BCR GROUP DISCLOSURE REPORT H1 2021

Pursuant to NBR Regulation no. 11/2020 for the amendment and completion of the NBR Regulation no.5/2013 on prudential requirements for credit institutions and Regulation (EU) No 2019/876 (CRR2) amending Regulation (EU) No 575/2013 (CRR)

Incorporated in Romania

Trade Register J40/90/1991

Unique Registration Code 361757

Bank Register RB PJR

www.bcr.ro

Contents

List of templates, tables and graphs

1 Introduction

The provisions of the Regulation no. 11/2020 for the amendment and completion of the NBR Regulation no. 5/2013 on prudential requirements for credit institutions and Regulation (EU) No 2019/876 (CRR2) amending Regulation (EU) No 575/2013 (CRR) apply to BCR Group, hereinafter referred to as BCR Group. This Report is prepared on a consolidated basis (IFRS) according to NBR's Regulations. All information herein is presented as of June 30th, 2021 unless otherwise stated.

Following an overall frequency assessment of all Pillar 3 disclosures this half-year Pillar 3 Report provides principally an update to the areas mentioned below, which are also in line with the recommendations provided by the European Banking Authority ("EBA") in its Final Report – Final draft implementing technical standards on public disclosures by institutions of the information referred to in titles II and III of Part Eight of Regulation (EU) No. 575/2013 (EBA/ITS/2020/04) and Regulation EU 2019/876 of the European Parliament and of the Council of 20 May 2019.

Apart from areas covered by Pillar 3 framework under EBA/ITS/2020/04, there are few additional areas which also require half-year disclosures to be provided, as follows:

- EBA/GL/2020/07 – Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis and NBR Instructions / 03.08.2020 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19;

- EBA/GL/2020/12 – Final Report - Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic.

For the full set of information please refer to "BCR GROUP DISCLOSURE REPORT 2020" which is available on the BCR Group website (https://www.bcr.ro/en/investors/transparency-and-public-disclosure).

Additional information on the financial and operational result of BCR Group is presented in the Interim Condensed Financial Statements Consolidated and Separate – Unaudited - 30 June 2021, hereinafter referred to as BCR Group Report. The BCR Group Report is available on the website of BCR Group (https://www.bcr.ro/en/investors/financial-reports).

2 Overview of non-applicable disclosures

The following table provides an overview of the CRR 2 Articles which are not covered by the Disclosure Report nor included in other reports as mentioned above, alongside an explanation regarding the reason behind their non-applicability.

1 Non-applicable CRR 2 articles

CRR2 article number	Article description	Reason for non-applicable disclosure	Non-applicable templates
438 (h) and (e)	Own funds requirements and risk-weighted exposure amount	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CR8 Template EU CR10 Template EU CCR7
439 (l)	Exposure to counterparty credit risk	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CCR4
439 (j)	Exposure to counterparty credit risk	BCR Group has no credit derivatives in its portfolio.	Template EU CCR6
439 (i)	Exposure to counterparty credit risk	BCR Group does not have exposures towards central counterparties.	Template EU CCR8
442 (c) and (f)	Exposure to credit risk and dilution risk	The ratio of gross carrying amount of non-performing loans and advances divided by the total gross carrying amount of loans and advances subject to the definition of non-performing according to Article 47a of CRR2 for BCR Group does not exceed 5%	Template EU CR2a Template EU CQ2
449 (j-l)	Securitisation	BCR Group does not have any exposure to securitisations in its portfolio.	Template EU SEC1 Template EU SEC2 Template EU SEC3 Template EU SEC4 Template EU SEC5
452 (g)	Use of the IRB Approach to credit risk	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CR6 Template EU CCR4
453 (j) and (g)	Use of credit risk mitigation techniques	BCR Group calculates the risk-weighted exposure amounts under Standardized approach.	Template EU CR7 Template EU CR7-A
455 (d), (e) and (g)	Use of internal market risk models	BCR Group does not apply the internal market risk model.	Template EU MR2-A Template EU MR2-B Template EU MR3 Template EU MR4

3 Own funds

DISCLOSURE REQUIREMENT COVERED BY: ART. 437 (a) CRR 2

For the disclosure of own funds, BCR Group follows the requirements under Article 437 CRR 2. Based on the requirements defined by the European Bank Authority in the Implementing Technical Standards, the following information must be provided:

- A full reconciliation of CET1 items, Additional Tier 1 (AT1) items, Tier 2 (T2) items and filters and deductions applied pursuant to Articles 32 to 36, 56, 66 and 79 to own funds of the institution's statement of the financial position in the unaudited financial statements in accordance with Article 437 (a) CRR 2.

CRR Statement of financial position

Due to different applicable regulations, BCR Group distinguishes two consolidation perimeters:

- Prudential consolidation perimeter in accordance with articles 18 and 19 from CRR 2;
- Accounting consolidation perimeter in accordance with IFRS 10 Consolidated Financial Statements.

The table below presents the information regarding the consolidation method applied for each entity according to accounting and prudential perimeters:

2 Template EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

Name of the entity	Method of accounting consolidation	Method of prudential consolidation				
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted
Banca Comerciala Romana	Full consolidation	X				
BCR Chisinau	Full consolidation	X				
BCR Banca pentru Locuinte	Full consolidation	X				
BCR Leasing	Full consolidation	X				
BCR Pensii	Full consolidation	X				
BCR Suport Colect	Full consolidation	X				
BCR Payments	Full consolidation	X				
Fleet Management	Full consolidation				X	
Fondul de Garantare a Creditului Rural IFN SA	Equity method			X		
BCR Social Finance	Equity method			X		
CIT ONE	Equity method			X		

Consideration of consolidation methods for the calculation of consolidated own funds according to the CRR 2

The amounts that are used as the basis for the calculation of own funds are based on the definition of the regulatory scope of consolidation pursuant to the CRR 2. Amounts that relate to the own share as well as to the minority interest in fully consolidated entities are therefore determined based on the regulatory scope of consolidation according to CRR 2.

Consideration of non-consolidated financial sector entities and deferred tax assets that rely on future profitability arising from temporary differences within the calculation of consolidated common equity tier 1 of BCR Group

Carrying amounts representing the investments in financial sector entities have to be deducted from the own funds based on the requirements as defined in Articles 36 (1) (h), Article 45 and Article 46 CRR 2 for non-significant investments and Articles 36 (1) (i) CRR 2, Article 43 and Article 45 CRR 2 for significant investments. For these purposes, non-significant investments are defined as investments in financial sector entities in which the participation is equal to or less than 10% of common equity tier 1 (CET 1) of the relevant financial sector entities, while significant investments are defined as investments that are above 10% of the common equity (CET 1) of the relevant financial sector entities.

To determine the participation in the relevant financial sector entities, these participations are calculated based on the direct, indirect and synthetic holdings in the relevant entities.

According to Article 46 (1) CRR 2, holdings in non-significant investments have to be deducted only if the total amount for such investments exceeds a defined threshold of 10% in relation to CET1 of the reporting institution. Deduction shall be applied to the amount that exceeds the 10% threshold. Amounts that are equal to or less than 10% of the CET1 of the reporting institution are considered within the RWAs based on the requirements from art. 46 (4) CRR.

For the deduction of significant investments in the CET1 of financial sector entities, a threshold is defined in Article 48 (2) CRR 2. According to Article 48 (2) CRR 2, significant investments in the CET1 of financial sector entities shall only be deducted if they exceed 10% of the CET1 of the reporting institution. If the 10% threshold is exceeded, the deduction is limited to the amount by which the defined threshold is exceeded. The remaining amount has to be considered within the calculation of the RWAs. The risk weight (RW) is defined at 250% according to Article 48 (4) CRR 2.

A 10% threshold related to the CET1 capital of the reporting institution is applied for deferred tax assets that rely on future profitability arising from temporary differences according to Article 48 (3) CRR 2. In case the amount for deferred tax assets that rely on future profitability that arise from temporary differences exceeds the threshold of 10% of CET1 of the reporting institution the exceeding amount has to be deducted from the CET1 of the reporting institution. The amount that is equal to or less than the threshold as defined in Article 48 (3) CRR 2 has to be considered within the calculation of RWAs with a 250% RW according to Article 48 (4) CRR 2.

In addition to the aforementioned thresholds, a combined threshold for the deduction of significant investments according to Article 36 (1) (i) CRR 2 and for deferred tax assets that rely on future profitability and arise from temporary differences according to Article 36 (1) (c) CRR 2 as well as according to Article 38 CRR 2 is defined in Article 48 (2) CRR 2. The combined threshold according to Article 48 (2) CRR 2 is defined at 17.65% of the CET1 of the reporting institution. If the threshold is exceeded, the exceeding amount has to be deducted from the CET1 of the reporting institution. The remaining amount has to be considered within the RWAs. A 250% RW shall be applied for the amount not exceeding the 17.65% threshold according to Article 48 (4) CRR 2.

At the reporting date, June 30th, 2021 BCR Group did not exceed any of the thresholds. Hence, direct, indirect and synthetic investments in financial sector entities were not deducted from the consolidated own funds of BCR Group and therefore are considered in RWAs.

Breakdown of the constituent elements of BCR Group own funds

3 Template EU CC1 - Composition of regulatory Own Funds

in mn RON

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	3,348	a
	of which: Instrument type 1	3,348	a
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	3,729	b
3	Accumulated other comprehensive income (and other reserves)	1,317	c
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	d
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**8,394**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(10)	
8	Intangible assets (net of related tax liability) (negative amount)	(304)	d
9	Not applicable	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(121)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(435)	
29	**Common Equity Tier 1 (CET1) capital**	**7,959**	

BCR GROUP DISCLOSURE REPORT H1 2021

continued: Template EU CC1 - Composition of regulatory Own Funds

in mn RON

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	7,959	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	127	e
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	127	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	127	
59	**Total capital (TC = T1 + T2)**	8,087	
60	**Total Risk exposure amount**	38,969	

continued: Template EU CC1 - Composition of regulatory Own Funds

in mn RON

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	20.42%	-
62	Tier 1 capital	20.42%	-
63	Total capital	20.75%	-
64	Institution CET1 overall capital requirements	10.60%	-
65	of which: capital conservation buffer requirement	2.50%	-
66	of which: countercyclical capital buffer requirement	0.00%	-
67	of which: systemic risk buffer requirement	0.00%	-
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	2.00%	-
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.60%	-
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**15.72%**	-
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	87	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	39.05	-
74	Not applicable	-	-
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	-
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	-
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	g
82	Current cap on AT1 instruments subject to phase out arrangements	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

Additional information about own funds positions:

a	Share capital including share premium; in template EU CC2 the share premiums are disclosed in other reserves
b	Retained earnings: for regulatory purpose the planned dividend and the current year profit or loss are deducted
c	Accumulated other comprehensive income (OCI): different disclosure of other reserve (other than OCI) of the balance sheet and regulatory reporting
d	Intangible assets after deduction of DTL's associated to other intangible assets
e	T2 instrumens: subordinated loans

Versus March 31th, 2021, the total own funds decreased by RON 161 mn, the common equity tier 1 is lower by RON 107 mn due to lower fair value reserve calculated for debt securities measured at fair value through other comprehensive income RON 21 mn and higher allocations for credit risk provisions RON 92 mn. Tier 2 continued to be lower due to amortisation of the subordinated loans in accordance with CRR 2 provisions.

BCR GROUP DISCLOSURE REPORT H1 2021

The below template presents the differences between the scope of accounting consolidation and the scope of regulatory consolidation and shows the link between BCR Group balance sheet in its published financial statements and the numbers that are used in the composition of own funds disclosure template (template EU CC1).

4 Template EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

in mn RON

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	Jun-21	Jun-21	
Assets - **Breakdown by asset clases according to the balance sheet in the published financial statements**			
1 **Cash and cash balances**	**10,852**	**10,852**	
2 **Financial assets held for trading**	**1,014**	**1,014**	
3 Derivatives	41	41	
4 Other financial assets held for trading	973	973	
5 **Non-trading financial assets mandatorily at fair value through profit or loss**	**68**	**68**	
6 Equity instruments	35	35	
7 Debt securities	31	31	
8 Loans and advances to customers	2	2	
9 **Financial assets at fair value through other comprehensive income**	**8,308**	**8,308**	
10 Debt securities	8,308	8,308	
11 **Financial assets at amortised cost**	**58,503**	**58,838**	
12 Debt securities	14,217	14,217	
13 thereof pledged as collateral	289	289	
14 Loans and advances to banks	1,309	1,309	
15 Loans and advances to customers	42,977	43,311	
16 Finance lease receivables	**1,393**	**1,442**	
17 Property and equipment	**820**	**825**	
18 Investment property	**150**	**150**	
19 Intangible assets	**333**	**333**	d
20 Investments in joint ventures and associates	**39**	**45**	
21 Current tax assets	**185**	**185**	
22 Deferred tax assets	**166**	**167**	
23 Assets held for sale	**546**	**55**	
24 Trade and other receivables	**501**	**501**	
25 Investments in subsidiaries	**-**	**-**	
26 Other assets	**297**	**244**	
Total assets	**83,176**	**83,027**	
Liabilities - **Breakdown by liability clases according to the balance sheet in the published financial statements**			
1 **Financial liabilities held for trading**	**36**	**36**	
2 Derivatives	36	36	
3 **Financial liabilities measured at amortised cost**	**70,382**	**70,398**	
4 Deposits from banks	3,042	3,042	e
5 Deposits from customers	64,713	64,728	
6 Debt securities issued	1,636	1,636	
7 Other financial liabilities	992	992	
8 **Finance lease liabilities**	**433**	**438**	
9 **Provisions**	**1,892**	**1,893**	
10 **Current tax liabilities**	**67**	**67**	
11 **Deferred tax liabilities**	**14**	**14**	
12 **Liabilities associated with assets held for sale**	**111**	**-**	
13 **Other liabilities**	**280**	**226**	
Total liabilities	**73,215**	**73,072**	
Shareholders' Equity			
1 **Share capital**	**2,953**	**2,953**	**a**
2 **Retained earnings**	**5,225**	**5,615**	**b**
3 **Other reserves**	**1,784**	**1,387**	**c**
attributable to non-controlling interest	0	0	
attributable to owners of the parent	9,961	9,955	
Total shareholders' equity	**9,961**	**9,955**	
Total liabilities and equity	**83,176**	**83,027**	

5 Template on the comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9

in mn RON

		Jun-21	Mar-21	Dec-20	Sep-20	Jun-20
	Available capital (amounts)					
1	CET1 capital	7,959	8,066	8,035	7,490	7,575
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,959	8,066	8,035	7,490	7,575
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	7,959	8,066	8,035	7,490	7,575
3	Tier 1 capital	7,959	8,066	8,035	7,490	7,575
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,959	8,066	8,035	7,490	7,575
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	7,959	8,066	8,035	7,490	7,575
5	Total capital	8,087	8,248	8,268	7,776	7,913
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,087	8,248	8,268	7,776	7,913
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	8,087	8,248	8,268	7,776	7,913
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	38,969	39,262	38,559	38,962	38,548
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	38,969	39,262	38,559	38,962	38,548
	Capital ratios					
9	CET1 (as a percentage of risk exposure amount)	20.42%	20.54%	20.84%	19.22%	19.65%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.42%	20.54%	20.84%	19.22%	19.65%
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	20.42%	20.54%	20.84%	19.22%	19.65%
11	Tier 1 (as a percentage of risk exposure amount)	20.42%	20.54%	20.84%	19.22%	19.65%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.42%	20.54%	20.84%	19.22%	19.65%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	20.42%	20.54%	20.84%	19.22%	19.65%
13	Total capital (as a percentage of risk exposure amount)	20.75%	21.01%	21.44%	19.96%	20.53%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.75%	21.01%	21.44%	19.96%	20.53%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	20.75%	21.01%	21.44%	19.96%	20.53%
	Leverage ratio					
15	Leverage ratio total exposure measure	87,929	88,157	86,971	82,255	80,248
16	Leverage ratio	9.05%	9.15%	9.24%	9.11%	9.44%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.05%	9.15%	9.24%	9.11%	9.44%
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	9.05%	9.15%	9.24%	9.11%	9.44%

BCR Group does not apply the transitory measures described in article 473a relate to IFRS 9. The full impact related to credit risk provisions calculated in accordance with IFRS 9 requirements is considered in the calculation of own funds, capital ratio and leverage ratio.

BCR Group does not apply the transitory measures described in article 468 related to unrealized gains and losses for financial assets measured at fair value through other comprehensive income. The full impact related to this is considered in the calculation of own funds, capital ratios and leverage ratio.

4 Key metrics and overview of risk-weighted exposure amounts

DISCLOSURE REQUIREMENT COVERED BY: ART. 438 (b), (d) and ART 447 CRR 2

As stated above, BCR Group currently computes its regulatory capital adequacy ratio based on Regulation (EU) No 2019/876 (CRR2) amending Regulation (EU) No 575/2013 (CRR), on a monthly basis for the Bank Standalone, as well as quarterly at BCR Group level (IFRS standards).

The regulatory capital requirements computed as of June 30th, 2021, for the credit risk, market risk and operational risk were as follows:

6 Template EU OV1 - Overview of risk weighted exposure amounts

in mn RON

		Total risk exposure amounts (TREA)		Total own funds requirements
		Jun-21	Mar-21	Jun-21
1	**Credit risk (excluding CCR)**	**30,873**	**30,842**	**2,470**
2	Of which the standardised approach	30,873	30,842	2,470
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	**Counterparty credit risk - CCR**	**262**	**336**	**21**
7	Of which the standardised approach	94	70	8
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	23	14	2
9	Of which other CCR	146	252	12
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**-**	**-**	**-**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	131	397	11
21	Of which the standardised approach	131	397	11
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	**Operational risk**	**7,702**	**7,687**	**616**
EU 23a	Of which basic indicator approach	325	325	26
EU 23b	Of which standardised approach			-
EU 23c	Of which advanced measurement approach	7,378	7,363	590
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	**-**
29	**Total**	**38,969**	**39,262**	**3,117**

As of June 30th, 2021, the total RWA for BCR Group was 38,969 mn. RON, with 293 mn. RON lower as compared to March 31st, 2021 (39,262 mn RON).

The main driver is the decrease in market risk RWA with 266 mn RON, due to the fact that in June, the capital requirement for FX was not added to the total capital requirement for market risk because the materiality threshold of 2% of own funds was no longer exceeded.

The decrease in credit risk RWA (including counterparty credit risk) of 42 mn RON was mainly driven by decrease in RREPO transactions.

Meanwhile, RWA for operational risk increased with 15 mn RON mainly due to increase in FX rate.

A summary of the main prudential and regulatory information and ratios of BCR Group is presented in the below table.

7 Template EU KM1 - Key metrics

in mn RON

		Jun-21	Mar-21	Dec-20	Sep-20	Jun-20
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	7,959	8,066	8,035	7,490	7,575
2	Tier 1 capital	7,959	8,066	8,035	7,490	7,575
3	Total capital	8,087	8,248	8,268	7,776	7,913
Risk-weighted exposure amounts						
4	Total risk exposure amount	38,969	39,262	38,559	38,962	38,548
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	20.42%	20.54%	20.84%	19.22%	19.65%
6	Tier 1 ratio (%)	20.42%	20.54%	20.84%	19.22%	19.65%
7	Total capital ratio (%)	20.75%	21.01%	21.44%	19.96%	20.53%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.84%	2.84%	3.95%	3.95%	3.95%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.60%	1.60%	2.22%	2.22%	2.22%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.13%	2.13%	2.96%	2.96%	2.96%
EU 7d	Total SREP own funds requirements (%)	10.84%	10.84%	11.95%	11.95%	11.95%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	1.00%	1.00%
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	2.00%	2.00%	2.00%	2.00%	2.00%
11	Combined buffer requirement (%)	4.50%	4.50%	4.50%	4.50%	4.50%
EU 11a	Overall capital requirements (%)	15.34%	15.34%	16.45%	16.45%	16.45%
12	CET1 available after meeting the total SREP own funds requirements	6,127	N/A	N/A	N/A	N/A
Leverage ratio						
13	Total exposure measure	87,929	88,157	86,971	82,255	80,248
14	Leverage ratio (%)	9.05%	9.15%	9.24%	9.11%	9.44%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	29,516	28,150	26,689	25,028	24,115
EU 16a	Cash outflows - Total weighted value	15,022	15,106	15,062	14,741	14,429
EU 16b	Cash inflows - Total weighted value	3,248	3,943	4,186	4,023	3,633
16	Total net cash outflows (adjusted value)	11,775	11,163	10,876	10,719	10,796
17	Liquidity coverage ratio (%)	250.67%	252.16%	245.40%	233.50%	223.37%
Net Stable Funding Ratio						
18	Total available stable funding	62,057				
19	Total required stable funding	35,099				
20	NSFR ratio (%)	176.80%				

5 Credit Risk

DISCLOSURE REQUIREMENTS COVERED: ART. 435(1) CRR 2

Credit risk management strategies and processes

BCR Group has in place strategies, policies and processes for the identification, measuring, monitoring, control and reporting of credit risk. The main types of credit risks that BCR is exposed to are: default risk, migration risk, residual risk, FX induced credit risk and concentration risk.

Credit risk is governed by BCR Group's Principles for managing credit risk. These define the principles for managing credit risk and govern the loan policies and procedures of BCR Group.

BCR Group strategic goals with respect to credit risk are set through the BCR Group Risk Strategy and are in line with BCR Group's Risk Appetite Statement, and address the following:

- BCR's credit risk profile, defined based on the Risk Materiality Assessment Process;
- BCR's strategic objectives regarding the management of credit risk, in accordance with the Group's risk tolerance and regulatory requirements.

Key principles and strategies for the management of credit risk are as follows:

- BCR Group only does business that it fully understands and that its clients fully understand. The ownership structure and economic reasoning for any transaction is fully transparent before approving it. No transaction can be executed without a risk opinion issued by risk management if the procedures require and explicitly delegated authorities.
- Collaterals and other credit enhancements have to be evaluated according to internally defined rules. BCR Group has a standardized structure for a collateral catalogue as well as evaluation and revaluation rules and appraisal regulations. Credit enhancements can be used to reduce the possibility of loss given defaults for selected customer segments. Depending on rating grade, purpose and tenor, risk bearing products are protected against losses by stipulating adequate collaterals fully, indisputable, legally enforceable and sufficiently documented for the Bank. Collaterals and other credit enhancements can never substitute repayment capability.
- BCR Group lends only if the integrity of the client is unquestionable. Furthermore, principles of responsible financing are implemented which govern corporate banking business with regard to transactions in sensitive industry sectors to protect the bank's reputation.
- Active portfolio screening, including the use of an early warning framework, allows early identification of negative developments in order to implement timely and adequate risk mitigating actions.
- A comprehensive limit framework is used in order to manage portfolio concentration.

Credit risk management structure and organization

Risk Management units in BCR Group report directly to the Risk Executive Vice-President (Chief Risk Officer - CRO). BCR regulatory framework utilizes "the four eyes principle" to critically assess and control credit risk. Management activities are fully segregated from business originators and decision makers.

Credit risk reporting, monitoring and mitigation

Based on an appropriate reporting framework and IT system, BCR has the ability to identify and measure credit risk, in line with its size, complexity, risk tolerance and risk-taking capacity.

BCR has a comprehensive reporting framework for credit risk management, approved by the Management Board, which includes the scope, manner and frequency of credit risk reporting, and which also designates the entity responsible for preparing the reports. The specific reports and documentation containing comprehensive and easily accessible information on credit risk are submitted regularly to the management body.

Regular credit risk reporting contains information concerning the development of credit risk exposures in each key segment, the evolution of the quality of the portfolio, provisions, cost of risk, risk rates (NPL rate, NPL coverage ratio with provisions), capital adequacy, main risk indicators.

The Group has implemented a wide framework of risk limits in order to mitigate all types of related credit risks. In the day-to-day process of lending BCR implemented dedicated policies which are meant to filter the loans granted through the underwriting criteria. Furthermore, the Group has a clear and robust system for managing the credit risk mitigation techniques, governing the entire process for evaluation, monitoring and management of collaterals.

6 Credit Risk Adjustments

DISCLOSURE REQUIREMENT COVERED BY: ART. 442 (c), (e), (f) and (g) CRR 2

The following table shows the credit quality of forborne exposure pertaining to loans and advances, debt securities and off-balance exposures.

As of June 30th, 2021, the share of performing forborne exposure amounted to 43%, slightly decreasing as compared to year end. Increased share of forborne non-performing loans and advances as of June 30th, 2021 was 57% (52% at December 31st, 2020) as a result of new forbearance measures granted to one Large Corporate default exposure.

8 Template EU CQ1: Credit quality of forborne exposures

in mn RON

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	**Cash balances at central banks and other demand deposits**	-	-	-	-	-	-	-	-
010	**Loans and advances**	**701**	**1,098**	**1,098**	**1,096**	**(110)**	**(759)**	**483**	**214**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	142	13	13	13	(3)	(11)	1	1
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	9	9	9	-	(9)	0	0
060	Non-financial corporations	457	762	762	760	(97)	(540)	380	159
070	Households	103	314	314	314	(10)	(199)	102	54
080	**Debt Securities**	-	-	-	-	-	-	-	-
090	**Loan commitments given**	131	17	17	17	(9)	(12)	9	2
100	**Total**	**832**	**1,115**	**1,115**	**1,113**	**(118)**	**(771)**	**492**	**216**

The table below shows performing and non-performing exposure broken down by past due age structure and default status, financial instrument and counterparty.

As of June 30th, 2021, total BCR Group NPL ratio (taking into account on and off-balance sheet exposure) was 2.5% and NPL ratio pertaining to loans and advances stood at 4.2%.

9 Template EU CQ3: Credit quality of performing and non-performing exposures by past due days

in mn RON

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**5,450**	**5,450**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**47,089**	**46,932**	**156**	**2,048**	**1,213**	**126**	**121**	**197**	**234**	**55**	**101**	**2,048**
020	Central banks	2	2	-	-	-	-	-	-	-	-	-	-
030	General governments	3,888	3,888	0	13	5	-	-	1	7	0	0	13
040	Credit institutions	1,356	1,356	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	202	202	0	9	0	-	-	0	9	-	-	9
060	Non-financial corporations	15,864	15,844	20	975	707	67	25	29	92	20	34	975
070	Of which SMEs	6,261	6,252	9	303	158	46	17	25	27	10	20	303
080	Households	25,776	25,640	136	1,050	501	59	96	167	126	35	66	1,050
090	**Debt securities**	**22,587**	**22,587**	**-**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
100	Central banks	54	54	-	-	-	-	-	-	-	-	-	-
110	General governments	22,497	22,497	-	1	1	-	-	-	-	-	-	1
120	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	31	31	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	5	5	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**15,342**			**296**								**296**
160	Central banks	-			-								-
170	General governments	3,319			0								0
180	Credit institutions	567			-								-
190	Other financial corporations	418			0								0
200	Non-financial corporations	9,684			291								291
210	Households	1,354			5								5
220	**Total**	**90,467**	**74,970**	**156**	**2,345**	**1,215**	**126**	**121**	**197**	**234**	**55**	**101**	**2,345**

In the following table, detailed split of gross credit exposure, accumulated impairment, write-offs and allocated collateral are presented, by financial instrument and counterparty. The figures are also broken down by IFRS stages.

Credit loss allowances (all stages combined) covered 128.24% of the reported non-performing on-balance and off-balance credit risk exposure as of June 30th, 2021.

10 Template EU CR1: Performing and non-performing exposures and related provisions

in mn RON

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	**Cash balances at central banks and other demand deposits**	**5,450**	**5,450**	**-**	**-**	**-**	**-**	**(2)**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**47,089**	**36,814**	**10,109**	**2,048**	**-**	**1,908**	**(1,100)**	**(220)**	**(872)**	**(1,472)**	**-**	**(1,411)**	**(129)**	**26,581**	**348**
020	Central banks	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	3,888	3,368	509	13	-	10	(12)	(5)	(7)	(12)	-	(8)	-	257	1
040	Credit institutions	1,356	1,334	22	-	-	-	(1)	(0)	(1)	-	-	-	-	1,221	-
050	Other financial corporations	202	192	10	9	-	9	(3)	(2)	(0)	(9)	-	(9)	(0)	21	0
060	Non-financial corporations	15,864	11,251	4,608	975	-	913	(589)	(151)	(438)	(680)	-	(671)	(71)	7,768	211
070	Of which SMEs	6,261	4,328	1,933	303	-	279	(285)	(78)	(207)	(198)	-	(191)	(35)	3,540	74
080	Households	25,776	20,666	4,959	1,050	-	975	(494)	(61)	(426)	(772)	-	(723)	(58)	17,313	137
090	**Debt securities**	**22,587**	**22,480**	**76**	**1**	**-**	**1**	**(31)**	**(30)**	**(2)**	**(0)**	**-**	**(0)**	**-**	**-**	**-**
100	Central banks	54	54	-	-	-	-	(3)	(3)	-	-	-	-	-	-	-
110	General governments	22,497	22,426	71	1	-	1	(28)	(27)	(1)	(0)	-	(0)	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	5	-	5	-	-	-	(1)	-	(1)	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**15,342**	**9,169**	**1,784**	**296**	**-**	**84**	**(174)**	**(52)**	**(81)**	**(227)**	**-**	**(67)**		**3,621**	**20**
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	3,319	1,897	75	0	-	-	(11)	(2)	(0)	(0)	-	-		1,335	0
180	Credit institutions	567	9	-	-	-	-	(1)	(0)	-	-	-	-		446	-
190	Other financial corporations	418	141	258	0	-	0	(10)	(1)	(9)	(0)	-	(0)		145	-
200	Non-financial corporations	9,684	5,885	1,348	291	-	81	(148)	(47)	(68)	(226)	-	(66)		1,688	20
210	Households	1,354	1,237	103	5	-	4	(5)	(2)	(3)	(1)	-	(1)		6	0
220	**Total**	**90,467**	**73,913**	**11,969**	**2,345**	**-**	**1,993**	**(1,307)**	**(304)**	**(955)**	**(1,700)**	**-**	**(1,479)**	**(129)**	**30,202**	**369**

Table below presents on-balance, off-balance sheet exposures, accumulated impairment and related provisions on off-balance-sheet commitments and financial guarantees given by significant geographical areas based on country of residence of the counterparty. Geographical areas are defined by the operating country markets based on locations of the banking and other financial institution participations.

11 Template EU CQ4: Quality of non-performing exposures by geography

in mn RON

	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which subject to impairment			
			Of which defaulted				
010 **On-balance-sheet exposures**	**71,725**	**2,049**	**2,049**	**71,693**	**(2,604)**		-
020 Core Market - Austria	454	0	0	454	(1)		-
030 Core Market - Croatia	0	0	0	0	(0)		-
040 Core Market - Czech Republic	0	0	0	0	(0)		-
050 Core Market - Hungary	0	0	0	0	(0)		-
060 Core Market - Romania	69,884	2,008	2,008	69,855	(2,551)		-
070 Core Market - Serbia	0	-	-	0	(0)		-
080 Core Market - Slovakia	0	-	-	0	-		-
090 Emerging Markets	417	8	8	414	(19)		-
100 Other EU Countries	932	33	33	932	(32)		-
110 Other Industrialized Countries	37	0	0	37	(0)		-
120 **Off-balance-sheet exposures**	**15,637**	**296**	**296**			**(402)**	
130 Core Market - Austria	108	20	20			(14)	
140 Core Market - Croatia	-	-	-			-	
150 Core Market - Czech Republic	0	-	-			(0)	
160 Core Market - Hungary	15	-	-			(0)	
170 Core Market - Romania	14,824	154	154			(278)	
180 Core Market - Serbia	-	-	-			-	
190 Core Market - Slovakia	-	-	-			-	
200 Emerging Markets	124	-	-			(3)	
210 Other EU Countries	499	122	122			(106)	
220 Other Industrialized Countries	67	-	-			(0)	
230 **Total**	**87,363**	**2,345**	**2,345**	**71,693**	**(2,604)**	**(402)**	**-**

In the following table the breakdown of exposure pertaining to loans and advances to Non-financial corporations by significant industries is provided. Industry breakdown is based on the NACE codes.

The industry with the largest concentration remained Manufacturing with a share of 25%, followed by Wholesale and retail trade (20%) and Transport and storage (14%).

12 Template EU CQ5: Credit quality of loans and advances by industry

in mn RON

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
010 Agriculture, forestry and fishing	976	24	24	976	(61)	-
020 Mining and quarrying	196	24	24	196	(3)	-
030 Manufacturing	4,178	495	495	4,178	(544)	-
040 Electricity, gas, steam and air conditioning supply	372	37	37	372	(49)	-
050 Water supply	264	5	5	264	(14)	-
060 Construction	1,577	212	212	1,577	(182)	-
070 Wholesale and retail trade	3,327	52	52	3,327	(138)	-
080 Transport and storage	2,316	52	52	2,314	(90)	-
090 Accommodation and food service activities	285	12	12	285	(51)	-
100 Information and communication	141	12	12	141	(17)	-
110 Financial and insurance actvities	473	1	1	473	(3)	-
120 Real estate activities	1,537	25	25	1,537	(66)	-
130 Professional, scientific and technical activities	208	9	9	208	(12)	-
140 Administrative and support service activities	616	4	4	616	(12)	-
150 Public administration and defense, compulsory social security	0	0	0	0	(0)	-
160 Education	4	0	0	4	(0)	-
170 Human health services and social work activities	251	1	1	251	(8)	-
180 Arts, entertainment and recreation	46	2	2	46	(2)	-
190 Other services	71	8	8	71	(16)	-
200 Total	**16,839**	**975**	**975**	**16,837**	**(1,269)**	**-**

13 Template EU CQ7: Collateral obtained by taking possession and execution processes

in mn RON

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	138	(79)
030	Residential immovable property	95	(58)
040	Commercial Immovable property	37	(21)
050	Movable property (auto, shipping, etc.)	6	(0)
060	Equity and debt instruments	-	-
070	Other collateral	-	-
080	**Total**	**138**	**(79)**

The gross value of collateral obtained by taking possession and execution process and related impairment is presented in the above table by collateral type, the highest share being residential property at 69%.

In assessing the BCR's Group asset quality, the table below provides a comprehensive breakdown per overdue days buckets in case of loans and debt securities.

The on-balance gross carrying amount as of June 30th, 2021 is presented.

14 Template EU CR1-A: Maturity of exposures

in mn RON

		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	301	4,896	14,097	27,166	105	46,565
2	Debt securities	67	2,477	14,172	5,840	-	22,557
3	**Total**	**368**	**7,373**	**28,269**	**33,006**	**105**	**69,122**

The following table provides the changes in the institution's stock of non-performing loans and advances.

The non-performing exposure situated at 2,048 mn RON at the end of June 2021, slightly higher with 10 mn RON as compared to December 2020, supported by a low NPL formation.

15 Template EU CR2: Changes in the stock of non-performing loans and advances

in mn RON

		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**2,038**
020	Inflows to non-performing portfolios	370
030	Outflows from non-performing portfolios	(360)
040	Outflows due to write-offs	(44)
050	Outflow due to other situations	44
060	**Final stock of non-performing loans and advances**	**2,048**

Note: Opening balance is as of 01.01.2021

Defaulted loans and advances subject to the credit risk framework (opening stock vs. closing stock) were at 0.49% in H1 2021.

DISCLOSURE REQUIREMENTS COVERED: EBA GL/2020/07 Guideline on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis and NBR Instructions / 03.08.2020 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis

Template 1 presented below provides an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis, both active and expired. The gross carrying amount and the related accumulated impairment or accumulated changes in fair value due to credit risk are disclosed broken down by counterparty, by performing / non-performing status and by forbearance status. Separate presentation is required for performing exposures with significant increase in credit risk since initial recognition (Stage 2) and for non-performing exposures that are unlikely to pay and that are not past-due or past-due <= 90 days. Inflows to non-performing exposures are also highlighted.

The evolution of NPL ratio pertaining to loans under granted EBA compliant moratoria was mainly driven by the unlikely to pay assessment performed for all clients with payment deferrals measures, registering an increase to 13% as of December 31st 2020. The slight increase observed in 2021 followed, mainly, the decrease of loans and advances.

16 Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

in mn RON

	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1 **Loans and advances subject to moratorium**	**4,777**	**4,035**	**209**	**2,347**	**742**	**535**	**646**	**(769)**	**(281)**	**(43)**	**(274)**	**(488)**	**(371)**	**(416)**	**58**
2 of which: Households	3,153	2,868	45	1,416	286	115	214	(313)	(152)	(6)	(148)	(161)	(61)	(107)	39
3 of which: Collateralised by residential immovable property	1,832	1,688	23	886	144	65	134	(157)	(81)	(2)	(79)	(76)	(38)	(71)	12
4 of which: Non-financial corporations	1,557	1,100	165	908	456	420	432	(456)	(129)	(37)	(126)	(327)	(310)	(309)	19
5 of which: Small and Medium-sized Enterprises	476	417	43	326	58	31	37	(86)	(47)	(6)	(46)	(39)	(26)	(22)	12
6 of which: Collateralised by commercial immovable property	744	683	139	654	61	55	59	(136)	(96)	(34)	(95)	(40)	(37)	(39)	5

Legislative and Non-legislative Moratorium

In light of the spread of COVID-19, a variety of measures have been taken by the Romanian government aimed at addressing the economic consequences of the outbreak on individuals, households and businesses. Such measures include legislative / public moratorium on repayment of loans, overdraft facilities and mortgages. Further, BCR is offering renegotiations of repayment schedules and payment deferrals to customers facing liquidity shortages as part of the non-legislative / private moratorium at the level of the Romanian Banking Association.

The legislative moratorium addressed through GEO 37/ 30.03.2020, applicable during 30th of March – 15th of June 2020, offered borrowers affected directly or indirectly by the COVID-19 lockdown the possibility to opt-in for full payment postponement – principal, interest and fees – for a period up to 9 months, however the last suspended instalment cannot exceed the 31st of December 2020. The public moratorium is applicable to both, Retail and Corporate customers and to all types of loans granted by banks and non-banking financial entities. For mortgage loans the accrued interest is covered 100% by state guarantee and is repayable in 60 equal amounts after the moratorium ends; the accrued interest for mortgage loans is not capitalized. For all other loan types, the accrued interest is capitalized at the end of the suspension period, resulting amount being rescheduled until the new maturity (adding the suspension period, if the case).

According to EBA GL/2020/07 exposures covered by the moratorium should not automatically be classified as forborne under Article 47b of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR) and, consequently, would not have to be automatically assessed as distressed restructuring under the definition of default. However, BCR continued to monitor the development of the portfolio affected by COVID-19 lockdown and ensured that credit issues, both in the prudential, but also accounting framework, were recognised.

In March 2020, risk management function together with business divisions started a joint initiative aiming to quickly provide a harmonised guidance for a focused industry approach within BCR, reflecting the changed economic environment. Industries and sub-industries were categorised into high, medium and low expected impacts due to COVID-19 based on a combination of research material, feedback collected from client meetings and single name analyses.

Main drivers for assigning corresponding low, medium and high-risk industry classification was the assessment of both, short-term as well as medium-term impacts of the crisis on the specific sub-industry. A respective business and risk strategy for the sub-industries was formulated based on the assessment.

In November 2020, the industry heat-map was reassessed at Group level and 4 categories (no risk, medium risk industry, high risk industry and critical) were defined, instead of 3 previously used.

In Q4 2020 BCR performed additional portfolio review in order to assess the unlikeliness-to-pay for all clients with payment deferrals measures under granted EBA compliant moratoria (NPL formation of RON +125mn and RON +64mn in terms of risk cost impact for Retail portfolio; rating downgrades for Corporate portfolio, impact of RON +21mn).

The Romanian government adopted GEO 227/30.12.2020, which reactivates and modifies GEO no. 37/2020 for loan instalment postponement (legislative moratorium). According to GEO 227/30.12.2020, clients were able to submit only between 15th of February and 15th of March 2021 requests for new deferrals of ongoing loans for a maximum of 9 months, this period including also any deferrals from which they benefited during 2020. On this basis, on June 30th, BCR registered loan volumes that still benefit from certain deferred payments of 0.22% for retail loans, respectively 0.01% for corporate loans.

Effect on Expected Credit Loss (ECL)

An increase of the expected credit losses (ECL) might result from a reassessment of the credit risk parameters and a migration to worse stages either via significant increase in credit risk (SICR - significant increase in credit risk since initial recognition) or a default.

Reliefs offered to credit owners in form of payment deferrals under public and private moratorium did not result in an automatic transfer from Stage 1 to Stage 2. However, BCR continues to perform individual assessments whether there are other circumstances that would lead to forbearance or default classification.

Additional credit losses were recognized in 2020 as BCR applied updated forward-looking information shifts due to the COVID-19 macroeconomic situation to the point-in-time risk parameters used in ECL calculation.

BCR has addressed expected SICR by introducing COVID-19 portfolio overlays. The portfolio subject to public and private moratorium was treated separately based on the client's segment: private individuals (PIs) and non-private individuals (non-PIs). The customers were assessed by taking into account any COVID-19 related relieve measure granted as well as the internal industry heat-map and corresponding probabilities of default (PD) levels. Based on this assessment and individual reviews, customers were migrated to stage 2, i.e. lifetime ECL measure. The industry heat map and the portfolio overlays are subject to regular reviews.

17 Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

in mn RON

		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	**Loans and advances for which moratorium was offered**	**318,414**	**4,976**							
2	**Loans and advances subject to moratorium (granted)**	**316,598**	**4,777**	**2,908**	**4,717**	**46**	**14**	**-**	**-**	**-**
3	of which: Households		3,153	1,539	3,096	45	12	-	-	-
4	of which: Collateralised by residential immovable property		1,832	1,241	1,794	29	9	-	-	-
5	of which: Non-financial corporations		1,557	1,368	1,555	1	2	-	-	-
6	of which: Small and Medium-sized Enterprises		476	441	475	-	0	-	-	-
7	of which: Collateralised by commercial immovable property		744	573	744	-	-	-	-	-

Template 2 provides details on EBA-compliant moratorium (legislative and non-legislative) for loans and advances that meet the requirements described in paragraph 10 of the EBA Guidelines on moratorium. The template provides information on the number of obligors and gross carrying amount of loans and advances subject to different statuses of EBA-compliant moratorium (requested/granted). In addition, the template contains a breakdown by the residual maturity of EBA-compliant moratorium and information on the gross carrying amount of legislative moratorium as per the definition of the EBA Guidelines on moratorium.

The legislative moratorium was applicable between 30th of March 2020 and 15th of June 2020. The non-legislative moratorium was initially applicable until 30th of June 2020 and subsequently the Romanian Banking Association extended the applicability of the Code of Conduct in line with EBA guideline until the 30th of September 2020. BCR adhered as well to the extended period of applicability for private moratorium with unchanged eligibility criteria for borrowers affected by COVID-19 pandemic.

Related to 2021 legislative moratoria, the deadline by which such requests could have been submitted has been set for March 15th, 2021.

18 Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

in mn RON

		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**1,260**	**4**	**891**	**0.5**
2	of which: Households	-	-	-	-
3	of which: Collateralised by residential immovable property	-	-	-	-
4	of which: Non-financial corporations	1,260	4	891	0.5
5	of which: Small and Medium-sized Enterprises	1,031	-	-	0.5
6	of which: Collateralised by commercial immovable property	30	-	-	-

Template 3 provides details on newly originated loans and advances as referred to in paragraph 15 of EBA/GL/2020/07 that are subject to public guarantee schemes that the Romanian State introduced in response to the COVID-19 crisis. In the case of refinancing of previous debt with a new loan or of repackaging of several debts into a new loan, the new loan recognised in the financial statements is reported in this template provided that it is covered by a public guarantee scheme related to the COVID-19 crisis (not the case for BCR as of 30th of June 2021). The template provides a breakdown of the gross carrying amount, the forbearance measures and the amount of public guarantees related to loans and advances and the inflows to non-performing exposure.

The Romanian Government issued in June 2020 the "SME Invest Program" allowing the SME clients significantly affected by COVID-19 crisis to secure their necessary liquidity to perform the current activities or for investment needs by accessing one or more loans for investment and/or one or more loans/credit lines for working capital, guaranteed by FNGCIMM on behalf of and the account of the Romanian State, through the Ministry of Public Finance.

The borrowers applying for SME Invest Program are treated under the business as usual approval flow for new lending, therefore no exceptions from the Bank's lending policies regarding the eligibility criteria of the customers is performed.

7 Counterparty credit risk

DISCLOSURE REQUIREMENT COVERED BY: ART. 439 (e) – (l) and ART. 444 (e) CRR 2

Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties

BCR has implemented prudent and proper credit limits for counterparty exposures, consistent with the risk appetite, risk profile and soundness of the Bank's capital.

The Bank manages credit risk by placing limits on the level of risk acceptable in relation to its counterparty credit exposures. Such risks are monitored on a regular basis and are subject to an annual or more frequent review when considered necessary.

The credit risk limits cover also settlement risk and credit exposure at counterparty level.

The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures

BCR determines the exposure value for derivative instruments arising from counterparty credit risk using the Standardised approach for counterparty credit risk as described in the Regulation no. 575/2013, amended by the Regulation no. 876/2019 (CRR2), article 274.

Exposure values for derivative instruments arising from counterparty credit risk for BCR are as follows:

19 Exposure from derivative instruments

in mn RON

Type	Dec-20	Jun-21
Exposure from Derivative Instruments	108	174

The exposures value (net of provisions) for Securities Financing Transactions arising from counterparty credit risk is calculated using the Financial Collateral Simple Method as described in the Regulation no. 575/2013, amended by the Regulation no. 876/2019 (CRR2), article 222.

Exposure values for Securities Financing Transactions arising from counterparty credit risk for BCR are as follows:

20 Exposure from Securities Financing Transactions

in mn RON

Type	Dec-20	Jun-21
Exposure from Securities Financing Transactions	1,809	1,226

The decrease in June 2021 is due to a decrease in the number of reverse repo transactions concluded with other credit institutions.

The impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating is not material.

Counterparty credit limits are monitored on a daily basis. Any remedial action is taken so as to ensure that actual credit risk exposure to a client (country)/client group does not exceed the approved risk appetite.

Discussion of policies for securing collateral and establishing credit reserves

The bank has in place processes for securing collateral for transactions with derivatives. The exposure for each counterparty is limited by the bank by approving exposure thresholds based on the collateral posted by the counterparty. The limits are monitored daily and margin calls are performed in case the exposure reaches a predefined warning level.

Discussion of the impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating

There are certain contracts concluded with a clause through which the minimum transfer amount is determined based on the rating of each counterparty, and the collateral transfer could be impacted through the change in this minimum threshold as a result of a credit downgrade of the bank. No such clauses were executed during the reporting period of H1 2021.

Gross positive fair value of contracts, netting benefits, and netted current credit exposure, collateral held and net derivatives credit exposure

21 Template EU CCR1 – Analysis of CCR exposure by approach

in mn RON

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	36	88		1.4	174	174	174	94
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					1,226	1,226	1,226	146
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	**Total**					**1,400**	**1,400**	**1,400**	**240**

A comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method

In order to determine the regulatory counterparty credit risk exposure, BCR uses the Standardised approach for counterparty credit risk in accordance with the Part Three, Title II, Chapter 6, Section 3 of Regulation no. 575/2013, amended by the Regulation no. 876/2019 (CRR2).

For the calculation of own funds requirements for CVA risk, BCR is using the standardized method in accordance with article 384 CRR 2.

CVA regulatory calculations (with a breakdown by standardized and advanced approaches)

22 Template EU CCR2 – Transactions subject to own funds requirements for CVA risk

in mn RON

		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) stressed VaR component (including the 3× multiplier)		-
4	**Transactions subject to the Standardised method**	**105**	**23**
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**105**	**23**

The table EU-CCR 2 reflects the best estimate of the potential loss incurred on derivative transactions due to the default of the counterparty. During H1 2021, there were no significant changes in respect of the CVA capital charge.

Overview of the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions, according to article 439(e) CRR

23 Template EU CCR5 – Composition of collateral for CCR exposures

in mn RON

	Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	-	-	-	-	-	-	-
2	Cash – other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	497	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**-**	**-**	**-**	**-**	**497**	**-**	**-**

Measures for exposure value under the methods set out in Part Three, Title II, Chapter 6, whichever method is applicable

According to the method applied to determine the exposure value for CCR (standardised approach for counterparty credit risk), the bank measures: current replacement costs and potential future exposures.

The potential future exposure is calculated according to the article 278 of Regulation no. 876/2019 and the replacement cost is calculated according to article 275 of the same regulation.

24 Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

in mn RON

	Exposure classes	Risk weight											
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	829	-	-	-	-	-	-	829
7	Corporates	-	-	-	-	-	-	-	-	72	-	-	72
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	497	-	-	-	-	-	-	-	-	2	-	499
11	**Total exposure value**	**497**	**-**	**-**	**-**	**829**	**-**	**-**	**-**	**72**	**2**	**-**	**1,400**

8 Countercyclical capital buffer

DISCLOSURE REQUIREMENT COVERED BY: ART. 440 CRR 2

The following tables disclose the amount of the institution's specific countercyclical buffer as well as the geographical distribution of credit exposures relevant for its calculation. The geographical split table shows countries on an individual basis if they impose a countercyclical capital buffer rate and also Romania which has significant own funds requirements. The values for the remaining countries are shown as Other Countries.

The "General credit exposures" include only credit exposures to the private sector. Exposures to the public sector and to institutions are not in scope. The "Trading book exposures" contain market risk standardized approach for traded debt instruments related positions. Countercyclical capital buffer rates are determined by Basel Committee member jurisdictions.

The institution-specific countercyclical capital buffer rate is calculated as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the institution are located. The weight applied to the countercyclical buffer rate in each country is the share of own funds requirements of each country in total own funds requirements. Institution-specific countercyclical capital buffer requirement is calculated as the institution-specific countercyclical buffer rate applied to the total risk exposure amount of BCR Group.

25 Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

in mn RON

	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010 Breakdown by country:													
(BG) Bulgaria	0.60	-	-	-	-	0.60	0.02	-	-	0.02	0.25	0.00%	0.50%
(CZ) Czech Republic	0.02	-	-	-	-	0.02	0.00	-	-	0.00	0.01	0.00%	0.50%
(LU) Luxembourg	0.36	-	-	-	-	0.36	0.02	-	-	0.02	0.24	0.00%	0.50%
(NO) Norway	0.24	-	-	-	-	0.24	0.01	-	-	0.01	0.09	0.00%	1.00%
(RO) Romania	45,843	-	1,411.28	-	-	47,254	2,252	1	-	2,253	28,164	98.83%	0.00%
Other Countries	906.52	-	88.35	-	-	994.88	26.48	0	-	26.70	333.73	1.17%	0.00%
020 Total	**46,750**	**-**	**1,500**	**-**	**-**	**48,250**	**2,279**	**1**	**-**	**2,280**	**28,498**	**100%**	

26 Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

in mn RON

1	**Total risk exposure amount**	**38,969**
2	Institution specific countercyclical capital buffer rate	0.00%
3	Institution specific countercyclical capital buffer requirement	0.00

9 Credit Risk Mitigation Techniques

DISCLOSURE REQUIREMENT COVERED BY: ART. 453 (f) - (j) CRR 2

Policies and processes for collateral valuation and management

The netting agreements concluded by the bank are not used in the scope of regulatory credit risk mitigation.

In order to an asset to be accepted as collateral for a loan it is necessary for that asset to fulfil the provisions of the NBR regulations, EU regulations, as well the national, legal and internal requirements. In that perspective an asset must be valuated to determine the market value and the bank's accepted value beforehand.

The market value is estimated through valuation undertaken by a specialized external company or the value is internally estimated according to internal standards.

The collateral valuation is important for the identification of the secured and unsecured parts of the exposure of a client or group of clients according to the norms and standards internally regulated.

The valuation is performed in accordance with the International Standards of Valuation, ANEVAR Guide and internal procedures, when the loan is granted, during the lifetime of the loan and in case of foreclosure of the respective collateral.

The valuation report for BCR clients must observe the models elaborated by the bank, sent to the external valuator when the collaboration agreement was signed. The valuation approaches used in the valuation report for BCR clients are:

- market approach;
- income approach (capitalization or DCF);
- costs approach.

The market value is the estimated amount for which a good should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The accepted value is an internal view on collateral risk, which serves to show the most probable recovery amount of the collateral in case of its liquidation. The accepted value is calculated by applying haircut rates to the market value. The valuation report is the document in which the market value is estimated.

Description of the main types of collateral taken by BCR

The main types of collateral taken by BCR are presented in the table below:

27 Main types of collateral

1 Real estate collateral	
	1.1. Residential real estate
	1.2. Commercial and industrial real estate
	1.3. Agricultural and forestry real estate
	1.4. Real estate with other uses
2 Movables	
	2.1. Furniture and equipment
	2.2. Computers and communication equipment
	2.3. Plants and equipment
	2.4. Transportation means/special vehicles
	2.5. Stock
3 Personal guarantees	
	3.1. Private individuals
	3.2. Legal entities
	3.3. Public sector
	3.4. Financial institutions
4 Financial guarantees	
	4.1. Credit balance of the account, deposit certificates and other collateral
	4.2. Insurance companies
	4.3. Gold
5 Claims and rights	
	5.1 Receivables
	5.2 Renting lands and buildings
	5.3 Receivables from letters of guarantee and letters of credit
	5.4. Equity interests (unlisted shares) of companies' share capital
	5.5. Rights

Market or credit risk concentrations within the credit mitigation taken

BCR registers credit risk concentrations in its risk mitigation operations towards the Romanian state. At June 30th, 2021, the total collaterals received from the Romanian state used for credit risk mitigation purposes amounted to 5,599 mn RON (out of which “Prima Casa” is 66.7 %).

The table below provides the extent of the use of CRM techniques:

28 Template EU CR3: Credit risk mitigation techniques overview

in mn RON

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	27,657	26,930	25,515	1,415	-
2	Debt securities	22,589	-	-	-	-
3	**Total**	**50,246**	**26,930**	**25,515**	**1,415**	**-**
4	Of which non-performing exposures	1,701	348	344	4	-
EU-5	Of which defaulted	1,701	348	344	4	-

The table below provides the effect of all CRM techniques applied in accordance with Part Three, Title II, Chapter 4 of the CRR, including the financial collateral simple method and the financial collateral comprehensive method in the application of Article 222 and Article 223 of the same regulation on standardized approach capital requirements' calculations. RWA density provides a synthetic metric on the riskiness of each portfolio.

29 Template EU CR4: Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

in mn RON

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
1	Central governments or central banks	28,190	-	33,253	268	1,171	3.49%
2	Regional government or local authorities	3,392	1,755	3,195	854	953	23.53%
3	Public sector entities	176	383	176	22	199	100.00%
4	Multilateral development banks	1	8	322	96	-	0.00%
5	International organisations	-	-	-	-	-	-
6	Institutions	365	533	370	139	137	26.92%
7	Corporates	14,007	10,691	12,745	1,569	13,292	92.86%
8	Retail	14,349	1,791	11,126	690	8,799	74.46%
9	Secured by mortgages on immovable property	12,517	11	11,784	6	4,154	35.23%
10	Exposures in default	597	67	555	18	635	110.71%
11	Exposures associated with particularly high risk	(0)	-	(0)	-	(0)	150.00%
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	105	-	105	-	164	155.61%
16	Other items	6,785	-	6,853	727	1,371	18.08%
17	**TOTAL**	**80,485**	**15,239**	**80,485**	**4,390**	**30,873**	**36.37%**

The breakdown of exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to the standardised approach) according to Articles 113 to 134 in Part Three, Title II, Chapter 2 of the CRR 2 is presented below.

30 Template EU CR5 – standardised approach

in mn RON

	Exposure classes	Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	32,870	-	-	-	-	-	0	-	-	304	-	347	-	-	-	33,521	347
2	Regional government or local authorities	-	-	-	-	3,870	-	-	-	-	179	-	-	-	-	-	4,049	4,049
3	Public sector entities	-	-	-	-	-	-	-	-	-	199	-	-	-	-	-	199	199
4	Multilateral development banks	418	-	-	-	-	-	-	-	-	-	-	-	-	-	-	418	418
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	434	-	38	-	-	36	-	-	-	-	-	508	508
7	Corporates	-	-	-	-	-	-	-	-	-	14,314	-	-	-	-	-	14,314	14,314
8	Retail exposures	-	-	-	-	-	-	-	-	11,817	-	-	-	-	-	-	11,817	11,817
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	11,738	-	-	-	51	-	-	-	-	-	11,790	11,790
10	Exposures in default	-	-	-	-	-	-	-	-	-	451	123	-	-	-	-	573	573
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	66	-	39	-	-	-	105	105
16	Other items	6,193	-	-	-	20	-	-	-	-	1,367	-	-	-	-	-	7,580	7,580
17	**TOTAL**	**39,482**	**-**	**-**	**-**	**4,324**	**11,738**	**38**	**-**	**11,817**	**16,967**	**123**	**386**	**-**	**-**	**-**	**84,875**	**51,701**

10 Market Risk

DISCLOSURE REQUIREMENTS COVERED: ART. 435

Market risk is the risk to incur losses corresponding to on-balance and off-balance positions due to adverse market price movements (for example interest rates, foreign exchange rates, stock prices and commodity prices).

Governance

In the following paragraphs the stakeholders in the risk management process are described.

The role of the **Management Board and the Supervisory Board** and its committees is of particular importance, since key elements, like the definition of a risk tolerance which is appropriate to the business strategy, and the role of the entity in the financial system, have to be decided.

Assets and Liabilities Management Committee (ALCO) is a key executive body with the responsibility for overseeing all balance sheet management activities.

Risk Committee of the Management Board is responsible for the definition and implementation of a sound market risk analysis framework for identifying, measuring, monitoring, limiting and controlling market risk types

Strategic Risk Management (SRM) is responsible for the group wide coordination of credit, operational, market, liquidity risk management and ICAAP management.

Strategic Risk Management Division through Market and Liquidity Risk Management Department (MLRM) is responsible for market risk management and reporting.

With regard to market risk, MLRM is performing the following main functions:

- Identification of market risks: identification of all possible risk drivers and their potential impact;
- Risk limits: definition, proposal, monitoring and escalation of the risk limits;
- Market risk monitoring and reporting: measurement, analysis, timely and accurate reporting of all indicators;
- Model development in the area of valuation methods and calibration.

Balance Sheet Management Division (BSM) is responsible for steering liquidity and interest rate risk in the banking book and carrying out investments.

Identification of market risks

The market risks can be identified from the proposal phase of a new product within the Product Approval Process (PAP), but also through the lifetime of the product under the periodic (annual) Risk Materiality Assessment Process.

The identification of all market risks (interest rate risk, credit spread risk, FX risk, equity risk, commodity risk, volatility risk) performed under PAP is essential for the investment operations and for new products and ensure that these are subject to adequate procedures and controls before these are implemented or undertaken.

The Risk Materiality Assessment Process in BCR identifies possible risk drivers classified by potential impact (low, moderate, high) for all types of market risks. In case a risk was considered immaterial may be reclassified as significant if there are evidence that the potential impact has changes.

Market risk management strategies and processes

BCR Group strategic goals with respect market risk are set through the BCR Group Risk Strategy and are in line with the Group's Risk Appetite Statement, and address the following:

- BCR's market risk profile, defined based on the Risk Materiality Assessment Process.
- BCR's strategic objectives regarding the management of market risk, in accordance with the Group's risk tolerance and regulatory requirements.

The risk measurement process for market risk includes calculation of market risk exposures using specific measures, such as: value-at-risk (VaR), sensitivities and stress testing.

Market risk reporting, monitoring and mitigation

The market risk control process includes development of a comprehensive limit system, limit allocation and limit breach reporting, including escalation process.

BCR market risk limit system includes:

- VaR Limits: Trading Book portfolio, Banking Book portfolio.
- Position Limits represents the upper limit admitted for the size of the exposure. BCR has specific position limits for foreign exchange risk.
- Present Value of a Basis Point (PVBP) limit which is defined for bucket maturities on Trading Book Portfolio. Total PVBP is defined as the sum of all sensitivities per bucket, while the curve limit is the maximum between (i) the absolute value of all negative sensitivities and (ii) all positive sensitivities.
- Stop/Loss (S/L) limit is set to stop the loss registered in a transaction. BCR has defined S/L limits for total Trading Book Portfolio.
- MVoE limit is defined in BCR as a regulatory limit in compliance with NBR Regulation no. 5/2013 on prudential requirements for credit institutions.
- NII warning level is defined for the change in net interest income over a time horizon of one year due to standard interest rate shocks based on 1st / 99th percentile of the Hull-White model for EUR and USD and a sudden +/-200 bps parallel shift for RON
- EVE limit for the worst change in economic value after applying the 6 scenarios, reported to Tier 1.

MLRM monitors the bank's exposure to market risk, reporting the observance of regulatory and internal limits, to the management structures of BCR.

In the monthly meetings of the ALCO, a standard analysis of the bank's exposure to market risk and a report with the utilization of market risk limits are presented. In case of any limit breach, the ALCO has to approve action plans developed in order to come back into compliance with the respective limit.

DISCLOSURE REQUIREMENT COVERED BY: ART. 445 CRR 2

In line with CRR 2, BCR calculates the capital requirement to cover market risk generated by position risk and foreign exchange risk, according to the standardised approach.

31 Template EU MR1 - Market risk under the standardised approach

in mn RON

		RWEAs	Capital requirements
	Outright products	**131**	**11**
1	Interest rate risk (general and specific)	131	11
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	-	-
4	Commodity risk	-	-
	Options	**-**	**-**
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**131**	**11**

As of June 2021, the RWA for market risk reached a level of 131 mn RON in comparison with 208 mn RON recorded as of 31 December 2020. The decrease in RWA is explained by a lower RWA for the TDI portfolio due to a decrease in the bond position. All the limits for TB portfolio are monitored daily and their utilization degree is presented in the daily Market Risk report.

11 Interest rate risk on positions not held in the trading book

DISCLOSURE REQUIREMENT COVERED BY: ART. 448 (1) (a) and (b) CRR 2

The IRRBB, EVE and NII ratio limits for the total BB are monitored on a monthly basis.

The potential impact on economic value of equity and on net interest income as of June 2021 and December 2020 is presented in the table below:

32 Template EU IRRBB1 – Interest rate risk of non-trading book activities

Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
		Jun-21	Dec-20	Jun-21	Dec-20
1	Parallel up	3.75%	5.00%	15.24%	16.09%
2	Parallel down	-6.82%	-7.22%	-9.80%	-9.68%
3	Steepener	4.49%	4.77%		
4	Flattener	-6.34%	-6.40%		
5	Short rates up	-2.96%	-2.46%		
6	Short rates down	2.05%	1.85%		

A negative sign represents a negative impact on economic value of equity or net interest income, while a positive sign shows a positive impact.

EVE figures for December 2020 use audited own funds, with profit incorporated.

The shocks applied for EVE are based on the prescribed six scenarios in the paragraphs 114 and 115 of the EBA/GL/2018/02. Flooring logic is following the prescription in paragraph 115 (k) of the EBA/GL/2018/02 and starts with a floor of -100 bp at the overnight time bucket. The floor increases by 5 bp per year until it reaches a value of 0 bp at the 20Y bucket. The EVE sensitivity is reported in relation to Tier 1 capital. The worst scenario for EVE is parallel down, 6.82% as of June. The decrease from 7.22% as of December 2020 is mainly due to new investments in RON denominated bonds on longer maturities in the first quarter of 2021.

The shock applied for changes of the net interest income is based on the 1st / 99th percentile of the Hull-White model for EUR and USD while for RON a sudden +/-200 bps parallel shift is applied. Flooring logic is the same as the one applied for EVE. The NII sensitivity is reported in relation to budgeted NII. The worst scenario for NII is parallel down, 9.8% as of June 2021, with a stable evolution compared with EOY 2020.

12 Liquidity risk

DISCLOSURE REQUIREMENT COVERED BY: ART 435 CRR 2

Liquidity risk management strategies and processes

BCR Bank has implemented an Internal Liquidity Adequacy Assessment Process in accordance with regulatory requirements and guidelines as set out by the Basel Committee on Banking Supervision ("BCBS"), the European Commission and the European Banking Authority. This is formalized as a key component of the Supervisory Review and Evaluation Process ("SREP") which provides a description of BCR's Internal Liquidity Adequacy Assessment Process, summarizing the liquidity and funding risk management framework, methodologies and processes and providing links to more detailed information on individual components of the ILAAP.

BCR Group's strategic goals with respect to liquidity risk are set in line with the BCR Group Risk Strategy. The responsibility for defining the Liquidity Risk Strategy for BCR lies with Market and Liquidity Risk Management Department and it is included in BCR Group's Risk Strategy. It contains the following information:

- BCR's liquidity risk profile, defined based on the Risk Materiality Assessment Process;
- BCR's strategic objectives regarding the management of liquidity risk, in accordance with the Group's risk tolerance and regulatory requirements.

In order to limit liquidity risk, Balance Sheet Management Division draws up for each financial exercise the BCR's Group Liquidity Strategy, which includes the main objectives of the bank related to the maintenance of adequate levels of liquidity buffers, both under normal and stressed conditions in accordance with the institution's short and medium-term liquidity needs over different time horizons.

Also, for managing liquidity in crisis situations, BCR has developed a contingency funding plan that clearly sets out the strategies for addressing liquidity shortfalls in emergencies. The contingency funding plan comprises sets of specific measures and liquidity enhancing actions required to successfully overcome a potential crisis. To permanently improve bank's capacity to promptly react in cases of crises, the contingency funding plan is updated annually and tested periodically.

Liquidity risk management structure and organization

The governance framework ensures the distinction between liquidity management (first line of control) and liquidity risk management, a 'second line of defence/control' for liquidity risk.

The governance framework also covers the responsibilities of committees involved in analysing and endorsement / decision regarding the liquidity management or the liquidity risk management (Operative Liquidity Committee - OLC, Asset and Liability Committee – ALCO, Management Board), as well as responsibilities of other departments involved in the internal control framework and independent review of components of the liquidity risk management framework.

The roles and responsibilities of Supervisory Board, Management Board, Assets and Liability Management Committee are specified in their organizational and operational rules.

The organizational structure has to provide the segregation of duties between:

i) Liquidity management function – performed by Balance Sheet Management Division with support from Erste Bank Global Capital Markets Division (GCM). Thus, BSM is responsible for:

- Strategic liquidity management including coordinating the activity of BCR subsidiaries with respect to management of liquidity, funding needs, FX positions and investments;
- Operational Liquidity Management;
- Crisis Liquidity Management;
- Pricing.

GCM overall acts as the external face to the wholesale capital markets for both sourcing and placing of liquidity across the group. GCM provides BSM, Market & Liquidity Risk Management and Senior Management with regular information through various channels (Operative Liquidity Committee - OLC, Asset and Liability Committee etc.) regarding the bank's ability to access capital and money markets and the general market dynamics.

ii) Liquidity risk management function – performed by Strategic Risk Management Division – Market and Liquidity Risk Management Department. For the purpose of liquidity risk management, MLRM performs the following activities:

- Development of methods and models;
- Measurement/ Monitoring/ Reporting;
- Liquidity risk limits proposal.

MLRM reports on a regular basis to SB, MB, ALCO and OLC.

Liquidity risk reporting, monitoring and mitigation

BCR has an appropriate reporting framework for liquidity and funding risk management, approved by the Management Board, which includes the scope, manner and frequency of liquidity and funding risk reporting, and which also designates the entity responsible for preparing the reports. The specific reports and documentation containing comprehensive and easily accessible information on liquidity risk are submitted regularly to the appropriate recipients (Management Board, Risk Committee of the Management Board, Executive Director of Strategic Risk Management Division, CRO, Balance Sheet Management Division, ALCO).

Based on an appropriate reporting framework and IT system, BCR has the ability to identify and measure liquidity and funding risk, in line with its size, complexity, risk tolerance and risk-taking capacity.

As part of its risk management framework, BCR has two specialized local committees for the analysis and decision-making of liquidity and funding issues, namely the Operative Liquidity Committee and Assets and Liabilities Management Committee.

The liquidity risk monitoring system of BCR includes (but is not limited to) the following indicators:

Regulatory:

- Monthly liquidity indicator reported to the NBR;
- Immediate liquidity indicator;
- Liquidity Coverage Ratio;
- Net Stable Funding Ratio;
- Additional Liquidity Monitoring Metrics.

Internal:

- Survival Period Analysis;
- Structural Liquidity Ratio.

The above section, 'Liquidity risk management strategies and processes', describes the principal policies for mitigating risk and the strategies and processes for monitoring the continuing effectiveness of mitigants regarding liquidity risk.

Other policies implemented by BCR in order to mitigate the liquidity risk:

- Internal Liquidity Adequacy Assessment Process (ILAAP) – this policy provides a description of BCR's Internal Liquidity Adequacy Assessment Process, summarizing the liquidity and funding risk management framework, methodologies and processes and providing links to more detailed information on individual components of the ILAAP.
- Methodology Handbook for Survival Period Analysis: - The Survival Period Analysis represents a key instrument for assessing the insolvency risk; it targets a short-time horizon – within one year – and uses the dynamic stress testing methodology. SPA measures the period an entity is able to survive in case of a predefined liquidity crisis scenario. The RAS limit and warning level for SPA are applied to the net funding gap for one month. The net funding gap indicates the surplus of liquid assets that are still available after a crises period.
- BCR Funds Transfer Pricing (FTP) Policy: - The BCR Group's FTP system covers all liquidity-relevant pricing components to ensure all liquidity risks are adequately transfer-priced to business lines across major subsidiaries and currencies.
- BCR Group Asset Encumbrance Management Policy: - The primary objective of the BCR Group Asset Encumbrance Management Policy is to provide an overarching framework on governance, responsibilities and principles for managing, monitoring and reporting asset encumbrance in BCR Group. This policy shall ensure that within the process of steering asset encumbrance in BCR Group all risks related to the encumbering of assets are adequately assessed and monitored.
- BCR Group Liquidity Management Policy: - The main objective of this policy is to describe requirements that would ensure an appropriate liquidity management by establishing a robust liquidity management framework and requirements that should be applied to all entities within its scope. The document was created in compliance with the local regulatory requirements set out in the local legislation (e.g. NBR Regulation nr. 5/2013 on prudential requirements for credit institutions, as further amended and completed) and standards/ principles defined in Group Liquidity Management Policy, which is the master policy document for establishing the liquidity management framework in Erste Group (EGB).

Also, in BCR Group Policy for Limit Management, the Bank defines a comprehensive and accurate limit management framework, which must ensure the proper implementation of BCR's limit system in the day to day business. Thus, BCR has established a comprehensive liquidity risk limits framework which are monitored on a regular basis (weekly, monthly or quarterly) and reported to the management structure.

DISCLOSURE REQUIREMENT COVERED BY: ART 451a (2) CRR 2

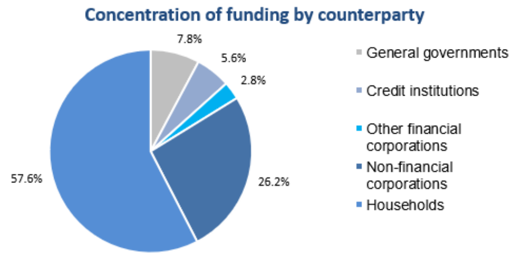
Template on qualitative information on LCR

Concentration of funding:

- By counterparty and by product:

Compared with December 2020, the percentage of funding from households slightly increased in June 2021 from 56.24% to 57.6%, while the funding provided by non-financial corporations decreased from 26.7% to 26.2%. At the same time, funding from credit institutions had a fairly stable evolution in June 2021 (5.6%) versus December 2020 (5.3%). Also, in the same period, the percentage of funding from deposits with agreed maturity decreased from 40.6% to 38.7% while funding received from current accounts and overnight deposits decreased slightly from 57.0% to 56.8%.

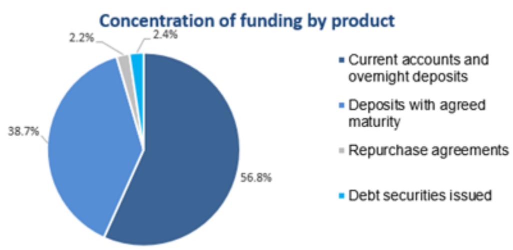
33 Concentration of funding sources (as of 30 June 2021 for BCR Bank)



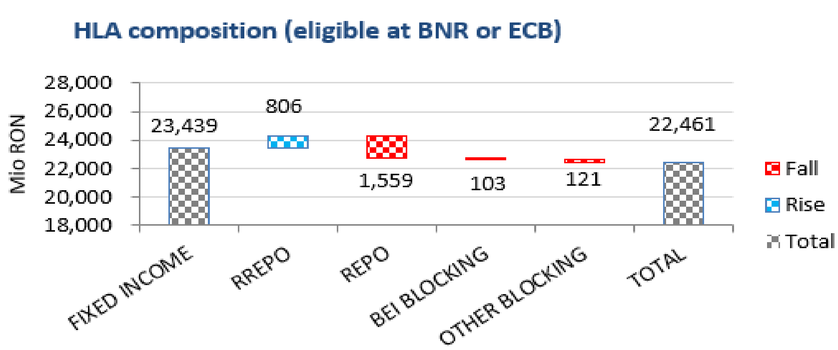
- By top 10 funding providers: - the weight of first 10 funding providers in total funding is equal to 12.9%.

Concentration of liquidity sources:

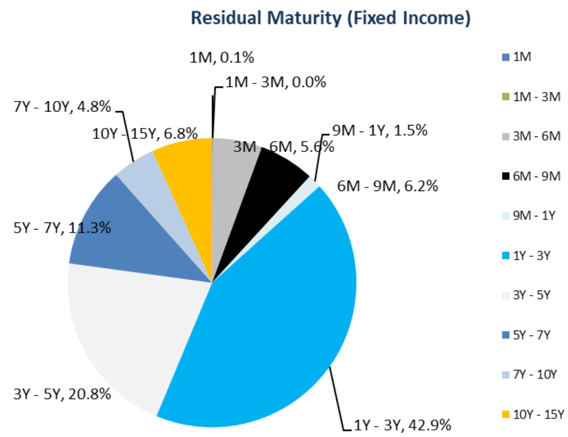
Compared with December 2020, the total eligible fixed income portfolio decreased from 23,264 mn RON to 22,461 mn RON.

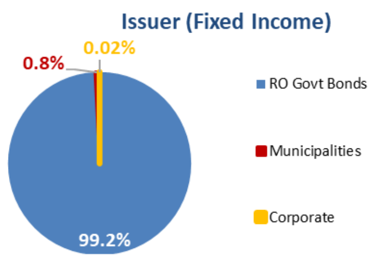


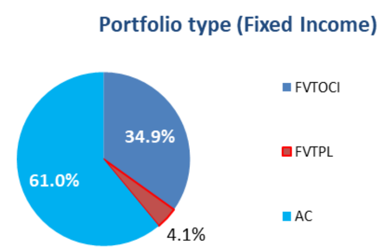
34 HLA Composition for BCR Standalone



35 Portfolio split based on residual maturity, issuer and type (accounting) for BCR Standalone







In addition to fixed income portfolio in amount of 22,461 mn RON, the liquidity buffer contains a stock of cash in amount of 5,220 mn RON.

Derivative exposures and potential collateral calls

Derivatives in Trading Book (Sales) are closed back-to-back with Erste Group Bank, with the exception of FX swaps for which the bank can maintain open positions. In June 2021, there was an open position of -146,593 mn RON, coming from mainly transactions for liquidity management purposes (Banking Book positions).

36 Derivative exposures

in mn RON

	TB/BB	Long (Assets)		Short (Liabilities)		Net Exposure
		Notional	MtM	Notional	MtM	MtM
IRS		1,563	23	1,549	23	0
	TB	1,550	23	1,549	23	0
	BB	14	0	-	-	0
CIRS	BB	-	-	-	-	-
FX Swap		1,507	8	3,139	2	5
	TB	750	3	2,110	1	2
	BB	757	5	1,029	2	3
FX Option	TB	-	-	-	-	-
IR Option	TB	633	1	132	1	-
Forward	TB	332	3	294	2	1
Total Exposure		**4,036**	**34**	**5,114**	**28**	**6**

In LCR, the outflows related to derivative exposures are offset by inflows related to derivative exposures.

Currency mismatch in the LCR

In BCR, the LCR is calculated in all major currencies that exceed 5% of the institution's total liabilities (EUR and RON). Thus, the liquidity buffer requirements have to be determined for different currencies.

The distribution of the liquidity buffer in foreign currency is monitored monthly in order to ensure that net cash outflows in significant currencies (RON and EUR) are fully covered by liquid assets denominated in the same currency.

37 Composition of liquidity buffers by currency

in mn RON

	BCR Bank		BCR Group	
weighted amounts	RON	EUR	RON	EUR
Liquidity buffer	18,085	9,064	19,584	9,082
Coins and banknotes	2,656	1,616	2,656	1,635
Withdrawable central bank reserves	344	68	344	68
Central bank assets	1.97	0.16	1.97	0.16
Central government assets	15,023	6,573	16,522	6,573
Multilateral development bank and international organisations assets	-	-	-	-
Extremely high quality covered bonds	-	-	-	-
Regional government / local authorities or Public Sector Entity assets (Member State, RW20%)	59	806	59	806
Corporate debt securities (CQS2/3)	-	-	-	-
Shares (major stock index)	1.45	-	1.45	-
Net liquidity outflow	9,369	3,132	9,434	3,107

A description of the degree of centralization of liquidity management and interaction between the BCR Group's units

BCR ensures an appropriate liquidity management by establishing a robust liquidity management framework and requirements that should be applied to and by all entities which are part of BCR Group. Additionally, a coordination function of the liquidity management and funding strategy of BCR Group is set in BCR and has clear governance and reporting rules.

Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

The bank considers that all the relevant information for its liquidity profile was already presented in this report.

High-level description of the composition of the institution`s liquidity buffer

The main component of Liquidity Buffer is represented by Fixed Income Portfolio. Other elements that are taken into consideration for Liquidity Buffer are: Cash, Excess/Deficit of Mandatory minimum reserves and Shares fulfilling the eligibility criteria laid down in the LCR Delegated Act.

38 EU LIQ1 - Quantitative information of LCR

in mn RON

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	**Jun-21**	**Mar-21**	**Dec-20**	**Sep-20**	**Jun-21**	**Mar-21**	**Dec-20**	**Sep-20**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					29,516	28,150	26,689	25,028
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	42,663	41,894	40,775	39,690	3,268	3,208	3,121	3,031
3	Stable deposits	23,714	23,283	22,624	22,090	1,186	1,164	1,131	1,104
4	Less stable deposits	18,949	18,611	18,151	17,600	2,082	2,044	1,990	1,926
5	Unsecured wholesale funding	20,063	19,445	19,165	18,903	8,611	8,349	8,317	8,290
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	20,061	19,444	19,151	18,884	8,609	8,347	8,303	8,271
8	Unsecured debt	2	2	14	19	2	2	20	20
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	1,883	2,286	2,524	2,406	1,882	2,281	2,512	2,389
11	Outflows related to derivative exposures and other collateral requirements	1,882	2,278	2,505	2,377	1,882	2,278	2,505	2,377
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	1	8	18	29	0	3	7	11
14	Other contractual funding obligations	830	836	628	563	615	641	483	418
15	Other contingent funding obligations	16,365	15,387	14,545	13,523	646	628	629	613
16	TOTAL CASH OUTFLOWS					15,022	15,106	15,062	14,741
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	1,642	1,366	1,298	1,051	119	89	110	103
18	Inflows from fully performing exposures	1,747	2,048	2,030	1,989	1,247	1,577	1,572	1,543
19	Other cash inflows	1,882	2,276	2,504	2,377	1,882	2,276	2,504	2,377
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	5,272	5,691	5,832	5,416	3,248	3,943	4,186	4,023
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	5,272	5,691	5,832	5,416	3,248	3,943	4,186	4,023
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					29,516	28,150	26,689	25,028
22	TOTAL NET CASH OUTFLOWS					11,775	11,163	10,876	10,719
23	LIQUIDITY COVERAGE RATIO					250.67%	252.16%	245.40%	233.50%

LCR registered a positive evolution during the 4 analysed quarters, essentially fuelled by expanded High Quality Liquid Assets. HQLA increased in the context of higher Central government assets, while outflows registered a positive evolution mostly supported by higher Unsecured wholesale funding. As a consequence, Net Cash Outflows increased, but at a slower pace compared to the expansion of HQLA.

DISCLOSURE REQUIREMENT COVERED BY: ART. 451a (3) CRR 2

The most important component from available stable funding (ASF) is represented by retail deposits (66%) while the most important component from required stable funding (RSF) is represented by loans (89%). Compared to December 2020 the value of available stable funding increased following the own issuance in May 2021.

39 EU LIQ2: Net Stable Funding Ratio

in mn RON

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	8,063	-	-	127	8,191
2	Own funds	8,063	-	-	127	8,191
3	Other capital instruments		-	-	-	-
4	Retail deposits		43,677	37	221	40,778
5	Stable deposits		24,292	6	146	23,230
6	Less stable deposits		19,384	32	75	17,549
7	Wholesale funding:		20,774	984	3,214	13,083
8	Operational deposits		-	-	-	-
9	Other wholesale funding		20,774	984	3,214	13,083
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	3,587	1	4	5
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		3,587	1	4	5
14	Total available stable funding (ASF)					62,057
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					162
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		9,955	2,342	33,813	31,526
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		812	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,264	45	1,995	2,123
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, *and PSEs, of which:*		6,182	1,950	15,571	29,141
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		2,392	756	4,612	10,491
22	Performing residential mortgages, of which:		1,360	347	15,990	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		716	183	8,415	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		337	-	257	261
25	Interdependent assets		14	20	57	-
26	Other assets:		4,885	34	2,815	2,868
27	Physical traded commodities		-	-	8	7
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-			-
29	NSFR derivative assets		0.2589			0.2589
30	NSFR derivative liabilities before deduction of variation margin posted		26			1
31	All other assets not included in the above categories		4,859	34	2,807	2,860
32	Off-balance sheet items		10,465	-	0	543
33	Total RSF					35,099
34	Net Stable Funding Ratio (%)					176.80%

13 Leverage ratio

DISCLOSURE REQUIREMENT COVERED BY: ART. 451 (1) (a), (b) and (c) CRR 2

The leverage ratio represents the relationship between core capital (Tier 1) and leverage exposure according to Article 429 CRR 2. Essentially, the leverage exposure represents the sum of on- and off-balance sheet positions considering valuation and risk adjustments as defined within the CRR.

Based on Article 499 (2) CRR 2, the information presented below on a consolidated level, uses the transitional arrangements for the definition of the capital measure.

The decrease of the Leverage ratio in the first half of 2021 as compared with December 2020 is due to decrease in Tier 1 capital and increase in leverage exposure measure.

40 EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

in mn RON

		Applicable amount
1	Total assets as per published financial statements	83,027
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	133
9	Adjustment for securities financing transactions (SFTs)	33
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,049
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(313)
13	**Total exposure measure**	**87,929**

A detailed breakdown of the components of the LR denominator, as well as information on the actual LR, minimum requirements and buffers are presented in the below template.

41 EU LR2 - LRCom: Leverage ratio common disclosure

in mn RON

		Jun-21	Dec-20
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	81,761	79,979
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(314)	(329)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	81,447	79,650
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	50	41
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	124	67
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	174	108
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	1,226	1,809
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	33	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	Total securities financing transaction exposures	1,259	1,809
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	15,633	16,601
20	(Adjustments for conversion to credit equivalent amounts)	(10,584)	(11,197)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	5,049	5,404
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)	-	-
Capital and total exposure measure			
23	Tier 1 capital	7,959	8,035
24	Total exposure measure	87,929	86,971
Leverage ratio			
25	Leverage ratio (%)	9.05%	9.24%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.05%	9.24%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.05%	9.24%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	N/A
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00%	N/A
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Final	Final

Template EU LR3 has been developed in application of Article 451(1)(b) of the CRR 2 in order to provide a breakdown of the total exposure's measures and includes granular information on the composition of BCR Group on-balance sheet exposures.

42 EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

in mn RON

	CRR leverage ratio exposures
EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	81,761
EU-2 Trading book exposures	973
EU-3 Banking book exposures, of which:	80,789
EU-4 Covered bonds	-
EU-5 Exposures treated as sovereigns	28,162
EU-6 Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	3,568
EU-7 Institutions	365
EU-8 Secured by mortgages of immovable properties	12,517
EU-9 Retail exposures	14,349
EU-10 Corporates	14,007
EU-11 Exposures in default	597
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	7,223

BCR Group manages the risk of excessive leverage through its Risk Appetite Statement and limit framework, which are used to provide quantitative direction for the overall risk-return steering. The leverage ratio is a core Risk Appetite metric monitored through a traffic light system to provide early warnings signals for potential management actions with a formalized escalation mechanism in case of any breaches.

Additionally, the Group proceeds to evaluate the risk of excessive leverage through the Risk Materiality Assessment (RMA). The RMA is an annual process with the purpose of systematically identifying new and assessing existing material risks for the Group. The RMA determines the materiality of risk types and consequently the risk profile across BCR Group by assigning them risk grades to individual risk drivers and identifying those risks which are significant and have to be addressed within the ICAAP framework.

Furthermore, as part of the planning process, risk relevant key indicators, including the leverage ratio, are forecasted in order to ensure the adequate reflection of risks and capital within the steering and management process of the Group.

14 Abbreviations

AC Amortized Cost
A-IRB Advanced Internal Rating-based Approach
ALCO Assets and Liabilities Management Committee
AMA Advanced Measurement Approach
ANEVAR National Association of Romanian Authorized Valuers
ART article
ASF Available Stable Funding
AT1 Additional Tier 1 capital
BB Banking Book
BCBS Basel Committee on Banking Supervision
BCR Banca Comerciala Romana
BSM Balance Sheet Management Division
CCP Central Counterparty
CCR Counterparty Credit Risk
CCyB Countercyclical capital buffer
CET1 Common Equity Tier 1
CQS Credit Quality Step
CRD Capital Requirement Directive
CRM Credit Risk Mitigation
CRO Chief Risk Officer
CRR Capital Requirements Regulation
CSD Credit Spread Derivative
CVA Credit Valuation Adjustment
DCF Discount Cash Flow
DTL Deferred Tax Liability
EBA European Banking Authority
ECAI External Credit Assessment Institution
ECB European Central Bank
ECL Expected credit loss
EGB Erste Group Bank
EOY end of year
EU European Union
EVE Economic Value of Equity
FIRB Foundation Internal Rating-based Approach
F-IRB Foundation
FNGCIMM National credit guarantee fund for SMEs
FTP Funds Transfer Pricing
FVTOCI Fair Value Through the statement of Other Comprehensive Income
FVTPL Fair Value Through Profit or Loss
FX Foreign Exchange
GCM Global Capital Markets
GEO Government Emergency Ordinance
GL Guideline
G-SII Global Systemically Important Institutions
HLA High Liquid Assets
HQLA High Quality Liquid Assets
IAA Internal Assessment Approach
ICAAP Internal Capital Adequacy Assessment Process
IFRS International Financial Reporting Standards
ILAAP Internal Liquidity Adequacy Assessment Process

IMA Internal Model Approach
IMM Internal Model Method
IRB Internal Rating-based Approach
ITS Implementing Technical Standards
LCR Liquidity Coverage Ratio
LR Leverage Ratio
MB Management Board
MLRM Market and Liquidity Risk Management Department
MtM Mark to market
MVoE Market Value of Equity
NACE statistical classification of economic activities in the European Community
NBR National Bank of Romania
NBR National Bank of Romania
NII Net interest income
NPL Non-Performing Loan
NSFR Net Stable Funding Ratio
OCI Other Comprehensive Income
OCI Other Comprehensive Income
OLC Operative Liquidity Committee
O-SII Other Systemically Important Institutions
PAP Product Approval Process
PIs Personal Individuals
PP&E Property, plant and equipment
PSE Public Sector Enterprises
PVBP Present Value of a Basis Point
RAS Risk Appetite Statement
RMA Risk Materiality Assessment
RREPOReverse REPO
RSF Required Stable Funding
RW Risk Weight
RWA Risk Weighted Assets
RWEA Risk Weighted Exposure Amount
S/L Stop/Loss
SA Standardised Approach
SA-CCR Standardised approach for counterparty credit risk
SB Supervisory Board
SEC Securitization
SEC-ERBA Securitization: External-ratings-based approach
SEC-IRBA Securitization: Internal-ratings-based approach
SEC-SA Securitization: Standardised Approach
SFT Securities Financing Transactions
SICR Significant increase in credit risk since initial recognition
SMEs Small Medium Enterprises
SPA Survival Period Analysis
SREP Supervisory Review and Evaluation Process
SRM Strategic Risk Management
T1 Tier 1 capital
T2 Tier 2 capital
TB Trading Book
TC Total Capital
TDI Trade Debt Income
TREA Total Risk Exposure Amounts
VaR Value-at-Risk