

Banca Comercială Română S.A. Interim Condensed Financial Statements Consolidated and Separate

30 June 2021

Prepared in accordance with las 34 "Interim Financial Reporting" and unaudited



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Banca Comercială Română S.A. Company with two-tier management board

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InfoBCR: *2227 number available in the Vodafone, Orange, RCS RDS, Telekom networks;

+4021.407.42.00, number available in any network in Romania or abroad

Trade Register Number: J40/90/1991 Taxpayer identification number:

Registered with the Credit Institution Register: RB-PJR-40-008/18.02.1999 Share capital: 1,625,341,625.40

RO 361757 Share capital: 1,625,341,625.40 lei SWIFT- RNCB RO BU

STATEMENT

Regarding the Administrators Report for the first semester of 2021

In accordance with the provisions of ASF Regulation no. 5/2018 art. 223, with subsequent amendments, we, Sergiu Manea, as Executive President of Banca Comerciala Romana SA and Elke Meier, as Executive Vice-President of Banca Comerciala Romana SA, state that:

- a) To the best of our knowledge, the interim consolidated and separate financial statements drawn up in accordance with applicable financial reporting standards provide a correct and accurate image of the assets, liabilities, statement of financial position and statement of comprehensive income of Banca Comerciala Romana SA and its subsidiaries included in the accounting consolidation perimeter.
- b) The consolidated and separate report of the Supervisory Board reflects in a correct and accurate manner the information related to Banca Comerciala Romana SA and its subsidiaries included in the accounting consolidation perimeter.

Executive President,

Sergiu Manea Sergiu-Cristian Digitally signed by Sergiu-Cristian Manea Date: 2021.08.11 11:18:26 +03'00'

Executive Vice-President,

Elke Meier

Elke Meier Date: 2021.08.10 17:51:36 +02'00'



Statement of profit or loss

	Notes	Grou	ıp	Bank	
in RON thousands		30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net interest income	10	1,196,032	1,187,833	1,140,572	1,125,579
Interest income		1,329,770	1,381,234	1,293,997	1,335,714
Other similar income		29,546	32,249	870	4,176
Interest expense		(153,469)	(215,091)	(144,514)	(203,957)
Other similar expense		(9,815)	(10,559)	(9,781)	(10,354)
Net fee and commission income	11	383,774	316,235	353,750	296,557
Fee and commission income		499,389	417,111	463,744	391,162
Fee and commission expense		(115,615)	(100,876)	(109,994)	(94,605)
Dividend income		3,148	3,312	4,243	3,274
Net trading result	12	171,466	142,922	171,126	141,841
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss		2,649	(25)	2,649	(25)
Net result from equity method investments		385	(442)	-	-
Rental income from investment properties and other operating leases		56,838	53,702	2,981	4,870
Personnel expenses	13	(384,272)	(411,059)	(355,103)	(348,958)
Other administrative expenses	13	(302,486)	(288,177)	(297,273)	(298,462)
Depreciation and amortisation	13	(115,018)	(106,058)	(109,809)	(100,085)
Net impairment loss on financial instruments	14	(77,234)	(169,935)	(59,522)	(157,077)
Other operating result	15	(91,588)	(56,559)	(56,367)	(22,903)
Pre-tax result from continuing operations		843,694	671,749	797,247	644,611
Taxes on income	16	(152,885)	(172,870)	(145,641)	(166,243)
Net result for the period		690,809	498,879	651,606	478,368
Net result attributable to non-controlling interests		2	2	-	-
Net result attributable to owners of the parent		690,807	498,877	651,606	478,368

The interim condensed separate and consolidated financial statements were approved by the Executive Committee on August 5th, 2021.

AUTHORISED PERSON Name and first name Signature Executive Vice-President

Elke Meier



Digitally signed by Elke Meier Date: 2021.08.10 17:42:49 +02'00' AUTHORISED PERSON Name and first name Signature Executive Director Accounting Division

Gina Badea





Statement of other comprehensive income

	Gro	up	Bank		
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020	
Net result for the period	690,809	498,879	651,606	478,368	
Actuarial gains/(losses) on defined benefit pension plans	86	-	-	-	
Deferred taxes relating to items that may not be reclassified	(14)	-	-	-	
Total items that cannot be reclassified to profit or loss	72	-	-	-	
Items that may be reclassified to profit or loss	(2.254)	540	(5.000)	(1.070)	
Debt instruments at fair value through other comprehensive income	(3,851)	546	(5,869)	(1,378)	
Currency translation reserve	(150)	454	-	-	
Deferred taxes relating to items that may be reclassified	697	(10)	939	221	
Total items that may be reclassified to profit or loss	(3,304)	990	(4,930)	(1,157)	
Total other comprehensive income	(3,232)	990	(4,930)	(1,157)	
		-		-	
Total comprehensive income	687,577	499,869	646,676	477,211	
Total comprehensive income attributable to non-controlling interests	2	2	-	-	
Total comprehensive income attributable to owners of the parent	687,575	499,867	646,676	477,211	

The interim condensed separate and consolidated financial statements were approved by the Executive Committee on August 5th, 2021.

AUTHORISED PERSON Name and first name Signature Executive Vice-President

Elke Meier

Elke Meier Date: 2021.08.10 17:43:35 +02'00' AUTHORISED PERSON Name and first name Signature Executive Director Accounting Division

Gina Badea





Statement of financial position

		Group		Bank	
in RON thousands	Notes	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Assets					
Cash and cash balances	3	10,851,882	10,538,199	10,628,215	10,193,736
Financial assets held for trading		1,013,555	1,248,822	1,013,555	1,248,822
Derivatives		41,012	39,891	41,012	39,891
Other financial assets held for trading		972,543	1,208,931	972,543	1,208,931
Non-trading financial assets mandatorily at fair value through profit or loss		68,130	104,739	67,895	104,504
Equity instruments		35,238	75,033	35,003	74,798
Debt securities		31,286	27,781	31,286	27,781
Loans and advances to customers		1,606	1,925	1,606	1,925
Financial assets at fair value through other comprehensive income	4	8,308,171	7,536,126	8,241,318	7,511,525
Debt securities		8,308,171	7,536,126	8,241,318	7,511,525
Financial assets at amortised cost	5	58,503,245	57,990,947	58,949,589	57,372,656
Debt securities		14,217,455	14,827,570	14,039,671	13,986,991
thereof pledged as collateral		289,367	421,310	1,746,382	1,416,847
Loans and advances to banks		1,308,921	2,028,021	1,308,807	2,026,208
Loans and advances to customers		42,976,869	41,135,356	43,601,111	41,359,457
Finance lease receivables		1,393,084	1,301,380	12,781	15,106
Property and equipment		820,366	863,743	765,089	803,005
Investment property		150,499	171,860	150,499	171,860
Intangible assets		332,749	348,900	322,342	339,662
Investments in joint ventures and associates		39,053	39,031	33,470	33,470
Current tax assets		185,156	230,979	182,155	227,831
Deferred tax assets		165,661	173,378	157,092	165,784
Assets held for sale		546,097	625,253	54,643	192,247
Trade and other receivables		500,962	563,885	485,703	548,097
Investments in subsidiaries		-	-	448,521	448,521
Other assets		297,380	249,430	199,443	161,407
Total assets		83,175,990	81,986,672	81,712,310	79,538,233

		Group		Bank	nk	
in RON thousands		30.06.2021	31.12.2020	30.06.2021	31.12.2020	
Liabilities and Equity						
Financial liabilities held for trading		35,597	52,051	35,597	52,051	
Derivatives		35,597	52,051	35,597	52,051	
Financial liabilities measured at amortised cost		70,382,127	69,847,085	70,010,897	68,527,999	
Deposits from banks	6	3,042,403	3,606,774	3,749,866	3,579,224	
Deposits from customers	7	64,712,545	64,876,774	63,648,415	63,591,718	
Debt securities issued	8	1,635,524	614,801	1,635,524	614,801	
Other financial liabilities		991,655	748,736	977,092	742,256	
Finance lease liabilities		432,852	428,737	432,329	426,424	
Provisions	9	1,892,135	1,857,633	1,212,381	1,145,984	
Current tax liabilities		67,114	2,985	64,286	-	
Deferred tax liabilities		14,482	11,833	-	-	
Liabilities associated with assets held for sale		111,319	150,294	-	-	
Other liabilities		279,645	291,133	230,557	234,409	
Total equity		9,960,719	9,344,921	9,726,263	9,151,366	
Share capital		2,952,565	2,952,565	2,952,565	2,952,565	
Retained earnings		5,224,517	4,630,443	4,974,604	4,419,688	
Other reserves		1,783,637	1,761,913	1,799,094	1,779,113	
attributable to non-controlling interest		45	43	-	-	
attributable to owners of the parent		9,960,674	9,344,878	-	-	
Total liabilities and equity		83,175,990	81,986,672	81,712,310	79,538,233	

The interim condensed separate and consolidated financial statements were approved by the Executive Committee on August 5th, 2021.

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AUTHORISED PERSON Name and first name Signature Executive Vice-President AUTHORISED PERSON Name and first name Signature Executive Director Accounting Division

Elke Meier

Elke Meier Digitally signed by Elke Date: 2021.08.10 17:44:06 +02'00' Gina Badea





Statement of changes in equity

										30.06.2021	Group
in RON thousands	Subscribed capital	Share premium	Retained earnings	Other reserves	Fair value reserve	Currency translation reserve	Actuarial gains/(losses) on defined benefit pension plans	Deferred tax	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
Total equity as of 01.01.2021	2,952,565	395,483	4,630,400	1,197,466	155,693	(18,150)	67,002	(35,581)	9,344,878	43	9,344,921
Transfers from RE to other reserves	-	-	(24,911)	24,911	-	-	-	-	-	-	-
Dividends paid	-	-	(71,779)	-	-	-	-	-	(71,779)	-	(71,779)
Total comprehensive income	-	-	690,807	-	(3,851)	(150)	86	683	687,575	2	687,577
Net result for the period	-	-	690,807	-	-	-	-	-	690,807	2	690,809
Other comprehensive income	-	-	-	-	(3,851)	(150)	86	683	(3,232)	-	(3,232)
Total equity as of 30.06.2021	2,952,565	395,483	5,224,517	1,222,377	151,842	(18,300)	67,088	(34,898)	9,960,674	45	9,960,719

										30.06.2020	Group
in RON thousands	Subscribed capital	Share premium	Retained earnings	Other reserves	Fair value reserve	Currency translation reserve	Actuarial gains/(losses) on defined benefit pension plans	Deferred tax	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
Total equity as of 01.01.2020	2,952,565	395,483	3,882,542	1,130,670	61,977	(9,419)	80,655	(22,815)	8,471,658	52	8,471,710
Transfers from RE to other reserves	-	-	(66,796)	66,796	-	-	-	-	-	-	-
Total comprehensive income	-	-	498,877	-	546	454		(10)	499,867	2	499,869
Net result for the period	-	-	498,877	-	-	-	-	-	498,877	2	498,879
Other comprehensive income	-	-	-	-	546	454	-	(10)	990	-	990
Total equity as of 30.06.2020	2,952,565	395,483	4,314,623	1,197,466	62,523	(8,965)	80,655	(22,825)	8,971,525	52	8,971,577



Statement of changes in equity (continued)

										30.06.2021	Bank
in RON thousands	Subscribed capital	Share premium	Retained earnings	Other reserves	Fair value reserve	Currency translation reserve	Actuarial gains/(losses) on defined benefit pension plans	Deferred tax	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
Total equity as of 01.01.2021	2,952,565	395,483	4,419,688	1,197,466	154,534		- 67,088	(35,458)	9,151,366	; -	9,151,366
Transfers from RE to other reserves			(24,911)	24,911							
Dividends paid	-	-	(71,779)	-	-			-	(71,779)) -	(71,779)
Total comprehensive income	-		651,606	-	(5,869)			939	646,676	; -	646,676
Net result for the period	-	-	651,606	-	-			-	651,606		651,606
Other comprehensive income	-	-	-	-	(5,869)			-	(5,869)	-	(5,869)
Total equity as of 30.06.2021	2,952,565	395,483	4,974,604	1,222,377	148,665		- 67,088	(34,519)	9,726,263		9,726,263

											30.06.2020	Bank
in RON thousands	Subscribed capital	Share premium	Retained earnings	Other reserves	Fair value reserve	Currency translation reserve		arial gains/(losses) on fined benefit pension plans	Deferred tax	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
Total equity as of 01.01.2020	2,952,565	395,483	3,706,526	1,130,670	61,881		-	80,749	(22,820)	8,305,054	-	8,305,054
Transfers from RE to other reserves	-	-	(66,796)	66,796	-		-	-	-	-	-	-
Total comprehensive income	-	-	478,368	-	(1,378)		-	-	221	477,210	-	477,210
Net result for the period			478,368	-	-		-	-	-	478,368	-	478,368
Other comprehensive income	-	-	-	-	(1,378)		-	-	221	(1,158)	-	(1,158)
Total equity as of 30.06.2020	2,952,565	395,483	4,118,098	1,197,466	60,503		-	80,749	(22,599)	8,782,264	-	8,782,264



Statement of cash flows

	Group		Bank	
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net result for the period	690,809	498,879	651,606	478,368
Non-cash adjustments for items in net profit/(loss) for the year				
Depreciation, amortisation of assets	115,018	106,058	109,809	100,085
Allocation to and release of impairment of loans	50,869	371,009	39,901	353,660
Gains/(losses) from the sale of tangible, intangible assets and assets held for sale	(93,641)	5,378	(18,296)	2,888
Other provisions	34,588	-	66,397	-
Impairment tangible and intangible assets	44,510	-	125	-
Interest income reiceived from investing activities	(325,592)	(339,919)	(317,765)	(324,081)
Interest expense paid for financing activities	102,696	56,203	38,781	61,546
Dividend income from investing activities	-	-	(722)	-
Other adjustments	(34,815)	(47,754)	2,172	(33,305)
Changes in assets and liabilities from operating activities after adjustment for non-cash				
components				
Financial assets - held for trading	236,389	(114,632)	236,389	(114,632)
Financial assets - at fair value through profit or loss	319	-	319	-
Financial assets at fair value through other comprehensive income	(775,897)	(37,067)	(735,662)	925
Financial assets at amortised cost	()	(0,00)	()	
Loans and advances to banks	719,100	222.707	718,940	226,874
Loans and advances to customers	(1,829,784)	(855,902)	(2,220,601)	(1,084,996)
Finance lease receivables	(91,703)	(000,002)	2.324	(1,001,000)
Other assets from operating activities	81,903	(60.807)	97.976	(72.853)
Deposits from banks	(217,234)	(713,920)	318,311	(669,428)
Deposits from customers	(164,229)	1,764,075	56,697	1,905,845
Other financial liabilities	242,919	244,984	234,836	233,304
Other liabilities from operating activities	(14,423)	(20.517)	(3,854)	8.681
Cash flow from operating activities	(1,228,197)	1.078.774	(722,317)	1.072.880
Proceeds of disposal	(1,220,197)	1,070,774	(122,311)	1,072,000
Financial assets at fair value through other comprehensive income	1,867,749	_	919,974	
	1,007,749	-	919,974	
Property and equipment, intangible assets, investment properties and assets held for sale	201,176	39,016	190,705	31,902
Acquisition of				
Debt securities at amortised cost	(1,257,310)	817,538	(972,754)	320,901
Property and equipment, intangible assets and investment properties	(37,395)	(195,816)	(40,654)	(155,034)
Contribution to increase in share capital of subsidiaries	-	(4,535)	-	(4,535)
Interest received from investing activities	325,592	339,897	317,765	324,081
Dividends received from investing activities	-	-	722	-
Cash flow from investing activities	1,099,813	996,100	415,758	517,315
Dividends paid to equity holders of the parent	(71,695)	-	(71,695)	-
Dividends paid to non-controlling interests	(84)	-	(84)	-
Debt securities issued	1,000,000	(141,488)	1,000,000	(141,488)
Outflows from other financing activities	(456,258)	(329,685)	(160,205)	(57,635)
Interest expense paid for financing activities	(29,896)	(37,594)	(26,979)	(28,845)
Other financing activities	(6,599)	(13,413)	(3,682)	(4,664)
Subordinated loans	(23,297)	(24,181)	(23,297)	(24,181)
Cash flow from financing activities	442,067	(508,767)	741,037	(227,968)
Cash and cash equivalents at beginning of period	10,538,199	9,006,518	10,193,736	8,724,971
Cash flow from operating activities	(1,228,197)	1,078,774	(722,317)	1,072,880
Cash flow from investing activities	1,099,813	996,100	415,758	517,315
	442,067	,	741.037	
Cash flow from financing activities		(508,767)	,	(227,968)
Cash and cash equivalents at end of period	10,851,882	10,572,625	10,628,215	10,087,198



1. Bank and Group information

Banca Comerciala Romana S.A, (hereinafter called the "Bank") was established on 1 December 1990. The Bank is a Romanian legal entity and is licensed by the National Bank of Romania ("NBR") to conduct banking activities with both retail and corporate customers. The main services provided to customers include: loans, deposits, domestic and international payments, foreign exchange transactions, bank guarantees, letters of credit, etc.

As a result of the privatization process organized by the government of Romania, Erste Bank der oesterreichischen Sparkassen AG ('Erste Bank') purchased 61.88% of the share capital of the Bank pursuant to a share purchase agreement dated 21 December 2005. Until June 2021, Erste Bank purchased further 38.0035% from employees and other shareholders of the Bank, adding up to 99.8835%. Erste Bank der oesterreichschen Sparkassen AG ("Erste bank") is owned 100% by Erste Group Bank AG. The ultimate parent of the Group is Erste Group Bank AG.

At 30 June 2021, the Bank's shareholders were the following:

	30.06.2021		31.12.2020	
	Number of shares	Percentage holding (%)	Number of shares	Percentage holding (%)
Erste Group Bank AG	16.234.478.994	99.8835%	16,234,373,129	99.8828%
Societatea de Investitii Financiare ("SIF") "Banat Crisana"	1	0.0000%	10,204,070,120	0.0000%
Societatea de Investitii Financiare ("SIF") "Muntenia"	1	0.0000%	1	0.0000%
SC Actinvest SA	226,802	0.0014%	226,802	0.0014%
FDI Certinvest Dinamic	13,699	0.0001%	13,699	0.0001%
BCR Leasing	109	0.0000%	109	0.0000%
Individuals	18,696,648	0.1150%	18,802,513	0.1157%
Total	16,253,416,254	100.0000%	16,253,416,254	100.0000%

The current registered office is located in Bucharest, Romania, No.159, Calea Plevnei, Business Garden Bucharest, Building A.

The Bank operates through the Head Office located in Bucharest and through its territorial units, as follows:

- Retail grouped into 12 geographical locations, including 370 branches;
- Corporate grouped into 9 geographical areas, including 18 Commercial Centres and Area Centres, 16 Mobile Teams and International Clients Department that support small and medium-sized customers (SMEs).

The Bank has the following subsidiaries as at 30 June 2021 and 31 December 2020:

Company's name	Country of	Nature of the business	Share	holding	Gross Book	Net Book Value	Impaiment
Company's name	incorporation	Nature of the pushess	30.06.2021	31.12.2020	Value	Net BOOK value	impaintent
BCR Chisinau SA	Moldova	Banking	100.00%	100.00%	200,064	38,826	161,238
BCR Leasing IFN SA	Romania	Financial leasing	99.97%	99.97%	389,492	226,387	163,105
BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA	Romania	Pension Fund	99.99%	99.99%	269,820	181,408	88,412
BCR Banca pentru Locuinte SA	Romania	Housing loans	99.99%	99.99%	781,078	-	781,078
Suport Colect SRL	Romania	Workout	99.99%	99.99%	983,047	-	983,047
BCR Payments Services SRL	Romania	Payments transactions	99.99%	99.99%	1,900	1,900	-
BCR Fleet Management SRL*	Romania	Operational leasing	99.97%	99.97%	-	-	-

*Company held indirectly by BCR through BCR Leasing SA

The participation held in Fleet was maintained as asset held for sale during 2021.



2. Basis of preparation and presentation of the financial statements

a) Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), 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 conjuction with the consolidated and separate financial statements as at and for the year ended 31 December 2020.

b) Functional and presentation currency

The functional currency of the financial statements is the Romanian leu ("RON"). All figures are shown in RON thousands, rounded to the nearest RON thousands.

The exchange rates of major foreign currencies, published by National Bank of Romania, were:

Currencies		30.06.2021	31.12.2020	Change
Euro (EUR)	1 : RON	4.9267	1:RON 4.8694	1.18%
US Dollar (USD)	1 : RON	4.1425	1 : RON 3.9660	4.45%

c) Significant accounting policies

The individual and consolidated financial statements have been prepared on a going concern basis.

The accounting policies applied by the Bank and the Group in these interim condensed financial statements are the same as those applied in the annual consolidated financial statements as at 31 December 2020.

d) Use of estimates and judgements

The preparation of these interim condensed separate and consolidated financial statements requires judgements, estimates and assumptions by Management and together with the application of accounting policies determines the amounts of assets and liablities, income and expenses.

In preparing the interim condensed separate and consolidated financial statements the significant judgements made by management in appying the Bank's accounting policies were the same as those that applied to the separate and consolidated financial statements for the year ended 31.12.2020.

3. Cash and cash balances

	Gro	oup	Ba	nk
in RON thousands	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Cash on hand	5,404,362	5,343,352	5,372,098	5,318,582
Cash balances at central banks	5,123,683	4,881,080	4,987,203	4,696,858
Other demand deposits to credit institutions	323,837	313,767	268,914	178,296
Cash and cash balances	10,851,882	10,538,199	10,628,215	10,193,736

Mandatory reserve rates at 30 June 2021 were for RON 8% (December 2020: 8%) and for foreign currencies 5% (December 2020: 5%).



4. Financial assets at fair value through other comprehensive income

									30.06.2021	Group
in RON thousands		Gross carryin	g amount			Credit loss allo		Accumulated other fair value changes	Carrying amount	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Debt securities	8,163,100	5,206		- 8,168,306	(10,907)	(1,073)	-	(11,980)	151,845	8,308,171
General governments	8,163,100	-		- 8,163,100	(10,907)	-	-	(10,907)	150,605	8,302,798
Non-financial corporations	-	5,206		- 5,206	-	(1,073)	-	(1,073)	1,240	5,373
Total	8,163,100	5,206		- 8,168,306	(10,907)	(1,073)	-	(11,980)	151,845	8,308,171

Allowances for financial assets	wances for financial assets at fair value through other comprehensive income										
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance		
Debt securities											
Stage 1	(8,235)	(5,100)	2,469	(7)		-	-	(34)	(10,907)		
Central banks	(1,105)	-	1,105	-	-	-	-	-	-		
General governments	(7,130)	(5,100)	1,364	(7)	-	-	-	(34)	(10,907)		
Stage 2	(603)	-	-	(470)		-	-	-	(1,073)		
Non-financial corporations	(603)	-	-	(470)	-	-	-	-	(1,073)		
Total allowances for debt securities	(8,838)	(5,100)	2,469	(477)	-	-	-	(34)	(11,980)		



4. Financial assets at fair value through other comprehensive income (continued)

									31.12.2020	Group
in RON thousands		Gross carryin	g amount			Credit loss allo		Accumulated other fair value changes	Carrying amount	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Debt securities	7,384,062	5,209	-	7,389,271	(8,235)	(603)	-	(8,838)	146,855	7,536,126
Central banks	23,502	-	-	23,502	(1,105)	-	-	(1,105)	-	23,502
General governments	7,360,560	-	-	7,360,560	(7,130)	-	-	(7,130)	146,582	7,507,142
Non-financial corporations	-	5,209	-	5,209	-	(603)	-	(603)	273	5,482
Total	7,384,062	5,209	-	7,389,271	(8,235)	(603)	-	(8,838)	146,855	7,536,126

Allowances for financial assets a	at fair value throug	h other compre	hensive income	•				31.12.2020	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(2,670)	(4,362)	1,715	(2,970)	-	-	-	52	(8,235)
Central banks	-	(1,175)	-	-	-	-	-	70	(1,105)
General governments	(2,670)	(3,187)	1,715	(2,970)	-	-	-	(18)	(7,130)
Stage 2	(649)	-	-	46	-	-	-	-	(603)
Non-financial corporations	(649)	-	-	46	-	-	-	-	(603)
Total allowances for debt securities	(3,319)	(4,362)	1,715	(2,924)	-	-	-	52	(8,838)



4. Financial assets at fair value through other comprehensive income (continued)

									30.06.2021	Bank	
in RON thousands		Gross carryin	g amount		Credit loss allowances				Accumulated other fair value Car changes		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total			
Debt securities	8,096,281	5,206	-	8,101,487	(7,762)	(1,073)	-	(8,835)	148,666	8,241,318	
General governments	8,096,281	-	-	8,096,281	(7,762)	-	-	(7,762)	147,426	8,235,945	
Non-financial corporations	-	5,206	-	5,206	-	(1,073)	-	(1,073)	1,240	5,373	
Total	8,096,281	5,206	-	8,101,487	(7,762)	(1,073)	-	(8,835)	148,666	8,241,318	

Allowances for financial assets at fair	owances for financial assets at fair value through other comprehensive income											
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance			
Debt securities												
Stage 1	(7,078)	(1,963)	1,319	(6)			-	(34)	(7,762)			
General governments	(7,078)	(1,963)	1,319	(6)	-		-	(34)	(7,762)			
Stage 2	(603)	-	-	(470)			-	-	(1,073)			
Non-financial corporations	(603)	-	-	(470)	-		-	-	(1,073)			
Total allowances for debt securities	(7,681)	(1,963)	1,319	(476)			-	(34)	(8,835)			



4. Financial assets at fair value through other comprehensive income (continued)

in RON thousands		Gross carryir	ig amount			Credit loss al	lowances		31.12.2020 Accumulated other fair value changes	Bank Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Debt securities	7,359,463	5,209	-	7,364,672	(7,078)	(603)	-	(7,681)	146,853	7,511,525
General governments	7,359,463	-	-	7,359,463	(7,078)	-	-	(7,078)	146,580	7,506,043
Non-financial corporations	-	5,209	-	5,209	-	(603)	-	(603)	273	5,482
Total	-	-	-	-	(7,078)	(603)	-	(7,681)	146,853	7,511,525

Allowances for financial assets at fair value through other comprehensive income

in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(2,583)	(3,136)	1,715	(3,051)			-	(23)	(7,078)
General governments	(2,583)	(3,136)	1,715	(3,051)			-	(23)	(7,078)
Stage 2	(649)	-	-	46			-	-	(603)
Non-financial corporations	(649)	-	-	46	-		-	-	(603)
Total allowances for debt securities	(3,232)	(3,136)	1,715	(3,005)	-		-	(23)	(7,681)

31.12.2020

Bank



5. Financial assets at amortised cost

										30.06.2021	Group
in RON thousands		Gros	ss carrying amount				Credit loss al	owances			Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Debt securities	14,164,934	71.027	1.280		14,237,241	(18,711)	(691)	(384)	-	(19,786)	14,217,455
Central banks	54,093	-	-	-	54,093	(2,545)	-	-	-	(2,545)	51,548
General governments	14,110,841	71,027	1,280	-	14,183,148	(16,166)	(691)	(384)	-	(17,241)	14,165,907
Loans and advances to banks	1,309,049	-	-	-	1,309,049	(128)	-	-	-	(128)	1,308,921
Central banks	2,073	-	-	-	2,073	-	-	-	-	-	2,073
Credit institutions	1,306,976	-	-	-	1,306,976	(128)	-	-	-	(128)	1,306,848
Loans and advances to customers	33,656,330	9,673,129	1,787,208	304,121	45,420,788	(197,072)	(850,001)	(1,329,496)	(67,350)	(2,443,919)	42,976,869
General governments	3,333,615	502,695	10,148	14,388	3,860,846	(5,375)	(6,702)	(8,383)	(3,173)	(23,633)	3,837,213
Other financial corporations	164,731	1,642	9,107	-	175,480	(1,880)	(87)	(8,693)	-	(10,660)	164,820
Non-financial corporations	9,571,546	4,216,979	796,563	63,718	14,648,806	(129,094)	(418,183)	(593,225)	(7,726)	(1,148,228)	13,500,578
Households	20,586,438	4,951,813	971,390	226,015	26,735,656	(60,723)	(425,029)	(719,195)	(56,451)	(1,261,398)	25,474,258
Total	49,130,313	9,744,156	1,788,488	304,121	60,967,078	(215,911)	(850,692)	(1,329,880)	(67,350)	(2,463,833)	58,503,245

The movements in allowances for financial assets at amortised cost – **debt securities** are presented below:

								30.06.2021	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(19,086)	(8,120)	8,450	36	40	-	-	(31)	(18,711)
Central banks	-	(2,544)	(1)	-	-	-	-	-	(2,545)
General governments	(19,082)	(5,576)	8,447	36	40	-	-	(31)	(16,166)
Credit institutions	(4)	-	4	-	-	-	-	-	-
Stage 2	(585)	-	-	141	(247)	-	-	-	(691)
General governments	(585)	-	-	141	(247)	-	-	-	(691)
Stage 3	(406)	-	-	22	-	-	-	-	(384)
General governments	(406)	-	-	22	-	-	-	-	(384)
Total allowances for debt securities	(20,077)	(8,120)	8,450	199	(207)	-	-	(31)	(19,786)



The movements in allowances for financial assets at amortised cost – loans and advances to banks are presented below:

								30.06.2021	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to banks									
Stage 1	(906)	(245)	924	(129)	232	-	-	(4)	(128)
Credit institutions	(906)	(245)	924	(129)	232	-	-	(4)	(128)
Stage 2	(110)	-	3	108	-	-	-	(1)	
Credit institutions	(110)	-	3	108	-	-	-	(1)	-
Total allowances for loans and advances to banks	(1,016)	(245)	927	(21)	232	-	-	(5)	(128)

The movements in allowances for financial assets at amortised cost – loans and advances to customers are presented below:

								30.06.2021	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to customers									
Stage 1	(166,578)	(47,483)	21,436	(139,110)	135,901	8	2	(1,248)	(197,072)
General governments	(3,554)	(288)	325	(2,395)	542		-	(5)	(5,375)
Other financial corporations	(1,228)	(938)	100	409	25	-	-	(248)	(1,880)
Non-financial corporations	(100,882)	(31,099)	17,482	(23,992)	9,942		-	(545)	(129,094)
Households	(60,914)	(15,158)	3,529	(113,132)	125,392	8	2	(450)	(60,723)
Stage 2	(807,816)	(6,013)	50,205	206,752	(287,994)	(1,329)	41	(3,847)	(850,001)
General governments	(7,217)		34	1,137	(659)	3	-	-	(6,702)
Other financial corporations	(332)	-	248	362	(365)	-	-	-	(87)
Non-financial corporations	(326,642)	(4,558)	30,422	(16,571)	(98,268)	(125)	-	(2,441)	(418,183)
Households	(473,625)	(1,455)	19,501	221,824	(188,702)	(1,207)	41	(1,406)	(425,029)
Stage 3	(1,337,382)	(2,385)	47,489	(47,771)	(25,660)	(2,359)	46,840	(8,268)	(1,329,496)
General governments	(8,682)		2	309		(12)	-	-	(8,383)
Other financial corporations	(9,320)		9	726			-	(108)	(8,693)
Non-financial corporations	(608,341)	(990)	25,117	(28,105)	(3,926)	(2,130)	30,115	(4,965)	(593,225)
Households	(711,039)	(1,395)	22,361	(20,701)	(21,734)	(217)	16,725	(3,195)	(719,195)
POCI	(79,706)	-	3,827	7,475	-	16	1,729	(691)	(67,350)
General governments	(3,768)		-	652		(42)	-	(15)	(3,173)
Non-financial corporations	(10,418)	-	124	2,629	-	(2)	30	(89)	(7,726)
Households	(65,520)	-	3,703	4,194	-	60	1,699	(587)	(56,451)
Total allowances for loans and advances to customers	(2,391,482)	(55,881)	122,957	27,346	(177,753)	(3,664)	48,612	(14,054)	(2,443,919)



										31.12.2020	Group
		Gros	s carrying amount				Cre	dit loss allowances		(Carrying amount
in RON thousands	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Debt securities	14,800,901	45,391	1,355	-	14,847,647	(19,086)	(585)	(406)	-	(20,077)	14,827,570
Central banks	14,749,191	45,391	1,355	-	14,795,937	(19,082)	(585)	(406)	-	(20,073)	14,775,864
General governments	51,710	-	-	-	51,710	(4)	-	-	-	(4)	51,706
Loans and advances to banks	2,020,268	8,769		-	2,029,037	(906)	(110)			(1,016)	2,028,021
Central banks	1,990	-	-	-	1,990			-	-	-	1,990
Credit institutions	2,018,278	8,769	-	-	2,027,047	(906)	(110)	-	-	(1,016)	2,026,031
Loans and advances to customers	31,712,152	9,705,615	1,788,660	320,411	43,526,838	(166,578)	(807,816)	(1,337,382)	(79,706)	(2,391,482)	41,135,356
General governments	3,060,975	489,208	10,495	15,974	3,576,652	(3,554)	(7,217)	(8,682)	(3,768)	(23,221)	3,553,431
Other financial corporations	190,216	24,406	9,885	-	224,507	(1,228)	(332)	(9,320)	-	(10,880)	213,627
Non-financial corporations	8,772,047	4,136,034	807,847	68,766	13,784,694	(100,882)	(326,642)	(608,341)	(10,418)	(1,046,283)	12,738,411
Households	19,688,914	5,055,967	960,433	235,671	25,940,985	(60,914)	(473,625)	(711,039)	(65,520)	(1,311,098)	24,629,887
Total	48,533,321	9,759,775	1,790,015	320,411	60,403,522	(186,570)	(808,511)	(1,337,788)	(79,706)	(2,412,575)	57,990,947

The movements in allowances for financial assets at amortised cost - debt securities are presented below:

								31.12.2020	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(11,698)	(8,357)	9,652	(9,570)	617	-	-	270	(19,086)
Central banks	(2,767)	-	2,767	-	-	-	-	-	-
General governments	(8,927)	(8,357)	6,885	(9,570)	617	-	-	270	(19,082)
Credit institutions	(4)	-	-	-	-	-	-	-	(4)
Stage 2	(1,074)	-	-	522	(33)	-	-	-	(585)
General governments	(1,074)	-	-	522	(33)	-	-	-	(585)
Stage 3	(609)	-	125	78	-	-	-	-	(406)
General governments	(609)	-	125	78	-	-	-	-	(406)
Total allowances for debt securities	(13,381)	(8,357)	9,777	(8,970)	584	-	-	270	(20,077)



The movements in allowances for financial assets at amortised cost – loans and advances to banks are presented below:

								31.12.2020	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to banks									
Stage 1	(710)	(8,984)	8,729	85	-	-	-	(26)	(906)
Credit institutions	(710)	(8,984)	8,729	85	-	-	-	(26)	(906)
Stage 2	(12)	-	62	(55)	(105)	-	-	-	(110)
Credit institutions	(12)	-	62	(55)	(105)	-	-	-	(110)
Total allowances for loans and advances to banks	(722)	(8,984)	8,791	30	(105)	-	-	(26)	(1,016)

The movements in allowances for financial assets at amortised cost - loans and advances to customers are presented below:

								31.12.2020	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to customers									
Stage 1	(159,624)	(80,867)	37,291	(124,300)	162,544	381	-	(2,003)	(166,578)
General governments	(2,978)	(9,268)	8,943	(3,384)	3,141	-		(8)	(3,554)
Other financial corporations	(822)	(591)	-	152	35		-	(2)	(1,228)
Non-financial corporations	(105,635)	(45,911)	23,271	(11,364)	39,712	19	-	(974)	(100,882)
Households	(50,189)	(25,097)	5,077	(109,704)	119,656	362	-	(1,019)	(60,914)
Stage 2	(573,869)	(15,549)	57,940	530,420	(797,156)	(4,599)	78	(5,081)	(807,816)
General governments	(10,076)	-	384	3,038	(1,537)	1,009		(35)	(7,217)
Other financial corporations	(91)	-	42	53	(336)		-	-	(332)
Non-financial corporations	(286,301)	(13,866)	38,949	167,868	(229,205)	(715)	-	(3,372)	(326,642)
Households	(277,401)	(1,683)	18,565	359,461	(566,078)	(4,893)	78	(1,674)	(473,625)
Stage 3	(998,286)	(9,129)	127,028	(394,597)	(190,141)	(810)	136,713	(8,160)	(1,337,382)
General governments	(9,007)	-	7	327		(9)	-	-	(8,682)
Other financial corporations	(9,204)	-	-	133		(97)	-	(152)	(9,320)
Non-financial corporations	(337,126)	(6,863)	58,765	(319,939)	(40,938)	(278)	39,604	(1,566)	(608,341)
Households	(642,949)	(2,266)	68,256	(75,118)	(149,203)	(426)	97,109	(6,442)	(711,039)
POCI	(134,102)	-	34,205	11,583	-	(538)	10,758	(1,612)	(79,706)
General governments	(5,389)	-	-	1,438	-	-		183	(3,768)
Non-financial corporations	(32,583)	-	21,530	1,175	-	(312)	392	(620)	(10,418)
Households	(96,130)	-	12,675	8,970	-	(226)	10,366	(1,175)	(65,520)
Total allowances for loans and advances to customers	(1,865,881)	(105,545)	256,464	23,106	(824,753)	(5,566)	147,549	(16,856)	(2,391,482)



										30.06.2021	Bank
in RON thousands		Gros	ss carrying amount	t			Credit loss all	lowances		Total	Carrying amount
·	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Debt securities	13,982,118	71,026	1,280	-	14,054,424	(13,678)	(691)	(384)		(14,753)	14,039,671
General governments	13,982,118	71,026	1,280	-	14,054,424	(13,678)	(691)	(384)	-	(14,753)	14,039,671
Loans and advances to banks	1,308,549	469	66,745	-	1,375,763	(128)	(83)	(66,745)	-	(66,956)	1,308,807
Central banks	2,073	-	-	-	2,073	-	-	-	-	-	2,073
Credit institutions	1,306,476	469	66,745	-	1,373,690	(128)	(83)	(66,745)	-	(66,956)	1,306,734
Loans and advances to customers	34,312,107	9,644,411	1,714,548	304,083	45,975,149	(184,660)	(845,503)	(1,276,525)	(67,350)	(2,374,038)	43,601,111
General governments	3,333,519	502,695	10,148	14,388	3,860,750	(5,375)	(6,702)	(8,383)	(3,173)	(23,633)	3,837,117
Other financial corporations	1,931,999	126	9,107	-	1,941,232	(6,305)	(2)	(8,693)	-	(15,000)	1,926,232
Non-financial corporations	8,656,709	4,203,465	757,808	63,718	13,681,700	(113,191)	(414,965)	(572,392)	(7,726)	(1,108,274)	12,573,426
Households	20,389,880	4,938,125	937,485	225,977	26,491,467	(59,789)	(423,834)	(687,057)	(56,451)	(1,227,131)	25,264,336
Total	49,602,774	9,715,906	1,782,573	304,083	61,405,336	(198,466)	(846,277)	(1,343,654)	(67,350)	(2,455,747)	58,949,589

The movements in allowances for financial assets at amortised cost – **debt securities** are presented below:

								30.06.2021	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(13,624)	(3,203)	3,800	(659)	40	-	-	(32)	(13,678)
General governments	(13,620)	(3,203)	3,796	(659)	40	-	-	(32)	(13,678)
Credit institutions	(4)	-	4	-	-	-	-	-	-
Stage 2	(585)	-	-	141	(247)	-	-	-	(691)
General governments	(585)	-	-	141	(247)	-	-	-	(691)
Stage 3	(406)	-	-	22	-	-	-	-	(384)
General governments	(406)	-	-	22	-	-	-	-	(384)
Total allowances for debt securities	(14,615)	(3,203)	3,800	(496)	(207)	-		(32)	(14,753)



The movements in allowances for financial assets at amortised cost - loans and advances to banks are presented below:

								30.06.2021	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to banks									
Stage 1	(906)	(245)	924	(129)	232	-	-	(4)	(128)
Credit institutions	(906)	(245)	924	(129)	232	-	-	(4)	(128)
Stage 2	(286)		3	201	-	-	-	(1)	(83)
Credit institutions	(286)	-	3	201	-	-	-	(1)	(83)
Stage 3	(66,591)	-	-	(154)	-	-	-	-	(66,745)
Credit institutions	(66,591)	-	-	(154)	-	-	-	-	(66,745)
Total allowances for loans and advances to banks	(67,783)	(245)	927	(82)	232	-	-	(5)	(66,956)

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30.06.2021

Bank

The movements in allowances for financial assets at amortised cost - loans and advances to customers are presented below:

Transfers Net changes due Decrease in Increases due Net changes Exchange-rate Opening Decreases due between Stage to modifications allowance Closing in RON thousands to origination due to change and other balance to derecognition 1 and Stages without account due to balance and acquisition in credit risk changes (+/-) 2/3 derecognition write-offs Loans and advances to customers Stage 1 (153, 345)(41, 487)21,347 (144, 966)135,026 2 (1,237)(184, 660)General governments (3,554) (288) 325 (2,395)542 (5) (5,375) -Other financial corporations (3,091)(837) 100 (2,232)(248) (6, 305)3 Non-financial corporations (86.569)17.434 (27.070)9.224 (621) (113.191)Households (60, 131)(14,773)3.488 (113, 269)125,257 2 (363)(59,789)Stage 2 (807,957) (6,013) 50,135 207,492 (284,056) (1,345) 41 (3,800) (845,503) General governments (7.217)34 1.137 3 (6,702) Other financial corporations 248 86 (4) (2) (4,558)30,410 (15,778)(94,868) (125) (2,350)(414, 965)Non-financial corporations (327, 696)-Households (472.712)(1.455)19.443 222.047 (188, 525)(1.223)41 (1, 450)(423.834)(2,385)47,351 (46, 948)(24, 545)(2,356)42,662 (7,899) (1, 276, 525)Stage 3 (1,282,405)General governments (8,682)309 (8, 383)(9,320) 726 (108) (8,693) Other financial corporations Q Non-financial corporations (588, 325)(990) 25,117 (24,900) (2,947)(2, 130)26,674 (4, 891)(572,392) Households (676,078)(1, 395)22,223 (23,083)(21, 598)(214) 15,988 (2,900)(687,057) POCI 3,827 7,475 1,729 (67,350) (79,706) 16 (691) (3,768) 652 (42) (3,173) General governments (15) 30 (7,726) Non-financial corporations (10, 418)124 2,629 (89) 3,703 1.699 (587) (56,451) Households (65, 520)4.194 60 Total allowances for loans and (2, 323, 413)122.660 23.053 (3,685) 44.434 (49,885) (173,575) (13,627) (2,374,038)advances to customers



										31.12.2020	Bank
		Gros	ss carrying amount	t			Cred	it loss allowances			Carrying amount
in RON thousands	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Debt securities	13,954,863	45,388	1,355		14,001,606	(13,624)	(585)	(406)		(14,615)	13,986,991
General governments	13,903,152	45,388	1,355	-	13,949,895	(13,620)	(585)	(406)	-	(14,611)	13,935,284
Credit institutions	51,711	-	-	-	51,711	(4)	-	-	-	(4)	51,707
Loans and advances to banks	2,017,795	9,605	66,591	-	2,093,991	(906)	(286)	(66,591)	-	(67,783)	2,026,208
Central banks	1,990	-	-	-	1,990	-	-	-	-	-	1,990
Credit institutions	2,015,805	9,605	66,591	-	2,092,001	(906)	(286)	(66,591)	-	(67,783)	2,024,218
Loans and advances to customers	31,892,055	9,761,280	1,709,164	320,371	43,682,870	(153,345)	(807,957)	(1,282,405)	(79,706)	(2,323,413)	41,359,457
General governments	3,060,975	489,208	10,495	15,974	3,576,652	(3,554)	(7,217)	(8,682)	(3,768)	(23,221)	3,553,431
Other financial corporations	1,501,195	24,406	9,885	-	1,535,486	(3,091)	(332)	(9,320)	-	(12,743)	1,522,743
Non-financial corporations	7,824,322	4,203,382	765,309	68,766	12,861,779	(86,569)	(327,696)	(588,325)	(10,418)	(1,013,008)	11,848,771
Households	19,505,563	5,044,284	923,475	235,631	25,708,953	(60,131)	(472,712)	(676,078)	(65,520)	(1,274,441)	24,434,512
Total	47,864,713	9,816,273	1,777,110	320,371	59,778,467	(167,875)	(808,828)	(1,349,402)	(79,706)	(2,405,811)	57,372,656

The movements in allowances for financial assets at amortised cost – **debt securities** are presented below:

								31.12.2020	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(6,210)	(3,586)	4,676	(9,091)	617	-	-	(30)	(13,624)
General governments	(6,207)	(3,586)	4,677	(9,091)	617	-	-	(30)	(13,620)
Credit institutions	(3)	-	(1)	-	-	-	-	-	(4)
Stage 2	(1,067)	-	-	515	(33)	-	-	-	(585)
General governments	(1,067)	-	-	515	(33)	-	-	-	(585)
Stage 3	(609)	-	125	78	-	-	-	-	(406)
General governments	(609)	-	125	78	-	-	-	-	(406)
Total allowances for debt securities	(7,886)	(3,586)	4,801	(8,498)	584	-	-	(30)	(14,615)



The movements in allowances for financial assets at amortised cost – loans and advances to banks are presented below:

in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	31.12.2020 Exchange-rate and other changes (+/-)	Bank Closing balance
Loans and advances to banks									
Stage 1	(774)	(8,984)	8,728	150	-	-	-	(26)	(906)
Credit institutions	(774)	(8,984)	8,728	150	-	-	-	(26)	(906)
Stage 2	(89)	-	62	(171)	(105)	-	-	17	(286)
Credit institutions	(89)	-	62	(171)	(105)	-	-	17	(286)
Stage 3	(66,647)	(12,590)	12,590	56	-	-	-	-	(66,591)
Credit institutions	(66,647)	(12,590)	12,590	56	-	-	-	-	(66,591)
Total allowances for loans and advances to banks	(67,510)	(21,574)	21,380	35	(105)	-	-	(9)	(67,783)

The movements in allowances for financial assets at amortised cost – **loans and advances to customers** are presented below:

								31.12.2020	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to customers									
Stage 1	(146,822)	(78,082)	36,991	(124,827)	161,187	189	-	(1,981)	(153,345)
General governments	(2,978)	(9,268)	8,943	(3,384)	3,141	-	-	(8)	(3,554)
Other financial corporations	(1,545)	(552)	-	(1,008)	35	-	-	(21)	(3,091)
Non-financial corporations	(92,947)	(43,268)	23,094	(11,116)	38,565	19	-	(916)	(86,569)
Households	(49,352)	(24,994)	4,954	(109,319)	119,446	170	-	(1,036)	(60,131)
Stage 2	(571,654)	(15,549)	57,706	529,397	(798,594)	(4,604)	78	(4,737)	(807,957)
General governments	(10,076)	-	384	3,038	(1,537)	1,009	-	(35)	(7,217)
Other financial corporations	(91)	-	42	53	(336)	-	-	-	(332)
Non-financial corporations	(284,446)	(13,866)	38,729	167,175	(231,432)	(715)	-	(3,141)	(327,696)
Households	(277,041)	(1,683)	18,551	359,131	(565,289)	(4,898)	78	(1,561)	(472,712)
Stage 3	(937,262)	(9,129)	126,582	(385,386)	(182,164)	(820)	113,144	(7,370)	(1,282,405)
General governments	(9,007)		7	327	-	(9)	-	-	(8,682)
Other financial corporations	(9,203)	-	-	132	-	(97)	-	(152)	(9,320)
Non-financial corporations	(321,301)	(6,863)	58,759	(307,969)	(34,283)	(278)	25,058	(1,448)	(588,325)
Households	(597,751)	(2,266)	67,816	(77,876)	(147,881)	(436)	88,086	(5,770)	(676,078)
POCI	(134,102)	-	34,205	11,583	-	(538)	10,758	(1,612)	(79,706)
General governments	(5,389)	-	-	1,438	-	-	-	183	(3,768)
Other financial corporations	-	-	-	-	-	-	-	-	-
Non-financial corporations	(32,583)	-	21,530	1,175	-	(312)	392	(620)	(10,418)
Households	(96,130)	-	12,675	8,970	-	(226)	10,366	(1,175)	(65,520)
Total allowances for loans and advances to customers	(1,789,840)	(102,760)	255,484	30,767	(819,571)	(5,773)	123,980	(15,700)	(2,323,413)



6. Deposits from banks

· · ·	Gro	up	Bank	
in RON thousands	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Current accounts / overnight deposits	735,372	917,110	763,346	947,984
Term deposits from other banks	1,136,096	1,566,540	388,408	530,503
Repurchase agreements	70,915	35,864	1,498,092	1,013,477
Deposits from banks	1,942,383	2,519,514	2,649,846	2,491,964
Subordinated loans	1,100,020	1,087,260	1,100,020	1,087,260
Total	3,042,403	3,606,774	3,749,866	3,579,224

7. Deposits from customers

	Gro	up	Ban	k
in RON thousands	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Overnight deposits	38,639,489	37,902,428	38,429,368	37,718,740
Savings deposits	1,661	1,819	-	-
Households	1,661	1,819	-	
Non-savings deposits	38,637,828	37,900,609	38,429,368	37,718,740
General governments	2,777,398	2,886,018	2,777,398	2,886,018
Other financial corporations	886,974	889,028	958,902	1,044,544
Non-financial corporations	12,945,064	13,490,065	12,741,659	13,224,773
Households	22,028,392	20,635,498	21,951,409	20,563,405
Term deposits	26,073,056	26,974,346	25,219,047	25,872,978
Deposits with agreed maturity	26,073,056	26,974,346	25,219,047	25,872,978
Savings deposits	808,729	1,038,774	-	-
Households	808,729	1,038,774	-	-
Non-savings deposits	25,264,327	25,935,572	25,219,047	25,872,978
General governments	2,500,506	3,057,243	2,500,506	3,057,243
Other financial corporations	844,514	805,407	947,663	890,717
Non-financial corporations	4,906,682	4,719,501	4,907,445	4,708,271
Households	17,012,625	17,353,421	16,863,433	17,216,747
Deposits from customers	64,712,545	64,876,774	63,648,415	63,591,718
General governments	5,277,904	5,943,261	5,277,904	5,943,261
Other financial corporations	1,731,488	1,694,435	1,906,565	1,935,261
Non-financial corporations	17,851,746	18,209,566	17,649,104	17,933,044
Households	39,851,407	39,029,512	38,814,842	37,780,152

8. Debt securities issued

	Group	0	Bar	nk
in RON thousands	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Bonds	1,635,524	614,801	1,635,524	614,801
Debt securities issued	1,635,524	614,801	1,635,524	614,801

During May 2021, the Bank issued senior non preferred bonds in amount of RON 1bn in accordance with the approved strategy.



9. Provisions

	Gro	up	Bank	
in RON thousands	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Long-term employee provisions	62,827	60,030	62,777	59,980
Pending legal issues	666,527	673,100	643,908	645,940
Commitments and guarantees given	202,434	162,460	207,443	167,706
Provisions for commitments and financial guarantees in Stage 1	51,859	39,674	53,749	40,207
Provisions for commitments and financial guarantees in Stage 2	80,637	60,904	83,756	65,657
Provisions for commitments and financial guarantees - Defaulted	69,938	61,882	69,938	61,882
Provisions for commitments and financial guarantees in Stage 3	66,932	57,534	66,932	57,534
Provisions for commitments and financial guarantees - POCI	3,006	4,348	3,006	4,348
Other provisions	960,347	962,043	298,253	272,358
Provisions	1,892,135	1,857,633	1,212,381	1,145,984

10. Net interest income

	Group	Bank		
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Interest and other similar income				
Financial assets at amortised cost	1,232,071	1,284,572	1,197,152	1,239,861
Financial assets measured at fair value through other comprehensive income	97,699	96,662	96,845	95,853
Interest income	1,329,770	1,381,234	1,293,997	1,335,714
Non-trading financial assets at fair value through profit or loss	5	5	5	5
Financial assets - held for trading	242	3,784	242	3,784
Other assets and negative interest from financial liabilities	29,299	28,460	623	387
Other similar income	29,546	32,249	870	4,176
Total interest and other similar income	1,359,316	1,413,483	1,294,867	1,339,890
Interest and other similar expense				
Financial liabilities measured at amortised cost	(153,469)	(215,091)	(144,514)	(203,957)
Interest expenses	(153,469)	(215,091)	(144,514)	(203,957)
Financial liabilities - held for trading	(119)	(1,492)	(119)	(1,492)
Other liabilities	(7,833)	(8,512)	(7,799)	(8,307)
Negative Interest from financial assets	(1,863)	(555)	(1,863)	(555)
Other similar expenses	(9,815)	(10,559)	(9,781)	(10,354)
Total Interest and other similar expense	(163,284)	(225,650)	(154,295)	(214,311)
Net interest income	1,196,032	1,187,833	1,140,572	1,125,579
Thereof: interest-income on credit impaired financial assets	24,481	20,757	20,856	16,656



11. Net fees and commissions income

		Group				Bank		
in RON thousands	30.06.	2021	30.06	.2020	30.06.	2021	30.06.2020	
	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses
Securities	17,950	(2,201)	18,434	(2,811)	17,950	(2,201)	18,434	(2,811)
Transfer orders	17,950	(2,201)	18,434	(2,811)	17,950	(2,201)	18,434	(2,811)
Clearing and settlement	3,621	(8,190)	3,244	(7,829)	3,626	(8,143)	3,249	(7,766)
Asset management	26,993	-	19,552		-	-	-	-
Custody	8,937	(2,533)	9,102	(2,412)	8,937	(1,672)	9,102	(1,617)
Payment services	314,444	(87,490)	264,961	(74,797)	311,921	(86,463)	262,665	(73,660)
Card business	101,414	(57,223)	70,142	(54,354)	99,929	(56,429)	68,739	(53,578)
Other	213,030	(30,267)	194,819	(20,443)	211,992	(30,034)	193,926	(20,082)
Customer resources distributed but not managed	82,742	(2,025)	66,239	(837)	79,721	(2,025)	63,964	(837)
Collective investment	23,237	-	17,703	-	23,237	-	17,703	-
Insurance products	44,855	-	37,292	-	40,487	-	33,566	-
Building society brokerage	-	-	-		5	-	14	-
Foreign exchange transactions	14,208	(2,025)	11,029	(837)	14,209	(2,025)	11,030	(837)
Other	442	-	215		1,783	-	1,651	-
Structured finance	323	-	-	-	323	-	-	-
Lending business	30,837	(11,937)	25,605	(10,630)	30,721	(9,114)	25,631	(7,663)
Guarantees given, guarantees received	10,461	(2,132)	11,578	(2,774)	10,361	(1,243)	11,592	(1,427)
Loan commitments given, loan commitments received	9,673	-	6,841		9,673	-	6,841	-
Other lending business	10,703	(9,805)	7,186	(7,856)	10,687	(7,871)	7,198	(6,236)
Other	13,542	(1,239)	9,974	(1,560)	10,545	(376)	8,117	(251)
Net fee and commission income	499,389	(115,615)	417,111	(100,876)	463,744	(109,994)	391,162	(94,605)

12. Net trading and fair value result

	Group		Bank	
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net Trading Result				
Securities and derivatives trading	47,654	26,705	47,654	26,705
Foreign exchange transactions	128,737	127,909	124,884	122,915
Foreign currency transaltion	(4,925)	(11,692)	(1,412)	(7,779)
Net Trading Result	171,466	142,922	171,126	141,841

13. General administrative expenses

	Gro	up	Bank	
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Personnel expenses	(384,271)	(411,059)	(355,103)	(348,958)
Wages and salaries	(363,158)	(367,739)	(335,635)	(312,268)
Compulsory social security	(10,912)	(12,236)	(9,430)	(9,697)
Long-term employee provisions	(2,438)	(2,793)	(2,438)	(2,632)
Other personnel expenses	(7,763)	(28,291)	(7,600)	(24,361)
Other administrative expenses	(302,487)	(288,177)	(297,274)	(298,463)
Deposit insurance contribution	(16,680)	(21,081)	(15,526)	(17,973)
IT expenses	(142,518)	(112,525)	(139,732)	(108,290)
Expenses for office space	(43,680)	(46,371)	(42,743)	(43,913)
Office operating expenses	(62,256)	(49,771)	(64,860)	(79,297)
Advertising/marketing	(18,367)	(24,767)	(17,934)	(24,081)
Legal and consulting costs	(11,847)	(12,264)	(10,286)	(10,580)
Sundry administrative expenses	(7,139)	(21,398)	(6,193)	(14,329)
Depreciation and amortisation	(115,018)	(106,058)	(109,808)	(100,084)
Software and other intangible assets	(45,387)	(37,698)	(44,148)	(35,985)
Owner occupied real estate	(41,449)	(40,623)	(39,505)	(39,734)
Investment properties	(2,932)	(2,647)	(2,932)	(2,647)
Office furniture and equipment and sundry property and equipment	(25,250)	(25,090)	(23,223)	(21,718)
General administrative expenses	(801,776)	(805,294)	(762,185)	(747,505)

The Group number of emplyoees at 30 June 2021 was 5,503 (31 December 2020: 5,645).



14. Net impairment loss on financial instruments

	Gro	Bank		
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Financial assets at fair value through other comprehensive income	(3,109)	(5,058)	(1,120)	(3,150)
Financial assets at amortised cost	(26,013)	(161,438)	(23,579)	(151,214)
Net allocation to risk provisions	(40,063)	(366,703)	(29,725)	(351,317)
Direct write-offs	(10,806)	(9,573)	(10,176)	(8,597)
Recoveries recorded directly to the income statement	28,567	221,250	20,006	215,107
Modification gains or losses	(3,711)	(6,412)	(3,684)	(6,407)
Finance lease	(12,515)	(623)	536	29
Net allocation of provisions for commitments and guarantees given	(35,597)	(2,816)	(35,359)	(2,742)
Net impairment loss on financial instruments	(77,234)	(169,935)	(59,522)	(157,077)

Impairment result from financial instruments recorded a net allocation of RON 77.2 million in H1 2021, as compared to a net allocation of RON 169.9 million in H1 2020.

This result has been mainly influenced by updated estimates for the probabilities of default for Corporate clients, partially offset by recoveries from defaulted clients.

15. Other operating results

	Gro	Group		
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Other income, of which:	352,329	291,664	286,974	215,143
Other provisions - release	150,940	147,695	135,493	147,338
Gains on other assets	103,294	84,842	74,703	40,094
Other income	98,095	59,127	76,778	27,711
Other expense, of which:	(443,917)	(348,223)	(343,341)	(238,046)
Other provisions - allocation	(158,856)	(111,132)	(156,621)	(103,681)
Losses on other assets	(77,614)	(75,338)	(48,955)	(34,376)
Impairment of tangible and intangible assets	(125)	(2)	(125)	(2)
Impairment of assets held for sale and other assets	(44,385)	(34,274)	-	-
Recovery and resolution fund	(55,515)	(37,203)	(54,774)	(37,194)
Other taxes	(10,619)	(9,845)	(8,835)	(8,143)
Other expenses	(96,803)	(80,429)	(74,031)	(54,650)
Total	(91,588)	(56,559)	(56,367)	(22,903)

16. Taxes on income

	Gro	up	Bank	
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Current tax expense/income	(141,823)	(150,957)	(136,010)	(148,042)
Current period	(141,823)	(150,957)	(136,010)	(148,042)
Deferred tax expense/income	(11,062)	(21,913)	(9,631)	(18,201)
Current period	(11,062)	(21,913)	(9,631)	(18,201)
Taxes on income	(152,885)	(172,870)	(145,641)	(166,243)
	Group		Ban	ĸ
in RON thousands	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Pre-tax profit/(loss)	843,694	671,749	797,247	644,611
Income tax expense for the financial year at the domestic statutory tax rate (16%)	(134,991)	(107,480)	(127,560)	(103,138)
Impact of tax-exempt earnings of investments and other tax-exempt income	85,647	104,438	85,647	104,438
Tax increases due to non-deductible expenses, additional business tax and similar elements	(94,089)	(163,796)	(95,281)	(165,223)
Impact of other elements and deferred tax income/ (expense)	(9,452)	(6,032)	(8,447)	(2,320)
Income tax (expense) / release reported in the income statement	(152,885)	(172,870)	(145,641)	(166,243)
The effective tax rate*	18.12%	25.73%	18.27%	25.79%

*For June 2020 the effective tax rate was impacted by asigment of receivables for which 70% of the difference between the notional amount receivable (irrespective of coverage percentage with provisions or previosly written off) and the selling price represents taxable income.

17. Dividends paid

Following the Decision of the Ordinary General Meeting of shareholders, BCR paid dividends for financial years 2019 and 2020 in amount of RON 71,778,644.



18. Segment reporting

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For management purposes, the Bank is organized into the following business segments:

A. Retail

The Group provides individuals and micro clients with a range of financial products and services, including lending (consumer loans, vehicles purchase, personal needs, mortgages, overdrafts, credit cards facilities and funds transfer facilities), savings and deposit taking business, payment services and securities business.

B. Corporate

Within corporate banking, the Group provides corporations, real estate and large corporate clients with a range of financial products and services, including lending and deposit taking, providing cash management, foreign commercial business, leasing, investment advices, financial planning, securities business, project and structured finance transactions, syndicated loans and asset backed transactions. Principal activity is of granting loans, other credit facilities, deposits, and current accounts for corporate and institutional customers, investment banking services and financial products and services provided by the leasing, insurance, brokerage, asset management, real estate services and financial consultancy services operations of the Group.

The main Corporate segments are:

- a. SME, comprising:
- Companies with yearly turnover between EUR 1 mio EUR 50 mio and a consolidated turnover < EUR 500 mio;
- Companies part of a domestic group with at least one company with individual yearly turnover between EUR 1 mio EUR 50 mio;
- · Companies part of an international group with at least one company with individual yearly turnover between EUR 1 mio EUR 500 mio;
- Companies with real estate financing for which total project value (including land acquisition, excluding VAT) is less than EUR 8 mio;
- Companies having individual / consolidated turnover below EUR 1 mio.

b. Public Sector (PS):

Public Sector comprises Public sector, Public corporations' clients and Non-Profit sector.

Public sector includes the following institutions:

- Central ministries and state funded funds and agencies;
- Non-profit entities established by or under control of central government entities, state funded organizations, state universities or Research and development institutions;
- Regional governments and organizations funded by them;
- State capitals including city halls, regional capitals and other municipals and organizations funded by them. Exceptions: elementary and primary schools, high schools, kindergartens, small hospitals and libraries, which are segmented as Micro;
- Public health and social insurance companies.

Public Corporations include:

 All non-financial state companies and corporations with more than 50% share of state or regional governments or municipals excluding stock exchange listed companies and State-Owned Companies acting in Energy & Utilities industry with turnover > 50 mio EUR.

Non-profit Sector includes the following private non-profit companies:

- Central authorities of churches (archbishops, bishops, patriarchs, etc.);
- Country-wide labour unions;
- Political parties;
- Social Banking Customers who have social impact.



c. Local Large Corporates (LLC)

- Companies/groups with a yearly individual turnover above EUR 50 mio;
- Clients with operations in core markets where the Erste Group operates or in extended core markets;
- Listed and to be listed state owned companies;
- Companies that meet the above-described criteria regarding the turnover with real estate financing for which total Real Estate project value including land acquisition, excluding VAT) is less than EUR 8 mio;
- Financial sponsors (e.g. Private Equity Funds). The participations (in case of majority stake) of the financial sponsors will be grouped together with the financial sponsor, therefore treated within LLC.
- International groups that have their headquarters outside the expanded ERSTE * target market (the target market where Erste is present plus Poland, Germany and Spain) with a consolidated annual turnover of over EUR 50 million are segmented by LLC only in which Erste Group has a relationship with its headquarters. Extended core markets - the market consists of the following countries: Austria, Cech Republic, Croatia, Hungary, Romania, Serbia, Slovakia.

d. Commercial Real Estate (CRE)

- Companies that request financing of real estate projects with total project value > EUR 8 mio (including land acquisition, excluding VAT);
- Investors in RE for the purpose of generating income from the rental of individual properties or portfolios of properties;
- Developers of individual properties or portfolios of properties for the purpose of generating capital gains through sale;
- Asset management services Assets/SPVs held (on balance) by an Erste Group entity in order to generate income from rental activities (third party tenants);
- Own property development property developments done by an Erste Group entity in scope of this policy for the purpose of generating capital gains through sale or income from rental;
- Clients using construction/technical advisory services of EGI.

Other banking segments:

C. ALM & Local Corporate Center:

- Balance sheet management principally providing assets and liabilities management, funding and derivative transactions, investments and issuance of bonds operations;
- Local Corporate Center unallocated items, items which do not belong to business lines and Free Capital.

D. Group Markets:

a. Trading (GMT): principally providing money market and treasury operations, syndicated loans and structured financing transactions, foreign currency and derivative transactions, financial instruments trading.

b. Financial institutions (GMFI): companies that provide financial services for their clients or members and act as professional and active participant on financial markets for the purpose of proprietary trading or on behalf of their clients (banks, central banks, investment banks, investments funds, brokerages, insurance companies, pension funds, credit unions).

The business segment reporting format is the Group's basis of segment reporting. Transactions between business segments are conducted at arm's length.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise property and equipment, intangible assets, other assets and other liabilities and taxation.

The mapping of individual accounts by main line items of income and expenses, respectively assets and liabilities and equity, for purposes of segment reporting is done on an internal management approach, rather than an external financial reporting approach.

In order to split the Group results on business lines the following subsidiaries are allocated entirely on Retail segment: BCR Pensii SAFPP, Banca pentru Locuinte, Suport Colect and some of the consolidation adjustments; BCR Leasing and BCR Chisinau are allocated on Corporate. Intragroup eliminations and the rest of the consolidation adjustments are allocated on Corporate Center.

In geographical segmentation Erste Group shows BCR entirely under geographical area Romania. Furthermore, the only business done outside Romania is performed by BCR Chisinau, but the contribution to Balance Sheet and P&L is not material. There is no other geographical steering information used by BCR management.



Throughout the following tables related to Segment Reporting the net trading result includes the following positions presented in the statement of income:

- Net trading result;
- Result from financial assets and liabilities designated at fair value through profit or loss;
- Foreign currency translation.

Statement of Income	Group	Retail	Corporates	ALM & Local Corporate Center	GM
in RON thousands	30.06.2021				
Net interest income	1,196,032	721,350	314,847	161,119	(1,284)
Net fee and commission income	383,774	272,343	95,375	(1,858)	17,914
Dividend income	3,148	2,044	62	1,026	15
Net trading result	171,466	57,024	52,662	(2,606)	64,387
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss	2,649	(2,824)	4,498	975	
Net result from equity method investments	385	-	-	385	
Rental income from investment properties and other operating leases	56,838	-	55,226	1,612	
General administrative expenses	(801,776)	(645,175)	(130,006)	(13,262)	(13,332)
Net impairment loss on financial instruments	(77,234)	99,431	(177,942)	(887)	2,164
Other operating result	(91,588)	(10,242)	(64,580)	(10,101)	(6,665)
Pre-tax result from continuing operations	843,694	493,951	150,141	136,404	63,199
Taxes on income	(152,885)	(78,306)	(24,639)	(39,827)	(10,112)
Net result for the period	690,809	415,644	125,502	96,576	53,087
Net result attributable to non-controlling interests	2	-	-	2	
Net result attributable to owners of the parent	690,807	415,644	125,502	96,574	53,087
Operating income	1,813,907	1,049,937	522,670	160,268	81,032
Operating expenses	(801,776)	(645,175)	(130,006)	(13,262)	(13,332)
Operating result	1,012,131	404,762	392,663	147,006	67,700
Cost income ratio	44.2%	61.4%	24.9%	8.3%	16.5%

Statement of Income	Group	Retail	Corporates	ALM & Local Corporate Center	GM
in RON thousands	30.06.2020				
Net interest income	1,187,833	733,834	294,405	156,418	3,176
Net fee and commission income	316,235	230,404	77,566	(9,592)	17,857
Dividend income	3,312	-	39	3,273	-
Net trading result	142,922	53,968	41,075	4,618	43,261
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss	(25)	(3,177)	1,643	1,509	-
Net result from equity method investments	(442)	-	-	(442)	-
Rental income from investment properties and other operating leases	53,702	-	51,765	1,937	-
General administrative expenses	(805,294)	(619,324)	(128,777)	(46,461)	(10,732)
Net impairment loss on financial instruments	(169,935)	(193,912)	33,949	(8,835)	(1,137)
Other operating result	(56,559)	(11,612)	(26,908)	(14,764)	(3,275)
Pre-tax result from continuing operations	671,749	190,181	344,757	87,661	49,150
Taxes on income	(172,870)	(29,857)	(57,528)	(77,621)	(7,864)
Net result for the period	498,879	160,324	287,229	10,040	41,286
Net result attributable to non-controlling interests	2	-	-	2	-
Net result attributable to owners of the parent	498,877	160,324	287,229	10,038	41,286
Operating income	1,703,537	1,015,029	466,493	157,721	64,294
Operating expenses	(805,294)	(619,324)	(128,777)	(46,461)	(10,732)
Operating result	898,243	395,705	337,716	111,260	53,562
Cost income ratio	47.3%	61.0%	27.6%	29.5%	16.7%



Statement of Income	Bank	Retail	Corporates	ALM & Local Corporate Center	GM
in RON thousands	30.06.2021				
Net interest income	1.140.572	715.438	270,363	156.055	(1,284)
Net fee and commission income	353,750	246.594	89,923	(681)	17,914
Dividend income	4,243	2,045	-	2,183	15
Net trading result	171,126	57,072	52,256	(2,589)	64,387
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss	2,649	(2,824)	4,498	975	
Rental income from investment properties and other operating leases	2,981	-	-	2,981	-
General administrative expenses	(762,185)	(626,776)	(104,359)	(17,718)	(13,332)
Net impairment loss on financial instruments	(59,522)	90,094	(152,543)	763	2,164
Other operating result	(56,367)	(18,352)	(22,259)	(9,091)	(6,665)
Pre-tax result from continuing operations	797,247	463,291	137,879	132,878	63,199
Taxes on income	(145,641)	(74,126)	(22,061)	(39,342)	(10,112)
Net result for the period	651,606	389,165	115,818	93,536	53,087
Operating income	1,675,321	1,018,325	417,040	158,924	81,032
Operating expenses	(762,185)	(626,776)	(104,359)	(17,718)	(13,332)
Operating result	913,136	391,549	312,681	141,206	67,700
Cost income ratio	45.5%	61.5%	25.0%	11.1%	16.5%

Statement of Income	Bank	Retail	Corporates	ALM & Local Corporate Center	GM
in RON thousands	30.06.2020				
Net interest income	1,125,579	718,059	252,025	152,319	3,176
Net fee and commission income	296,557	212,882	74,353	(8,535)	17,857
Dividend income	3,274	-	-	3,274	-
Net trading result	141,841	54,000	39,620	4,960	43,261
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss	(25)	(3,177)	1,643	1,509	-
Rental income from investment properties and other operating leases	4,870	-	-	4,870	-
General administrative expenses	(747,505)	(597,502)	(103,425)	(35,846)	(10,732)
Net impairment loss on financial instruments	(157,077)	(197,051)	46,171	(5,060)	(1,137)
Other operating result	(22,903)	(9,143)	16,295	(26,780)	(3,275)
Pre-tax result from continuing operations	644,611	178,068	326,682	90,711	49,150
Taxes on income	(166,243)	(28,491)	(52,269)	(77,619)	(7,864)
Net result for the period	478,368	149,577	274,413	13,092	41,286
Operating income	1,572,096	981,764	367,641	158,397	64,294
Operating expenses	(747,505)	(597,502)	(103,425)	(35,846)	(10,732)
Operating result	824,591	384,262	264,216	122,551	53,562
Cost income ratio	47.5%	60.9%	28.1%	22.6%	16.7%



in RON thousands				30.06.2021	Group
	Group	Retail	Corporates	ALM & Local Corporate Center	GM
Assets					
Cash and cash balances	10,851,882	5,245,664	323,596	5,146,880	135,742
Financial assets held for trading	1,013,555	-	62	6,214	1,007,279
Derivatives	41,012	-	62	6,214	34,736
Other financial assets held for trading	972,543		-		972,543
Non-trading financial assets mandatorily at fair value through profit or loss	68,130	27,061	1,840	39,229	-
Equity instruments	35,238	27,061	234	7,943	-
Debt securities	31,286	-	-	31,286	-
Loans and advances to customers	1,606		1,606		-
Financial assets at fair value through other comprehensive income	8.308.171		72.226	8.235.945	-
Debt securities	8,308,171		72,226	8,235,945	
Financial assets at amortised cost	58,503,245	27,586,922	16,963,769	13,536,447	416,107
Debt securities	14,217,455	77,316	299,529	13,840,610	-
Loans and advances to banks	1,308,921	1,586,632	816	(368,366)	89,839
Loans and advances to customers	42,976,869	25,922,974	16,663,424	64,203	326,268
Finance lease receivables	1,393,084	-	1,438,071	(44,987)	-
Property and equipment	820,366	8.776	509.181	302,409	-
Investment property	150,499		-	150,499	-
Intangible assets	332.749	3.388	6.898	322,463	-
Investments in joint ventures and associates	39,053	-	900	38,153	-
Current tax assets	185,156	2.535	466	182,155	-
Deferred tax assets	165.661	-,	9.191	156.470	-
Assets held for sale	546.097		-	546,097	-
Trade and other receivables	500,962	10,166	369,681	80,782	40,333
Other assets	297.380	73.666	90.334	133.091	289
Total assets	83,175,990	32,958,178	19,786,215	28,831,847	1,599,750
Liabilities and Equity					
Financial liabilities held for trading	05 507			0.000	00.007
Derivatives	35,597		-	2,990	32,607
Financial liabilities measured at amortised cost	35,597	-	-	2,990	32,607
	70,382,127	44,695,047	21,768,540	1,533,227	2,385,313
Deposits from banks	3,042,403	67,328	2,853,315	(731,978)	853,738
Deposits from customers	64,712,545	44,473,434	18,804,155	(43,603)	1,478,559
Debt securities issued	1,635,524	-	-	1,635,524	-
Other financial liabilities	991,655	154,285	111,070	673,284	53,016
Finance lease liabilities	432,852	•	-	432,852	
Provisions	1,892,135	1,169,874	390,912	330,356	993
Current tax liabilities	67,114	496	2,262	64,356	
Deferred tax liabilities	14,482	-	-	14,482	-
Liabilities associated with assets held for sale	111,319		-	111,319	-
Other liabilities	279,645	11,324	59,536	207,098	1,687
Total equity	9,960,719	2,645,933	2,763,865	4,430,412	120,509
Total liabilities and equity	83,175,990	48,522,674	24,985,115	7,127,092	2,541,109



in RON thousands				31.12.2020	Group
	Group	Retail	Corporates	ALM & Local Corporate Center	GM
Assets					
Cash and cash balances	10,538,199	5,128,775	513,649	4,860,999	34,776
Financial assets held for trading	1,248,822	-	72	27,008	1,221,742
Derivatives	39,891	-	72	27,008	12,811
Other financial assets held for trading	1,208,931	-	-	-	1,208,931
Non-trading financial assets mandatorily at fair value through profit or loss	104,739	29,886	2,160	72,693	-
Equity instruments	75,033	29,886	235	44,912	-
Debt securities	27,781	-	-	27,781	-
Loans and advances to customers	1,925	-	1,925	-	-
Financial assets at fair value through other comprehensive income	7,536,126	-	30,083	7,506,043	-
Debt securities	7,536,126	-	30,083	7,506,043	-
Financial assets at amortised cost	57,990,947	27,031,739	16,215,529	14,259,572	484,107
Debt securities	14.827.570	744,338	306.937	13.776.295	-
Loans and advances to banks	2,028,021	1,107,471	810	442,635	477,105
Loans and advances to customers	41,135,356	25,179,930	15,907,782	40.642	7,002
Finance lease receivables	1,301,380	-	1,321,293	(19,913)	-
Property and equipment	863,743	10.083	452,113	401.547	-
Investment property	171,860	-	-	171,860	-
Intangible assets	348,900	3.207	5.879	339,814	-
Investments in joint ventures and associates	39,031	-		39,031	-
Current tax assets	230,979	2.579	570	227.830	_
Deferred tax assets	173,378	518	7.308	165,552	-
Assets held for sale	625,253	-	-	625,253	-
Trade and other receivables	563,885	8.749	342.766	199.326	13,044
Other assets	249,430	75,096	74,228	100,098	8
Total assets	81,986,672	32,290,632	18,965,650	28,976,713	1,753,677
Liabilities and Equity					
Financial liabilities held for trading	52,051	-	-	34,229	17,822
Derivatives	52,051	-	-	34,229	17,822
Financial liabilities measured at amortised cost	69,847,085	43,904,364	22,614,917	981,235	2,346,569
Deposits from banks	3,606,774	67,252	2,757,972	(117,523)	899,073
Deposits from customers	64,876,774	43,744,206	19,779,989	(28,508)	1,381,087
Debt securities issued	614,801	-	-	614,801	-
Other financial liabilities	748,736	92,906	76,956	512,465	66,409
Finance lease liabilities	428,737	-	-	428,737	-
Provisions	1,857,633	1,211,454	376,521	268,580	1,078
Current tax liabilities	2,985	-	2,963	22	-
Deferred tax liabilities	11,833	-	-	11,833	-
Liabilities associated with assets held for sale	150,294	-	-	150,294	-
Other liabilities	291,133	13,035	65,497	210,985	1,616
Total equity	9,344,921	2,553,350	2,369,340	4,290,663	131,568
Total liabilities and equity	81,986,672	47.682.203	25.429.238	6,376,578	2.498.653



in RON thousands				30.06.2021	Bank
	Bank	Retail	Corporates	ALM & Local Corporate Center	GM
Assets					
Cash and cash balances	10,628,215	5,220,101	-	5,272,372	135,742
Financial assets held for trading	1,013,555	-	62	6,214	1,007,279
Derivatives	41,012	-	62	6,214	34,736
Other financial assets held for trading	972,543	-	-	-	972,543
Non-trading financial assets mandatorily at fair value through profit or loss	67,895	27,061	1,606	39,228	-
Equity instruments	35,003	27,061	-	7,942	-
Debt securities	31,286	-		31,286	-
Loans and advances to customers	1.606	-	1,606	-	-
Financial assets at fair value through other comprehensive income	8,241,318	-	5,373	8,235,945	-
Debt securities	8,241,318	-	5,373	8,235,945	-
Financial assets at amortised cost	58,949,589	25,778,162	15,528,308	17.227.012	416.107
Debt securities	14.039.671		199.062	13,840,609	-
Loans and advances to banks	1,308,807	-		1,218,968	89.839
Loans and advances to customers	43,601,111	25,778,162	15,329,246	2,167,435	326.268
Finance lease receivables	12.781			12.781	
Property and equipment	765,089			765.089	
Investment property	150,499			150,499	
Intangible assets	322.342			322.342	
Investments in joint ventures and associates	33,470			33,470	
Current tax assets	182,155			182,155	
Deferred tax assets	157,092			157,092	
Assets held for sale	54.643			54.643	
Trade and other receivables	485.703	4.363	339.328	101.679	40.333
Investments in subsidiaries	448.521	4,505		448.521	40,000
Other assets	199,443	29,387	258	169,509	289
Total assets	81.712.310	31.059.074	15.874.935	33.178.551	1.599.750
	011112010				1,000,100
Liabilities and Equity					
Financial liabilities held for trading	35,597	-	-	2,988	32,609
Derivatives	35,597	-	-	2,988	32,609
Financial liabilities measured at amortised cost	70,010,897	43,816,462	18,375,419	5,433,703	2,385,313
Deposits from banks	3,749,866	583	207	2,895,338	853,738
Deposits from customers	63,648,415	43,663,044	18,280,693	226,119	1,478,559
Debt securities issued	1,635,524	-	-	1,635,524	-
Other financial liabilities	977,092	152,835	94,519	676,722	53,016
Finance lease liabilities	432,329		-	432,329	-
Provisions	1,212,381	489,676	386,262	335,450	993
Current tax liabilities	64,286	-	-	64,286	
Other liabilities	230,557	1,600	18.377	208,893	1,687
Total equity	9,726,263	2,425,601	2,415,402	4,764,751	120,509
Total liabilities and equity	81,712,310	46,733,339	21,195,460	11,242,400	2,541,111



in RON thousands				31.12.2020	Bank
	Bank	Retail	Corporates	ALM & Local Corporate Center	GM
Assets					
Cash and cash balances	10,193,736	5,083,286	-	5,075,674	34,776
Financial assets held for trading	1,248,822	-	72	27,008	1,221,742
Derivatives	39,891	-	72	27,008	12,811
Other financial assets held for trading	1,208,931	-	-	-	1,208,931
Non-trading financial assets mandatorily at fair value through profit or loss	104,504	29,886	1,925	72,693	-
Equity instruments	74,798	29,886	-	44,912	-
Debt securities	27,781	-	-	27,781	-
Loans and advances to customers	1,925	-	1,925	-	-
Financial assets at fair value through other comprehensive income	7,511,525	-	5,483	7,506,042	-
Debt securities	7,511,525	-	5,483	7,506,042	-
Financial assets at amortised cost	57,372,656	25,016,268	14,938,431	16,933,850	484,107
Debt securities	13,986,991	-	210.697	13,776,294	-
Loans and advances to banks	2.026.208	-	-	1,549,103	477,105
Loans and advances to customers	41,359,457	25.016.268	14.727.734	1.608.453	7.002
Finance lease receivables	15,106	-	-	15,106	-
Property and equipment	803,005	-	-	803,005	-
Investment property	171,860	-	-	171,860	-
Intangible assets	339,662	-	-	339.662	-
Investments in joint ventures and associates	33,470	-	-	33,470	-
Current tax assets	227,831	-	-	227,831	-
Deferred tax assets	165,784	-	-	165.784	-
Assets held for sale	192.247	-	-	192.247	-
Trade and other receivables	548.097	3.998	306.080	224,975	13,044
Investments in subsidiaries	448.521	-	-	448.521	-
Other assets	161,407	25,800	378	135,221	8
Total assets	79,538,233	30,159,238	15,252,369	32,372,949	1,753,677
Liabilities and Equity					
Financial liabilities held for trading	52.051	-	-	34.229	17.822
Derivatives	52.051	-	-	34.229	17.822
Financial liabilities measured at amortised cost	68.527.999	42.794.767	19.289.718	4.096.945	2.346.569
Deposits from banks	3.579.224	579	207	2.679.365	899.073
Deposits from customers	63,591,718	42.703.613	19.221.561	285,457	1.381.087
Debt securities issued	614,801	-	-	614.801	-
Other financial liabilities	742.256	90.575	67.950	517.322	66.409
Finance lease liabilities	426,424	-	-	426.424	
Provisions	1.145.984	503.808	367,193	273.905	1.078
Other liabilities	234,409	965	18.346	213,482	1.616
Total equity	9,151,366	2,337,538	2,049,855	4,632,405	131,568
Total liabilities and equity	79.538.233	45.637.078	21.725.112	9.677.390	2,498,653



19. Related-party transactions and principal shareholders

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 30 June 2021 and 31 December 2020 are detailed below. Transactions were entered into with related parties during the course of business at market rates.

Transactions with parent

When establishing the transfer prices in intra-group transactions, BCR takes into account the provisions of the national tax legislation, as well as the OECD transfer pricing guidelines.

Transactions with management

The Group entered into a number of banking transactions with the management in the normal course of business.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. This includes the members of the Supervisory Board, Executive Committee and executive management. These transactions were carried out on commercial terms and conditions and at market rates.

Transactions with subsidiaries

The Bank holds investments in subsidiaries with whom it entered into a number of banking transactions in the normal course of business. These transactions were carried out on commercial terms and conditions and at market rates.

The following transactions were carried out with related parties:



19. Related-party transactions and principal shareholders (continued)

Balances and off-balace exposures with related parties

		30	.06.2021				31.12.2020	
in RON thousands	Parent	Associates	Key management personnel	Other related parties	Parent	Associates	Key management personnel	Other related parties
Total assets	548,390	118,393	7,631	94,113	269,217	88,417	8,364	86,891
Cash and cash equivalents	89,799	-	-	525	202,688	-	-	1,390
Derivative financial instruments	6,465	-	-	-	4,142	-	-	-
Equity investments	-	33,470	-	25,461	-	33,470	-	27,828
Loans and advances	431,246	83,677	7,631	57,839	31,279	48,634	8,364	38,383
Loans and advances to banks	431,246	-	-	28,966	31,279	-	-	31,906
Loans and advances to customers	-	83,677	7,631	28,873	-	48,634	8,364	6,477
Trade and other receivables	20,880	-	-	6,073	31,108	-	-	7,211
Finance lease receivables	-	1,246	-	2,769	-	2,372	-	2,950
Other assets	-	-	-	1,447		3,941	-	9,129
Total liabilities	2,025,163	13,529	4,954	288,143	3,090,420	27,960	8,897	263,094
Deposits	1,994,847	13,529	4,951	217,549	3,051,425	27,960	8,867	178,450
Deposits from banks	329,637	-	-	30,791	731,642	-	-	44
Deposits from customers	-	13,529	4,951	186,758	-	27,960	8,867	178,406
Borrowings and financing lines	565,191	-	-	-	1,232,523		-	-
Subordinated loans	1,100,020	-	-	-	1,087,260	-	-	-
Derivative financial instruments	26,043	-	-		34,437		-	
Other liabilities	4,273	-	3	70,593	4,558		30	84,644
Loans commitments, financial guarantees and other commitments given -Irrevocable [notional amount]	1,746	14,780	-	44,676	450		523	22,490
Loans commitments, financial guarantees and other commitments given -Revocabile [notional amount]	13,888	41,619	298	98,818	69,350	81,892		77,394
of which: defaulted			-				-	-
Loan commitments, financial guarantees and other commitments received	246,335		-		243,470			-
Derivatives [notional amount]	5,880,366	-	-	-	4,581,023		-	-

Group

Expenses and income generated by transactions with related parties						Group		
		30	.06.2021				30.06.2020	
in RON thousands	Parent	Associates	Key management personnel	Other related parties	Parent	Associates	Key management personnel	Other related parties
Interest income	2,362	1,099	137	582	12,143	525	179	498
Interest expenses	(29,624)	(114)	(5)	(334)	(33,831)	(587)	(4)	(664)
Dividend income	-	435	-	2,060	-	-	-	2,367
Fee and commission income	1,205	36	14	51,282	2,702	23	15	43,285
Fee and commission expenses	(4,021)	-	-	(611)	(4,138)	-	-	(353)
Profit before tax income/(expense)	(30,078)	1,456	146	52,979	(23,125)	(39)	190	45,133



19. Related-party transactions and principal shareholders (continued)

Balances and off-balace exposures with related parties

· · · · ·			30.06.202	1				31.12.202	20	
in RON thousands	Parent	Subsidiaries	Associates	Key management personnel	Other related parties	Parent	Subsidiaries	Associates	Key management personnel	Other related parties
Total assets	497,860	2,545,983	118,393	7,631	92,673	138,309	2,019,857	88,417	8,364	86,804
Cash and cash equivalents	39,269	-	-	-	525	71,780	-	-	-	1,390
Derivative financial instruments	6,465	-	-	-	-	4,142	-	-	-	-
Equity investments	-	448,521	33,470	-	25,461	-	448,521	33,470	-	27,828
Loans and advances	431,246	2,084,098	83,677	7,631	57,839	31,279	1,558,228	48,634	8,364	38,374
Loans and advances with credit institutions	431,246	387	-	-	28,966	31,279	660	-	-	31,906
Loans and advances with customers	-	2,083,711	83,677	7,631	28,873	-	1,557,568	48,634	8,364	6,468
Trade and other receivables	20,880	163	-	-	6,073	31,108	164	-	-	7,211
Finance lease receivables	-	8,766	1,246		2,769	-	9,783	2,372	-	2,950
Right of use assets	-	2,831	-	-	-	-	1,819	-	-	-
Other assets	-	1,604	-	0	7	-	1,342	3,941	-	9,051
Total liabilities	1,656,109	1,716,363	13,529	4,954	268,799	1,555,906	1,326,605	27,960	8,897	258,387
Deposits	1,625,793	1,716,031	13,529	4,951	217,549	1,516,911	1,323,564	27,960	8,867	178,450
Deposits by banks	327,722	1,466,719	-	-	30,791	223,590	1,020,535	-	-	44
Deposits by customers	-	249,312	13,529	4,951	186,758	-	303,029	27,960	8,867	178,406
Borrowings and financing lines	198,051	-	-	-	-	206,061	-	-	-	-
Subordinated loans	1,100,020	-	-	-	-	1,087,260	-	-	-	-
Derivative financial instruments	26,043	-	-	-	-	34,437	-	-	-	-
Finance lease receivables	-	3,006	-	-	-	-	1,998	-	-	-
Other liabilities	4,273	332	-	3	51,249	4,558	1,043		30	79,937
Loans commitments, financial guarantees and other commitments given -	1,746	68,147	14,780		. 44,676	450	110,512		523	22,490
Irrevocable [notional amount]	1,740	00,147	14,700		. 44,070	450	110,512		525	22,490
Loans commitments, financial guarantees and other commitments given -	13,888	977,726	41,619	298	98,818	69,350	529,063	81,892		77,394
Revocabile [notional amount]	13,000	977,720	41,019	290	90,010	69,350	529,063	01,092	-	11,394
Loan commitments, financial guarantees and other commitments received	246,335		-			243,470		-	-	-
Derivatives [notional amount]	5,880,366		-			4,581,023			-	-
Accumulated impairment, accumulated changes in fair value due to credit risk and provisions on non-performing exposures	-	70,911	-			-	71,245	-	-	-

Bank

Expenses and income generated by transactions with related parti	es									Bank
	30.06.2021 30.06.2020									
in RON thousands	Parent	Subsidiaries	Associates	Key management personnel	Other related parties	Parent	Subsidiaries	Associates	Key management personnel	Other related parties
Interest income	2,359	14,960	1,099	137	502	12,086	10,516	525	179	94
Interest expenses	(27,054)	(8,718)	(114)	(5)	(334)	(29,309)	(16,186)	(587)	(4)	(664)
Dividend income	-	722	435	-	2,060	-	-	-	-	2,367
Fee and commission income	1,205	307	36	14	50,938	2,702	994	23	15	43,285
Fee and commission expenses	(2,118)	(2)	-	-	(611)	(1,626)	(2)	-	-	(353)
Profit before tax income/(expense)	(25,608)	7,269	1,456	146	52,555	(16,148)	(4,678)	(39)	190	44,729



20. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is best evidenced by a quoted market price, if such exists. Credit Value Adjustment/Debt Value Adjustment is included in the fair value of derivatives both at 31 December 2020 and 30 June 2021.

Level 1 of the fair value hierarchy

The fair value of financial instruments assigned to level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. More particular, the evaluated fair value can qualify as a level 1 input if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis. This will be used as fair value and there is no need for a valuation model in this case.

These include exchange traded derivatives (futures, options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

Level 2 of the fair value hierarchy

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as level 2. If no market prices are available the fair value is measured by using valuation models which are based on observable market data. If all the significant inputs in the valuation model are observable the instrument is classified as level 2 of the fair value hierarchy.

For level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters. These include over-the-counter (OTC) derivatives, less liquid shares, bonds and funds as well as and own issues. Should the spread be not observable it has to be tested if the unobservable input parameter is significant. An unobservable input parameter for theoretical priced securities is considered significant if the effect of the unobservable input on the fair value of the respective security is higher than 2%.

Level 3 of the fair value hierarchy

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor of valuation models that rely entirely on observable market data. In these cases individual valuation parameters not observable in the market are estimated on the basis of reasonable assumptions.

If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as level 3 of the fair value hierarchy. For level 3 valuations besides observable parameters typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters.



20.1. Financial instruments measured at amortised cost in the statement of financial position whose fair value is disclosed in the notes

The following table shows fair values and fair value hierarchy of financial instruments whose fair value is disclosed in the notes for the half year:

									3	0.06.2021
			Group					Bank		
in RON thousands	Carrying	Fair value	Fai	r value hierarhy		Carrying	Fair value 🗕	Fair value hierarhy		
	amount		Level 1	Level 2	Level 3	amount		Level 1	Level 2	Level 3
Assets										
Cash and cash balances	10,851,882	10,851,882	10,851,882	-	-	10,628,215	10,628,215	10,628,215	-	-
Financial assets at amortised cost	58,503,245	60,288,800	14,307,688	313,316	45,667,796	58,949,589	60,759,233	14,228,206	207,889	46,323,138
Loans and advances to banks	1,308,921	1,310,062	-	-	1,310,062	1,308,807	1,309,949	-	-	1,309,949
Loans and advances to customers	42,976,869	44,356,769	-	-	44,356,769	43,601,111	45,012,224	-	-	45,012,224
Debt securities	14,217,455	14,621,969	14,307,688	313,316	965	14,039,671	14,437,060	14,228,206	207,889	965
Finance lease receivables	1,393,084	1,393,084	-	-	1,393,084	12,781	12,781	-	-	12,781
Trade and other receivables	500,962	517,713	-	-	517,713	485,703	498,413	-	-	498,413
Liabilities										
Financial liabilities measured at amortised cost	70,382,127	70,231,608	-	1,726,130	68,505,478	70,010,897	69,870,310	-	1,726,130	68,144,180
Deposits from banks	3,042,403	3,053,187	-	-	3,053,187	3,749,866	3,770,575	-	-	3,770,575
Deposits from customers	64,712,545	64,460,636	-	-	64,460,636	63,648,415	63,396,513	-	-	63,396,513
Debt securities in issue	1,635,524	1,726,130	-	1,726,130	-	1,635,524	1,726,130	-	1,726,130	-
Other financial liabilities	991,655	991,655	-	-	991,655	977,092	977,092	-	-	977,092
Finance lease liabilities	432,852	432,852	-	-	432,852	432,329	432,329	-	-	432,329



20.1. Financial instruments measured at amortised cost in the statement of financial position whose fair value is disclosed in the notes (continued)

									3	31.12.2020
			Group					Bank		
in RON thousands	Carrying	Fair value	Fa	ir value hierarhy	/	Carrying	Fair value –	Fai	r value hierarhy	/
	amount	amount	Level 1	Level 2	Level 3	amount	Fair value –	Level 1	Level 2	Level 3
Assets										
Cash and cash balances	10,538,199	10,538,199	10,538,199		-	10,193,736	10,193,736	10,193,736	-	-
Financial assets at amortised cost	57,990,947	59,844,564	14,939,275	359,332	44,545,957	57,372,656	59,250,569	14,192,096	273,998	44,784,475
Loans and advances to banks	2,028,021	2,028,996	-	-	2,028,996	2,026,208	2,027,184	-	-	2,027,184
Loans and advances to customers	41,135,356	42,500,308	-	-	42,500,308	41,359,457	42,756,295	-	-	42,756,295
Debt securities	14,827,570	15,315,260	14,939,275	359,332	16,653	13,986,991	14,467,090	14,192,096	273,998	996
Finance lease receivables	1,301,380	1,301,380	-	-	1,301,380	15,106	15,106	-	-	15,106
Trade and other receivables	563,885	582,305	-	-	582,305	548,097	562,278	-	-	562,278
Liabilities										
Financial liabilities measured at amortised cost	69,847,085	69,799,845	-	674,478	69,125,367	68,527,999	68,344,201	-	674,478	67,669,723
Deposits from banks	3,606,774	3,759,237	-	-	3,759,237	3,579,224	3,595,162	-	-	3,595,162
Deposits from customers	64,876,774	64,617,394	-	-	64,617,394	63,591,718	63,332,305	-	-	63,332,305
Debt securities in issue	614,801	674,478	-	674,478	-	614,801	674,478	-	674,478	-
Other financial liabilities	748,736	748,736	-	-	748,736	742,256	742,256	-	-	742,256
Finance lease liabilities	428,737	428,737	-	-	428,737	426,424	426,424	-	-	426,424



20.1. Financial instruments measured at amortised cost in the statement of financial position whose fair value is disclosed in the notes (continued)

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PD's used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted.

The fair values of financial assets held to maturity are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

The fair value of issued securities and subordinated liabilities measured at amortized cost is based on market prices or on observable market parameters, if these are available, otherwise it is estimated by taking into consideration the actual interest rate environment and in this case they are allocated to Level 2.

The fair value of deposits and other financial liabilities measured at amortized cost is estimated by taking into consideration the actual interest rate environment and own credit spreads, and these are allocated to Level 3.

								Group
in RON thousands	Quoted market prices in active markets Level 1		Marked to mod observable marke		Marked to mod non-observal Level	ole inputs	Total	
Assets	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Financial assets held for trading	557,740	1,062,340	454,659	185,081	1,156	1,401	1,013,555	1,248,822
Derivatives	-	-	39,856	38,490	1,156	1,401	41,012	39,891
Other financial assets held for trading	557,740	1,062,340	414,803	146,591	-	-	972,543	1,208,931
Non-trading financial assets at fair value through profit or loss	2,891	40,726	-		65,239	64,013	68,130	104,739
Equity instruments	2,891	40,726	-	-	32,347	34,307	35,238	75,033
Debt securities	-	-	-	-	31,286	27,781	31,286	27,781
Loans and advances	-	-	-	-	1,606	1,925	1,606	1,925
Financial assets at fair value through other comprehensive income	7,879,545	7,416,019	406,949	90,986	21,677	29,121	8,308,171	7,536,126
Debt securities	7,879,545	7,416,019	406,949	90,986	21,677	29,121	8,308,171	7,536,126
Total assets	8,440,176	8,519,085	861,608	276,067	88,072	94,535	9,389,856	8,889,687
Liabilities							-	
Financial liabilities - held for trading	-	-	35,597	52,051	-	-	35,597	52,051
Derivatives	-	-	35,597	52,051	-	-	35,597	52,051
Total liabilities	-	-	35,597	52,051	-		35,597	52,051

20.2. Financial instruments measured at fair value in the statement of financial position

in RON thousands	Quoted market prices in active markets Level 1		Marked to model based on observable market data Level 2		Marked to model based on non-observable inputs Level 3		Total	
Assets	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Financial assets held for trading	557,740	1,062,340	454,659	185,081	1,156	1,401	1,013,555	1,248,822
Derivatives	-	-	39,856	38,490	1,156	1,401	41,012	39,891
Other financial assets held for trading	557,740	1,062,340	414,803	146,591	-	-	972,543	1,208,931
Non-trading financial assets at fair value through profit or loss	2,891	40,726	-	-	65,004	63,778	67,895	104,504
Equity instruments	2,891	40,726	-	-	32,112	34,072	35,003	74,798
Debt securities	-	-	-	-	31,286	27,781	31,286	27,781
Loans and advances	-	-	-	-	1,606	1,925	1,606	1,925
Financial assets at fair value through other comprehensive income	7,879,545	7,416,019	340,096	90,024	21,677	5,482	8,241,318	7,511,525
Debt securities	7,879,545	7,416,019	340,096	90,024	21,677	5,482	8,241,318	7,511,525
Total assets	8,440,176	8,519,085	794,755	275,105	87,837	70,661	9,322,768	8,864,851
Liabilities								
Financial liabilities - held for trading	-	-	35,597	52,051	-	-	35,597	52,051
Derivatives	-	-	35,597	52,051	-	-	35,597	52,051
Total liabilities	-	-	35,597	52,051	-		35,597	52,051

Bank



20. Fair value of financial assets and liabilities (continued) 20.2. Financial instruments measured at fair value in the statement of financial position (continued)

Non-trading financial assets at fair value through profit or loss position includes:

- loans and advances to customers classified at fair value through profit and loss according to IFRS 9 due to failure to pass the SPPI (solely payments of principal and interest) test. The methodology to compute the fair value of these assets corresponds to the basic present value technique where expected cash flows of assets are discounted by the full rate including credit risk, market risk and cost components. The credit risk is incorporated in the assessment of cash flows in order to come to expected cash flows accounting for customer's probability of default. These cash flows are then adjusted with the discount rate;
- equity instruments, in principal minority interests classified as level 3 instruments for which the fair value is determined based on internal assessment. The most common valuation methods used in the evaluation of minority interest are: Quoted price in active markets, Expert opinion or Recent transaction value, Discounted Cash Flow Method / Dividend Discount Model, the adjusted Net Asset Value, Simplified income approach;
- Visa INC Preferred Share equity for which fair value is computed based on internal assessment.

Financial assets at fair value through other comprehensive income includes:

- Debt securities issued by Ministry of Finance which are actively traded classified on level 1 and 2;
- One corporative bond which is theoretically priced are presented on level 3 as well as two debt securities issued by Ministry of Finance, which are theoretically priced, are presented on level 3.

20.3. Valuation of level 3 financial instruments

The volume of level 3 financial assets can be allocated to the following two categories:

- market values of derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs);
- illiquid bonds, shares and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2.

The unobservable inputs from CVA calculation are the probability of default (PD) and loss given default (LGD). The probabilities of default are the result of the rating models development internally (at Erste Group level) and are used to evaluate the credit risk including CVA. According to the allocated rating, each counterparty has assigned a probability of default. The value of LGD parameter for the calculation of CVA is 60%.

As at June 2021, the fair valuation of VISA Inc preferred shares was based on reasonable assumptions and estimations and was consequently classified in level 3. The sale of shares is limited to certain conditions which may restrict the conversion of preferred shares into tradable VISA Inc shares. Due to these limiting conditions, and in order to reflect the potential price volatility of Class A common shares and the limited liquidity of preferred shares the fair value of the preferred shares was capped based on assumptions compared to free tradable VISA Inc. class A common shares. The price of class C preferred shares was determined based on the conversion ratio of 1: 6,861 and two additional haircuts were applied of 12.65% to account for market price uncertainty related to the illiquidity of Class C shares and a haircut of 17.21% accounting for conversion factor risk.



20.3. Valuation of level 3 financial instruments (continued)

Movements in Level 3 of financial instruments carried at fair value

								Group
in RON thousands	Balance	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Settlements	Transfers into Level 3	Currency translation	Balance
Assets	01.01.2021	-		-				30.06.2021
Financial assets held for trading	1,401	(245)						1,156
Derivatives	1,401	(245)	-	-	-	-		1,156
Non-trading financial assets mandatorily at fair value through profit or loss	64,013	6,031		-	(4,805)			65,239
Equity instruments	34,307	(1,960)						32,347
Debt securities	27,781	3,505			-			31,286
Loans and advances	1,925	4,486			(4,805)			1,606
Financial assets at fair value through other comprehensive income	29,121	(2)	(553)	-	(23,607)	16,749	(31)	21,677
Debt securities	29,121	(2)	(553)		(23,607)	16,749	(31)	21,677
Total assets	94,535	5,784	(553)		(28,412)	16,749	(31)	88,072

								Group
in RON thousands	Balance	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Settlements	Transfers into Level 3	Currency translation	Balance
Assets	01.01.2020							31.12.2020
Financial assets held for trading	1,828	(427)	-		-			1,401
Derivatives	1,828	(427)	-	-	-			1,401
Non-trading financial assets mandatorily at fair value through profit or loss	90,923	12,509	-	-	(39,402)		(17)	64,013
Equity instruments	37,439	(3,115)		-	-		(17)	34,307
Debt securities	49,922	13,708	-		(35,849)		-	27,781
Loans and advances	3,562	1,916	-	-	(3,553)		-	1,925
Financial assets at fair value through other comprehensive income	6,133	(3)	(649)	25,137	-		(1,497)	29,121
Debt securities	6,133	(3)	(649)	25,137	-		(1,497)	29,121
Total assets	98,884	12,079	(649)	25,137	(39,402)		(1,514)	94,535

								Bank
in RON thousands	Balance	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Settlements	Transfers into Level 3	Currency translation	Balance
Assets	01.01.2020							30.06.2020
Financial assets held for trading	1,401	(245)						1,156
Derivatives	1,401	(245)			-	-		1,156
Non-trading financial assets mandatorily at fair value through profit or loss	63,778	6,031			(4,805)	-	-	65,004
Equity instruments	34,072	(1,960)	-		-		-	32,112
Debt securities	27,781	3,505	-		-	-	-	31,286
Loans and advances	1,925	4,486	-	-	(4,805)		-	1,606
Financial assets at fair value through other comprehensive income	5,482	(1)	(553)		-	16,749		21,677
Debt securities	5,482	(1)	(553)			16,749		21,677
Total assets	70,661	5,785	(553)		(4,805)	16,749		87,837

								Bank
in RON thousands		Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Settlements	Transfers into Level 3	Currency translation	
Assets	01.01.2020							31.12.2020
Financial assets held for trading	1,828	(427)	-	-	-	-		- 1,401
Derivatives	1,828	(427)		-	-	-		- 1,401
Non-trading financial assets mandatorily at fair value through profit or loss	90,671	12,509		-	(39,402)	-		- 63,778
Equity instruments	37,187	(3,115)		-	-	-		- 34,072
Debt securities	49,922	13,708	-	-	(35,849)	-		- 27,781
Loans and advances	3,562	1,916		-	(3,553)	-		- 1,925
Financial assets at fair value through other comprehensive income	6,133	(3)	(648)	-	-			- 5,482
Debt securities	6,133	(3)	(648)		-			- 5,482
Total assets	98,632	12,079	(648)		(39,402)			- 70,661



21. Legal claims and contingent liabilities

Legal claims

As at June 30, 2021, the Bank was involved in the normal course of its business in a number of 2,263 litigations as defendant (December 31st, 2020: 2,669).

In the opinion of management, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amount provided at June 30, 2021.

The audit mission of the Romanian Court of Accounts - BCR Banca pentru Locuinte SA (BpL)

In 2015, the Romanian Court of Accounts (hereinafter referred to as 'the CoA') conducted a control at the BpL. Following the mission, the CoA claims that several deficiencies were identified, the vast majority grounded on a different interpretation of the applicable legal provisions. On 15 December 2015, the CoA issued the Decision no. 17, maintaining all the claims included in their initial report and requested BpL to establish exactly the amount of the prejudice. On December 23, 2015, BpL appealed the Decision no. 17 of the CoA, appeal that was rejected by the Commission for Solving Claims of the CoA through Decision No 2/29 February 2016, maintaining as such the Decision no. 17/2015.

Court of Appeal pronounced its resolution on March 1st 2017 and decided in favour of BpL for 5 out of 8 claims. Both BpL and CoA filed second appeal against this decision and, on June 21, 2019 High Court of Cassation and Justice (HCCJ) decided as follows:

- Both second appeals were admitted and the decision of the first court was annulled; as a consequence, the HCCJ re-judged the request of BpL and annulled only two measures, maintaining 6 of them;
- The maintained measures relate to the incorrect calculation of State premium by BpL.

BpL received on 18th of July 2019, the motivation of the High Court of Justice decision.

As a consequence, BCR Banca Pentru Locuinte S.A. started the process for establishing all the amounts that should be part of a future potential outflow related to the litigation with CoA, in accordance with the High Court of Justice final decision (consisting of state premiums, interest and penalties). The potential future outflow of resources was estimated and booked as a provision in accordance with IAS 37 requirements. An additional provision, for covering "WHT" associated to the claimed prejudice, was set in December 2019. The provision for withholding tax ("WHT provision") is not strictly related to the litigation, it derives from the fiscal regime that might be applicable by the State in case of possible fiscal reinterpretation. This provision has been aggregated in the one set for the alleged prejudice, in the same category, named 'Other Provisions', and total resulted value as of June 30, 2021 is RON 661.93 mn (RON 689.35 mn as of 31.12.2020).

On the other hand, BCR BpL partially implemented the Court of Account decision, paying until now the amount of RON 50.9mn representing part of the alleged prejudice and fiscal accessories; namely, the equivalent of client's savings used to cover the bank's fees included in the calculation basis for state premiums.

For implementing the rest of measures, in accordance with CoA Decision, the Bank requested to CoA several postponements of the deadline for decision implementation – the last deadline granted by CoA was the date of February 02, 2021.

The following legal actions are started by BpL following HCCJ Decision of 21.06.2019:

- In Romania: HCCJ Decision No. 3541/21 June 2019 was challenged, the bank filing two extraordinary appeals:
 - Revision: with next hearing on the merits on September 15, 2021 by the High Court of Cassation and Justice in Romania;
 - Contesting for Annulment: was rejected by HCCJ on May 27, 2021.
- At European level: BpL raised the case to the European Court for Human Rights by submitting the relevant documents for the case on 17.01.2020.

With respect of the CoA Decision's point concerning the damage collection, BpL performed the necessary formalities towards the Ministry of Development for the process of collection of the amounts (representing undue state premiums plus related accessories), by providing all necessary data and exact calculations for each individual person (main debtor of payment obligation) and is currently in dialogue with the Ministry for establishing the appropriate measures for such recovery.



21. Legal claims and contingent liabilities (continued)

BFP Litigation

On 23 December 2016, the BFP has received a request made by City Hall Bucharest to International Court of Arbitration of the International Chamber of Commerce, consisting of amounts due under the joint venture contract for the period from 2001 to 2013.

In November 2019, The International Court of Arbitration rejected the request of City Hall. Against this decision, the claimant filed an action for annulment which was rejected on October 12, 2020. Against this decision the claimant filed second appeal. The first hearing was set for September 14, 2021.

Up to the date of publishing these financial statements, there were no other significant updates related to the cases presented in the financial statements for the end of June 2021.

Tax related litigations

Transfer prices and related withholding tax (WHT)

Based on the tax audit regarding Corporate Income Tax and VAT for the period January 1st, 2012 – December 31st, 2015, the Romanian tax authorities adjusted the taxable base of CIT with RON 636,390,561, an adjustment which generated an additional CIT of RON 101,822,490, which was subsequently paid by the Bank. BCR was subject to a partial tax audit in respect of withholding tax (WHT) due for the income obtained by non-residents from Romania, for the period January 1st, 2014 – December 31st, 2015 and the Romanian tax authorities established an additional amount of RON 43,070,398 as WHT in relation to the interest of RON 226,119,588 paid by BCR to Erste and the additional late payment interest and penalties in total amount of RON 23,903,244. The Bank has paid all the additional tax liabilities within the legal deadline and challenged (initially within the administrative procedure, and subsequently, in court) the tax decisions within the established legal deadlines.

Regarding the tax authorities' findings in the tax audit report closed in 2017 related to the transfer prices used in financial transactions performed by BCR and Erste, BCR initiated the Mutual Agreement Procedure (MAP) procedure within the European Union Arbitration Convention (EUAC), considering that the adjustment of the transfer prices established by Romanian tax authorities for the period 2012 – 2015 has generated a double taxation in Austria and Romania. The other findings of the tax audit report closed in 2017 have been challenged by the Bank in local court.

After more than 2 years of back-and-forth discussions with the Austrian Tax Authority within the MAP framework, on December 23rd, 2020 ANAF issued a decision rejecting the initiation of the mutual agreement procedure. Such decision is considered by BCR and its consultants/lawyers to be unjustified as ANAF cannot withdraw from the proceedings started on April 27th, 2018. The Bank filed an appeal against this decision before ANAF, but the appeal was rejected on February 18th, 2021. On 22 of June 2021, the Bank initiated the legal action for the annulment of the ANAF decision to reject MAP.

Considering the Romanian tax authorities' decisions to adjust the taxable base of CIT and WHT, respectively to impose an additional CIT for the period 2012 – 2015 and WHT for the period 2014 - 2015, the Bank has analysed the necessity of booking a provision for a potential obligation regarding additional CIT and WHT for the period 2016 – 2020.

According to IAS 37 "Provisions, contingent assets and liabilities", a provision is recognized if the following conditions are met:

- the Bank has a current obligation resulting from past events;
- it is probable that an outflow of economic resources to be necessary in order to settle the obligation;
- the value of the obligation can be reliably estimated.

According to the external consultants and lawyers' opinion and based on the available information and analysis, the Bank's Management appreciated as of 31st of December 2020 that there are more likely than not chances for a favourable solution on the merits of the case against the Romanian tax authorities. However, due to the last decision of ANAF to reject the MAP, the chances for a favourable solution estimated by the lawyers decreased compared to their previous assessments.

Based on the new results of the analysis performed by the Management of the Bank as mentioned above it was concluded that as of December 31st, 2020, the IAS 37 conditions for booking a provision in relation with the tax treatment of the intragroup transactions applied by the Bank during 2016 – 2020, were considered as being met. Therefore, a related provision in amount of RON 35 mil has been recognized.

During the first half of the 2021, the Bank increased the provision to a total amount of RON 85.9 mil.



21. Legal claims and contingent liabilities (continued)

Impairment of subsidiaries

In 2017, during the tax audit performed by the tax authorities, the Management of the Bank requested deductibility of the expenses generated by the impairment of shares in subsidiaries booked for the period 2012 – 2015, considering the provisions of the Tax Code applicable for these periods. Despite of all the arguments put forward by the Bank, the tax authorities considered that the expenses incurred by the Bank during the audited period related to the impairment of its shares held in subsidiaries are not deductible.

In 2017, the Bank challenged in court the Romanian Tax Authority's resolution on this topic, legal proceedings being ongoing as of July 2021.

According to the external consultants and lawyers' opinion and based on the available information and analysis, the Bank's Management appreciates that there are more likely than not chances for a favourable solution against the Romanian tax authorities. Based on specialists' opinion mentioned above and the provisions of IAS 12 - Income Taxes, the Bank recognized in 2017 an asset of the nature of the profit tax, in relation to the expenses with the impairment of shares in subsidiaries booked for the period 2012 – 2015.

The aforementioned asset was subject to successive independent evaluations in the period that followed and although, currently, there is still considerable uncertainty as to the timing of the final resolution in the Court, the likelihood of a favourable outcome for the Bank did not change and, therefore, it was maintained for the end of June 2021.

22. Subsequent events

No material subsequent events occured after the balance sheet date, that were not included in the financial statements.

AUTHORISED PERSON

Name and first name Signature Executive Vice-President

Elke Meier

Elke Meier Date: 2021.08.10 17:45:06 +02'00' AUTHORISED PERSON Name and first name Signature Executive Director Accounting Division

Gina Badea



Digitally signed by BADEA GINA Date: 2021.08.06 09:49:29 +03'00'