	(382)	-	4,084	(3,376)	-	826
Derivatives financial instruments	500	(382)	-	4,084	(3,376)	-	826
Total liabilities	500	(382)	-	4,084	(3,376)	-	826

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

The table below presents an analysis of the movement of financial instruments held at fair value classified as Level 3, for the year ended 31 December 2021:

31.12.2021 In RON thousands	Group						Balance at 31 December 2021
	Balance at 31 December 2020	Gains / Losses in profit or loss	Gains / Losses in other comprehensive income	Additions	Disposals (-)	Foreign Currency Exchange Effect	
Financial assets held for trading	309	(432)	-	7,747	(7,130)	-	494
Financial assets held for trading at fair value through profit or loss	309	(432)	-	7,747	(7,130)	-	494
Non-transactional financial assets at fair value mandatorily through profit or loss	21,036	(261)	-	-	-	2,146	22,921
VISA Shares	21,036	(261)	-	-	-	2,146	22,921
Financial assets at fair value through other comprehensive income	8,000	-	429	-	-	-	8,429
Equity instruments (minority holdings)	8,000	-	429	-	-	-	8,429
Total assets	29,345	(693)	429	7,747	(7,130)	2,146	31,844
Financial liabilities designated for trading	430	(429)	-	8,418	(7,919)	-	500
Derivatives financial instruments	430	(429)	-	8,418	(7,919)	-	500
Total liabilities	430	(429)	-	8,418	(7,919)	-	500

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

The table below presents the fair value of financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 30 June 2022:

30.06.2022 In RON thousands	Bank			Total fair value	Total book value
	Level 1	Level 2	Level 3		
Trading assets					
Financial assets held for trading at fair value through profit or loss	88,866	80,074	784	169,724	169,724
Derivatives financial instruments designated as hedging instruments	-	21,007	-	21,007	21,007
Total trading assets	88,866	101,081	784	190,731	190,731
Financial assets at fair value through other comprehensive income					
Debt instruments	1,608,577	190,388	22,560	1,821,525	1,821,525
Equity instruments (minority holdings)	-	-	4,363	4,363	4,363
Total assets at fair value through other comprehensive income	1,608,577	190,388	26,923	1,825,888	1,825,888
Non-transactional financial assets at fair value mandatorily through profit or loss					
VISA Shares	-	23,571	22,425	45,996	45,996
Total assets at fair value through profit or loss	-	23,571	22,425	45,996	45,996
Liabilities designated for trading and for hedging					
Financial Liabilities at fair value through profit or loss	-	92,857	826	93,683	93,683
Derivatives financial instruments designated as hedging instruments	-	194,515	-	194,515	194,515
Total liabilities designated for trading and hedging	-	287,372	826	288,198	288,198

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

The table below presents the fair value of financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 31 December 2021:

31.12.2021 In RON thousands	Bank			Total fair value	Total book value
	Level 1	Level 2	Level 3		
Trading assets					
Financial assets held for trading at fair value through profit or loss	178,284	33,817	494	212,595	212,595
Derivatives financial instruments designated as hedging instruments	-	12,249	-	12,249	12,249
Total trading assets	178,284	46,066	494	224,844	224,844
Financial assets at fair value through other comprehensive income					
Debt instruments	1,622,693	-	46,293	1,668,986	1,668,986
Equity instruments (minority holdings)	-	-	6,083	6,083	6,083
Total assets at fair value through other comprehensive income	1,622,693	-	52,376	1,675,069	1,675,069
Non-transactional financial assets at fair value mandatorily through profit or loss					
VISA Shares	-	23,839	22,921	46,760	46,760
Total assets at fair value through profit or loss	-	23,839	22,921	46,760	46,760
Liabilities designated for trading and for hedging					
Financial Liabilities at fair value through profit or loss	-	31,629	500	32,129	32,129
Derivatives financial instruments designated as hedging instruments	-	66,812	-	66,812	66,812
Total liabilities designated for trading and hedging	-	98,441	500	98,941	98,941

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

The table below presents an analysis of the movement of financial instruments held at fair value classified as Level 3, at the end of the reporting period 30 June 2022:

30.06.2022	Bank						
In RON thousands	Balance at 31 December 2021	Gains / Losses in profit or loss	Gains / Losses in other comprehensive income	Additions	Disposals (-)	Foreign Currency Exchange Effect	Balance at 30 June 2022
Financial assets held for trading	494	(368)	-	3,773	(3,300)	185	784
Financial assets held for trading at fair value through profit or loss	494	(368)	-	3,773	(3,300)	185	784
Non-transactional financial assets at fair value mandatorily through profit or loss	22,921	(2,445)	-	-	-	1,949	22,425
VISA Shares	22,921	(2,445)	-	-	-	1,949	22,425
Financial assets at fair value through other comprehensive income	6,083	-	(1,720)	-	-	-	4,363
Equity instruments (minority holdings)	6,083	-	(1,720)	-	-	-	4,363
Total assets	29,498	(2,813)	(1,720)	3,773	(3,300)	2,134	27,572
Financial liabilities designated for trading	500	(382)	-	4,084	(3,376)	-	826
Derivatives financial instruments	500	(382)	-	4,084	(3,376)	-	826
Total liabilities	500	(382)	-	4,084	(3,376)	-	826

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

The table below presents an analysis of the movement of financial instruments held at fair value classified as Level 3, for the year ended 31 December 2021:

31.12.2021 In RON thousands	Balance at 31 December 2020	Gains / Losses in profit or loss	Bank				Foreign Currency Exchange Effect	Balance at 31 December 2021
			Gains / Losses in other comprehensive income	Additions	Disposals (-)			
Financial assets held for trading	309	(432)	-	7,747	(7,130)	-	494	
Financial assets held for trading at fair value through profit or loss	309	(432)	-	7,747	(7,130)	-	494	
Non-transactional financial assets at fair value mandatorily through profit or loss	21,036	(261)	-	-	-	2,146	22,921	
VISA Shares	21,036	(261)	-	-	-	2,146	22,921	
Financial assets at fair value through other comprehensive income	5,654	-	429	-	-	-	6,083	
Equity instruments (minority holdings)	5,654	-	429	-	-	-	6,083	
Total assets	26,999	(693)	429	7,747	(7,130)	2,146	29,498	
Financial liabilities designated for trading	430	(429)	-	8,418	(7,919)	-	500	
Derivatives financial instruments	430	(429)	-	8,418	(7,919)	-	500	
Total liabilities	430	(429)	-	8,418	(7,919)	-	500	

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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.

30.06.2022				Group			
In RON thousands	Fair value level	At fair value through profit or loss - held for trading	At amortized cost	Financial assets held at fair value through other comprehensive income	Designated at fair value through profit or loss	Total carrying amount	Fair value
Cash and cash equivalents	3	-	11,198,306	-	-	11,198,306	11,198,306
Financial assets at fair value through profit or loss	1	215,720	-	-	-	215,720	215,720
Loans and advances to banks at amortized cost	3	-	580,099	-	-	580,099	563,044
Loans and advances to customers at amortized cost	3	-	31,987,717	-	-	31,987,717	32,251,091
Net lease receivables	3	-	3,751,877	-	-	3,751,877	3,529,941
Debt instruments at amortized cost	1	-	9,107,666	-	-	9,107,666	7,619,714
Financial assets at fair value through other comprehensive income	1	-	-	1,828,234	-	1,828,234	1,828,234
Other financial assets at amortized cost	3	-	310,175	-	-	310,175	310,175
Total financial assets		215,720	56,935,840	1,828,234	-	58,979,794	57,516,225
Financial liabilities at fair value through profit or loss	1	93,683	-	-	-	93,683	93,683
Derivatives liabilities designated as hedging instruments	2	194,515	-	-	-	194,515	194,515
Deposits from banks	3	-	726,167	-	-	726,167	725,545
Loans from banks, including subordinated liabilities	3	-	5,007,738	-	-	5,007,738	5,006,516
Debt securities issued	1	-	3,295,951	-	-	3,295,951	3,295,951
Deposits from customers	3	-	42,005,757	-	-	42,005,757	41,969,880
Other financial liabilities at amortized cost	3	-	1,979,474	-	-	1,979,474	1,979,473
Lease liabilities	3	-	193,460	-	-	193,460	193,460
Total financial liabilities		288,198	53,208,547	-	-	53,496,745	53,459,023

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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.

31.12.2021				Group			
In RON thousands	Fair value level	At fair value through profit or loss - held for trading	At amortized cost	Financial assets held at fair value through other comprehensive income	Designated at fair value through profit or loss	Total carrying amount	Fair value
Cash and cash equivalents	3	-	11,269,108	-	-	11,269,108	11,269,108
Financial assets at fair value through profit or loss	1	259,355	-	-	-	259,355	259,355
Loans and advances to banks at amortized cost	3	-	493,611	-	-	493,611	488,513
Loans and advances to customers at amortized cost	3	-	29,395,410	-	-	29,395,410	29,119,495
Net lease receivables	3	-	3,722,302	-	-	3,722,302	3,636,027
Debt instruments at amortized cost	1	-	7,950,629	-	-	7,950,629	7,509,988
Financial assets at fair value through other comprehensive income	1	-	-	1,677,415	-	1,677,415	1,677,415
Other financial assets at amortized cost	3	-	209,484	-	-	209,484	209,484
Total financial assets		259,355	53,040,544	1,677,415	-	54,977,314	54,169,385
Financial liabilities at fair value through profit or loss	1	32,129	-	-	-	32,129	32,129
Derivatives liabilities designated as hedging instruments	2	66,812	-	-	-	66,812	66,812
Deposits from banks	3	-	666,990	-	-	666,990	663,580
Loans from banks, including subordinated liabilities	3	-	4,940,100	-	-	4,940,100	4,932,910
Debt securities issued	1	-	2,491,879	-	-	2,491,879	2,491,879
Deposits from customers	3	-	39,990,484	-	-	39,990,484	39,786,949
Other financial liabilities at amortized cost	3	-	500,899	-	-	500,899	500,899
Lease liabilities	3	-	168,791	-	-	168,791	168,791
Total financial liabilities		98,941	48,759,143	-	-	48,858,084	48,643,949

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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

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

30.06.2022				Bank			
In RON thousands	Fair value level	At fair value through profit or loss - held for trading	At amortized cost	Financial assets held at fair value through other comprehensive income	Designated at fair value through profit or loss	Total carrying amount	Fair value
Cash and cash equivalents	3	-	11,198,094	-	-	11,198,094	11,198,094
Financial assets at fair value through profit or loss	1	215,720	-	-	-	215,720	215,720
Loans and advances to banks at amortized cost	3	-	580,096	-	-	580,096	563,041
Loans and advances to customers at amortized cost	3	-	30,068,386	-	-	30,068,386	30,387,377
Debt instruments at amortized cost	1	-	9,107,666	-	-	9,107,666	7,619,714
Financial assets at fair value through other comprehensive income	1	-	-	1,825,888	-	1,825,888	1,825,888
Other financial assets at amortized cost	3	-	246,393	-	-	246,393	246,393
Total financial assets		215,720	51,200,635	1,825,888	-	53,242,243	52,056,227
Financial liabilities at fair value through profit or loss	1	93,683	-	-	-	93,683	93,683
Derivatives liabilities designated as hedging instruments	2	194,515	-	-	-	194,515	194,515
Deposits from banks	3	-	726,167	-	-	726,167	725,545
Loans from banks, including subordinated liabilities	3	-	1,428,808	-	-	1,428,808	1,427,584
Debt securities issued	1	-	1,809,388	-	-	1,809,388	1,809,388
Deposits from customers	3	-	42,188,632	-	-	42,188,632	42,152,479
Other financial liabilities at amortized cost	3	-	1,917,014	-	-	1,917,014	1,917,014
Lease liabilities	3	-	189,793	-	-	189,793	189,793
Total financial liabilities		288,198	48,259,802	-	-	48,548,000	48,510,001

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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

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

31.12.2021					Bank		
In RON thousands	Fair value level	At fair value through profit or loss - held for trading	At amortized cost	Financial assets held at fair value through other comprehensive income	Designated at fair value through profit or loss	Total carrying amount	Fair value
Cash and cash equivalents	3	-	11,269,028	-	-	11,269,028	11,269,028
Financial assets at fair value through profit or loss	1	259,355	-	-	-	259,355	259,355
Loans and advances to banks at amortized cost	3	-	493,611	-	-	493,611	488,513
Loans and advances to customers at amortized cost	3	-	27,427,573	-	-	27,427,573	27,145,768
Debt instruments at amortized cost	1	-	7,950,629	-	-	7,950,629	7,509,988
Financial assets at fair value through other comprehensive income	1	-	-	1,675,069	-	1,675,069	1,675,069
Other financial assets at amortized cost	3	-	192,123	-	-	192,123	192,123
Total financial assets		259,355	47,332,964	1,675,069	-	49,267,388	48,539,844
Financial liabilities at fair value through profit or loss	1	32,129	-	-	-	32,129	32,129
Derivatives liabilities designated as hedging instruments	2	66,812	-	-	-	66,812	66,812
Deposits from banks	3	-	666,990	-	-	666,990	663,580
Loans from banks, including subordinated liabilities	3	-	1,406,246	-	-	1,406,246	1,399,056
Debt securities issued	1	-	1,014,391	-	-	1,014,391	1,014,391
Deposits from customers	3	-	40,069,143	-	-	40,069,143	39,864,283
Other financial liabilities at amortized cost	3	-	434,967	-	-	434,967	434,967
Lease liabilities	3	-	164,895	-	-	164,895	164,895
Total financial liabilities		98,941	43,756,632	-	-	43,855,573	43,640,113

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

7. NET INTEREST INCOME

In RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Interest income				
Interest and similar income arising from:				
Loans and advances to customers*	790,731	592,467	661,178	446,317
Treasury bills and bonds at fair value through other comprehensive income	36,028	34,220	36,028	34,220
Debt instruments at amortized cost	158,076	118,253	158,076	118,253
Current accounts and placements with banks	25,741	8,656	25,737	8,653
Negative interest from financial liabilities	124	109	124	109
Other interest income	2,467	20	2,467	20
Total interest income calculated using the effective interest method	1,013,167	753,725	883,610	607,572
Other interest income - Net Lease receivables	66,672	65,660	-	-
Total interest income	1,079,839	819,385	883,610	607,572
Interest expense				
Interest expense and similar charges arising from:				
Deposits from customers	171,593	47,021	171,787	47,094
Loans from banks	59,167	71,179	18,885	17,173
Deposits from banks	4,865	3,108	4,865	3,108
Repurchase agreements	190	21	190	21
Interest related to the bonds issued	28,258	16,480	18,371	6,775
Negative interest on financial assets	15,765	15,134	15,765	15,134
Debt from leasing operations	400	474	287	371
Total interest expense	280,238	153,417	230,150	89,676
Net interest income	799,601	665,968	653,460	517,896

*) Interest income for the six months period ended at 30 June 2022 includes expenses with interest adjustments related to credit-impaired financial assets in the total amount of RON thousands 15,094 (30 June 2021: RON thousands 39,833) for the Group and RON thousands 8,538 (30 June 2021: RON thousands 22,331) for the Bank.

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.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

8. NET FEES AND COMMISSIONS INCOME

In RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Fees and commissions income				
Payments transactions	200,207	159,414	200,207	158,581
Risk participation fee (refer to Note 27)	19	69	19	69
Guarantees and letters of credit	19,553	15,991	19,553	15,991
Loan administration	20,827	11,145	7,949	7,293
Commissions from other types of financial services	43,056	50,987	55,620	55,363
Commissions from insurance intermediation	30,783	31,255	4,246	3,867
Commissions on securities transactions	2,446	2,289	2,446	2,289
Total fees and commission income	316,891	271,150	290,040	243,453
Fees and commission expense				
Inter-banking fees	55,322	39,736	55,382	39,745
Payments transactions	43,422	30,549	41,271	28,167
Commitments and similar fees	243	87	243	87
Intermediary agents fees	2,462	2,493	2,054	1,714
Other	9,516	9,127	5,500	5,565
Total fees and commissions expense	110,965	81,992	104,450	75,278
Net fees and commissions income	205,926	189,158	185,590	168,175

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

In RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net gains from foreign exchange operations (including FX derivatives)	155,651	158,419	155,651	158,432
Net gains / (losses) from interest derivatives	520	(2,263)	520	(2,263)
Net income / (losses) from trading bonds	(47,714)	5,016	(47,714)	5,016
Net gains / (losses) from other derivatives	779	679	779	679
Net income from trading for financial instruments held at fair value through profit or loss	109,236	161,851	109,236	161,864
Net gains from non-transactional financial instruments held at fair value through profit or loss	(4,572)	3,198	(4,572)	3,198
Net income from financial instruments held at fair value through profit or loss	104,664	165,049	104,664	165,062

10. PERSONNEL EXPENSES

In RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Wages and salaries	239,156	219,585	211,354	195,803
Social security charges, unemployment fund and health fund	7,507	6,641	6,738	6,005
Other (income)/costs	3,580	1,841	2,233	356
Total	250,243	228,067	220,325	202,164

The number of employees of the Group at 30 June 2022 was 3,359 (31 December 2021: 3,358). The number of employees of the Bank at 30 June 2022 was 3,016 (31 December 2021: 3,001).

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

11. OTHER ADMINISTRATIVE COSTS

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Office space expenses (rental, maintenance, other)	30,334	16,130	27,528	14,104
IT services	75,359	59,936	73,412	58,571
Other taxes and duties	79,417	77,088	79,417	77,088
Communication expenses	12,270	10,129	11,184	8,623
Advertising and promotional expenses	12,595	9,837	9,015	7,818
Consultancy, legal and other professional services	4,207	4,381	2,450	2,079
Materials and consumables	4,632	3,450	3,976	3,041
Personnel training and recruiting	1,273	771	912	555
Insurance expenses	2,384	2,004	2,023	1,619
Other	10,300	12,870	8,672	11,171
Total	232,771	196,596	218,589	184,669

12. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

In RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net provision charges for loans and advances to customers (Note 16)	144,903	94,152	104,344	77,254
Net provision charges/(release) for banks	(393)	(4,189)	(385)	(3,966)
Net provision charges/(release) for securities	(1,103)	(4,999)	(1,103)	(4,999)
Loans written-off	386	486	386	486
Net provision charges for lease receivables (Note 17)	14,710	4,818	-	-
Recoveries from loans previously written-off	(35,545)	(49,153)	(35,545)	(49,153)
Net provisions charges for other financial instruments	1,837	3,073	2,306	3,749
Net provision (release)/charges for off-balance loan commitments and contingencies	(19,729)	5,341	(19,737)	4,092
Total	105,066	49,529	50,266	27,463

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

13. INCOME TAX

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

In RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit/ (Loss) before tax	486,920	517,868	408,119	413,365
Direct taxes at 16% (2020: 16%) of taxable profits determined in accordance with Romanian law	(76,529)	(75,626)	(57,093)	(60,379)
Additional tax expenses	(3,800)	(2,629)	(3,800)	(2,629)
Deferred tax income	(1,209)	(3,397)	(6,000)	1,629
Income tax	(81,538)	(81,652)	(66,893)	(61,379)
Profit/ (Loss) before tax	486,920	517,868	408,119	413,365
Taxation at statutory rate of 16%	(77,907)	(82,859)	(65,299)	(66,138)
Non-deductible expenses	(36,452)	(43,346)	(28,435)	(32,509)
Non-taxable revenues	34,336	36,352	30,093	30,839
Origination and reversal of temporary differences	(4,836)	3,401	(6,000)	1,629
Fiscal credit	7,121	7,429	6,548	7,429
Additional tax expenses	(3,800)	(2,629)	(3,800)	(2,629)
Taxation in the income statement	(81,538)	(81,652)	(66,893)	(61,379)

14. CASH AND CASH EQUIVALENTS

In RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Accounts at NBR	4,499,414	3,105,944	4,499,414	3,105,944
Cash (including cash in ATMs)	1,469,772	1,972,680	1,469,772	1,972,673
Short term Money Market placements	5,001,037	6,112,033	5,001,037	6,112,033
Current balances with other banks	229,231	79,849	229,018	79,775
Total gross value	11,199,454	11,270,506	11,199,241	11,270,425
Impairment allowance	(1,148)	(1,398)	(1,147)	(1,397)
Total net book value	11,198,306	11,269,108	11,198,094	11,269,028

The balance of current accounts with the National Bank of Romania represents the minimum reserve maintained in accordance with the National Bank of Romania requirements. As at 30 June 2022, the minimum reserve level was settled as 8% (31 December 2021: 8%) for liabilities to customers in RON and 5% (31 December 2021: 5%) for liabilities to customers in foreign currency both with residual maturity less than 2 years from the end of reporting period and for liabilities with the residual maturity greater than 2 years with reimbursement, transfer and anticipated withdrawals clause or 0% for all the other liabilities included in the calculation base.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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

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

In RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Derivatives	80,859	33,353	80,859	33,353
Investment securities held for trading	88,865	179,242	88,865	179,242
VISA Shares*	45,996	46,760	45,996	46,760
Total	215,720	259,355	215,720	259,355

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

In RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Equity instruments (Class A)	23,571	23,839	23,571	23,839
Debt instruments (Class C)	22,425	22,921	22,425	22,921
Total VISA Shares	45,996	46,760	45,996	46,760

mii RON	Group		Banca	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Investment-grade	208,145	236,100	208,145	236,100
No rating*	7,575	23,255	7,575	23,255
Total	215,720	259,355	215,720	259,355

*) These represent derivatives assets at fair value through profit and loss and for which the counterparty is represented by companies from Romania. The analysis for the portfolio of Financial assets held for trading and valued at fair value through profit and loss is based on the ratings issued by Standard& Poor, in case they are available, or by Moody's and Fitch converted at the equivalent Standard & Poor rating scale.

In Investment-grade category is included the Financial assets for which the issuers have the following ratings: A+, A, A-, BBB+, BBB, BBB-, BAA1 si BAA3

In Non-investment grade category is included the Financial assets for which the issuers have the following ratings BB+, BB- si B+.

In no rating category we find the Financial assets for which the issuers have no rating

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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

(ii) *Derivative assets/ liabilities*

Financial assets and liabilities at fair value through profit or loss at 30 June 2022 are summarized as follows:

In RON thousands	Group 30.06.2022			Bank 30.06.2022		
	Notional amount	Present value		Notional amount	Present value	
		Assets	Liabilities		Assets	Liabilities
Foreign currency Derivatives						
Forward contracts	6,316,730	16,095	18,376	6,316,730	16,095	18,376
Purchased options	154,909	784	-	154,909	784	-
Sold options	151,824	-	826	151,824	-	826
Total foreign currency derivatives	6,623,463	16,879	19,202	6,623,463	16,879	19,202
Interest rates derivatives						
Interest Rate Swaps	3,011,084	57,735	68,127	3,011,084	57,735	68,127
Purchased options	430,418	5,539	-	430,418	5,539	-
Sold options	430,418	-	5,628	430,418	-	5,628
Total interest rate derivatives	3,871,920	63,274	73,755	3,871,920	63,274	73,755
Other derivatives on purchased merchandise	7,913	705	-	7,913	705	-
Other derivatives on sold merchandise	7,913	-	726	7,913	-	726
Total derivatives - merchandise	15,826	705	726	15,826	705	726
Total	10,511,209	80,858	93,683	10,511,209	80,858	93,683

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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

(ii) Derivative assets/ liabilities (continued)

Financial assets and liabilities at fair value through profit or loss at 31 December 2021 are summarized as follows:

In RON thousands	Group 31.12.2021			Bank 31.12.2021		
	Notional amount	Present value		Notional amount	Present value	
		Assets	Liabilities		Assets	Liabiliti
Foreign currency Derivatives						
Forward contracts	3,424,330	11,781	5,414	3,424,330	11,781	5,414
Purchased options	157,886	638	-	157,886	638	-
Sold options	156,714	-	638	156,714	-	638
Total foreign currency derivatives	3,738,930	12,419	6,052	3,738,930	12,419	6,052
Interest rates derivatives						
Interest Rate Swaps	3,622,006	17,145	22,201	3,622,006	17,145	22,201
Purchased options	456,863	3,248	-	456,863	3,248	-
Sold options	456,863	-	3,335	456,863	-	3,335
Total interest rate derivatives	4,535,732	20,393	25,536	4,535,732	20,393	25,536
Other derivatives on purchased merchandise	2,217	540	-	2,217	540	-
Other derivatives on sold merchandise	2,217	-	541	2,217	-	541
Total derivatives - merchandise	4,434	540	541	4,434	540	541
Total	8,279,096	33,352	32,129	8,279,096	33,352	32,129

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

16. LOANS AND ADVANCES TO CUSTOMERS

The Group's commercial lending is concentrated on companies and individuals located mainly in Romania. The below amounts show gross book value and provision for impairment after including IRC. The breakdown of loan portfolio by type of loan was as follows:

in RON thousands	Group			30.06.2022
	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	
Mortgages	6,737,148	212,209	-	6,949,357
Personal loans and car loans	2,072,838	82,282	-	2,155,120
Credit cards and overdraft	223,351	11,030	-	234,381
Corporate loans	21,001,928	854,667	12,671	21,856,595
SME loans	1,606,514	120,464	-	1,726,978
Factoring, Discounting, Forfaiting	821,026	161,027	-	982,053
Loans and advances to customers before provisions	32,462,805	1,441,679	12,671	33,904,484
Less provision for impairment losses on loans	(788,693)	(1,128,074)	(1,421)	(1,916,767)
Net loans and advances to customers	31,674,112	313,605	11,250	31,987,717

in RON thousands	Group			31.12.2021
	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	
Mortgages	6,544,829	260,297	-	6,805,126
Personal loans and car loans	1,962,047	113,346	-	2,075,393
Credit cards and overdraft	224,516	15,251	-	239,767
Corporate loans	16,848,943	943,858	16,248	17,792,801
SME loans	3,170,565	266,491	-	3,437,056
Factoring, Discounting, Forfaiting	752,245	162,081	-	914,326
Loans and advances to customers before provisions	29,503,145	1,761,324	16,248	31,264,469
Less provision for impairment losses on loans	(566,673)	(1,302,386)	(856)	(1,869,059)
Net loans and advances to customers	28,936,472	458,938	15,392	29,395,410

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

16. LOANS AND ADVANCES TO CUSTOMERS (continued)

The Bank's commercial lending is concentrated on companies and individuals located in Romania mainly. The breakdown of loan portfolio by type of loan was as follows:

in RON thousands	Bank		Of which: POCI financial assets	30.06.2022
	Stage 1 and Stage 2	Stage 3		
Mortgages	6,737,148	212,209	-	6,949,357
Personal loans and car loans	19,088	4,913	-	24,001
Credit cards and overdraft	116,766	7,587	-	124,353
Corporate loans	22,082,700	854,667	12,671	22,937,367
SME loans	614,728	82,888	-	697,616
Factoring, Discounting, Forfaiting	821,026	161,027	-	982,053
Loans and advances to customers before provisions	30,391,456	1,323,291	12,671	31,714,747
Less provision for impairment losses on loans	(601,377)	(1,044,984)	(1,421)	(1,646,361)
Net loans and advances to customers	29,790,079	278,307	11,250	30,068,386

in RON thousands	Bank		Of which: POCI financial assets	31.12.2021
	Stage 1 and Stage 2	Stage 3		
Mortgages	6,544,830	260,297	-	6,805,127
Personal loans and car loans	23,707	6,549	-	30,256
Credit cards and overdraft	111,518	10,669	-	122,187
Corporate loans	17,619,075	943,857	16,248	18,562,932
SME loans	2,382,144	216,169	-	2,598,313
Factoring, Discounting, Forfaiting	752,245	162,081	-	914,326
Loans and advances to customers before provisions	27,433,519	1,599,622	16,248	29,033,141
Less provision for impairment losses on loans	(410,920)	(1,194,648)	(856)	(1,605,568)
Net loans and advances to customers	27,022,599	404,974	15,392	27,427,573

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

16. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

in RON thousands	Group	
	30.06.2022	30.06.2021
Balance at the 31st of December	1,869,059	1,802,349
Net impairment charge for the period (Note 12)	144,903	94,152
Foreign currency exchange effect	717	14,714
Release of allowances for impairment of loans written-off and loans sold	(118,975)	(144,287)
Other adjustments	21,063	11,419
Final balance at 30 June	1,916,767	1,778,347

in RON thousands	Bank	
	30.06.2022	30.06.2021
Balance at the 31st of December	1,605,568	1,554,275
Net impairment charge for the period (Note 12)	104,345	77,254
Foreign currency exchange effect	745	9,406
Release of allowances for impairment of loans written-off and loans sold	(85,258)	(119,023)
Other adjustments	20,961	11,497
Final balance at 30 June	1,646,361	1,533,409

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

17. NET FINANCIAL LEASE RECEIVABLES

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

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

in RON thousands	UCLC (Unicredit Leasing Corporation)			
	Total, of which	30.06.2022		
		Stage 1	Stage 2	Stage 3
Lease receivables up to one year, gross	1,492,503	1,181,536	188,378	122,589
Lease receivables 1-2 years, gross	1,121,779	911,710	163,470	46,599
Lease receivables 2-3 years, gross	788,031	662,807	86,624	38,600
Lease receivables 3-4 years, gross	465,664	397,213	42,026	26,425
Lease receivables 4-5 years, gross	216,790	178,875	17,468	20,447
Lease receivables over 5 years, gross	202,407	105,747	34,446	62,214
Total contractual undiscounted lease payments receivable	4,287,174	3,437,888	532,412	316,874
Unearned finance income (future interest)	(247,768)	(180,093)	(31,507)	(36,168)
Discounted unguaranteed residual value	-	-	-	-
Total gross lease investment net of future interest and unguaranteed residual value	4,039,406	3,257,795	500,905	280,706
Impairment allowance for lease receivables	(287,529)	(63,454)	(36,901)	(187,174)
Total net lease investment	3,751,877	3,194,341	464,004	93,532

in RON thousands	UCLC (Unicredit Leasing Corporation)			
	Total, of which	31.12.2021		
		Stage 1	Stage 2	Stage 3
Lease receivables up to one year, gross	1,481,178	1,249,098	101,608	130,472
Lease receivables 1-2 years, gross	1,113,067	950,254	111,810	51,003
Lease receivables 2-3 years, gross	766,913	680,002	50,540	36,371
Lease receivables 3-4 years, gross	458,818	403,754	28,338	26,726
Lease receivables 4-5 years, gross	216,799	180,302	13,991	22,506
Lease receivables over 5 years, gross	206,170	98,005	37,006	71,159
Total contractual undiscounted lease payments receivable	4,242,945	3,561,415	343,293	338,237
Unearned finance income (future interest)	(244,637)	(184,392)	(27,694)	(32,551)
Discounted unguaranteed residual value	-	-	-	-
Total gross lease investment net of future interest and unguaranteed residual value	3,998,308	3,377,023	315,599	305,686
Impairment allowance for lease receivables	(276,006)	(55,468)	(32,494)	(188,044)
Total net lease investment	3,722,302	3,321,555	283,105	117,642

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

17. NET FINANCIAL LEASE RECEIVABLES (continued)

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

UCLC (Unicredit Leasing Corporation)			
in RON thousands		30.06.2022	30.06.2021
Balance at the 31st of December		276,006	289,778
Net impairment charge for the period (Note 12)		14,710	4,818
Foreign currency exchange effect		(147)	236
Release of allowances for impairment of loans written-off and loans sold		(4,967)	(23,351)
Unwinding effect on provisions		1,928	(1,172)
Balance at 30 June		287,529	270,309

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

UCLC (Unicredit Leasing Corporation)				
in RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	30.06.2022
Leasing receivables - real estate assets financed	284,862	98,785	-	383,647
Other leasing receivables - legal entities and retail	3,473,837	181,922	-	3,655,759
Leasing receivables before provisions	3,758,699	280,707	-	4,039,406
Less impairment allowance for lease receivables	(100,355)	(187,174)	-	(287,529)
Net lease receivables	3,658,344	93,533	-	3,751,877

UCLC (Unicredit Leasing Corporation)				
in RON thousands	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	31.12.2021
Leasing receivables - real estate assets financed	312,793	94,739	-	407,532
Other leasing receivables - legal entities and retail	3,379,829	210,947	-	3,590,776
Leasing receivables before provisions	3,692,622	305,686	-	3,998,308
Less impairment allowance for lease receivables	(87,962)	(188,044)	-	(276,006)
Net lease receivables	3,604,660	117,642	-	3,722,302

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

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

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

in RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Investment securities held at fair value through other comprehensive income	1,821,525	1,668,986	1,821,525	1,668,986
Equity investments (minority holdings)	6,709	8,429	4,363	6,083
Total	1,828,234	1,677,415	1,825,888	1,675,069

Investment securities held at fair value through other comprehensive income

As at 30 June 2022, 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 1,821,525 (31 December 2021 RON thousands 1.668.986).

in RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Investment-grade	1,821,525	1,668,986	1,821,525	1,668,986
No rating*	6,709	8,429	4,363	6,083
Total	1,828,234	1,677,415	1,825,888	1,675,069

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

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

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

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

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

As at 30 June 2022, the investment securities held at fair value through other comprehensive income are pledged in amount of RON thousands 432,700 (31 December 2021: RON thousands 0).

The Group transferred to profit or loss during 2022 an amount of RON thousands 0 (30 June 2021: RON thousands 42.291) 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 2022 and 31 December 2021:

**Notes to the interim condensed consolidated and separate financial statements
for the six months period ended 30 June 2022**

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

30.06.2022 In RON thousands	Group	% Interest held	Fair value
	Nature of business		
UniCredit Leasing Fleet Management	Operational leasing	9.99%	2,346
Transfond SA	Other financial services	8.04%	2,896
Biroul de Credit SA	Financial services	6.80%	997
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	470
Total			6,709

31.12.2021 In RON thousands	Group	% Interest held	Fair value
	Nature of business		
UniCredit Leasing Fleet Management	Operational leasing	9.99%	2,346
Transfond SA	Other financial services	8.04%	4,355
Biroul de Credit SA	Financial services	6.80%	1,191
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	537
Total			8,429

The above mentioned companies are incorporated in Romania.

The Bank held the following unlisted equity investments classified as FVTOCI as at 30 June 2022 and 31 December 2021:

30.06.2022 In RON thousands	Bank	% Interest held	Fair value
	Nature of business		
Transfond SA	Other financial services	8.04%	2,896
Biroul de Credit SA	Financial services	6.80%	997
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	470
Total			4,363

31.12.2021 In RON thousands	Bank	% Interest held	Fair value
	Nature of business		
Transfond SA	Other financial services	8.04%	4,355
Biroul de Credit SA	Financial services	6.80%	1,191
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	537
Total			6,083

The above mentioned companies are incorporated in Romania.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

19. FINANCIAL ASSETS (DEBT INSTRUMENTS) AT AMORTIZED COST

As at 30 June 2022, the Group and the Bank held debt instruments at amortized cost representing bonds and T-bills issued by Romanian Government in amount of RON thousands 9,107,666 (31 December 2021: RON thousands 7,950,629).

As at 30 June 2022, the debt instruments at amortized cost are pledged in amount of RON thousands 5,154 (31 December 2021: RON thousands 549,653).

As at 30 June 2022 the Group and the Bank held debt instruments at amortized cost which can be included in the Investment grade category (debts for which the issuers have the following ratings: A+, A, A-, BBB+, BBB, BBB-, BAA1 and BAA3, issued by Standard & Poor, in case of availability, or Moody's and Fitch converted at the equivalent on the rating scale Standard & Poor).

20. DEPOSITS FROM BANKS

In RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Term deposits	409,566	246,498	409,566	246,498
Sight deposits	316,601	420,492	316,601	420,492
Total	726,167	666,990	726,167	666,990

21. LOANS FROM BANKS

In RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Commercial Banks	2,678,583	2,734,476	9,471	18,957
Multilateral development banks	1,385,644	1,261,441	584,625	551,964
Total	4,064,227	3,995,917	594,096	570,921

As at 30 June 2022, the final maturity of loans varies from November 2022 to September 2026.

UniCredit Consumer Financing IFN SA didn't make during the year 2022 any withdrawals.

UniCredit Leasing Corporation IFN S.A. made during the year 2022 a drawdown in amount of EUR 25 million due in 2027 from a facility approved in 2020 by the Council of Europe Development Bank. The funds were withdrawn for the purpose of granting leasing loans in order to support MSMEs for the creation and preservation of viable jobs.

UniCredit Bank S.A. made a disbursement in 2022 from a facility approved in 2020 by the European Investment Bank in a total amount of EUR 25 million (RON 123,697,500) with a maturity of 3 years. The funds were raised to finance companies affected by the pandemic.

22. DEPOSITS FROM CUSTOMERS

In RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Term deposits	10,288,914	7,124,232	10,309,053	7,139,262
Payable on demand	30,774,667	31,867,687	30,937,862	31,930,448
Collateral deposits	942,145	998,460	941,686	999,328
Certificates of deposits	31	105	31	105
Total	42,005,757	39,990,484	42,188,632	40,069,143

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

23. SUBORDINATED LIABILITIES

In RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
UniCredit SPA	834,712	835,325	834,712	835,325
UniCredit Bank Austria AG	108,799	108,858	-	-
Total	943,511	944,183	834,712	835,325

As of 30 June 2022, the following agreements were in place:

- subordinated debt from UniCredit SPA, Italy, in amount of in eq. RON thousands 239,852 (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 593,448 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 108,799 (EUR thousands 22,000), with maturity in July 2024, beneficiary Unicredit Leasing Corporation IFN S.A.;

Interest accrued amounts to eq. RON thousands 1,412 (EUR thousands 286).

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	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Provision for financial guarantees	109,594	110,298	115,894	116,006
Provision for legal disputes	16,678	15,087	12,167	9,792
Provision for off-balance commitments	68,387	87,536	63,740	83,261
Other provisions	6,921	7,203	6,855	7,142
Total	201,580	220,124	198,656	216,201

The movements in provisions during the year were as follows:

In RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Balance at 31 December	220,124	223,576	216,201	193,874
Net expense/(release) with provision for financial guarantees and off-balance commitments	(19,729)	5,341	(19,737)	4,092
Net expense/(release) with provision for legal disputes	2,598	(7,246)	2,376	715
Net expense/(release) with other provisions	(872)	(431)	(286)	(329)
FX effect	(541)	1,648	102	1,572
Balance at 30 June	201,580	222,888	198,656	199,924

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

25. ISSUED CAPITAL

The statutory share capital of the Bank as at 30 June 2022, is represented by 48,948,331 ordinary shares (31 December 2021: 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:

	Bank	
	30.06.2022	31.12.2021
	%	%
UniCredit SpA*)	98.6298	98.6298
Other shareholders	1.3702	1.3702
Total	100	100

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

The share capital comprises of the following:

In RON thousands	Bank	
	30.06.2022	31.12.2021
Statutory share capital	455,219	455,219
Effect of hyperinflation – IAS 29	722,529	722,529
Share capital under IFRS	1,177,748	1,177,748

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

26. RELATED PARTY TRANSACTIONS

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

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

In RON thousands	Group 30.06.2022		31.12.2021	
	Parent Company	Other related entities	Parent Company	Other related entities
Derivative assets at fair value through profit or loss	9,425	55,620	2	6,550
Derivatives assets designated as hedging instruments	6,810	14,197	-	540
Current accounts and deposits at banks	4,091,395	104,814	5,873,361	19,218
Loans and advances to banks	-	157,256	21,413	77,669
Loans and advances to customers	-	10,796	-	40,641
Other assets	14,749	16,088	17,650	15,684
Outstanding receivables	4,122,379	358,771	5,912,426	160,302
Derivative liabilities at fair value through profit or loss	2,019	9,452	9,735	16,315
Derivatives liabilities designated as hedging instruments	-	194,517	10,630	56,182
Current accounts	43,492	249,894	14,204	223,568
Deposit attracted	14,441	211,997	3,538	165,467
Loans received	1,136,007	46,354	2,249,110	238,288
Debts securities issued	544,291	-	544,291	-
Subordinated liabilities	834,712	109	835,325	108,858
Other liabilities	581,506	25,224	3,907	8,929
Outstanding payables	3,156,468	737,547	3,670,740	817,607
Commitments	197,935	333,280	1,379,069	363,828

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

26. RELATED PARTY TRANSACTIONS (continued)

In RON thousands	Group 30.06.2022		30.06.2021	
	Parent Company	Other related entities	Parent Company	Other related entities
Interest income	1,677	116	5	334
Interest expense	(88,449)	(18,033)	(68,759)	(16,262)
Fee and commission income	1,645	2,311	2,648	4,122
Fee and commission expense	(39)	(472)	(34)	(514)
Other operating income	-	80	-	1,600
Operating expenses	(955)	(33,443)	(831)	(26,110)
Net revenue / (expense)	(86,121)	(49,441)	(66,971)	(36,830)

	Bank 30.06.2022			31.12.2021		
	Parent Company	Subsidiaries	Other related entities	Parent Company	Subsidiaries	Other related entities
Derivative assets at fair value through profit or loss	9,425	-	55,620	2	-	6,550
Derivatives assets designated as hedging instruments	6,810	-	14,197	-	-	540
Current accounts and deposits at banks	4,091,395	-	104,595	5,873,361	-	19,215
Loans and advances to banks	-	-	157,256	21,413	-	77,669
Loans and advances to customers	-	1,173,375	10,796	-	869,083	40,641
Other assets	14,582	249	16,019	16,834	2,400	11,712
Outstanding receivables	4,122,212	1,173,624	358,483	5,911,610	871,483	156,327
Derivative liabilities at fair value through profit or loss	2,019	-	9,452	9,735	-	16,315
Derivatives liabilities designated as hedging instruments	-	-	194,517	10,630	-	56,182
Current accounts	43,492	302,146	249,894	14,204	242,541	223,568
Deposit attracted	14,441	20,465	211,997	3,538	16,363	165,467
Loans received	-	-	9,396	-	-	18,803
Debts securities issued	544,291	-	-	544,291	-	-
Subordinated liabilities	834,712	-	-	835,325	-	-
Other liabilities	581,505	-	25,224	3,390	-	8,903
Outstanding payables	2,020,460	322,611	700,480	1,421,113	258,904	489,238
Commitments	197,935	509,690	333,280	200,072	215,126	363,828

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

26. RELATED PARTY TRANSACTIONS (continued)

	Bank			Bank		
	30.06.2022			30.06.2021		
	Parent Company	Subsidiaries	Other related entities	Parent Company	Subsidiaries	Other related entities
Interest income	1,677	12,902	116	5	362	334
Interest expense	(36,464)	(301)	(916)	(29,808)	(99)	(916)
Fee and commission income	1,645	16,131	2,303	2,648	15,735	4,122
Fee and commission expense	(39)	-	(472)	(34)	-	(510)
Other operating income	-	2,124	79	-	1,852	131
Operating expenses	(955)	-	(32,448)	(831)	(504)	(25,598)
Net revenue/ (expense)	(34,136)	30,856	(31,338)	(28,020)	17,346	(22,437)

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 are presented in the below tables:

In RON thousands	Group	
	30.06.2022	31.12.2021
Loans	7,174	6,788
Current accounts and deposits	18,238	16,163

In RON thousands	Group	
	30.06.2022	30.06.2021
Interest and similar income	83	82
Interest expenses and similar charges	(38)	(47)

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

27. COMMITMENTS AND CONTINGENCIES

i) Off-balance-sheet commitments

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

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

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

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Convenience translation in English of the original Romanian version.

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

27. COMMITMENTS AND CONTINGENCIES (continued)

i) Off-balance-sheet commitments (continued)

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

In RON thousands	Group Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	30.06.2022
Loan commitments	14,162,678	59,400	-	14,222,078
committed	3,937,841	6,129	-	3,943,970
uncommitted	10,224,837	53,271	-	10,278,108
Letters of credit	332,951	8,618	-	341,569
Guarantees issued	4,520,956	116,230	-	4,637,186
Gross amount	19,016,585	184,248	-	19,200,833
Allowance for impairment - Loan commitments	(30,963)	(31,639)	-	(62,602)
Allowance for impairment - Letters of credit	(1,071)	(3,716)	-	(4,787)
Allowance for impairment - Guarantees issued	(34,022)	(75,367)	-	(109,389)
Total loss allowance	(66,056)	(110,722)	-	(176,778)
Carrying amount	18,950,529	73,526	-	19,024,055

In RON thousands	Group Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	31.12.2021
Loan commitments	12,947,244	100,189	-	13,047,433
committed	3,859,617	8,666	-	3,868,283
uncommitted	9,087,627	91,523	-	9,179,150
Letters of credit	238,684	464	-	239,148
Guarantees issued	4,622,991	118,294	-	4,741,285
Gross amount	17,808,919	218,947	-	18,027,866
Allowance for impairment - Loan commitments	(24,839)	(59,544)	-	(84,383)
Allowance for impairment - Letters of credit	(1,842)	(359)	-	(2,201)
Allowance for impairment - Guarantees issued	(34,897)	(75,165)	-	(110,062)
Total loss allowance	(61,578)	(135,068)	-	(196,646)
Carrying amount	17,747,341	83,879	-	17,831,220

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

27. COMMITMENTS AND CONTINGENCIES (continued)

i) Off-balance-sheet commitments (continued)

In RON thousands	Bank			Of which: POCI financial assets	30.06.2022
	Stage 1 and Stage 2	Stage 3			
Loan commitments	13,976,231	57,076		-	14,033,307
committed	3,751,394	3,805		-	3,755,199
uncommitted	10,224,837	53,271		-	10,278,108
Letters of credit	332,951	8,618		-	341,569
Guarantees issued	4,521,282	116,230		-	4,637,512
Gross amount	18,830,464	181,924		-	19,012,388
Allowance for impairment - Loan commitments	(27,929)	(31,025)		-	(58,954)
Allowance for impairment - Letters of credit	(1,071)	(3,716)		-	(4,787)
Allowance for impairment - Guarantees issued	(40,322)	(75,367)		-	(115,689)
Total loss allowance	(69,322)	(110,108)		-	(179,430)
Carrying amount	18,761,142	71,816		-	18,832,958

RON thousands	Bank			Of which: POCI financial assets	31,12,2021
	Stage 1 and Stage 2	Stage 3			
Loan commitments	12,446,977	97,630		-	12,544,607
committed	3,359,350	6,107		-	3,365,457
uncommitted	9,087,627	91,523		-	9,179,150
Letters of credit	238,684	464		-	239,148
Guarantees issued	4,624,324	118,294		-	4,742,618
Gross amount	17,309,985	216,388		-	17,526,373
Allowance for impairment - Loan commitments	(22,141)	(58,917)		-	(81,058)
Allowance for impairment - Letters of credit	(1,842)	(359)		-	(2,201)
Allowance for impairment - Guarantees issued	(40,606)	(75,165)		-	(115,771)
Total loss allowance	(64,589)	(134,441)		-	(199,030)
Carrying amount	17,245,396	81,947		-	17,327,343

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 2022 is EUR 11,053,590 (31 December 2021: EUR 13,842,420).

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.

27. COMMITMENTS AND CONTINGENCIES *(continued)*

ii) Litigations

As at 30 June 2022, 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 16,678 (31 December 2021: RON thousands 15,087) is necessary to be booked.

As at 30 June 2022, the Bank was involved in several litigations (as a defendant) for which, based upon legal advice, has assessed that a provision amounting to RON thousands 8,317 (31 December 2021: RON thousands 5,942) is necessary to be booked for these claims. In addition, in 2016, a general provision of RON thousands 3,850 was set, being maintained both 2020 and 2021 to ensure a conservative approach to the related provisions.

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28. OPERATING SEGMENTS

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

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

28. OPERATING SEGMENTS (continued)

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

30.06.2022 In RON thousands	CIB	Leasing	Group		Total
			Retail & PB	Other	
Interest income using EIR	350,699	-	268,372	117,779	736,850
Other interest income	-	62,751	-	-	62,751
Net fee and commission income	99,633	30,845	73,327	2,121	205,926
Net income from trading and other financial instruments which are not at fair value through profit or loss	105,734	-	27,012	(1,053)	131,693
FX Gains/ (Losses)	2,191	10,375	29	-	12,595
Dividend income	-	-	-	3,196	3,196
Other operating income	(1,266)	16,817	5,518	(2,036)	19,033
Operating income	556,991	120,788	374,258	120,007	1,172,044
Operating expenses	(252,363)	(42,020)	(270,432)	(14,246)	(579,061)
Net impairment losses on financial assets	26,617	(17,123)	(134,289)	19,729	(105,066)
Losses on modifications of financial assets	-	-	153	-	153
Net operating income	331,245	61,645	(30,310)	125,490	488,070
Net provision losses	-	177	(412)	(1,491)	(1,726)
Net impairment losses on non-financial assets	-	-	-	576	576
Profit before taxation	331,245	61,822	(30,722)	124,575	486,920
Income tax	(51,805)	(10,884)	2,507	(21,356)	(81,538)
Net profit for the year	279,440	50,938	(28,215)	103,219	405,382

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

28. OPERATING SEGMENTS *(continued)*

Segment reporting on Group's interim condensed consolidated statement of comprehensive income as of 30 June 2021:

30.06.2021 In RON thousands	CIB	Leasing	Group Retail & PB	Other	Total
Interest income using EIR	286,156	-	253,505	66,035	605,696
Other interest income	-	60,272	-	-	60,272
Net fee and commission income	77,674	30,300	77,994	3,190	189,158
Net income from trading and other financial instruments which are not at fair value through profit or loss	171,725	-	30,832	4,407	206,964
FX Gains/ (Losses)	4,082	10,626	8	-	14,716
Dividend income	-	-	-	2,229	2,229
Other operating income	838	3,564	5,434	(2,901)	6,935
Operating income	540,475	104,762	367,773	72,960	1,085,970
Operating expenses	(207,230)	(45,158)	(269,992)	(5,411)	(527,791)
Net impairment losses on financial assets	73,859	881	(118,275)	(5,994)	(49,529)
Losses on modifications of financial assets	-	-	(65)	-	(65)
Net operating income	407,104	60,485	(20,559)	61,555	508,585
Net provision losses	-	5,867	893	917	7,677
Net impairment losses on non-financial assets	-	(153)	-	1,759	1,606
Profit before taxation	407,104	66,199	(19,666)	64,231	517,868
Income tax	(65,137)	(13,374)	1,581	(4,722)	(81,652)
Net profit for the year	341,967	52,825	(18,085)	59,509	436,216

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

28. OPERATING SEGMENTS (continued)

Segment reporting on Bank's income statements as of 30 June 2022:

30.06.2022 In RON thousands	Bank			Total
	CIB	Retail & PB	Other	
Interest income using EIR	350,699	185,162	117,599	653,460
Net fee and commission income	99,633	86,293	(336)	185,590
Net income from trading and other financial instruments which are not at fair value through profit or loss	105,734	19,879	(1,053)	124,560
FX Gains/ (Losses)	2,191	-	-	2,191
Dividend income	-	-	3,196	3,196
Other operating income	(1,266)	6,697	749	6,180
Operating income	556,991	298,031	120,155	975,177
Operating expenses	(252,363)	(244,866)	(18,202)	(515,431)
Net impairment losses on financial assets	26,617	(92,495)	15,612	(50,266)
Losses on modifications of financial assets	-	153	-	153
Net operating income	331,245	(39,177)	117,565	409,633
Net provision losses	-	-	(2,090)	(2,090)
Net impairment losses on non-financial assets	-	-	576	576
Profit before taxation	331,245	(39,177)	116,051	408,119
Income tax	(51,805)	6,268	(21,356)	(66,893)
Net profit for the year	279,440	(32,909)	94,695	341,226

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

28. OPERATING SEGMENTS (continued)

Segment reporting on Bank's income statements as of 30 June 2021:

30.06.2021 In RON thousands	Bank			Total
	CIB	Retail & PB	Other	
Interest income using EIR	286,156	165,684	66,056	517,896
Net fee and commission income	77,674	90,431	70	168,175
Net income from trading and other financial instruments which are not at fair value through profit or loss	171,725	30,527	4,407	206,659
FX Gains/ (Losses)	4,082	-	-	4,082
Dividend income	-	-	2,229	2,229
Other operating income	838	5,259	(558)	5,539
Operating income	540,475	291,901	72,204	904,580
Operating expenses	(207,230)	(248,548)	(9,282)	(465,060)
Net impairment losses on financial assets	73,859	(96,285)	(5,037)	(27,463)
Losses on modifications of financial assets	-	(65)	-	(65)
Net operating income	407,104	(52,997)	57,885	411,992
Net provision losses	-	-	(386)	(386)
Net impairment losses on non-financial assets	-	-	1,759	1,759
Profit before taxation	407,104	(52,997)	59,258	413,365
Income tax	(65,137)	8,480	(4,722)	(61,379)
Net profit for the year	341,967	(44,517)	54,536	351,986

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

28. OPERATING SEGMENTS (continued)

Segment reporting on Group's interim condensed consolidated statement of financial position as of 30 June 2022

30.06.2022	Group				
In RON thousands	CIB	Leasing	Retail & PB	Other	Total
Total assets	21,407,109	4,970,039	9,588,052	24,216,282	60,181,482
Total liabilities	25,562,327	4,036,010	18,335,502	6,044,507	53,978,346
Total equity	-	-	-	6,203,136	6,203,136
Total liabilities and equity	25,562,327	4,036,010	18,335,502	12,247,643	60,181,482

Segment reporting on Group's consolidated statement of financial position as of 31 December 2021

31.12.2021	Group				
In RON thousands	CIB	Leasing	Retail & PB	Other	Total
Total assets	20,417,067	4,996,474	11,135,227	19,364,091	55,912,859
Total liabilities	22,078,753	4,461,885	17,930,651	4,896,823	49,368,112
Total equity	-	-	-	6,544,747	6,544,747
Total liabilities and equity	22,078,753	4,461,885	17,930,651	11,441,570	55,912,859

Notes to the interim condensed consolidated and separate financial statements for the six months period ended 30 June 2022

28. OPERATING SEGMENTS (continued)

Segment reporting on Bank's separate statement of financial position as of 30 June 2022:

30.06.2022	Bank			
In RON thousands	CIB	Retail & PB	Other	Total
Total assets	21,407,109	7,442,272	25,573,032	54,422,413
Total liabilities	25,562,327	16,452,507	6,916,873	48,931,707
Total equity	-	-	5,490,706	5,490,706
Total liabilities and equity	25,562,327	16,452,507	12,407,579	54,422,413

Segment reporting on Bank's separate statement of financial position as of 31 December 2021:

31.12.2021	Bank			
In RON thousands	CIB	Retail & PB	Other	Total
Total assets	20,417,067	9,151,976	20,606,456	50,175,499
Total liabilities	22,078,753	17,889,957	4,309,970	44,278,680
Total equity	-	0	5,896,819	5,896,819
Total liabilities and equity	22,078,753	17,889,957	10,206,789	50,175,499

29. MACROECONOMIC CONTEXT

29.1 Trend of economy

Large statistical revisions to 2021 data turned Romania from a growth laggard into one of the EU's top performers and postponed the risk of a technical recession. The outstanding growth published for the first quarter of 2022 (5.2% qoq, 6.5% yoy) relied on four sectors, namely trade, IT, support services and real estate services. For the latter three, the National Institute of Statistics (NIS) reported price declines compared to first quarter of 2021, in contrast to rising producer and consumer prices. Data revisions force economists to increase GDP growth expectations significantly to approximately 4.2% in 2022 from 1.4% previously, with the carryover accounting for the whole upgrade. However, the nominal GDP forecast remains almost unchanged, since 1Q22 forecast was equal to the level published by the NIS.

Signals from the economy suggest that domestic demand is decreasing after significant increase in the spring. Facing higher prices and interest rates, households increased purchases in 1H22 and spent most of the precautionary savings accumulated in 2020-21, while also borrowing more. However, inflation is likely to outpace wage growth from here on, with salaries rising faster in sectors in which they lagged in 2020-21 or where labor shortages are high (IT, retail, leisure services and construction). Negative real wage growth is likely to slow growth in private consumption and lending.

In 2021-22, investment has been driven by real estate projects, with non-residential overtaking housing recently. However, construction is one of the most leveraged sectors in Romania and higher borrowing costs could eventually weigh on new building starts. Public investment increased by 7% this year, helped by EUR 3.8bn in prefunding from the RRF, but it could slow if the government does not receive soon the first RRF tranche of almost EUR 3bn (1.1% of GDP). Productive investment continues to rely heavily on reinvested profits, while the pipeline of new investment projects could be affected again by the uncertain tax outlook.

29.2 COVID- 19 – updates in 2022

Although the pandemic situation improved significantly during 2021 and in first half of 2022 and it had a lower impact on economic activity, most of the support measures from 2020 were efficient and were continued in order to avoid the potentially negative consequences of a too early withdrawal of stimulus. Thus, the government support measures for employers (such as furlough support, facilities for employing young graduates or unemployed over 45 years old and several other measures) were kept in place in 2021, while the moratorium on loans was extended until March 2021. At the same time, the "IMM Invest" program was allocated RON 15bn in 2021 in loans to SMEs, while large companies (turnover > EUR 20mn) benefitted as well from government support programs. Moreover, the first NRRP transfers arrived at the turn of 2021, totaling around EUR 3.8bn. Next Generation EU (NGEU) grants and delayed transfers from the 2014-2020 EU budget are expected to support public investment in 2022 and beyond.

29.3 Financial impact of Covid-19 outbreak on the financial & prudential position of the Group

After a year 2021 with difficult market conditions in the context of the pandemic, in first half of 2022 the lending accelerated, both in the Companies segment and in the Individuals segment, through newly financed volumes higher than the similar period of last year. Operating income was over the first half of 2021, supported by commission income and net interest income due to the increase in trade volumes. In the first six months of 2022, the cost of credit risk improved due to the quality of the loan portfolio, significant recoveries and the resumption of payments from customers who benefited from their suspension in the context of the pandemic, and the non-performing loans rate decreased gradually.

Regarding **UCLC**, the newly financed volumes signed are 1.3% above the previous year, while interest income was higher than the previous year, as were other types of operating income, contributing to a higher Gross Operating Profit than the previous year and the budgetary estimates.

Also in case of **UCFIN** there was an acceleration of the lending activity of natural persons for personal needs, simultaneously with a significant improvement of the quality of the portfolio as well as of the activity of collecting outstanding debts.

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 considers that the assessment of the business continuity principle is appropriate and there is no risk in this regard over the next 12 months.

30. SUBSEQUENT EVENTS

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

The interim condensed consolidated and separate financial statements were approved by the Management Board on 22 July 2022 and were signed on its behalf by:

Mr. Catalin Rasvan Radu
Chief Executive Officer



Mrs. Feza Tan
Executive Vice-President



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