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# Unaudited Interim Condensed Separate Financial Statements 30 June 2021

prepared in accordance with IAS 34  
“Interim Financial Reporting”



## **UniCredit Bank S.A.**

Unaudited Interim Condensed  
Separate Financial Statements  
30 June 2021

prepared in accordance with  
IAS 34 "Interim Financial Reporting"

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## Unaudited Interim condensed separate financial statement of Financial Position for the six months period ended 30 June 2021

In RON thousands	Note	30.06.2021	Bank 30.06.2020 *Restated
Interest income		607,572	662,241
Interest expense		(89,676)	(167,775)
<b>Net interest income</b>	<b>7</b>	<b>517,896</b>	<b>494,466</b>
Fee and commission income		243,453	200,559
Fee and commission expense		(75,278)	(63,134)
<b>Net fee and commission income</b>	<b>8</b>	<b>168,175</b>	<b>137,425</b>
Net income from instruments at fair value through profit and loss	9	165,062	161,629
Net gain/(loss) from foreign exchange		4,082	25,211
Fair value adjustments in hedge accounting		(843)	437
Net gain/(loss) from derecognition of financial assets measured at amortised cost*		149	2,429
Net gain/(loss) from derecognition of financial assets measured at FVTOCI*		42,291	49,656
Dividend income		2,229	1,972
Other operating income		5,539	6,038
<b>Operating income</b>		<b>904,580</b>	<b>879,263</b>
Personnel expenses	10	(202,164)	(186,880)
Depreciation and impairment of tangible assets		(46,095)	(45,856)
Amortization and impairment of intangible assets		(26,450)	(20,970)
Other administrative costs	11	(184,669)	(157,678)
Other operating costs		(5,682)	(5,202)
<b>Operating expenses</b>		<b>(465,060)</b>	<b>(416,586)</b>
<b>Net operating income</b>		<b>439,520</b>	<b>462,677</b>
Net impairment losses on financial assets*	12	(23,371)	(86,572)
Losses on modification of financial assets*		(65)	(2,529)
Net impairment losses on non-financial assets		1,759	(2,788)
Net provision gains/ (losses)		(4,478)	(21,709)
<b>Profit before tax</b>		<b>413,365</b>	<b>349,079</b>
Income tax expense	13	(61,379)	(50,611)
<b>Net profit for the year</b>		<b>351,986</b>	<b>298,468</b>

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

**Unaudited Interim condensed separate financial statement of Financial Position  
for the six months period ended 30 June 2021**

In RON thousands	30.06.2021	Bank 30.06.2020 *Restated
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Revaluation of property, plant and equipment*	735	(770)
Movement in investment revaluation reserve for equity instruments at FVTOCI*	894	(900)
Income tax relating to items that will not be reclassified subsequently to profit or loss*	(284)	250
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>1,345</b>	<b>(1,420)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
<b>Movement in reserve for debt instruments at FVTOCI:</b>		
Gains/(losses) arising during the period*	92	(2,908)
Reclassification of (gains)/losses included in profit or loss*	(42,291)	(49,656)
<b>Net changes in cash flow hedging reserve:</b>		
Gains/(losses) arising during the period*	7,184	(1,390)
Reclassification of (gains)/losses included in profit or loss*	1,214	(823)
Income tax relating to items that may be reclassified subsequently to profit or loss*	5,408	8,764
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>(28,393)</b>	<b>(46,013)</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>(27,048)</b>	<b>(47,433)</b>
<b>Total comprehensive income for the year</b>	<b>324,938</b>	<b>251,035</b>

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

The interim condensed separate financial statements were approved by the Management Board on 28 October 2021 and were signed on its behalf by:

**Mr. Catalin Rasvan Radu**  
Chief Executive Officer



**Mr. Philipp Gamauf**  
Chief Financial Officer



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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.

## Unaudited Interim condensed separate financial statement of Financial Position for the six months period ended 30 June 2021

In RON thousands	Note	Bank	
		30.06.2021	31.12.2020
<b>Assets:</b>			
Cash and cash equivalents	14	8,881,710	12,229,614
Financial assets at fair value through profit or loss	15	481,084	555,337
Derivatives assets designated as hedging instruments		1,533	-
Loans and advances to banks at amortized cost		196,704	212,130
Loans and advances to customers at amortized cost	16	24,100,939	22,286,540
Debt instruments at amortized cost	18	7,853,088	6,148,138
Other financial assets at amortized cost		162,650	117,695
Financial assets at fair value through other comprehensive income	17	2,209,530	3,018,027
Investment in subsidiaries		143,116	143,116
Property, plant and equipment		197,570	205,101
Right of use assets		173,856	189,896
Intangible assets		240,700	231,976
Deferred tax assets		48,000	41,246
Other assets		61,444	66,942
<b>Total assets</b>		<b>44,751,924</b>	<b>45,445,758</b>
<b>Liabilities:</b>			
Financial liabilities at fair value through profit or loss	15	39,632	73,017
Derivatives liabilities designated as hedging instruments		61,705	81,216
Deposits from banks	19	810,291	595,076
Loans from banks and other financial institutions at amortized cost	20	657,524	778,203
Deposits from customers	21	34,804,890	36,259,081
Debt securities issued		470,004	470,747
Other financial liabilities at amortized cost		805,238	453,359
Subordinated liabilities	22	831,852	822,466
Lease liabilities		176,504	192,717
Current tax liabilities		41,510	969
Provisions	23	199,924	193,874
Other non-financial liabilities		166,942	164,315
<b>Total liabilities</b>		<b>39,066,016</b>	<b>40,085,040</b>

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**Unaudited Interim condensed separate financial statement of Financial Position  
for the six months period ended 30 June 2021**

In RON thousands	Note	Bank	
		30.06.2021	31.12.2020
<b>Equity</b>			
Share capital		1,177,748	1,177,748
Share premium account		621,680	621,680
Cash flow hedging reserve		(39,387)	(46,441)
Reserve on financial assets at fair value through other comprehensive income		73,212	107,908
Revaluation reserve on property, plant and equipment		13,316	12,722
Other reserves		365,496	325,516
Retained earnings		3,473,843	3,161,585
<b>Total equity for parent company</b>		<b>5,685,908</b>	<b>5,360,718</b>
Non-controlling interest		-	-
<b>Total equity</b>		<b>5,685,908</b>	<b>5,360,718</b>
<b>Total liabilities and equity</b>		<b>44,751,924</b>	<b>45,445,758</b>

The interim condensed separate financial statements were approved by the Management Board on 28 October 2021 and were signed on its behalf by:

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Chief Executive Officer



**Mr. Philipp Gamauf**  
Chief Financial Officer



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## Unaudited Interim condensed separate financial statement of Changes in Equity for the six months period ended 30 June 2021

30.06.2021 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 2020	1,177,748	107,908	(46,441)	12,722	325,516	621,680	3,161,585	5,360,718
<b>Comprehensive income for the year</b>								
Net profit for the year	-	-	-	-	-	-	351,986	351,986
<b>Other comprehensive income net of tax</b>								
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
<b>Total other comprehensive income</b>	-	(34,696)	7,054	594	-	-	-	(27,048)
<b>Total comprehensive income for the year</b>	-	(34,696)	7,054	594	-	-	351,986	324,938
Transfer to other reserves*	-	-	-	-	39,980	-	(39,980)	-
Other movements	-	-	-	-	-	-	252	252
<b>Balance at 30 June 2021</b>	<b>1,177,748</b>	<b>73,212</b>	<b>(39,387)</b>	<b>13,316</b>	<b>365,496</b>	<b>621,680</b>	<b>3,473,843</b>	<b>5,685,908</b>

\* 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 amounting to 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 separate financial statements were approved by the Management Board on 28 October 2021 and were signed on its behalf by:

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Chief Executive Officer



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

30.06.2020 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 2019	1,177,748	20,330	(47,833)	12,682	298,289	621,680	2,786,154	4,869,050
<b>Comprehensive income for the year</b>								
Net profit for the year	-	-	-	-	-	-	298,468	298,468
<b>Other comprehensive income net of tax</b>								
Revaluation of property, plant and equipment, net of tax	-	-	-	(664)	-	-	-	(664)
Net change in fair value of financial assets through other comprehensive income, net of tax	-	(44,910)	-	-	-	-	-	(44,910)
Net change in cash flow hedging reserve, net of tax	-	-	(1,859)	-	-	-	-	(1,859)
<b>Total other comprehensive income</b>	-	<b>(44,910)</b>	<b>(1,859)</b>	<b>(664)</b>	-	-	-	<b>(47,433)</b>
<b>Total comprehensive income for the year</b>	-	<b>(44,910)</b>	<b>(1,859)</b>	<b>(664)</b>	-	-	<b>298,468</b>	<b>251,035</b>
Transfer to other reserves*	-	-	-	-	28,180	-	(28,180)	-
Other movements	-	-	-	-	-	-	241	241
<b>Balance at 30 June 2020</b>	<b>1,177,748</b>	<b>(24,580)</b>	<b>(49,692)</b>	<b>12,018</b>	<b>326,469</b>	<b>621,680</b>	<b>3,056,683</b>	<b>5,120,326</b>

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

The interim condensed separate financial statements were approved by the Management Board on 28 October 2021 and were signed on its behalf by:

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## Unaudited Interim condensed separate financial statement of Cash Flows for the six months period ended 30 June 2021

In RON thousands	Note	Bank 30.06.2021	30.06.2020 *Restated
Profit for the year before tax	13	413,365	349,079
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization of property, plant and equipment and of intangible assets		72,545	66,826
Net impairment losses on financial assets		72,227	105,274
Fair value (gain)/loss on derivatives and other financial assets held for trading		(6,635)	(3,139)
Other items for which the cash effects are investing or financing		9,796	4,515
Other non-cash items*		46,543	13,970
<b>Operating profit before changes in operating assets and liabilities*</b>		<b>607,841</b>	<b>536,525</b>
<b>Change in operating assets:</b>			
Decrease in financial assets at fair value through profit and loss/other comprehensive income		798,269	3,828,340
Acquisition of debt instruments at amortized cost		(1,641,208)	(4,014,368)
Decrease in loans and advances to banks		14,252	142,767
(Increase)/Decrease in loans and advances to customers		(1,852,990)	235,517
(Increase)/Decrease in other assets		(36,076)	(3,576)
<b>Change in operating liabilities:</b>			
Increase/(Decrease) in deposits from banks		215,245	(332,770)
Decrease in deposits from customers		(1,658,560)	(1,439,610)
Increase in other liabilities		353,315	330,906
Income tax paid		(22,468)	(21,542)
<b>Net cash used in operating activities*</b>		<b>(3,222,380)</b>	<b>(737,811)</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(42,977)	(58,483)
Dividends received		2,312	2,322
<b>Net cash used in investing activities</b>		<b>(40,665)</b>	<b>(56,161)</b>

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

## Unaudited Interim condensed separate financial statement of Cash Flows for the six months period ended 30 June 2021

In RON thousands	Note	Bank 30.06.2021	30.06.2020 *Restated
<b>Financing activities</b>			
Dividends paid		(91)	(298)
Repayments of loans from financial institutions		(127,422)	(151,488)
Drawdowns from loans from financial institutions		-	193,660
Repayment of the lease liabilities		(32,223)	(30,324)
<b>Net cash used in financing activities</b>		<b>(159,736)</b>	<b>11,550</b>
<b>Net decrease in cash and cash equivalents*</b>		<b>(3,422,781)</b>	<b>(782,422)</b>
Cash and cash equivalents at 1 January - gross value		12,234,872	11,698,363
Effect of foreign exchange rate changes*		70,926	78,893
Cash and cash equivalents at 30 June - gross value	14	8,883,017	10,994,834
Impairment allowance		(1,307)	(4,998)
Cash and cash equivalents at 30 June -net value	14	8,881,710	10,989,836

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

In RON thousands	Note	Bank 30.06.2021	30.06.2020 *Restated
Cash flow from operating activities include:			
Interest received		615,631	677,755
Interest paid		(98,002)	(131,950)

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

The interim condensed separate financial statements were approved by the Management Board on 28 October 2021 and were signed on its behalf by:

**Mr. Catalin Rasvan Radu**  
Chief Executive Officer



**Mr. Philipp Gamauf**  
Chief Financial Officer



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# Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

## 1. REPORTING ENTITY

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.

As at 30 June 2021 the Bank carried out its activity in Romania through its Head Office located in Bucharest and through its network, having 145 branches (31 December 2020: 146) in Bucharest and in the country.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These interim condensed separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union, IAS 34 – “Interim Financial Reporting”. These financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the separate financial statements of the Bank as at and for the year ended 31 December 2020.

### b) Basis of measurement

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

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

### c) Functional and presentation currency

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

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

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

# Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

## 2. BASIS OF PREPARATION (continued)

### e) Foreign currency

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

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated to RON at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

The exchange rates of major foreign currencies were:

Currencies	30 June 2021	31 December 2020	Variation
Euro (EUR)	1: RON 4.9267	1: RON 4.8694	1.18%
Dollar USA (USD)	1: RON 4.1425	1: RON 3.9660	4.45%

### 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 Bank 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 separate financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described in the Separate Financial Statements for the financial year ended 31 December 2020 have been applied consistently over the periods presented in these interim condensed separate financial statements and have been consistently applied within the 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 9 "Financial Instruments"**, **IAS 39 "Financial Instruments: Recognition and Measurement"**, **IFRS 7 "Financial Instruments: Disclosures"**, **IFRS 4 "Insurance Contracts"** and **IFRS 16 "Leases"** - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021),
- Amendments to **IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9"** adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

The adoption of amendments to the existing standards has not led to any material changes in the Bank's interim condensed separate financial statements.

# Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### New Standards and Interpretations (continued)

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

At the date of authorisation of these financial statements 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 separate financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **IFRS 17 “Insurance Contracts”** including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023);
- 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);
- 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 **IAS 12 “Income Taxes”** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023);
- Amendments to **IAS 16 “Property, Plant and Equipment”** - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022);
- Amendments to **IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);
- Amendments to **IFRS 3 “Business Combinations”** - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022);
- Amendments to **IFRS 10 “Consolidated Financial Statements”** and **IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to **IFRS 16 “Leases”** - Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual reporting periods beginning on or after 1 April 2021. Earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued.);
- Amendments to various standards due to **“Improvements to IFRSs (cycle 2018 -2020)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

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

# Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### New Standards and Interpretations (continued)

The Bank anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the interim condensed separate financial statements of the Bank 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.

According to the Bank estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the interim condensed separate financial statements, if applied as at the balance sheet date.

## 4. RISK MANAGEMENT

There were no significant changes in the Bank's financial risk management policies compared to those presented in the Separate Financial Statements for the financial year ended 31 December 2020.

### Credit risk

#### Exposure to credit risk

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

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

In RON thousands	Bank			Of which: POCI financial assets	Total
	Stage 1 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL		
<b>As of 30 June 2021</b>					
Gross exposure	30,622,186	9,130,161	1,901,146	22,108	41,653,493
On balance	17,466,338	6,501,589	1,666,421	22,108	25,634,348
Off balance	13,155,848	2,628,572	234,725	-	16,019,145
Allowance for impairment	(95,762)	(286,805)	(1,332,533)	(3,218)	(1,715,100)
On balance	(86,505)	(242,884)	(1,204,020)	(3,218)	(1,533,409)
Off balance	(9,257)	(43,921)	(128,513)	-	(181,691)
Carrying amount	30,526,424	8,843,356	568,613	18,890	39,938,393
On balance	17,379,833	6,258,705	462,401	18,890	24,100,939
Off balance*	13,146,591	2,584,651	106,212	-	15,837,454
<b>As of 31st of December 2020</b>					
Gross exposure	27,375,882	9,154,752	2,013,115	22,967	38,543,749
On balance	15,422,207	6,685,083	1,733,525	22,967	23,840,815
Off balance	11,953,675	2,469,669	279,590	-	14,702,934
Allowance for impairment	(96,791)	(325,637)	(1,308,010)	(3,519)	(1,730,438)
On balance	(85,501)	(287,651)	(1,181,123)	(3,519)	(1,554,275)
Off balance	(11,290)	(37,986)	(126,887)	-	(176,163)
Carrying amount	27,279,091	8,829,115	705,105	19,448	36,813,311
On balance	15,336,706	6,397,432	552,402	19,448	22,286,540
Off balance*	11,942,385	2,431,683	152,703	-	14,526,771

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

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 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.

The value of collaterals presented in the following tables 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 below mentioned tables represents market value of collaterals before any haircuts applied.

30.06.2021	Bank				
RON thousands	Total out of which*:	Corporate	SME	Private Individuals	Private banking
<b>Individually significant impaired loans</b>					
Stage 3	1,339,798	1,038,057	196,776	84,949	20,016
<b>Gross amount</b>	<b>1,339,798</b>	<b>1,038,057</b>	<b>196,776</b>	<b>84,949</b>	<b>20,016</b>
Allowance for impairment	(1,074,810)	(819,468)	(158,597)	(77,401)	(19,344)
<b>Carrying amount</b>	<b>264,988</b>	<b>218,589</b>	<b>38,179</b>	<b>7,548</b>	<b>672</b>
<b>Fair value of collateral</b>	<b>191,640</b>	<b>133,852</b>	<b>36,612</b>	<b>19,476</b>	<b>1,700</b>
Property	148,696	101,063	27,757	18,506	1,370
Goods	8,373	7,911	462	-	-
Assignment of receivables	11,748	11,480	268	-	-
Other collateral	22,823	13,398	8,125	970	330
<b>Other impaired loans</b>					
Stage 3	326,623	37,621	71,475	217,229	298
<b>Gross amount</b>	<b>326,623</b>	<b>37,621</b>	<b>71,475</b>	<b>217,229</b>	<b>298</b>
Allowance for impairment	(129,209)	(21,801)	(40,909)	(66,343)	(156)
<b>Carrying amount</b>	<b>197,414</b>	<b>15,820</b>	<b>30,566</b>	<b>150,886</b>	<b>142</b>
<b>Fair value of collateral</b>	<b>221,079</b>	<b>23,628</b>	<b>31,559</b>	<b>165,886</b>	<b>6</b>
Property	205,282	18,940	25,804	160,536	2
Goods	5,797	3,959	1,838	-	-
Assignment of receivables	462	460	2	-	-
Other collateral	9,538	269	3,915	5,350	4
<b>Past due but not impaired</b>					
Stage 1	564,506	357,292	86,063	120,030	1,121
Stage 2	495,037	177,482	79,707	237,753	95
<b>Gross amount</b>	<b>1,059,543</b>	<b>534,774</b>	<b>165,770</b>	<b>357,783</b>	<b>1,216</b>
Allowance for impairment	(34,868)	(6,820)	(6,890)	(21,154)	(4)
<b>Carrying amount</b>	<b>1,024,675</b>	<b>527,954</b>	<b>158,880</b>	<b>336,629</b>	<b>1,212</b>
<b>Neither past due nor impaired</b>					
Stage 1	16,901,832	10,488,227	1,542,943	4,850,667	19,995
Stage 2	6,006,552	4,511,030	403,094	1,060,759	31,669
<b>Gross amount</b>	<b>22,908,384</b>	<b>14,999,257</b>	<b>1,946,037</b>	<b>5,911,426</b>	<b>51,664</b>
Allowance for impairment	(294,522)	(233,385)	(28,885)	(31,877)	(375)
<b>Carrying amount</b>	<b>22,613,862</b>	<b>14,765,872</b>	<b>1,917,152</b>	<b>5,879,549</b>	<b>51,289</b>
<b>Total carrying amount</b>	<b>24,100,939</b>	<b>15,528,235</b>	<b>2,144,777</b>	<b>6,374,612</b>	<b>53,315</b>

\* Out of the total gross receivables of RON thousands 25,634,348 as at June 30, 2021, there are loans in amount of RON thousands 67,200 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 427,527 as at June 30, 2021 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 unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

## 4. RISK MANAGEMENT (continued)

### Credit risk (“continued”)

#### Exposure to credit risk („continued”)

31.12.2020		Bank			
RON thousands	Total out of which*:	Corporate	SME	Private Individuals	Private banking
<b>Individually significant impaired loans</b>					
Stage 3	1,355,689	1,107,641	155,710	72,244	20,094
<b>Gross amount</b>	<b>1,355,689</b>	<b>1,107,641</b>	<b>155,710</b>	<b>72,244</b>	<b>20,094</b>
Allowance for impairment	(1,018,565)	(819,346)	(119,482)	(64,736)	(15,001)
<b>Carrying amount</b>	<b>337,124</b>	<b>288,295</b>	<b>36,228</b>	<b>7,508</b>	<b>5,093</b>
<b>Fair value of collateral</b>	<b>285,956</b>	<b>207,864</b>	<b>51,085</b>	<b>12,815</b>	<b>14,192</b>
Property	187,107	126,717	34,625	11,936	13,829
Goods	38,813	37,045	1,768	-	-
Assignment of receivables	29,946	29,946	-	-	-
Other collateral	30,090	14,156	14,692	879	363
<b>Other impaired loans</b>					
Stage 3	377,836	55,168	100,835	221,800	33
<b>Gross amount</b>	<b>377,836</b>	<b>55,168</b>	<b>100,835</b>	<b>221,800</b>	<b>33</b>
Allowance for impairment	(162,558)	(33,799)	(56,684)	(72,062)	(13)
<b>Carrying amount</b>	<b>215,278</b>	<b>21,369</b>	<b>44,151</b>	<b>149,738</b>	<b>20</b>
<b>Fair value of collateral</b>	<b>201,207</b>	<b>24,696</b>	<b>28,376</b>	<b>148,112</b>	<b>23</b>
Property	189,969	18,840	25,949	145,157	23
Goods	3,173	2,519	654	-	-
Assignment of receivables	1,417	1,417	-	-	-
Other collateral	6,648	1,920	1,773	2,955	-
<b>Past due but not impaired</b>					
Stage 1	410,106	264,158	64,433	81,515	-
Stage 2	572,985	285,844	78,851	207,163	1,127
<b>Gross amount</b>	<b>983,091</b>	<b>550,002</b>	<b>143,284</b>	<b>288,678</b>	<b>1,127</b>
Allowance for impairment	(47,026)	(13,649)	(8,750)	(24,586)	(41)
<b>Carrying amount</b>	<b>936,065</b>	<b>536,353</b>	<b>134,534</b>	<b>264,092</b>	<b>1,086</b>
<b>Neither past due nor impaired</b>					
Stage 1	15,012,101	9,055,244	1,404,418	4,533,303	19,136
Stage 2	6,112,098	4,387,691	462,195	1,228,742	33,470
<b>Gross amount</b>	<b>21,124,199</b>	<b>13,442,935</b>	<b>1,866,613</b>	<b>5,762,045</b>	<b>52,606</b>
Allowance for impairment	(326,126)	(252,183)	(32,382)	(41,230)	(331)
<b>Carrying amount</b>	<b>20,798,073</b>	<b>13,190,752</b>	<b>1,834,231</b>	<b>5,720,815</b>	<b>52,275</b>
<b>Total carrying amount</b>	<b>22,286,540</b>	<b>14,036,769</b>	<b>2,049,144</b>	<b>6,142,153</b>	<b>58,474</b>

\* Out of the total gross receivables of RON thousands 23,840,815 as at December 31, 2020, there are loans in amount of RON thousands 216,272 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 1,069,009 as at December 31, 2020 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 unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 4. RISK MANAGEMENT (continued)

#### Credit risk ("continued")

#### Exposure to credit risk („continued")

30.06.2021		Bank			
RON thousands	Total out of which:	Corporate	SME	Private Individuals	Private banking
<b>Off balance - Loan commitments</b>					
Stage 1	10,498,290	9,606,294	782,086	106,210	3,700
Stage 2	1,662,113	1,485,936	106,809	64,727	4,641
Stage 3	107,753	94,334	12,534	666	219
<b>Gross amount</b>	<b>12,268,156</b>	<b>11,186,564</b>	<b>901,429</b>	<b>171,603</b>	<b>8,560</b>
Allowance for impairment	(76,415)	(70,690)	(5,683)	(41)	(1)
<b>Carrying amount*</b>	<b>12,191,741</b>	<b>11,115,874</b>	<b>895,746</b>	<b>171,562</b>	<b>8,559</b>
<b>Off balance - Letters of credit</b>					
Stage 1	115,051	115,045	6	-	-
Stage 2	56,991	56,991	-	-	-
Stage 3	237	237	-	-	-
<b>Gross amount</b>	<b>172,279</b>	<b>172,273</b>	<b>6</b>	<b>-</b>	<b>-</b>
Allowance for impairment	(1,607)	(1,607)	-	-	-
<b>Carrying amount*</b>	<b>170,672</b>	<b>170,666</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Off balance - Guarantees issued</b>					
Stage 1	2,542,507	2,494,426	46,942	828	311
Stage 2	909,468	879,997	21,668	2,106	5,697
Stage 3	126,735	118,040	7,897	428	370
<b>Gross amount</b>	<b>3,578,710</b>	<b>3,492,463</b>	<b>76,507</b>	<b>3,362</b>	<b>6,378</b>
Allowance for impairment	(103,669)	(97,471)	(5,802)	(156)	(240)
<b>Carrying amount*</b>	<b>3,475,041</b>	<b>3,394,992</b>	<b>70,705</b>	<b>3,206</b>	<b>6,138</b>
<b>Total carrying amount</b>	<b>15,837,454</b>	<b>14,681,532</b>	<b>966,457</b>	<b>174,768</b>	<b>14,697</b>

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

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 4. RISK MANAGEMENT (continued)

#### Credit risk ("continued")

#### Exposure to credit risk („continued")

31.12.2020		Bank			
RON thousands	Total out of which:	Corporate	SME	Private Individuals	Private banking
<b>Off balance - Loan commitments</b>					
Stage 1	8,986,587	8,094,678	778,763	109,198	3,948
Stage 2	1,488,856	1,269,874	142,295	72,055	4,632
Stage 3	126,748	104,640	21,023	848	237
<b>Gross amount</b>	<b>10,602,191</b>	<b>9,469,192</b>	<b>942,081</b>	<b>182,101</b>	<b>8,817</b>
Allowance for impairment	(63,766)	(60,317)	(3,381)	(66)	(2)
<b>Carrying amount*</b>	<b>10,538,425</b>	<b>9,408,875</b>	<b>938,700</b>	<b>182,035</b>	<b>8,815</b>
<b>Off balance - Letters of credit</b>					
Stage 1	63,153	63,017	136	-	-
Stage 2	49,992	49,992	-	-	-
Stage 3	1,001	1,001	-	-	-
<b>Gross amount</b>	<b>114,146</b>	<b>114,010</b>	<b>136</b>	<b>-</b>	<b>-</b>
Allowance for impairment	(1,706)	(1,705)	(1)	-	-
<b>Carrying amount*</b>	<b>112,440</b>	<b>112,305</b>	<b>135</b>	<b>-</b>	<b>-</b>
<b>Off balance - Guarantees issued</b>					
Stage 1	2,903,935	2,844,555	58,237	854	289
Stage 2	930,821	901,777	21,016	2,286	5,742
Stage 3	151,841	147,345	3,346	420	730
<b>Gross amount</b>	<b>3,986,597</b>	<b>3,893,677</b>	<b>82,599</b>	<b>3,560</b>	<b>6,761</b>
Allowance for impairment	(110,691)	(107,123)	(3,054)	(166)	(348)
<b>Carrying amount*</b>	<b>3,875,906</b>	<b>3,786,554</b>	<b>79,545</b>	<b>3,394</b>	<b>6,413</b>
<b>Total carrying amount</b>	<b>14,526,771</b>	<b>13,307,734</b>	<b>1,018,380</b>	<b>185,429</b>	<b>15,228</b>

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

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 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.

30.06.2021 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)	1,541,958	153,667	-	-	1,695,625
Grades 4-6: performing (medium risk)	15,420,323	4,659,734	-	-	20,080,057
Grades 7-8 : performing (in observation & substandard)	468,671	1,674,973	-	19,236	2,143,644
Grade 8 : impaired	-	-	1,584,659	2,872	1,584,659
Grade 9: impaired	-	-	35,872	-	35,872
Grade 10: impaired	-	-	45,890	-	45,890
Unrated	35,386	13,215	-	-	48,601
<b>Total gross amount</b>	<b>17,466,338</b>	<b>6,501,589</b>	<b>1,666,421</b>	<b>22,108</b>	<b>25,634,348</b>
Loss allowance	(86,505)	(242,884)	(1,204,020)	(3,218)	(1,533,409)
<b>Carrying amount</b>	<b>17,379,833</b>	<b>6,258,705</b>	<b>462,401</b>	<b>18,890</b>	<b>24,100,939</b>

31.12.2020 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)	1,273,946	56,334	-	-	1,330,280
Grades 4-6: performing (medium risk)	13,635,666	4,477,206	-	-	18,112,872
Grades 7-8 : performing (in observation & substandard)	508,189	2,139,378	-	19,861	2,647,567
Grade 8 : impaired	-	-	1,578,521	3,106	1,578,521
Grade 9: impaired	-	-	38,845	-	38,845
Grade 10: impaired	-	-	116,159	-	116,159
Unrated	4,406	12,165	-	-	16,571
<b>Total gross amount</b>	<b>15,422,207</b>	<b>6,685,083</b>	<b>1,733,525</b>	<b>22,967</b>	<b>23,840,815</b>
Loss allowance	(85,501)	(287,651)	(1,181,123)	(3,519)	(1,554,275)
<b>Carrying amount</b>	<b>15,336,706</b>	<b>6,397,432</b>	<b>552,402</b>	<b>19,448</b>	<b>22,286,540</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 4. RISK MANAGEMENT (continued)

#### Credit risk ("continued")

#### Exposure to credit risk („continued")

30.06.2021 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)	4,690,682	565,338	-	-	5,256,020
Grades 4-6: performing (medium risk)	8,259,960	1,522,812	-	-	9,782,772
Grades 7-8 : performing (in observation & substandard)	150,966	534,017	-	-	684,983
Grade 8 : impaired	-	-	225,907	-	225,907
Grade 9: impaired	-	-	8,151	-	8,151
Grade 10: impaired	-	-	667	-	667
Unrated	54,240	6,405	-	-	60,645
<b>Total gross amount</b>	<b>13,155,848</b>	<b>2,628,572</b>	<b>234,725</b>	<b>-</b>	<b>16,019,145</b>
Loss allowance	(9,257)	(43,921)	(128,513)	-	(181,691)
<b>Carrying amount*</b>	<b>13,146,591</b>	<b>2,584,651</b>	<b>106,212</b>	<b>-</b>	<b>15,837,454</b>

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

31.12.2020 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)	4,026,374	427,133	-	-	4,453,507
Grades 4-6: performing (medium risk)	7,674,343	1,368,079	-	-	9,042,422
Grades 7-8 : performing (in observation & substandard)	248,711	666,131	-	-	914,842
Grade 8 : impaired	-	-	249,694	-	249,694
Grade 9: impaired	-	-	29,699	-	29,699
Grade 10: impaired	-	-	197	-	197
Unrated	4,247	8,326	-	-	12,573
<b>Total gross amount</b>	<b>11,953,675</b>	<b>2,469,669</b>	<b>279,590</b>	<b>-</b>	<b>14,702,934</b>
Loss allowance	(11,290)	(37,986)	(126,887)	-	(176,163)
<b>Carrying amount*</b>	<b>11,942,385</b>	<b>2,431,683</b>	<b>152,703</b>	<b>-</b>	<b>14,526,771</b>

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

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 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.

30.06.2021		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	196,772	-	-	-		196,772
<b>Total gross amount</b>	<b>196,772</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>196,772</b>
Loss allowance	(68)	-	-	-		(68)
<b>Carrying amount</b>	<b>196,704</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>196,704</b>
Gross amount - off balance	1,932,510	40,618	-	-		1,973,128
Loss allowance - off balance	(156)	(27)	-	-		(183)
<b>Carrying amount - off balance</b>	<b>1,932,354</b>	<b>40,591</b>	<b>-</b>	<b>-</b>		<b>1,972,945</b>

31.12.2020		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	212,187	-	-	-		212,187
<b>Total gross amount</b>	<b>212,187</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>212,187</b>
Loss allowance	(57)	-	-	-		(57)
<b>Carrying amount</b>	<b>212,130</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>212,130</b>
Gross amount - off balance	1,791,306	46,824	-	-		1,838,130
Loss allowance - off balance	(172)	(30)	-	-		(202)
<b>Carrying amount - off balance</b>	<b>1,791,134</b>	<b>46,794</b>	<b>-</b>	<b>-</b>		<b>1,837,928</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 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.

30.06.2021		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	2,210,800	-	-	-	2,210,800
<b>Total gross amount</b>	<b>2,210,800</b>	-	-	-	<b>2,210,800</b>
Loss allowance	(1,270)	-	-	-	(1,270)
<b>Carrying amount</b>	<b>2,209,530</b>	-	-	-	<b>2,209,530</b>

31.12.2020		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	3,020,579	-	-	-	3,020,579
<b>Total gross amount</b>	<b>3,020,579</b>	-	-	-	<b>3,020,579</b>
Loss allowance	(2,552)	-	-	-	(2,552)
<b>Carrying amount</b>	<b>3,018,027</b>	-	-	-	<b>3,018,027</b>

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

30.06.2021		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	7,855,113	-	-	-	7,855,113
<b>Total gross amount</b>	<b>7,855,113</b>	-	-	-	<b>7,855,113</b>
Loss allowance	(2,025)	-	-	-	(2,025)
<b>Carrying amount</b>	<b>7,853,088</b>	-	-	-	<b>7,853,088</b>

31.12.2020		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	6,153,873	-	-	-	6,153,873
<b>Total gross amount</b>	<b>6,153,873</b>	-	-	-	<b>6,153,873</b>
Loss allowance	(5,735)	-	-	-	(5,735)
<b>Carrying amount</b>	<b>6,148,138</b>	-	-	-	<b>6,148,138</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 4. RISK MANAGEMENT (continued)

#### Credit risk (“continued”)

#### Exposure to credit risk („continued”)

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

The Bank 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:

Bank			
Loans to customers at amortised cost - ON balance		30.06.2021	31.12.2020
Private entities (including individuals)		6,644,581	6,418,585
SME	G Commerce - wholesale and retail	893,229	888,870
	C Manufacturing	524,060	503,417
	A Agriculture - forestry - fisheries	300,091	275,067
	F Construction and civil engineering	216,407	178,033
	H Transport and storage services	127,884	115,755
	Other services	318,387	305,299
<b>Total SME</b>		<b>2,380,058</b>	<b>2,266,441</b>
Corporate	C Manufacturing	4,678,855	4,533,906
	G Commerce - wholesale and retail	4,221,367	3,904,754
	L Real estate	1,734,999	1,751,353
	K Financial and insurance institutions	1,555,121	770,510
	A Agriculture - forestry - fisheries	1,091,753	1,072,905
	Other services	3,327,614	3,122,361
<b>Total Corporate</b>		<b>16,609,709</b>	<b>15,155,789</b>
<b>Total</b>		<b>25,634,348</b>	<b>23,840,815</b>
Allowance for impairment		(1,533,409)	(1,554,275)
<b>Carrying amount</b>		<b>24,100,939</b>	<b>22,286,540</b>



# Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

## 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		30.06.2021	31.12.2020
Private entities (including individuals)		189,903	201,242
Loans commitments			
SME	G Commerce - wholesale and retail	360,957	372,262
	C Manufacturing	197,212	177,430
	F Construction and civil engineering	110,021	107,129
	A Agriculture - forestry - fisheries	95,490	107,738
	H Transport and storage services	48,700	53,396
	Other industries	89,049	124,125
Total SME		901,429	942,080
Corporate	G Commerce - wholesale and retail	2,716,445	2,548,237
	C Manufacturing	2,451,733	2,671,977
	D Production and supply of electricity, gas, steam and air conditioning	1,886,249	1,326,094
	K Financial and insurance institutions	974,987	458,596
	F Construction and civil engineering	712,317	650,704
	Other industries	2,444,833	1,813,583
Total Corporate		11,186,564	9,469,191
Total loans commitments		12,087,993	10,411,271
Letters of credit			
SME	C Manufacturing	6	-
	Other industries	-	136
Total SME		6	136
Corporate	G Commerce - wholesale and retail	147,512	93,037
	C Manufacturing	23,066	12,806
	H Transport and storage services	913	3,195
	F Construction and civil engineering	782	170
	Other industries	-	4,802
Total Corporate		172,273	114,010
Total letters of credit		172,279	114,146
Financial guarantees			
SME	G Commerce - wholesale and retail	24,124	26,937
	F Construction and civil engineering	13,660	13,431
	C Manufacturing	10,871	12,003
	N Administrative and support service activities	5,795	6,551
	A Agriculture - forestry - fisheries	4,501	4,514
	Other industries	17,556	19,164
Total SME		76,507	82,600
Corporate	G Commerce - wholesale and retail	1,155,587	1,195,289
	F Construction and civil engineering	792,706	812,330
	D Production and supply of electricity, gas, steam and air conditioning	522,501	793,680
	C Manufacturing	356,927	235,265
	J Information and communication	172,987	172,330
	Other Industries	491,755	684,782
Total Corporate		3,492,463	3,893,676
Total financial guarantees		3,568,970	3,976,276
TOTAL Off balance sheet exposure for loans to customers		16,019,145	14,702,934
Allowance for impairment		(181,691)	(176,163)
Carrying amount		15,837,454	14,526,771

## **5. USE OF ESTIMATES AND JUDGEMENTS**

The Bank 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 Bank 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 Bank 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 Bank 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 55% for the baseline scenario, 40% for the negative (pandemic “mild”) scenario and 5% for the positive scenario (31 December 2020: 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 Unicredit Group operates.

**5. USE OF ESTIMATES AND JUDGEMENTS (continued)**

**a) Key sources of estimation uncertainty (continued)**

The speed of the roll-out of vaccines and their effectiveness will play a crucial role in shaping the growth trajectory in 2021-23. The above probabilities reflect the assumption that the distribution of vaccines in advanced economies proceeds without major problems, that a sufficiently large share of the population is willing to get their shots, that immunity does not prove short lived and that approved vaccines are able to neutralize possible virus mutations. But we are in uncharted waters, and there is a risk that things might not go as smoothly as expected in regard to one or more of these assumptions. This explains the 40% probability assigned to the negative scenario. The positive scenario envisages that all the negative effects of the COVID-19 crisis evaporate by the end of 2022, when GDP would be back to its pre-pandemic trend level.

In the baseline scenario (55% probability), the economic growth is seen rebounding as the roll-out of vaccines and milder weather allow governments to loosen most of the restrictions. In the US, massive fiscal stimulus provides further impulse to the recovery. As the public health situation improves and confidence returns, we expect households to run down some of the high savings accumulated during the pandemic, thus fuelling a strong rebound in consumer spending, especially for services. Overall, the major economies would be on track for solid growth in 2021 and beyond. Central banks are willing to look through temporary inflation spikes and remain accommodative as fiscal stimulus works its way through the economy. The ECB, which faces a more protracted recovery and weaker inflation than the Fed, is likely to leave policy rates on hold through 2023 and probably beyond, while continuing to deploy asset purchases to maintain yield curves in check. In the eurozone, the pandemic emergency purchase program (PEPP) and TLTRO with very favourable conditions are set to continue into 2022.

In this scenario, GDP growth would rebound in 2021, with growth rates ranging from 2.6% to 5.3% in EU-CEE and the Western Balkans. In Russia and Turkey GDP growth is likely to rebound by 2.9% and 4.7% respectively in 2021. In EU-CEE, this would be followed by strong growth in 2022, also thanks to EU funding for EU members, and a gradual normalization of growth rates starting from 2023.

The probability of “Pandemic” (adverse) scenario is assumed to be 40%. In this scenario, we assume that virus mutation will cause Europe to face a further wave of the pandemic in the second half of 2021. It is also assumed that some sort of herd immunity is only reached towards the end of the three-year forecasting horizon, as a non-small part of the population proves reluctant to get vaccinated. Given these assumptions, the COVID-19 crisis dampens private demand by more than assumed in the baseline scenario, and scarring effects are larger. Governments will continue to push ahead with expansionary policies to mitigate the effects of the pandemic and to preserve social stability. Policy rates remain unchanged both in the US and the eurozone. In the euro area, it is assumed that all the burden of the additional monetary expansion will be on asset purchases, most probably through an increase of the volume of the pandemic purchase program (PEPP) and on longer-term refinancing operations (TLTRO). With its flexibility, the PEPP is the ideal tool to face a combination of negative macro developments and potential risks to the transmission mechanism triggered by sovereign tensions. Favourable conditions for TLTRO are likely to remain in place throughout 2023 to preserve low funding costs for the banking sector.

The growth shock is around 0.5pp on average (simple average) for the region in 2021, around 2pp in 2022 and 1pp in 2023. We assume a higher unemployment rate in all countries compared to the baseline, in particular in 2022 and 2023. Demand weakness leads to a widening of the output gap which, together with lower oil prices, puts downward pressure on inflation, resulting in lower inflation compared to the baseline.

The probability of “Positive” is assumed to be 5%. In this scenario, the roll-out of vaccines (along with new medical treatments) boosts confidence and GDP by more than we project in the baseline scenario. The pace of recovery turns out to be materially stronger as households significantly reduce precautionary savings while firms forcefully resume investment plans that have been put on hold. Driven by pent-up demand, eurozone GDP is back to its pre-pandemic trend line by the end of 2022. Governments progressively scale back their support measures. As new debt issuance slows, there is less need for monetary policy to remain very expansionary. The ECB discontinues the PEPP in March 2022, but retains the APP (Asset Purchase Program) because the increase in inflation occurs from low levels and the central bank wants to make sure that convergence towards its price objective is not just temporary. TLTRO conditions become less generous in the second half of 2022, while policy rates remain unchanged throughout 2023.

The cumulative positive growth shock for the period (simple average) is 1.0pp in 2021, 1.5pp in 2022, and 0.7pp in 2023.

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 5. USE OF ESTIMATES AND JUDGEMENTS (continued)

#### a) Key sources of estimation uncertainty (continued)

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

In this regard, the PD parameter is calculated through a normal calibration procedure, 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.

#### Allowances for loan losses

The Bank 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 Bank 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 Bank 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 Bank’s estimate could be revised after the date of the approval of the interim condensed separate financial statements.

The impact in loss losses allowance has been computed in correlation with the LGD (loss given default) model typology used, therefore starting with 2020 when new LGD overall model has been implemented the impact has been computed by applying LGD overall down / up with 10%.

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

Impact RON thousands 30.06.2021	Impact PD up 10%	Impact PD down 10%	Impact LGD down 10%	Impact LGD up 10%
UCB	38,741	(38,741)	(51,778)	51,362

RON thousands 31.12.2020	Impact PD up 10%	Impact PD down 10%	Impact LGD down 10%	Impact LGD up 10%
UCB	42,623	(42,623)	(56,436)	55,740

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 5. USE OF ESTIMATES AND JUDGEMENTS (continued)

#### a) Key sources of estimation uncertainty (continued)

The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most – likely outcome and consists of information used by the Bank for strategic planning and budgeting. The table below summarizes the main macroeconomic indicators included in the baseline economic scenarios used at 30 June 2021:

Country	Macroeconomic scenario	Base scenario		
		2021	2022	2023
Romania	Real GDP, yoy % change	5.2	4.7	4.0
Romania	Inflation (CPI) yoy, eop	3.9	2.9	2.5
Romania	Unemployment rate, %	5.5	5.3	5.0
Romania	Short term rate, eop	1.59	1.39	1.44
Romania	Long-term interest rates 10y (%)	3.0	2.9	2.8
Romania	House Price Index, yoy % change	8.0	5.0	5.0

The table below summarizes the main macroeconomic indicators included in the baseline economic scenarios used at 31 December 2020:

Country	Macroeconomic scenario	Base scenario		
		2021	2022	2023
Romania	Real GDP, yoy % change	4.0	3.8	3.4
Romania	Inflation (CPI) yoy, eop	3.1	3.0	2.5
Romania	Unemployment rate, %	5.6	5.3	5.0
Romania	Short term rate, eop	1.25	1.20	1.23
Romania	Long-term interest rates 10y (%)	3.6	3.5	3.5
Romania	House Price Index, yoy % change	8.0	5.0	5.3

#### 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 Bank

In case the market yield varies by +/-10 percent, the negative reserve recorded as at 30 June 2021 on financial assets at fair value through other comprehensive income would vary as follows:

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 5. USE OF ESTIMATES AND JUDGEMENTS *(continued)*

#### a) Key sources of estimation uncertainty *(continued)*

30.06.2021 In Thousand RON	Bank	
	Market Yield - 10%	Market Yield +10%
Financial assets at fair value through other comprehensive income denominated in RON	17,390	(17,042)
Financial assets at fair value through other comprehensive income denominated in EUR	2,419	(2,385)
<b>Financial assets at fair value through other comprehensive income</b>	<b>19,809</b>	<b>(19,427)</b>

In case the market yield varies by +/-10 percent, the negative reserve recorded as at 31 December 2020 on financial assets at fair value through other comprehensive income would vary as follows:

31.12.2020 In Thousand RON	Bank	
	Market Yield - 10%	Market Yield +10%
Financial assets at fair value through other comprehensive income denominated in RON	27,100	(26,570)
Financial assets at fair value through other comprehensive income denominated in EUR	2,648	(2,621)
<b>Financial assets at fair value through other comprehensive income</b>	<b>29,748</b>	<b>(29,191)</b>

#### b) Critical accounting judgments in applying the Bank's accounting policies

##### Financial assets and liabilities classification

The Bank'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 Bank 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 Bank'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 unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 5. USE OF ESTIMATES AND JUDGEMENTS (continued)

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

##### Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Bank 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 Bank 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 Bank 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:

30.06.2021 In Thousand RON	Listed*	Bank Unlisted	Total
Debt securities at fair value through other comprehensive income	2,202,908	74	2,202,982
Equity instruments at fair value through other comprehensive income	-	6,548	6,548
<b>Total assets held at fair value through other comprehensive income</b>	<b>2,202,908</b>	<b>6,622</b>	<b>2,209,530</b>

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

31.12.2020 In Thousand RON	Listed*	Bank Unlisted	Total
Debt securities at fair value through other comprehensive income	3,012,300	73	3,012,373
Equity instruments at fair value through other comprehensive income	-	5,654	5,654
<b>Total assets held at fair value through other comprehensive income</b>	<b>3,012,300</b>	<b>5,727</b>	<b>3,018,027</b>

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

The Bank 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 unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 5. USE OF ESTIMATES AND JUDGEMENTS (continued)

#### b) Critical accounting judgments in applying the Bank'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 2021:

30.06.2021 In RON thousands	Bank			Total fair value	Total book value
	Level 1	Level 2	Level 3		
<b>Trading assets</b>					
Financial assets held for trading at fair value through profit or loss	382,326	50,046	541	432,913	432,913
Derivatives financial instruments designated as hedging instruments	-	1,533	-	1,533	1,533
<b>Total trading assets</b>	<b>382,326</b>	<b>51,579</b>	<b>541</b>	<b>434,446</b>	<b>434,446</b>
<b>Financial assets at fair value through other comprehensive income</b>					
Debt instruments	2,154,571	48,411	-	2,202,982	2,202,982
Equity instruments (minority holdings)	-	-	6,548	6,548	6,548
<b>Total assets at fair value through other comprehensive income</b>	<b>2,154,571</b>	<b>48,411</b>	<b>6,548</b>	<b>2,209,530</b>	<b>2,209,530</b>
<b>Non-transactional financial assets at fair value mandatorily through profit or loss</b>					
VISA Shares	-	24,597	23,574	48,171	48,171
<b>Total assets at fair value through profit or loss</b>	<b>-</b>	<b>24,597</b>	<b>23,574</b>	<b>48,171</b>	<b>48,171</b>
<b>Liabilities designated for trading and for hedging</b>					
Financial Liabilities at fair value through profit or loss	-	39,058	574	39,632	39,632
Derivatives financial instruments designated as hedging instruments	-	61,365	-	61,365	61,705
<b>Total liabilities designated for trading and for hedging</b>	<b>-</b>	<b>100,423</b>	<b>574</b>	<b>100,997</b>	<b>101,337</b>



## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 5. USE OF ESTIMATES AND JUDGEMENTS (continued)

#### b) Critical accounting judgments in applying the Bank'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 2020:

31.12.2020 In RON thousands	Bank			Total fair value	Total book value
	Level 1	Level 2	Level 3		
<b>Trading assets</b>					
Financial assets held for trading at fair value through profit or loss	358,955	152,835	309	512,099	512,099
<b>Total trading assets</b>	<b>358,955</b>	<b>152,835</b>	<b>309</b>	<b>512,099</b>	<b>512,099</b>
<b>Financial assets at fair value through other comprehensive income</b>					
Debt instruments	2,308,731	703,642	-	3,012,373	3,012,373
Equity instruments (minority holdings)	-	-	5,654	5,654	5,654
<b>Total assets at fair value through other comprehensive income</b>	<b>2,308,731</b>	<b>703,642</b>	<b>5,654</b>	<b>3,018,027</b>	<b>3,018,027</b>
<b>Non-transactional financial assets at fair value mandatorily through profit or loss</b>					
VISA Shares	-	22,202	21,036	43,238	43,238
<b>Total assets at fair value through profit or loss</b>	<b>-</b>	<b>22,202</b>	<b>21,036</b>	<b>43,238</b>	<b>43,238</b>
<b>Liabilities designated for trading and for hedging</b>					
Financial Liabilities at fair value through profit or loss	-	72,587	430	73,017	73,017
Derivatives financial instruments designated as hedging instruments	-	81,216	-	81,216	81,216
<b>Total liabilities designated for trading and for hedging</b>	<b>-</b>	<b>153,803</b>	<b>430</b>	<b>154,233</b>	<b>154,233</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 5. USE OF ESTIMATES AND JUDGEMENTS (continued)

#### b) Critical accounting judgments in applying the Bank'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 2021:

30.06.2021 In RON thousands	Balance at 31 December 2020	Gains / Losses in profit or loss	Gains / Losses in other comprehensive income	Bank			Balance at 30 June 2021
				Additions	Disposals (-)	Foreign Currency Exchange Effect	
<b>Financial assets held for trading</b>	309	(123)	-	3,736	(3,381)	-	541
Financial assets held for trading at fair value through profit or loss	309	(123)	-	3,736	(3,381)	-	541
<b>Non-transactional financial assets at fair value mandatorily through profit or loss</b>	21,036	1,602	-	-	-	936	23,574
VISA Shares	21,036	1,602	-	-	-	936	23,574
<b>Financial assets at fair value through other comprehensive income</b>	5,654	-	894	-	-	-	6,548
Equity instruments (minority holdings)	5,654	-	894	-	-	-	6,548
<b>Total assets</b>	26,999	1,479	894	3,736	(3,381)	936	30,663
<b>Financial liabilities designated for trading</b>	430	(121)	-	4,351	(4,086)	-	574
Derivatives financial instruments	430	(121)	-	4,351	(4,086)	-	574
<b>Total liabilities</b>	430	(121)	-	4,351	(4,086)	-	574

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 5. USE OF ESTIMATES AND JUDGEMENTS (continued)

#### b) Critical accounting judgments in applying the Bank'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 2020:

31.12.2020 In RON thousands	Balance at 31 December 2019	Gains / Losses in profit or loss	Gains / Losses in other comprehensive income	Bank		Foreign Currency Exchange Effect	Balance at 31 December 2020
				Additions	Disposals (-)		
<b>Financial assets held for trading</b>	<b>849</b>	<b>(390)</b>	<b>-</b>	<b>15,020</b>	<b>(15,170)</b>	<b>-</b>	<b>309</b>
Financial assets held for trading at fair value through profit or loss	849	(390)	-	15,020	(15,170)	-	309
<b>Non-transactional financial assets at fair value mandatorily through profit or loss</b>	<b>39,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,021)</b>	<b>(1,563)</b>	<b>21,036</b>
VISA Shares	39,620	-	-	-	(17,021)	(1,563)	21,036
<b>Financial assets at fair value through other comprehensive income</b>	<b>5,511</b>	<b>-</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,654</b>
Equity instruments (minority holdings)	5,511	-	143	-	-	-	5,654
<b>Total assets</b>	<b>45,980</b>	<b>(390)</b>	<b>143</b>	<b>15,020</b>	<b>(32,191)</b>	<b>(1,563)</b>	<b>26,999</b>
<b>Financial liabilities designated for trading</b>	<b>849</b>	<b>(388)</b>	<b>-</b>	<b>15,415</b>	<b>(15,446)</b>	<b>-</b>	<b>430</b>
Derivatives financial instruments	849	(388)	-	15,415	(15,446)	-	430
<b>Total liabilities</b>	<b>849</b>	<b>(388)</b>	<b>-</b>	<b>15,415</b>	<b>(15,446)</b>	<b>-</b>	<b>430</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

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

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

30.06.2021 In RON thousands	Bank					
	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	-	8,881,710	-	-	8,881,710	8,881,710
Financial assets at fair value through profit or loss	481,084	-	-	-	481,084	481,084
Loans and advances to banks at amortized cost	-	196,704	-	-	196,704	198,253
Loans and advances to customers at amortized cost	-	24,100,939	-	-	24,100,939	23,953,652
Debt instruments at amortized cost	-	7,853,088	-	-	7,853,088	7,677,378
Financial assets at fair value through other comprehensive income	-	-	2,209,530	-	2,209,530	2,209,530
Other financial assets at amortized cost	-	162,650	-	-	162,650	162,650
<b>Total financial assets</b>	<b>481,084</b>	<b>41,195,091</b>	<b>2,209,530</b>	<b>-</b>	<b>43,885,705</b>	<b>43,564,257</b>
Financial liabilities at fair value through profit or loss	39,632	-	-	-	39,632	39,632
Derivatives liabilities designated as hedging instruments	61,216	-	-	489	61,705	61,705
Deposits from banks	-	810,291	-	-	810,291	808,327
Loans from banks and other financial institutions, including subordinated liabilities	-	1,489,492	-	(116)	1,489,376	1,485,766
Debt securities issued	-	470,004	-	-	470,004	470,004
Deposits from customers	-	34,804,890	-	-	34,804,890	34,720,532
Other financial liabilities at amortized cost	-	805,238	-	-	805,238	805,238
Lease liabilities	-	176,504	-	-	176,504	176,504
<b>Total financial liabilities</b>	<b>100,848</b>	<b>38,556,419</b>	<b>-</b>	<b>373</b>	<b>38,657,640</b>	<b>38,567,708</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 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.

31.12.2020 In RON thousands	Bank					
	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	-	12,229,614	-	-	12,229,614	12,229,614
Financial assets at fair value through profit or loss	555,337	-	-	-	555,337	555,337
Loans and advances to banks at amortized cost	-	212,130	-	-	212,130	213,807
Loans and advances to customers at amortized cost	-	22,286,540	-	-	22,286,540	22,060,028
Debt instruments at amortized cost	-	6,148,138	-	-	6,148,138	6,153,873
Financial assets at fair value through other comprehensive income	-	-	3,018,027	-	3,018,027	3,018,027
Other financial assets at amortized cost	-	117,695	-	-	117,695	117,695
<b>Total financial assets</b>	<b>555,337</b>	<b>40,994,117</b>	<b>3,018,027</b>	<b>-</b>	<b>44,567,481</b>	<b>44,348,381</b>
Financial liabilities at fair value through profit or loss	73,017	-	-	-	73,017	73,017
Derivatives liabilities designated as hedging instruments	81,216	-	-	-	81,216	81,216
Deposits from banks	-	595,076	-	-	595,076	593,643
Loans from banks and other financial institutions, including subordinated liabilities	-	1,600,669	-	-	1,600,669	1,596,814
Debt securities issued	-	470,747	-	-	470,747	470,747
Deposits from customers	-	36,259,081	-	-	36,259,081	36,171,751
Other financial liabilities at amortized cost	-	453,359	-	-	453,359	453,359
Lease liabilities	-	192,717	-	-	192,717	192,717
<b>Total financial liabilities</b>	<b>154,233</b>	<b>39,571,649</b>	<b>-</b>	<b>-</b>	<b>39,725,882</b>	<b>39,633,264</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 7. NET INTEREST INCOME

In RON thousands	Bank	
	30.06.2021	30.06.2020
<b>Interest income</b>		
<b>Interest and similar income arising from:</b>		
Loans and advances to customers*	446,317	510,890
Treasury bills and bonds at fair value through other comprehensive income	34,220	116,943
Debt instruments at amortized cost	118,253	12,078
Current accounts and placements with banks	8,653	22,286
Negative interest from financial liabilities	129	44
<b>Total interest income</b>	<b>607,572</b>	<b>662,241</b>
<b>Interest expense</b>		
<b>Interest expense and similar charges arising from:</b>		
Deposits from customers	47,094	111,245
Loans from banks and other financial institutions	17,173	20,220
Deposits from banks	3,108	8,837
Repurchase agreements	21	243
Interest related to the bonds issued	6,775	12,580
Negative interest on financial assets	15,134	14,074
Debt from leasing operations	371	576
<b>Total interest expense</b>	<b>89,676</b>	<b>167,775</b>
<b>Net interest income</b>	<b>517,896</b>	<b>494,466</b>

\*) Interest income for the six months period ended at 30 June 2021 includes expenses with interest adjustments related to depreciated financial assets in the total amount of RON thousands 22,331 (30 June 2020: RON thousands 26,538).

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 unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 8. NET FEES AND COMMISSIONS INCOME

In RON thousands	Bank	
	30.06.2021	30.06.2020
<b>Fees and commissions income</b>		
Payments transactions	158,581	128,354
Risk participation fee (refer to Note 27)	69	118
Guarantees and letters of credit	15,991	18,296
Loan administration	7,293	3,855
Commissions from other types of financial services	55,363	43,112
Commissions from insurance intermediation	3,867	4,243
Commissions on securities transactions	2,289	2,581
<b>Total fees and commission income</b>	<b>243,453</b>	<b>200,559</b>
<b>Fees and commission expense</b>		
Inter-banking fees	39,745	29,501
Payments transactions	28,167	26,749
Commitments and similar fees	87	397
Intermediary agents fees	1,714	1,540
Other	5,565	4,947
<b>Total fees and commissions expense</b>	<b>75,278</b>	<b>63,134</b>
<b>Net fees and commissions income</b>	<b>168,175</b>	<b>137,425</b>

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

In RON thousands	Bank	
	30.06.2021	30.06.2020
Net gains from foreign exchange operations (including FX derivatives)	158,432	158,380
Net gains / (losses) from interest derivatives	(2,263)	(7,977)
Net income / (losses) from trading bonds	5,016	8,010
Net gains / (losses) from other derivatives	679	2,870
<b>Net income from trading for financial instruments held at fair value through profit or loss</b>	<b>161,864</b>	<b>161,283</b>
<b>Net gains from non-transactional financial instruments held at fair value through profit or loss</b>	<b>3,198</b>	<b>346</b>
<b>Net income from financial instruments held at fair value through profit or loss</b>	<b>165,062</b>	<b>161,629</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 10. PERSONNEL EXPENSES

In RON thousands	Bank	
	30.06.2021	30.06.2020
Wages and salaries	195,803	182,146
Social security charges, unemployment fund and health fund	6,005	5,754
Other (income)/costs	356	(1,020)
<b>Total</b>	<b>202,164</b>	<b>186,880</b>

The number of employees of the Bank at 30 June 2021 was 3,006 (31 December 2020: 3,024).

### 11. OTHER ADMINISTRATIVE COSTS

in RON thousands	Bank	
	30.06.2021	30.06.2020
Office space expenses (rental, maintenance, other)	14,104	18,448
IT services	58,571	49,519
Other taxes and duties	77,088	54,612
Communication expenses	8,623	10,456
Advertising and promotional expenses	7,818	6,883
Consultancy, legal and other professional services	2,079	2,695
Materials and consumables	3,041	6,258
Personnel training and recruiting	555	757
Insurance expenses	1,619	1,305
Other	11,171	6,745
<b>Total</b>	<b>184,669</b>	<b>157,678</b>

### 12. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

In RON thousands	Bank	
	30.06.2021	30.06.2020
Net provision charges for loans and advances to customers (Note 16)	77,254	98,365
Net provision charges for banks	(3,966)	831
Net provision charges for securities	(4,999)	(595)
Loans written-off	486	529
Recoveries from loans previously written-off	(49,153)	(16,881)
Net provisions charges for other financial instruments	3,749	4,323
<b>Total</b>	<b>23,371</b>	<b>86,572</b>



## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 13. INCOME TAX

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

In RON thousands	Bank	
	30.06.2021	30.06.2020
Profit/ (Loss) before tax	413,365	349,079
Direct taxes at 16% (2020: 16%) of taxable profits determined in accordance with Romanian law	(60,379)	(56,830)
Additional tax expenses	(2,629)	143
Deferred tax income	1,629	6,076
<b>Income tax</b>	<b>(61,379)</b>	<b>(50,611)</b>
Profit/ (Loss) before tax	413,365	349,079
Taxation at statutory rate of 16%	(66,138)	(55,853)
Non-deductible expenses	(32,509)	(30,580)
Non-taxable revenues	30,839	22,530
Origination and reversal of temporary differences	1,629	6,077
Fiscal credit	7,429	7,216
Additional tax expenses	(2,629)	-
<b>Taxation in the income statement</b>	<b>(61,379)</b>	<b>(50,610)</b>

### 14. CASH AND CASH EQUIVALENTS

In RON thousands	Bank	
	30.06.2021	31.12.2020
Accounts at NBR	3,471,734	4,554,747
Cash (including cash in ATMs)	1,555,873	1,695,232
Short term Money Market placements	3,740,455	5,915,625
Current balances with other banks	114,955	69,268
<b>Total gross value</b>	<b>8,883,017</b>	<b>12,234,872</b>
Impairment allowance	(1,307)	(5,258)
<b>Total net book value</b>	<b>8,881,710</b>	<b>12,229,614</b>

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 2021, the minimum reserve level was settled as 8% (31 December 2020: 8%) for liabilities to customers in RON and 5% (31 December 2020: 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.

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

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

In RON thousands	Bank	
	30.06.2021	31.12.2020
Derivatives	49,637	75,768
Investment securities held for trading	383,276	436,331
VISA Shares*	48,171	43,238
<b>Total</b>	<b>481,084</b>	<b>555,337</b>

\*) 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".

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

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

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

In RON thousands	Bank	
	30.06.2021	31.12.2020
Equity instruments (Class A)	24,597	22,202
Debt instruments (Class C)	23,574	21,036
<b>Total VISA Shares</b>	<b>48,171</b>	<b>43,238</b>

#### (ii) Derivative assets/ liabilities

Financial assets and liabilities at fair value through profit or loss at 30 June 2021 are summarized as follows:

In RON thousands 30.06.2021	Notional amount	Bank	
		Assets	Liabilities
<b>Foreign currency Derivatives</b>			
Forward contracts	5,858,242	25,811	8,670
Purchased options	150,625	472	6
Sold options	150,625	-	823
<b>Total foreign currency derivatives</b>	<b>6,159,492</b>	<b>26,283</b>	<b>9,499</b>
<b>Interest rates derivatives</b>			
Interest Rate Swaps	2,440,785	17,965	24,311
Purchased options	509,193	5,325	5,358
Sold options	509,193	-	400
<b>Total interest rate derivatives</b>	<b>3,459,171</b>	<b>23,290</b>	<b>30,069</b>
Other derivatives on purchased merchandise	1,084	64	-
Other derivatives on sold merchandise	1,084	-	64
<b>Total derivatives - merchandise</b>	<b>2,168</b>	<b>64</b>	<b>64</b>
<b>Total</b>	<b>9,620,831</b>	<b>49,637</b>	<b>39,632</b>

Financial assets and liabilities at fair value through profit or loss at 31 December 2020 are summarized as follows:

In RON thousands 31.12.2020	Notional amount	Bank	
		Assets	Liabilities
<b>Foreign currency Derivatives</b>			
Forward contracts	3,898,650	24,245	15,861
Purchased options	159,158	217	7
Sold options	159,158	-	217
<b>Total foreign currency derivatives</b>	<b>4,216,966</b>	<b>24,462</b>	<b>16,085</b>
<b>Interest rates derivatives</b>			
Interest Rate Swaps	2,339,452	24,687	29,330
Purchased options	558,310	10,179	9,679
Sold options	558,310	-	1,511
<b>Total interest rate derivatives</b>	<b>3,456,072</b>	<b>34,866</b>	<b>40,520</b>
Other derivatives on purchased merchandise	70,161	16,440	-
Other derivatives on sold merchandise	70,161	-	16,412
<b>Total derivatives - merchandise</b>	<b>140,322</b>	<b>16,440</b>	<b>16,412</b>
<b>Total</b>	<b>7,813,360</b>	<b>75,768</b>	<b>73,017</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 16. LOANS AND ADVANCES TO CUSTOMERS

The Bank'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	Bank		Of which: POCI financial assets	30.06.2021
	Stage 1 and Stage 2	Stage 3		
Mortgages	6,177,536	305,991	-	6,483,527
Personal loans and car loans	28,836	7,433	-	36,269
Credit cards and overdraft	115,708	9,069	-	124,777
Corporate loans	14,908,138	837,367	22,108	15,745,505
SME loans	2,088,201	255,440	-	2,343,641
Factoring, Discounting, Forfaiting	649,508	251,121	-	900,629
<b>Loans and advances to customers before provisions</b>	<b>23,967,927</b>	<b>1,666,421</b>	<b>22,108</b>	<b>25,634,348</b>
Less provision for impairment losses on loans	(329,389)	(1,204,020)	(3,218)	(1,533,409)
<b>Net loans and advances to customers</b>	<b>23,638,538</b>	<b>462,401</b>	<b>18,890</b>	<b>24,100,939</b>

in RON thousands	Bank		Of which: POCI financial assets	31.12.2020
	Stage 1 and Stage 2	Stage 3		
Mortgages	5,951,808	297,752	-	6,249,560
Personal loans and car loans	35,754	7,376	-	43,130
Credit cards and overdraft	116,851	9,043	-	125,894
Corporate loans	13,416,178	921,243	22,967	14,337,421
SME loans	1,987,348	245,203	-	2,232,551
Factoring, Discounting, Forfaiting	599,351	252,908	-	852,259
<b>Loans and advances to customers before provisions</b>	<b>22,107,290</b>	<b>1,733,525</b>	<b>22,967</b>	<b>23,840,815</b>
Less provision for impairment losses on loans	(373,152)	(1,181,123)	(3,519)	(1,554,275)
<b>Net loans and advances to customers</b>	<b>21,734,138</b>	<b>552,402</b>	<b>19,448</b>	<b>22,286,540</b>

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

in RON thousands	Bank	
	30.06.2021	30.06.2020
Balance at the 31st of December	1,554,275	1,361,663
Net impairment charge for the period (Note 16)	77,254	98,365
Foreign currency exchange effect	9,406	10,424
Release of allowances for impairment of loans written-off and loans sold	(119,023)	(73,992)
Other adjustments	11,497	26,318
<b>Final balance at 30 June</b>	<b>1,533,409</b>	<b>1,422,778</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 17. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

in RON thousands	Bank	
	30.06.2021	31.12.2020
Investment securities held at fair value through other comprehensive income	2,202,982	3,012,373
Equity investments (minority holdings)	6,548	5,654
<b>Total</b>	<b>2,209,530</b>	<b>3,018,027</b>

#### Investment securities held at fair value through other comprehensive income

As at 30 June 2021, the Bank 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 2,202,982 (31 December 2020 RON thousands 3,012,373).

As at 30 June 2021, the Bank held no pledged investment securities at fair value through other comprehensive income (31 December 2020: RON thousands 24,044).

The Bank transferred to profit or loss during 2021 an amount of RON thousands 42,291 (30 June 2020: RON thousands 49,656) representing net gain from disposal of financial assets at fair value through other comprehensive income investment securities.

#### Equity investments

The Bank held the following unlisted equity investments classified as financial assets held at fair value through other comprehensive income (FVTOCI) as at 30 June 2021 and 31 December 2020:

30.06.2021	Bank		
In RON thousands	Nature of business	% Interest held	Fair value
Transfond SA	Other financial services	8.04%	4,781
Biroul de Credit SA	Financial services	6.80%	1,230
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	537
<b>Total</b>			<b>6,548</b>

31.12.2020	Bank		
In RON thousands	Nature of business	% Interest held	Fair value
Transfond SA	Other financial services	8.04%	3,882
Biroul de Credit SA	Financial services	6.80%	1,105
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	667
<b>Total</b>			<b>5,654</b>

The above mentioned companies are incorporated in Romania.

### 18. FINANCIAL ASSETS (DEBT INSTRUMENTS) AT AMORTIZED COST

As at 30 June 2021, the Bank held debt instruments at amortized cost representing bonds and T-bills issued by Romanian Government in amount of RON thousands 7,853,088 (31 December 2020: RON thousands 6,148,138).

As at 30 June 2021, the debt instruments at amortized cost are pledged in amount of RON thousands 528,458 (31 December 2020: RON thousands 553,516).

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 19. DEPOSITS FROM BANKS

In RON thousands	Bank	
	30.06.2021	31.12.2020
Term deposits	190,168	242,942
Sight deposits	620,123	352,134
<b>Total</b>	<b>810,291</b>	<b>595,076</b>

### 20. LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

In RON thousands	Bank	
	30.06.2021	31.12.2020
Commercial Banks	30,957	81,405
Multilateral development banks	626,567	696,798
<b>Total</b>	<b>657,524</b>	<b>778,203</b>

As at 30 June 2021, the final maturity of loans varies from July 2022 to May 2025.

UniCredit Bank did not make during the year 2021 any withdrawals.

### 21. DEPOSITS FROM CUSTOMERS

In RON thousands	Bank	
	30.06.2021	31.12.2020
Term deposits	7,107,848	8,215,363
Payable on demand	26,909,643	27,146,663
Collateral deposits	787,136	896,793
Certificates of deposits	263	262
<b>Total</b>	<b>34,804,890</b>	<b>36,259,081</b>

### 22. SUBORDINATED LIABILITIES

In RON thousands	Bank	
	30.06.2021	31.12.2020
UniCredit SPA	831,852	822,466
<b>Total</b>	<b>831,852</b>	<b>822,466</b>

As of 30 June 2021, the following agreements were in place:

- subordinated debt from UniCredit SPA, Italy, in amount of in eq. RON thousands 238,945 (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 591,204 thousands (EUR thousands 120,000), with maturity in December 2027, beneficiary UniCredit Bank S.A.;

Interest accrued amounts to eq. RON thousands 1,703 (EUR thousands 346).

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

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 23. PROVISIONS

In RON thousands	Bank	
	30.06.2021	31.12.2020
Provision for financial guarantees	103,850	110,894
Provision for legal disputes	11,556	10,686
Provision for off-balance commitments	78,025	65,472
Other provisions	6,493	6,822
<b>Total</b>	<b>199,924</b>	<b>193,874</b>

The movements in provisions during the year were as follows:

In RON thousands	Bank	
	30.06.2021	30.06.2020
<b>Balance at 31 December</b>	<b>193,874</b>	<b>218,819</b>
Net expense/(release) with provision for financial guarantees and off-balance commitments	4,092	18,441
Net expense/(release) with provision for legal disputes	715	537
Net expense/(release) with other provisions	(329)	2,731
FX effect	1,572	1,175
<b>Balance at 30 June</b>	<b>199,924</b>	<b>241,703</b>

### 24. ISSUED CAPITAL

The statutory share capital of the Bank as at 30 June 2021, is represented by 48,948,331 ordinary shares (31 December 2020: 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	
	30.06.2021	31.12.2020
	%	%
UniCredit SpA*)	98.6298	98.6298
Other shareholders	1.3702	1.3702
<b>Total</b>	<b>100</b>	<b>100</b>

\*) 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:

	Bank	
	30.06.2021	31.12.2020
Statutory share capital	455,219	455,219
Effect of hyperinflation – IAS 29	722,529	722,529
<b>Share capital under IFRS</b>	<b>1,177,748</b>	<b>1,177,748</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 25. RELATED PARTY TRANSACTIONS

The Bank 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 Bank and UniCredit S.p.A and its subsidiaries:

	Bank			31.12.2020		
	Parent Company	Subsidiaries	Other related entities	Parent Company	Subsidiaries	Other related entities
Derivative assets at fair value through profit or loss	11,940	-	5,458	16,445	18	10,306
Current accounts and deposits at banks	3,694,459	-	40,016	5,844,315	-	23,292
Loans and advances to banks	22,102	-	70,007	21,985	-	2,997
Loans and advances to customers	-	378,533	30,360	-	-	23,054
Other assets	16,746	3,754	13,460	10,403	1,536	15,631
<b>Outstanding receivables</b>	<b>3,745,247</b>	<b>382,287</b>	<b>159,301</b>	<b>5,893,148</b>	<b>1,554</b>	<b>75,280</b>
Derivative liabilities at fair value through profit or loss	13,322	-	21,489	17,578	-	24,632
Derivatives liabilities designated as hedging instruments	12,055	-	49,310	20,466	-	60,749
Current accounts	56,119	274,337	505,144	13,378	465,116	275,492
Deposit attracted	7,942	10,375	169,671	696	372	77,688
Loans received	-	-	30,730	-	-	39,625
Subordinated liabilities	831,851	-	-	822,466	-	-
Other liabilities	6,207	-	37,868	4,474	-	3,088
<b>Outstanding payables</b>	<b>927,496</b>	<b>284,712</b>	<b>814,212</b>	<b>879,058</b>	<b>465,488</b>	<b>481,274</b>
<b>Commitments</b>	<b>174,730</b>	<b>634,358</b>	<b>452,150</b>	<b>159,367</b>	<b>49,040</b>	<b>413,952</b>

	Bank			30.06.2020		
	Parent Company	Subsidiaries	Other related entities	Parent Company	Subsidiaries	Other related entities
Interest income	5	362	334	150	-	160
Interest expense	(29,808)	(99)	(916)	(35,508)	-	(15,219)
Fee and commission income	2,648	15,735	4,122	513	-	11,873
Fee and commission expense	(34)	-	(510)	(75)	-	(1,937)
Other operating income	-	1,852	131	-	-	188
Operating expenses	(831)	(504)	(25,598)	(608)	-	(25,298)
<b>Net revenue/ (expense)</b>	<b>(28,020)</b>	<b>17,346</b>	<b>(22,437)</b>	<b>(35,528)</b>	<b>-</b>	<b>(30,233)</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 25. RELATED PARTY TRANSACTIONS (continued)

#### Transactions with key management personnel

A number of banking transactions are entered into with key management personnel (executive management, administrators and managers of Bank) in the normal course of business. These mainly include loans, current accounts and deposits. The volumes of related-party transactions as of year ends are presented in the below tables:

In RON thousands	Bank	
	30.06.2021	31.12.2020
Loans	11,703	8,822
Current accounts and deposits	18,315	17,681

In RON thousands	Bank	
	30.06.2021	30.06.2020
Interest and similar income	82	77
Interest expenses and similar charges	(46)	(57)

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 Bank's legal provisions and Compensation Policy.

### 26. COMMITMENTS AND CONTINGENCIES

#### i) Off-balance-sheet commitments

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

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

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

RON thousands	Bank			30.06.2021
	Stage 1 and Stage 2	Stage 3	Of which: POCI financial assets	
<b>Loan commitments</b>	<b>12,160,401</b>	<b>107,754</b>	-	<b>12,268,155</b>
committed	2,382,175	7,357	-	2,389,532
uncommitted	9,778,226	100,397	-	9,878,623
Letters of credit	172,042	237	-	172,279
Guarantees issued	3,451,977	126,734	-	3,578,711
<b>Gross amount</b>	<b>15,784,420</b>	<b>234,725</b>	-	<b>16,019,145</b>
Allowance for impairment - Loan commitments	(18,961)	(57,456)	-	(76,417)
Allowance for impairment - Letters of credit	(1,521)	(87)	-	(1,608)
Allowance for impairment - Guarantees issued	(32,696)	(70,970)	-	(103,666)
<b>Total loss allowance</b>	<b>(53,178)</b>	<b>(128,513)</b>	-	<b>(181,691)</b>
<b>Carrying amount</b>	<b>15,731,242</b>	<b>106,212</b>	-	<b>15,837,454</b>



## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 26. COMMITMENTS AND CONTINGENCIES (continued)

#### i) Off-balance-sheet commitments (continued)

RON thousands	Bank			Of which: POCI financial assets	31.12.2020
	Stage 1 and Stage 2	Stage 3			
Loan commitments	10,475,443	126,747	-	-	10,602,190
committed	1,825,907	36,536	-	-	1,862,443
uncommitted	8,649,536	90,211	-	-	8,739,747
Letters of credit	113,145	1,000	-	-	114,145
Guarantees issued	3,834,756	151,843	-	-	3,986,599
<b>Gross amount</b>	<b>14,423,344</b>	<b>279,590</b>	-	-	<b>14,702,934</b>
Allowance for impairment - Loan commitments	(11,473)	(52,292)	-	-	(63,765)
Allowance for impairment - Letters of credit	(964)	(743)	-	-	(1,707)
Allowance for impairment - Guarantees issued	(36,839)	(73,852)	-	-	(110,691)
<b>Total loss allowance</b>	<b>(49,276)</b>	<b>(126,887)</b>	-	-	<b>(176,163)</b>
<b>Carrying amount</b>	<b>14,374,068</b>	<b>152,703</b>	-	-	<b>14,526,771</b>

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 2021 is EUR 19,896,405 (31 December 2020: EUR 23,343,438).

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

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

#### ii) Litigations

As at 30 June 2021, 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 7,706 (31 December 2020: RON thousands 6,836) 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.

### 27. OPERATING SEGMENTS

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

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 27. OPERATING SEGMENTS (continued)

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

30.06.2021	Bank				
In RON thousands	CIB	PB	Retail	Other	Total
Net interest income	286,156	3,031	162,653	66,056	517,896
Net fee and commission income	77,674	1,517	88,914	70	168,175
Net income from trading and other financial instruments which are not at fair value through profit or loss	171,725	1,965	28,562	4,407	206,659
FX Gains/ (Losses)	4,082	-	-	-	4,082
Dividend income	-	-	-	2,229	2,229
Other operating income	838	(14,259)	19,518	(558)	5,539
<b>Operating income</b>	<b>540,475</b>	<b>(7,746)</b>	<b>299,647</b>	<b>72,204</b>	<b>904,580</b>
Operating expenses	(207,230)	8,569	(257,117)	(9,282)	(465,060)
<b>Net operating income</b>	<b>333,245</b>	<b>823</b>	<b>42,530</b>	<b>62,922</b>	<b>439,520</b>
Net impairment losses on financial assets	73,859	(5,559)	(90,726)	(945)	(23,371)
Losses on modifications of financial assets	-	-	(65)	-	(65)
Net provision losses	-	-	-	(4,478)	(4,478)
Net impairment losses on non-financial assets	-	-	-	1,759	1,759
<b>Profit before taxation</b>	<b>407,104</b>	<b>(4,736)</b>	<b>(48,261)</b>	<b>59,258</b>	<b>413,365</b>
Income tax	(65,137)	758	7,722	(4,722)	(61,379)
<b>Net profit for the year</b>	<b>341,967</b>	<b>(3,978)</b>	<b>(40,539)</b>	<b>54,536</b>	<b>351,986</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 27. OPERATING SEGMENTS (continued)

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

30.06.2020	Bank				
In RON thousands	CIB	PB	Retail	Altele	Total
Net interest income	283,153	3,648	165,113	42,552	494,466
Net fee and commission income	69,550	1,494	66,320	61	137,425
Net income from trading and other financial instruments which are not at fair value through profit or loss	173,136	1,817	22,279	16,919	214,151
FX Gains/ (Losses)	25,211	-	-	-	25,211
Dividend income	-	-	-	1,972	1,972
Other operating income	844	3,168	1,864	162	6,038
<b>Operating income</b>	<b>551,894</b>	<b>10,127</b>	<b>255,576</b>	<b>61,666</b>	<b>879,263</b>
Operating expenses	(179,910)	(12,616)	(229,869)	5,809	(416,586)
<b>Net operating income</b>	<b>371,984</b>	<b>(2,489)</b>	<b>25,707</b>	<b>67,475</b>	<b>462,677</b>
Net impairment losses on financial assets	(46,054)	(731)	(39,598)	(189)	(86,572)
Losses on modifications of financial assets	-	-	(2,529)	-	(2,529)
Net provision losses	-	-	-	(21,709)	(21,709)
Net impairment losses on non-financial assets	-	-	-	(2,788)	(2,788)
<b>Profit before taxation</b>	<b>325,930</b>	<b>(3,220)</b>	<b>(16,420)</b>	<b>42,789</b>	<b>349,079</b>
Income tax	(52,149)	515	2,627	(1,604)	(50,611)
<b>Net profit for the year</b>	<b>273,781</b>	<b>(2,705)</b>	<b>(13,793)</b>	<b>41,185</b>	<b>298,468</b>

## Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

### 27. OPERATING SEGMENTS (continued)

Segment reporting on Bank's interim condensed separate statement of financial position as of 30 June 2021:

30.06.2021 In RON thousands	Bank				Total
	CIB	PB	Retail	Other	
Total assets	16,096,089	53,306	8,519,216	20,083,313	44,751,924
Total liabilities	18,485,273	2,157,911	14,136,183	4,286,649	39,066,016
Total equity	-	-	-	5,685,908	5,685,908
Total liabilities and equity	18,485,273	2,157,911	14,136,183	9,972,557	44,751,924

Segment reporting on Bank's interim condensed separate statement of financial position as of 31 December 2020:

31.12.2020 In RON thousands	Bank				Total
	CIB	PB	Retail	Other	
Total assets	17,888,013	58,474	8,191,298	19,307,973	45,445,758
Total liabilities	19,931,658	2,059,869	13,797,052	4,296,461	40,085,040
Total equity	-	-	-	5,360,718	5,360,718
Total liabilities and equity	19,931,658	2,059,869	13,797,052	9,657,179	45,445,758

# Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

## 28. COVID impact

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

### 28.1 COVID- 19 - Measures taken by ECB, EBA and NBR

During 2020 and in the first half of 2021, the Board of Directors of the European Central Bank (ECB) has decided a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy given the economic effects of the Covid-19.

As well, the European Banking Authority (EBA) issued several statements to explain a number of interpretative aspects on the functioning of the prudential framework in relation to the classification of loans in default, the identification of forbore exposures, and their accounting treatment. These clarifications help ensure consistency and comparability in risk metrics across the whole EU banking sector, which are crucial to monitor the effects of the current crisis.

These measures are detailed in the transparency report (Pillar 3 report), published on the Bank's website in the Financial Reports section.

During 2020, the National Bank of Romania (NBR) adopted a package of measures aimed at mitigating the negative effects of the crisis generated by the coronavirus (Covid-19) pandemic on households and Romanian companies, as is detailed in the transparency report published on the Bank's website in the Financial Reports section.

In 2021 the NBR additionally took the following measures:

- After cut the monetary policy rate by one percentage point (pp) in total during 2020 year, the NBR completed the relaxation cycle in January 2021 by a last cut with 0.25 pp to 1.25%;
- As result of decrease of uncertainties regarding economic and financial developments, the NBR Board of Directors announced in March that it approved the calendar of meetings on monetary policy issues for 2021, after it was suspended during the previous year, and monetary policy meetings were held whenever necessary.

### 28.2. Measures taken by the Romanian State (updates in 2021)

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

On 30 March 2020 the Government adopted the Emergency Ordinance 37/2020 which requiring banks to provide moratorium to all customers impacted by Covid-19. Application Norms were entered into force on 6 April 2020 and it covers a maximum period of 9 months of payment postponement, upon request from customers, but not later than 31 December 2020. According to the last Government Emergency Ordinance (OUG 227/2020), the clients can postpone their reimbursements up to 31 March 2021. In order to access this facility, debtors must declare on their own responsibility that they have registered a decrease in income or cash collected by at least 25% in the last 3 months prior to requesting the suspension of payment obligations by reference to the similar period of 2019/2020.

The table below summarizes the impact from implementing the EGO 37/2020, as of 30 June 2021 and contains the total amounts due and postponed for repayment until 30 June 2021:

In RON thousands	Total suspended instalments 30.06.2021 Bank	Total suspended instalments 31.12.2020 Bank
Households, out of which:	1,016	33,711
Consumer loans	41	380
Mortgages	975	33,331
Legal entities (*), out of which,	11,996	876,153
SME Loans	11,996	380,095
Other Loans	-	496,058
<b>Total</b>	<b>13,012</b>	<b>909,864</b>

(\*). Includes also "bullet" reimbursable amounts, without repayment schedule, related to revolving facilities in the total amount of RON thousands 8,604 (31 December 2020 RON thousands 305,405).

# Notes to the unaudited interim condensed separate financial statements for the six months period ended 30 June 2021

## 28. COVID IMPACT (continued)

### 28.3 Financial impact of Covid-19 outbreak on the financial & prudential position of the Bank

After a year 2020 with difficult market conditions in the context of the pandemic, in which the **Bank** had a very prudent risk approach, in first half of 2021 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 2020, supported by commission income and net interest income due to the increase in trade volumes. In the first six months of 2021, 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 while the non-performing loans ratio decreased gradually.

The Bank 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.

#### Liquidity & solvency position

During 2021 the Bank continues regularly to assesses the impact of the Covid-19 outbreak in its business, risk profile and prudential and performance indicators. In this sense, the Bank evaluates its performance based on stress testing scenarios on key performance and prudence indicators, strict monitoring of position and liquidity indicators (mainly liquidity coverage rate - "LCR" and liquidity quick ratio), monitoring the evolution of government interest rates due to the high level of market volatility and its impact on the capital base and monitoring the simulations of solvency indicators. The Bank stress test results are comfortable; both in terms of solvency and in terms of liquidity the Bank expects to maintain a sound position as compared to regulatory minimum ratios.

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

Ratio	30 June 2020	30 September 2020	31 December 2020	31 March 2021	30 June 2021
	Bank	Bank	Bank	Bank	Bank
LCR	167.29%	178.84%	173.60%	157.58%	161.06%
NSFR*	190.00%	185.90%	190.04%	178.30%	179.38%

\* Net Stable Funding Ratio

#### Solvency

During 2021 the Bank it continued measures for capital preservation due to the unanticipated Covid-19 outbreak such as:

- Strict monitoring of capital position and isolation of potential elements with high volatility;
- The planned distribution of dividends for the financial year ended 31 December 2020 did not take place, so the entire Bank's profit (RON 403 million) was kept in own funds;
- Periodic simulations by using stress testing methodologies regarding the increase of the exchange rate, the increase of the interest rate and the increase of the non-repayment probabilities.

## 29. SUBSEQUENT EVENTS

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

The separate financial statements were approved by the Management Board on 28 October 2021 and were signed on its behalf by:

**Mr. Catalin Rasvan Radu**  
Chief Executive Officer



**Mr. Philipp Gamauf**  
Chief Financial Officer



