



Banca Comercială Română S. A.  
No. CFO Office: **14/10.08.2021**  
Supervisory Board

# Semi-Annual Administrators' Report

as at 30 June 2021

This report is prepared in accordance with requirements of ASF Regulation 5/2018.

Report issued: 05 August 2021

Name of legal entity:	<b>Banca Comercială Română S.A.</b>
Headquarters:	<b>159 Calea Plevnei street, Sector 6, Bucharest, postal code 060013</b>
Contact:	
	Tel No. InfoBCR: <b>0800.801.227</b> <b>+4021.407.42.00</b>
	Website <a href="http://www.bcr.ro">www.bcr.ro</a>
	Email: <b>contact.center@bcr.ro</b>
Registration Number in the Trade Register:	<b>J40/90/1991</b>
Banking Register Number:	<b>RB-PJR-40-008/18.02.1999</b>
Notification registered as Personal Data Operator at ANSPDCP under No:	<b>3776 and 3772</b>
Subscribed and paid-up capital:	<b>1,625,341,625.40 lei</b>
The regulated market on which the bonds are issued:	<b>Luxemburg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>)</b> <b>Bucharest Stock Exchange (<a href="http://www.bvb.ro">www.bvb.ro</a>)</b>
The main characteristics of the bonds issued by BCR S.A.	Issuance in amount of EUR 2,000,000, ISIN XS0675038649 Issuance in amount of RON 600,000,000, ISIN ROEAZVK5DFP8 Issuance in amount of RON 1,000,000,000, ISIN RO1AQREPLMW7



## 1. Economic and financial statements

### 1.1 Company presentation

Banca Comerciala Romana (BCR) was established in 1990, when it took over the commercial operations of the National Bank of Romania. Today, BCR Group (member of Erste Group) is one of the most important financial group in Romania, including universal banking operations (retail, corporate & investment banking, treasury and capital markets) as well as leasing companies, private pension and housing banks.

The Bank offers a complete range of financial services and financial solutions dedicated to each stage of the financial cycle in a lifetime, as a "one-stop shop": savings, investment, lending, consulting and advisory, leasing. BCR encourages long-term relationships with its clients belonging to all segments, offers affordable and transparent products, but also personalized consulting services.

#### Network

BCR offers a full range of financial products and services through a network of 18 commercial centres and area centres and 16 mobile offices dedicated to companies and 370 retail units located in the majority cities with a population of over 10,000 inhabitants from all across the country.

#### Bank and subsidiaries

During 2021, Banca Comerciala Romana Group ("BCR Group" or "the Group") comprised the parent bank, Banca Comerciala Romana S.A. and its subsidiaries, presented in the following table:

Company's Name	Country of incorporation	Nature of the business	Shareholding	
			30 June 2021	31 December 2020
BCR Chisinau SA	Moldova	Banking	100.00%	100.00%
BCR Leasing IFN SA	Romania	Financial leasing	99.97%	99.97%
BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA	Romania	Pension Fund Management	99.99%	99.99%
BCR Banca pentru Locuinte SA	Romania	Housing loans	99.99%	99.99%
Suport Colect SRL	Romania	Workout	99.99%	99.99%
BCR Payments Services SRL	Romania	Payments transactions	99.99%	99.99%
BCR Fleet Management SRL*	Romania	Operational leasing	99.97%	99.97%

\* Company held indirectly by BCR through BCR Leasing SA

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

Group structure has not changed since 31 December 2020.

## 1. Economic and financial statements (continued)

### 1.2 Financial accounting statements

In RON thousands	Group			Bank		
	30.06.2021	31.12.2020	H1 2021/ 2020 %	30.06.2021	31.12.2020	H1 2021/ 2020 %
<b>Assets</b>						
Cash and cash balances	10,851,882	10,538,199	3.0%	10,628,245	10,193,736	4.3%
Financial assets held for trading	1,013,555	1,248,822	-18.8%	1,013,555	1,248,822	-18.8%
Derivatives	410,12	39,891	2.8%	410,12	39,891	2.8%
Other financial assets held for trading	972,543	1,208,931	-19.6%	972,543	1,208,931	-19.6%
Non-trading financial assets mandatorily at fair value through profit or loss	68,130	104,739	-35.0%	67,895	104,504	-35.0%
Equity instruments	35,238	75,033	-53.0%	35,003	74,798	-53.2%
Debt securities	31,286	27,781	12.6%	31,286	27,781	12.6%
Loans and advances to customers	1,606	1,925	-16.6%	1,606	1,925	-16.6%
Financial assets at fair value through other comprehensive income	8,308,171	7,536,126	10.2%	8,241,318	7,511,525	9.7%
Debt securities	8,308,171	7,536,126	10.2%	8,241,318	7,511,525	9.7%
Financial assets at amortised cost	58,503,245	57,990,947	0.9%	58,949,589	57,372,656	2.7%
Debt securities	14,217,455	14,827,570	-4.1%	14,039,671	13,986,991	0.4%
thereof pledged as collateral	289,367	421,310	-31.3%	1,746,382	1,416,847	23.3%
Loans and advances to banks	1,308,921	2,028,021	-35.5%	1,308,807	2,026,208	-35.4%
Loans and advances to customers	42,976,869	41,135,356	4.5%	43,601,111	41,359,457	5.4%
Finance lease receivables	1,393,084	1,301,380	7.0%	1,278,1	15,106	-15.4%
Property and equipment	820,366	863,743	-5.0%	765,089	803,005	-4.7%
Investment property	150,499	171,860	-12.4%	150,499	171,860	-12.4%
Intangible assets	332,749	348,900	-4.6%	322,342	339,662	-5.1%
Investments in joint ventures and associates	39,053	39,031	0.1%	33,470	33,470	0.0%
Current tax assets	165,156	230,979	-19.8%	162,155	227,831	-20.0%
Deferred tax assets	165,661	173,378	-4.5%	157,092	165,784	-5.2%
Assets held for sale	546,097	625,253	-12.7%	54,643	192,247	-71.6%
Trade and other receivables	500,962	563,885	-11.2%	485,703	548,097	-11.4%
Investments in subsidiaries	-	-	x	448,521	448,521	0.0%
Other assets	297,380	249,430	19.2%	199,443	161,407	23.6%
<b>Total assets</b>	<b>83,175,990</b>	<b>81,986,672</b>	<b>1.5%</b>	<b>81,712,310</b>	<b>79,538,233</b>	<b>2.7%</b>
<b>Liabilities and Equity</b>						
Financial liabilities held for trading	35,597	52,051	-31.6%	35,597	52,051	-31.6%
Derivatives	35,597	52,051	-31.6%	35,597	52,051	-31.6%
Financial liabilities measured at amortised cost	70,382,127	69,847,085	0.8%	70,010,897	68,527,999	2.2%
Deposits from banks	3,042,403	3,606,774	-16.6%	3,749,866	3,579,224	4.8%
Deposits from customers	64,712,545	64,876,774	-0.3%	63,648,415	63,591,718	0.1%
Debt securities issued	1,635,524	614,801	166.0%	1,635,524	614,801	166.0%
Other financial liabilities	99,1655	748,736	32.4%	977,092	742,256	31.6%
Finance lease liabilities	432,852	428,737	1.0%	432,329	426,424	1.4%
Provisions	1,892,135	1,857,633	1.9%	1,212,381	1,145,984	5.8%
Current tax liabilities	67,114	2,985	2148.4%	64,286	-	x
Deferred tax liabilities	14,482	11,833	22.4%	-	-	x
Liabilities associated with assets held for sale	113,139	150,294	-25.9%	-	-	x
Other liabilities	279,645	291,133	-3.9%	230,557	234,409	-1.6%
<b>Total equity</b>	<b>9,960,719</b>	<b>9,344,921</b>	<b>6.6%</b>	<b>9,726,263</b>	<b>9,151,366</b>	<b>6.3%</b>
Share capital	2,952,565	2,952,565	0.0%	2,952,565	2,952,565	0.0%
Retained earnings	5,224,517	4,630,443	12.8%	4,974,604	4,419,688	12.6%
Other reserves	1,783,637	1,761,913	1.2%	1,799,094	1,779,113	1.1%
attributable to non-controlling interest	45	43	4.7%	-	-	x
attributable to owners of the parent	9,960,674	9,344,878	6.6%	-	-	x
<b>Total liabilities and equity</b>	<b>83,175,990</b>	<b>81,986,672</b>	<b>1.5%</b>	<b>81,712,310</b>	<b>79,538,233</b>	<b>2.7%</b>

As at 30 June 2021, total assets of the Group increased to RON 83,175,990 thousand versus RON 81,986,672 thousand as at 31<sup>st</sup> of December 2020. The significant variations are described in chapter 2.3 "Issuer's performance"



## 1. Economic and financial statements (continued)

### 1.2 Financial accounting statements (continued)

#### Statement of income

in RON thousands	Group			Bank		
	30.06.2021	30.06.2020	H1 2021/ H1 2020 %	30.06.2021	30.06.2020	H1 2021/ H1 2020 %
<b>Net interest income</b>	1,196,032	1,187,833	0.7%	1,140,572	1,125,579	1.3%
Interest income	1,359,316	1,413,483	-4.0%	1,294,867	1,339,890	-3.5%
Interest expense	(163,284)	(225,650)	-38.2%	(154,295)	(214,311)	-38.9%
<b>Net fee and commission income</b>	383,774	316,235	17.6%	353,750	296,557	16.2%
Fee and commission income	499,389	417,111	16.5%	463,744	391,162	15.7%
Fee and commission expense	(115,615)	(100,876)	12.7%	(109,994)	(94,605)	14.0%
Dividend income	3,148	3,312	-5.2%	4,243	3,274	22.8%
Net trading result	171,466	142,922	16.6%	171,126	141,841	17.1%
Gain/(losses) from financial instruments measured at fair value through profit or loss	2,649	(25)	100.9%	2,649	(25)	100.9%
Net result from equity method investments	385	(442)	214.8%	-	-	x
Rental income from investment properties and other operating leases	56,838	53,702	5.5%	2,981	4,870	-63.4%
Personnel expenses	(384,272)	(411,059)	-7.0%	(355,103)	(348,958)	1.7%
Other administrative expenses	(302,486)	(288,177)	4.7%	(297,273)	(298,462)	-0.4%
Depreciation and amortisation	(115,018)	(106,058)	7.8%	(109,809)	(100,085)	8.9%
Net impairment loss on financial instruments	(77,234)	(169,935)	-120.0%	(59,522)	(157,077)	-163.9%
Other operating result	(91,588)	(56,559)	38.2%	(56,367)	(22,903)	59.4%
<b>Pre-tax result from continuing operations</b>	<b>843,694</b>	<b>671,749</b>	<b>20.4%</b>	<b>797,247</b>	<b>644,611</b>	<b>19.1%</b>
Taxes on income	(152,885)	(172,870)	-13.1%	(145,641)	(166,243)	-14.1%
<b>Net result for the period</b>	<b>690,809</b>	<b>498,879</b>	<b>27.8%</b>	<b>651,606</b>	<b>478,368</b>	<b>26.6%</b>
Net result attributable to non-controlling interests	2	2	0.0%	-	-	x
<b>Net result attributable to owners of the parent</b>	<b>690,807</b>	<b>498,877</b>	<b>27.8%</b>	<b>651,606</b>	<b>478,368</b>	<b>26.6%</b>



## 1. Economic and financial statements (continued)

### 1.2 Financial accounting statements (continued)

#### Statement of cash flows

in RON thousands	Group			Bank		
	30.06.2021	30.06.2020	H1 2021/ H1 2020 %	30.06.2021	30.06.2020	H1 2021/ H1 2020 %
<b>Net result for the period</b>	<b>690,809</b>	<b>498,879</b>	<b>38%</b>	<b>651,606</b>	<b>478,368</b>	<b>36%</b>
<b>Non-cash adjustments for items in net profit/(loss) for the year</b>						
Depreciation, amortisation of assets	15,018	106,058	8%	109,809	100,085	10%
Allocation to and release of impairment of loans	50,869	37,100	-86%	39,901	353,660	-89%
Gains/(losses) from the sale of tangible, intangible assets and assets held for sale	(93,641)	5,378	-184%	(18,296)	2,888	-733%
Other provisions	34,588	-	x	66,397	-	x
Impairment tangible and intangible assets	44,510	-	x	125	-	x
Interest income received from investing activities	(325,592)	(339,919)	-4%	(317,765)	(324,081)	-2%
Interest expense paid for financing activities	102,696	56,203	83%	38,781	61,546	-37%
Dividend income from investing activities	-	-	x	(722)	-	x
Other adjustments	(34,815)	(47,754)	-27%	2,172	(33,305)	-107%
<b>Changes in assets and liabilities from operating activities after adjustment for non-cash components</b>						
Financial assets - held for trading	236,389	(114,632)	-306%	236,389	(114,632)	-306%
Financial assets - at fair value through profit or loss	319	-	x	319	-	x
Financial assets at fair value through other comprehensive income	(775,897)	(37,067)	1993%	(735,662)	925	-7968%
<b>Financial assets at amortised cost</b>						
Loans and advances to banks	719,100	222,707	223%	719,940	226,874	217%
Loans and advances to customers	(1829,784)	(855,902)	114%	(2,220,601)	(1,084,996)	105%
Finance lease receivables	(9,170)	-	x	2,324	-	x
Other assets from operating activities	81903	(60,807)	-235%	97,976	(72,853)	-234%
Deposits from banks	(217,234)	(713,920)	-70%	318,311	(669,428)	-148%
Deposits from customers	(64,229)	1,764,075	-109%	56,697	1,905,845	-97%
Other financial liabilities	242,919	244,984	-1%	234,836	233,304	1%
Other liabilities from operating activities	(14,423)	(20,517)	-30%	(3,854)	8,681	-144%
<b>Cash flow from operating activities</b>	<b>(1,228,197)</b>	<b>1,078,774</b>	<b>-214%</b>	<b>(722,317)</b>	<b>1,072,880</b>	<b>-167%</b>
<b>Proceeds of disposal</b>						
Financial assets at fair value through other comprehensive income	1,867,749	-	x	919,974	-	x
Property and equipment, intangible assets, investment properties and assets held for sale	201,176	39,016	416%	190,705	31,902	498%
<b>Acquisition of</b>						
Debt securities at amortised cost	(1,257,310)	817,538	-254%	(972,754)	320,901	-403%
Property and equipment, intangible assets and investment properties	(37,395)	(195,816)	-8%	(40,654)	(165,034)	-74%
Contribution to increase in share capital of subsidiaries	-	(4,535)	-100%	-	(4,535)	-100%
Interest received from investing activities	325,592	339,897	-4%	317,765	324,081	-2%
Dividends received from investing activities	-	-	x	722	-	x
<b>Cash flow from investing activities</b>	<b>1,099,813</b>	<b>996,100</b>	<b>10%</b>	<b>415,758</b>	<b>517,315</b>	<b>-20%</b>
Dividends paid to equity holders of the parent	(7,1695)	-	x	(7,1695)	-	x
Dividends paid to non-controlling interests	(84)	-	x	(84)	-	x
Debt securities issued	1,000,000	(141,488)	-807%	1,000,000	(141,488)	-807%
Outflows from other financing activities	(456,258)	(329,685)	38%	(160,205)	(57,635)	178%
Interest expense paid for financing activities	(29,896)	(37,594)	-20%	(26,979)	(28,845)	-6%
Other financing activities	(6,599)	(13,413)	-5%	(3,682)	(4,664)	-21%
Subordinated loans	(23,297)	(24,181)	-4%	(23,297)	(24,181)	-4%
<b>Cash flow from financing activities</b>	<b>442,067</b>	<b>(508,767)</b>	<b>-187%</b>	<b>741,037</b>	<b>(227,968)</b>	<b>-425%</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10,538,199</b>	<b>9,006,518</b>	<b>17%</b>	<b>10,193,736</b>	<b>8,724,971</b>	<b>17%</b>
Cash flow from operating activities	(1,228,197)	1,078,774	-214%	(722,317)	1,072,880	-167%
Cash flow from investing activities	1,099,813	996,100	10%	415,758	517,315	-20%
Cash flow from financing activities	442,067	(508,767)	-187%	741,037	(227,968)	-425%
<b>Cash and cash equivalents at end of period</b>	<b>10,851,882</b>	<b>10,572,625</b>	<b>3%</b>	<b>10,628,215</b>	<b>10,087,198</b>	<b>5%</b>

As at 30 June 2021, liquidity indicator calculated in accordance with NBR Regulation 25/2011 subsequently amended and supplemented was between 1.57 and 21.42 (considering the remaining maturity of assets and liabilities), while as at 31st of December 2020 was between 1.68 and 26.94.

## 2. Analysis of the issuer's activity

### 2.1. Outlook on issuer's activity

#### 2021 – 2022 economic outlook

Our GDP growth forecast stands at +6.7% in 2021 and +4.5% in 2022.

Most mobility and business restrictions are already lifted, and large urban areas have significant immunization rates, enabling active population to resume consumer spending.

Inflows of EU funds from the Recovery and Resilience Program on top of allocation from the Multiannual Financial Framework should keep GDP growth close to 5.0% over the next five years. Our baseline scenario assumes that the government taps the allocated EU funds, though we considered a quite conservative GDP growth multiplier from state investments. The government has committed to a series of structural reforms, including pensions and state wage bills to address the rigid structure of government expenditures, in the agreement with the European Commission for the Recovery and Resilience Facility. The risk to our call is that the politicians would turn complacent due to significant resources and this would lead to reform fatigue, delaying the EU inflows and even risking losing some of the allocated funding as unpopular decisions are likely to be avoided as we approach 2024 with its heavy election calendar.

Over the next couple of years, risks are related to the immunization campaign and possible resurgence of new Covid waves triggered by new strains if the vaccination process stumbles.

The inflation resurgence after the heavy fiscal stimulus in the US in the context of ultra-loose monetary policy conditions across the globe could force central banks to pre-emptively raise interest rates before the recovery is well entrenched, derailing the strong growth prospects.

#### Balance Sheet developments

**Loan production** will continue to be key growth driver for the balance sheet, BCR Group expecting a high-single digit increase in 2021, sustained by both Retail and Corporate segments.

Retail loans portfolio is assumed to increase in 2021 on the account of dynamic consumer lending and strong mortgages, housing standard being predominant within growth composition. Corporate is expected to see in 2021 a high-single digit increase in lending portfolio, with positive developments in almost in all segments.

On the **liabilities side**, deposits will continue their upward trend in line with BCR strategy to capitalize on its customer deposit base and with focus on digitalization.

#### Income Statements developments

**Net interest income** will be expected to improve marginally in 2021 on the back of loose monetary policy during 2020-2021.

Following the decrease in 2020, second key income component, **net fee and commission income**, is expected to recover in 2021 driven by card payments and brokerage fees despite the challenging environment. **Net trading result** backslides in 2021 on base effect due to better results in trading activities of the previous year.

## 2. Analysis of the issuer's activity (continued)

### 2.1. Outlook on issuer's activity (continued)

In the current context, **operating income** will speed up in 2021.

Lower **operating expense** in 2021 vs. 2020 is targeted in an effort to improve operating efficiency underpinned by good cost management.

Lower **risk cost** forecasted for end of 2021 as compared to previous year, given the bank's conservative approach of provisioning in 2020, anticipating COVID-19 crisis' lagged effects (implementation of stage overlays methodology, update of risk parameters with new, worse forward-looking information, more conservative thresholds used in staging, unlikely to pay assessment performed for clients with payment deferral measures under COVID-19 moratoria), corroborated with better than expected 2021 results in terms of asset quality.

Based on the above-mentioned expected performance, BCR Group aims to deliver a double-digit return on equity (ROE) by the end of 2021.

### 2.2. Issuer's tangible assets

Currently BCR S.A. has a portfolio of 98 properties, located in 39 counties and in Bucharest. The largest number of properties are located in Bucharest - 10 units, in Hunedoara and Vaslui - 4 units in each county, and the remaining 80 properties being located in other counties in Romania.

In 2019, BCR S.A. decided to pursue a strategy of optimizing the network of branches and headquarter buildings by selling certain properties. The sale is followed in most cases by signing of a lease-back contract. The implementation of this strategy continued in 2021.

In the first 6 months of 2021, BCR sold 26 properties:

in RON thousands

Standard	No.	Gross Book Value	Cumulated Depreciation	Cumulated Impairment	Net Book Value
IAS 16	18	24,025	(6,395)	(2,004)	15,625
IFRS 5	3	159,531	-	(21,676)	137,855
IAS 40	5	25,921	(4,386)	(2,770)	18,765
<b>Total</b>	<b>26</b>	<b>209,477</b>	<b>(10,781)</b>	<b>(26,450)</b>	<b>172,246</b>

For 17 of these BCR continued to use the related space following a lease-back contract that partially or fully covers the space.

As of 30.06.2021 net tangible assets amounted to RON 915,588 thousand, of which investment property in amount of RON 150,499 thousand.

#### Description and analysis of depreciation degree of Bank's property

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are as follows:

- Buildings 30 to 50 years (mainly 50 years)
- Office equipment 3 to 10 years
- Other furniture and equipment 3 to 10 years



## 2. Analysis of the issuer's activity (continued)

### 2.3. Issuer's performance<sup>1</sup>

BCR achieved a **net profit of RON 690.8 million (EUR 140.9 million) in H1 2021**, up by 38.5% against RON 498.9 million (EUR 103.6 million) in H1 2020, on the back of both improved operating performance mainly due to higher business volume and lower risk costs allocation.

**Operating result** improved by 12.7% to **RON 1,012.5 million (EUR 206.6 million) in H1 2021** from to RON 898.2 million (EUR 186.5 million) in H1 2020, on the back of higher operating income along with lower operating expenses.

**Net interest income** slightly improved by 0.7% to **RON 1,196.0 million (EUR 244.0 million) in H1 2021**, from RON 1,187.8 million (EUR 246.6 million) in H1 2020, driven by higher loan and deposit volumes in both retail and corporate, partly offset by lower market rates.

**Net fee and commission income** strongly increased by 21.4%, to **RON 383.8 million (EUR 78.3 million) in H1 2021**, from RON 316.2 million (EUR 65.6 million) in H1 2020, on the back of higher transaction business compared to lower business activity and measures implemented for supporting clients during the pandemic context.

**Net trading result** increased by 21.8%, to **RON 174.1 million (EUR 35.5 million) in H1 2021**, from RON 142.9 million (EUR 29.7 million) in H1 2020, mainly driven by higher trading activity.

**Operating income** increased by 6.5%, to **RON 1,814.3 million (EUR 370.2 million) in H1 2021**, from RON 1,703.5 million (EUR 353.6 million) in H1 2020, driven by higher business volumes.

**General administrative expenses** reached **RON 801.8 million (EUR 163.6 million) in H1 2021**, down by 0.4% in comparison to RON 805.3 million (EUR 167.2 million) in H1 2020, mainly due to positive impact from the deconsolidation of CIT One subsidiary as well as slightly lower contribution to deposit insurance fund in 2021.

As such, **cost-income ratio** improved to **44.2% in H1 2021**, versus 47.3% in H1 2020.

#### Risk costs and Asset Quality

**Impairment result from financial instruments** recorded an allocation of **RON 77.2 million (EUR 15.8 million) in H1 2021**, significantly lower as compared to RON 169.9 million (EUR 35.3 million) booked in H1 2020. This result has been mainly triggered by allocations of portfolio provisions in H1 2021 reflecting the bank's conservative risk approach and maintaining a prudent outlook on certain industries in the current context.

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<sup>1</sup> Below stated financial data are un-audited, consolidated business results of Banca Comercială Română Group for S1 2021, according to IFRS. Unless otherwise stated, financial results for S1 2021 are compared to financial results for S1 2020. Also, if not stated otherwise, foreign exchange rates used for conversion of figures into EURO are the ones provided by the European Central Bank. The income statement is converted using the average exchange rate for S1 2021 of 4.9015 RON/EUR when referring to S1 2021 results and using the average exchange rate for S1 2020 of 4.8173 RON/EUR when referring to the S1 2020 results. The balance sheets at 30 June 2021 and at 31 December 2020 are converted using the closing exchange rates at the respective dates (4.9280 RON/EUR at 30 June 2021 and 4.8683 RON/EUR at 31 December 2020, respectively). All the percentage changes refer to RON figures.





## 2. Analysis of the issuer's activity (continued)

### 2.3. Issuer's performance (continued)

**NPL ratio** stood **4.3% as of June 2021**, slightly lower than 4.5% recorded as of December 2020. This evolution is reflecting the positive trend in loans to customers and was also supported by a low NPL formation. At the same time, the **NPL provisioning coverage** stood at **125.3% as of June 2021**.

#### Capital position and funding

**Solvency ratio for BCR Bank standalone**, according to the capital requirements regulations (CRR) stood at **21.95% as of May 2021**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 21.4% (BCR Group, before 2020 profit capitalization) as of December 2020** is clearly reflecting BCR's strong capital and funding positions.

**Loans and advances to customers** increased by 4.3% to **RON 44,872.5 million (EUR 9,105.6 million)** as of 30 June 2021 from RON 43,002.5 million (EUR 8,833.2 million) as of 31 December 2020, supported by increases in both retail (+3.0% ytd) and corporate (+5.1% ytd).

**Deposits from customers** decreased by 0.3% to **RON 64,712.5 million (EUR 13,131.6 million)** as of 30 June 2021 versus RON 64,876.8 million (EUR 13,326.4 million) as of 31 December 2020, mainly due to decrease of corporate deposits (-4.9% ytd), while the retail deposits increased by +1.7% ytd.

#### BCR impact in the economy

**In retail banking business**, BCR generated total new loans in local currency to individuals and micro businesses of RON 4.2 billion in H1 2021. Mortgage new sales in local currency increased by 11.4% yoy, mainly driven by Casa Mea mortgage product which represents 70% of the total production. Also, BCR continued to support the state guaranteed product Noua Casa, the funds allocated to the bank representing 30% of the total guarantees provided by the Romanian Government for this program. New volumes for cash loans sales increased by 19.6% yoy and overdraft and credit cards by 16.1% yoy as compared to similar period of last year. Stock of mortgage in local currency increased by 17.7% yoy in H1 2021, while the stock of consumer loans increased by 7.2% yoy.

**In corporate banking business**, BCR (bank only) approved new corporate loans of RON 2.5 billion in H1 2021, of which 37% investment loans. The main driver was the advance of stock of financing granted to SME segment (including BCR Leasing subsidiary) which increased by 12.3% yoy to RON 7.1 billion (EUR 1.4 billion) as of 30 June 2021, as a result of a high focus on new business and advance in leasing and BCR's participation in SME Invest program. Also, the financing of Public Sector increased by 21.5% yoy, of Large Corporate by 19.0% yoy, while Real Estate stayed flat yoy triggered by an early repayment.

**BCR Leasing financing increased by 45% in H1 2021**, compared to H1 2020, to RON 800 million, providing support to entrepreneurs in all business sectors.

## 2. Analysis of the issuer's activity (*continued*)

### 2.3. Issuer's performance (*continued*)

The **Money School program** reached over 20,000 adults and children in H1 2021, having organized financial education online sessions and dedicated workshops for children them. The total number of people that have interacted with the program exceeded 450.000. The **BCR Business School**, the entrepreneurial education program reached 16,500 users (entrepreneurs, managers, freelancers, teachers, and students), with **new courses being available on the platform: Sales Success and Legal ABC**. Within the **INNOVX-BCR** program were accelerated 15 tech start-ups, with turnovers or attracted funds between EUR 500.000 and EUR 1.000.000.

## 3. Changes affecting the issuers' capital

### 3.1 Description of the cases when the issuer was unable to meet its financial obligations during the reporting period

N/A

### 3.2 Description of any changes in the rights of the holders of debt securities issued

N/A

## 4. Significant transactions

N/A

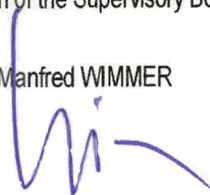
## 5. Annexes

The following documents are annexed to this report:

1. Issuers' Management;
2. Statement of Compliance of the members of the Executive Committee who assume responsibility for the preparation of the Financial Statements;
3. Interim Condensed Financial Statements prepared in accordance with IAS 34 and unaudited as at 30 June 2021.

Chairman of the Supervisory Board,

Manfred WIMMER

A handwritten signature in blue ink, appearing to read 'Wimmer', is written over the printed name 'Manfred WIMMER'.

## **Annex - Issuer's Management**

BCR's Supervisory Board and Management Board structure during 01.01 - 30.06.2021

### **Supervisory Board**

- Manfred Wimmer – Chairman;
- Bernhard Spalt – Deputy Chairman;
- Daniela Camelia Nemoianu – member;
- Hildegard Gacek – member;
- Elisabeth Krainer Senger – Weiss – member;
- Birte Quitt – member;
- Vacant position\* – member.

\* On April 23<sup>rd</sup> 2021 the BCR General Shareholder Meeting approved the appointment of Mr. Stefan Dörfler in the position of member of the Supervisory Board for a mandate starting with October 1<sup>st</sup> 2021, but not earlier than NBR approval date.

### **Management Board**

1. Sergiu Cristian Manea - Executive President;
2. Elke Meier - Executive Vice-president;
3. Dana Luciana Dima - Executive Vice-president;
4. Ilinka Kajgana - Executive Vice-president;
5. Thomas Kolarik – Executive Vice-president (took over the position after receiving the NBR approval on April 5th 2021).



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

**30 June 2021**

**Prepared in accordance with**  
**IAS 34 „Interim Financial Reporting”**  
and unaudited



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## STATEMENT

### Regarding the Administrators Report for the first semester of 2021

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

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

**Executive President,**

**Sergiu Manea**

Sergiu-Cristian  
Manea

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Sergiu-Cristian Manea  
Date: 2021.08.11  
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**Executive Vice-President,**

**Elke Meier**

**Elke Meier**

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Meier  
Date: 2021.08.10  
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**BCR**   
**STATEMENT OF PROFIT OR LOSS**  
**Consolidated and Separate**  
**As at 30 June 2021**

Statement of profit or loss

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

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

AUTHORISED PERSON  
Name and first name  
Signature  
Executive Vice-President

Elke Meier

**Elke  
Meier**

Digitally signed by  
Elke Meier  
Date: 2021.08.10  
17:42:49 +02'00'

AUTHORISED PERSON  
Name and first name  
Signature  
Executive Director Accounting Division

Gina Badea

**BADEA  
GINA**

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by BADEA GINA  
Date: 2021.08.06  
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## STATEMENT OF OTHER COMPREHENSIVE INCOME

Consolidated and Separate

As at 30 June 2021

### Statement of other comprehensive income

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

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

AUTHORISED PERSON  
Name and first name  
Signature  
Executive Vice-President

Elke Meier

**Elke Meier** Digitally signed by Elke Meier  
Date: 2021.08.10 17:43:35 +02'00'

AUTHORISED PERSON  
Name and first name  
Signature  
Executive Director Accounting Division

Gina Badea

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Date: 2021.08.06 09:47:56 +03'00'



**BCR**  
**STATEMENT OF FINANCIAL POSITION**  
 Consolidated and Separate  
 As at 30 June 2021

Statement of financial position

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

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

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

AUTHORISED PERSON  
 Name and first name  
 Signature  
 Executive Vice-President

Elke Meier

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AUTHORISED PERSON  
 Name and first name  
 Signature  
 Executive Director Accounting Division

Gina Badea

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**BCR**  
**STATEMENT OF CHANGES IN EQUITY**  
 Consolidated and Separate  
 As at 30 June 2021

Statement of changes in equity

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

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



**STATEMENT OF CHANGES IN EQUITY**  
Consolidated and Separate  
As at 30 June 2021

Statement of changes in equity (continued)

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

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



**STATEMENT OF CASH FLOW**  
Consolidated and Separate  
As at 30 June 2021

Statement of cash flows

in RON thousands	Group		Bank	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
<b>Net result for the period</b>	<b>690,809</b>	<b>498,879</b>	<b>651,606</b>	<b>478,368</b>
<b>Non-cash adjustments for items in net profit/(loss) for the year</b>				
Depreciation, amortisation of assets	115,018	106,058	109,809	100,085
Allocation to and release of impairment of loans	50,869	371,009	39,901	353,660
Gains/(losses) from the sale of tangible, intangible assets and assets held for sale	(93,641)	5,378	(18,296)	2,888
Other provisions	34,588	-	66,397	-
Impairment tangible and intangible assets	44,510	-	125	-
Interest income received from investing activities	(325,592)	(339,919)	(317,765)	(324,081)
Interest expense paid for financing activities	102,696	56,203	38,781	61,546
Dividend income from investing activities	-	-	(722)	-
Other adjustments	(34,815)	(47,754)	2,172	(33,305)
<b>Changes in assets and liabilities from operating activities after adjustment for non-cash components</b>				
Financial assets - held for trading	236,389	(114,632)	236,389	(114,632)
Financial assets - at fair value through profit or loss	319	-	319	-
Financial assets at fair value through other comprehensive income	(775,897)	(37,067)	(735,662)	925
<b>Financial assets at amortised cost</b>				
Loans and advances to banks	719,100	222,707	718,940	226,874
Loans and advances to customers	(1,829,784)	(855,902)	(2,220,601)	(1,084,996)
Finance lease receivables	(91,703)	-	2,324	-
Other assets from operating activities	81,903	(60,807)	97,976	(72,853)
Deposits from banks	(217,234)	(713,920)	318,311	(669,428)
Deposits from customers	(164,229)	1,764,075	56,697	1,905,845
Other financial liabilities	242,919	244,984	234,836	233,304
Other liabilities from operating activities	(14,423)	(20,517)	(3,854)	8,681
<b>Cash flow from operating activities</b>	<b>(1,228,197)</b>	<b>1,078,774</b>	<b>(722,317)</b>	<b>1,072,880</b>
<b>Proceeds of disposal</b>				
Financial assets at fair value through other comprehensive income	1,867,749	-	919,974	-
Property and equipment, intangible assets, investment properties and assets held for sale	201,176	39,016	190,705	31,902
<b>Acquisition of</b>				
Debt securities at amortised cost	(1,257,310)	817,538	(972,754)	320,901
Property and equipment, intangible assets and investment properties	(37,395)	(195,816)	(40,654)	(155,034)
Contribution to increase in share capital of subsidiaries	-	(4,535)	-	(4,535)
Interest received from investing activities	325,592	339,897	317,765	324,081
Dividends received from investing activities	-	-	722	-
<b>Cash flow from investing activities</b>	<b>1,099,813</b>	<b>996,100</b>	<b>415,758</b>	<b>517,315</b>
Dividends paid to equity holders of the parent	(71,695)	-	(71,695)	-
Dividends paid to non-controlling interests	(84)	-	(84)	-
Debt securities issued	1,000,000	(141,488)	1,000,000	(141,488)
Outflows from other financing activities	(456,258)	(329,685)	(160,205)	(57,635)
Interest expense paid for financing activities	(29,896)	(37,594)	(26,979)	(28,845)
Other financing activities	(6,599)	(13,413)	(3,682)	(4,664)
Subordinated loans	(23,297)	(24,181)	(23,297)	(24,181)
<b>Cash flow from financing activities</b>	<b>442,067</b>	<b>(508,767)</b>	<b>741,037</b>	<b>(227,968)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10,538,199</b>	<b>9,006,518</b>	<b>10,193,736</b>	<b>8,724,971</b>
Cash flow from operating activities	(1,228,197)	1,078,774	(722,317)	1,072,880
Cash flow from investing activities	1,099,813	996,100	415,758	517,315
Cash flow from financing activities	442,067	(508,767)	741,037	(227,968)
<b>Cash and cash equivalents at end of period</b>	<b>10,851,882</b>	<b>10,572,625</b>	<b>10,628,215</b>	<b>10,087,198</b>

## 1. Bank and Group information

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

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

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

	30.06.2021		31.12.2020	
	Number of shares	Percentage holding (%)	Number of shares	Percentage holding (%)
Erste Group Bank AG	16,234,478,994	99.8835%	16,234,373,129	99.8828%
Societatea de Investitii Financiare (“SIF”) „Banat Crisana”	1	0.0000%	1	0.0000%
Societatea de Investitii Financiare (“SIF”) „Muntenia”	1	0.0000%	1	0.0000%
SC Actinvest SA	226,802	0.0014%	226,802	0.0014%
FDI Certinvest Dinamic	13,699	0.0001%	13,699	0.0001%
BCR Leasing	109	0.0000%	109	0.0000%
Individuals	18,696,648	0.1150%	18,802,513	0.1157%
<b>Total</b>	<b>16,253,416,254</b>	<b>100.0000%</b>	<b>16,253,416,254</b>	<b>100.0000%</b>

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

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

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

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

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

\*Company held indirectly by BCR through BCR Leasing SA

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

## 2. Basis of preparation and presentation of the financial statements

### a) Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards („IFRS”), IAS 34 – Interim Financial Reporting.

These financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated and separate financial statements as at and for the year ended 31 December 2020.

### b) Functional and presentation currency

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

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

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

### c) Significant accounting policies

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

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

### d) Use of estimates and judgements

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

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

## 3. Cash and cash balances

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

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



**Notes to Interim Financial Statements**  
**Consolidated and Separate**  
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**4. Financial assets at fair value through other comprehensive income**

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

**Allowances for financial assets at fair value through other comprehensive income**

in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	30.06.2021	Group
								Exchange-rate and other changes (+/-)	Closing balance
<b>Debt securities</b>									
<b>Stage 1</b>	(8,235)	(5,100)	2,469	(7)	-	-	-	(34)	(10,907)
Central banks	(1,105)	-	1,105	-	-	-	-	-	-
General governments	(7,130)	(5,100)	1,364	(7)	-	-	-	(34)	(10,907)
<b>Stage 2</b>	(603)	-	-	(470)	-	-	-	-	(1,073)
Non-financial corporations	(603)	-	-	(470)	-	-	-	-	(1,073)
<b>Total allowances for debt securities</b>	<b>(8,838)</b>	<b>(5,100)</b>	<b>2,469</b>	<b>(477)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>(11,980)</b>



**Notes to Interim Financial Statements**  
**Consolidated and Separate**  
**As at 30 June 2021**

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

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

**Allowances for financial assets at fair value through other comprehensive income**

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



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

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

**Allowances for financial assets at fair value through other comprehensive income**

in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	30.06.2021		Bank
										Closing balance	
<b>Debt securities</b>											
<b>Stage 1</b>	(7,078)	(1,963)	1,319	(6)	-	-	-	(34)	(7,762)		
General governments	(7,078)	(1,963)	1,319	(6)	-	-	-	(34)	(7,762)		
<b>Stage 2</b>	(603)	-	-	(470)	-	-	-	-	(1,073)		
Non-financial corporations	(603)	-	-	(470)	-	-	-	-	(1,073)		
<b>Total allowances for debt securities</b>	<b>(7,681)</b>	<b>(1,963)</b>	<b>1,319</b>	<b>(476)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>(8,835)</b>		

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

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

Allowances for financial assets at fair value through other comprehensive income

in RON thousands									31.12.2020	Bank
	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
<b>Debt securities</b>										
<b>Stage 1</b>	(2,583)	(3,136)	1,715	(3,051)	-	-	-	(23)	(7,078)	
General governments	(2,583)	(3,136)	1,715	(3,051)	-	-	-	(23)	(7,078)	
<b>Stage 2</b>	(649)	-	-	46	-	-	-	-	(603)	
Non-financial corporations	(649)	-	-	46	-	-	-	-	(603)	
<b>Total allowances for debt securities</b>	(3,232)	(3,136)	1,715	(3,005)	-	-	-	(23)	(7,681)	

**5. Financial assets at amortised cost**

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

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

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



**BCR**  
Notes to Interim Financial Statements  
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**5. Financial assets at amortised cost (continued)**

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

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

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

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

**5. Financial assets at amortised cost (continued)**

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

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

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

**5. Financial assets at amortised cost (continued)**

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

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

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

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

5. Financial assets at amortised cost (continued)

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

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

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

**5. Financial assets at amortised cost (continued)**

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

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

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

								30.06.2021	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
<b>Loans and advances to customers</b>									
<b>Stage 1</b>	<b>(153,345)</b>	<b>(41,487)</b>	<b>21,347</b>	<b>(144,966)</b>	<b>135,026</b>	<b>-</b>	<b>2</b>	<b>(1,237)</b>	<b>(184,660)</b>
General governments	(3,554)	(288)	325	(2,395)	542	-	-	(5)	(5,375)
Other financial corporations	(3,091)	(837)	100	(2,232)	3	-	-	(248)	(6,305)
Non-financial corporations	(86,569)	(25,589)	17,434	(27,070)	9,224	-	-	(621)	(113,191)
Households	(60,131)	(14,773)	3,488	(113,269)	125,257	-	2	(363)	(59,789)
<b>Stage 2</b>	<b>(807,957)</b>	<b>(6,013)</b>	<b>50,135</b>	<b>207,492</b>	<b>(284,056)</b>	<b>(1,345)</b>	<b>41</b>	<b>(3,800)</b>	<b>(845,503)</b>
General governments	(7,217)	-	34	1,137	(659)	3	-	-	(6,702)
Other financial corporations	(332)	-	248	86	(4)	-	-	-	(2)
Non-financial corporations	(327,696)	(4,558)	30,410	(15,778)	(94,868)	(125)	-	(2,350)	(414,965)
Households	(472,712)	(1,455)	19,443	222,047	(188,525)	(1,223)	41	(1,450)	(423,834)
<b>Stage 3</b>	<b>(1,282,405)</b>	<b>(2,385)</b>	<b>47,351</b>	<b>(46,948)</b>	<b>(24,545)</b>	<b>(2,356)</b>	<b>42,662</b>	<b>(7,899)</b>	<b>(1,276,525)</b>
General governments	(8,682)	-	2	309	-	(12)	-	-	(8,383)
Other financial corporations	(9,320)	-	9	726	-	-	-	(108)	(8,693)
Non-financial corporations	(588,325)	(990)	25,117	(24,900)	(2,947)	(2,130)	26,674	(4,891)	(572,392)
Households	(676,078)	(1,395)	22,223	(23,083)	(21,598)	(214)	15,988	(2,900)	(687,057)
<b>POCI</b>	<b>(79,706)</b>	<b>-</b>	<b>3,827</b>	<b>7,475</b>	<b>-</b>	<b>16</b>	<b>1,729</b>	<b>(691)</b>	<b>(67,350)</b>
General governments	(3,768)	-	-	652	-	(42)	-	(15)	(3,173)
Non-financial corporations	(10,418)	-	124	2,629	-	(2)	30	(89)	(7,726)
Households	(65,520)	-	3,703	4,194	-	60	1,699	(587)	(56,451)
<b>Total allowances for loans and advances to customers</b>	<b>(2,323,413)</b>	<b>(49,885)</b>	<b>122,660</b>	<b>23,053</b>	<b>(173,575)</b>	<b>(3,685)</b>	<b>44,434</b>	<b>(13,627)</b>	<b>(2,374,038)</b>



**5. Financial assets at amortised cost (continued)**

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

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

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

**5. Financial assets at amortised cost (continued)**

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

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

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

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

## 6. Deposits from banks

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

## 7. Deposits from customers

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

## 8. Debt securities issued

in RON thousands	Group		Bank	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Bonds	1,635,524	614,801	1,635,524	614,801
<b>Debt securities issued</b>	<b>1,635,524</b>	<b>614,801</b>	<b>1,635,524</b>	<b>614,801</b>

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

## 9. Provisions

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

## 10. Net interest income

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

## 11. Net fees and commissions income

in RON thousands	Group				Bank			
	30.06.2021		30.06.2020		30.06.2021		30.06.2020	
	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses
Securities	17,950	(2,201)	18,434	(2,811)	17,950	(2,201)	18,434	(2,811)
Transfer orders	17,950	(2,201)	18,434	(2,811)	17,950	(2,201)	18,434	(2,811)
Clearing and settlement	3,621	(8,190)	3,244	(7,829)	3,626	(8,143)	3,249	(7,766)
Asset management	26,993	-	19,552	-	-	-	-	-
Custody	8,937	(2,533)	9,102	(2,412)	8,937	(1,672)	9,102	(1,617)
Payment services	314,444	(87,490)	264,961	(74,797)	311,921	(86,463)	262,665	(73,660)
Card business	101,414	(57,223)	70,142	(54,354)	99,929	(56,429)	68,739	(53,578)
Other	213,030	(30,267)	194,819	(20,443)	211,992	(30,034)	193,926	(20,082)
Customer resources distributed but not managed	82,742	(2,025)	66,239	(837)	79,721	(2,025)	63,964	(837)
Collective investment	23,237	-	17,703	-	23,237	-	17,703	-
Insurance products	44,855	-	37,292	-	40,487	-	33,566	-
Building society brokerage	-	-	-	-	5	-	14	-
Foreign exchange transactions	14,208	(2,025)	11,029	(837)	14,209	(2,025)	11,030	(837)
Other	442	-	215	-	1,783	-	1,651	-
Structured finance	323	-	-	-	323	-	-	-
Lending business	30,837	(11,937)	25,605	(10,630)	30,721	(9,114)	25,631	(7,663)
Guarantees given, guarantees received	10,461	(2,132)	11,578	(2,774)	10,361	(1,243)	11,592	(1,427)
Loan commitments given, loan commitments received	9,673	-	6,841	-	9,673	-	6,841	-
Other lending business	10,703	(9,805)	7,186	(7,856)	10,687	(7,871)	7,198	(6,236)
Other	13,542	(1,239)	9,974	(1,560)	10,545	(376)	8,117	(251)
<b>Net fee and commission income</b>	<b>499,389</b>	<b>(115,615)</b>	<b>417,111</b>	<b>(100,876)</b>	<b>463,744</b>	<b>(109,994)</b>	<b>391,162</b>	<b>(94,605)</b>

## 12. Net trading and fair value result

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

## 13. General administrative expenses

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

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

#### 14. Net impairment loss on financial instruments

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

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

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

#### 15. Other operating results

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

#### 16. Taxes on income

in RON thousands	Group		Bank	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
<b>Current tax expense/income</b>	<b>(141,823)</b>	<b>(150,957)</b>	<b>(136,010)</b>	<b>(148,042)</b>
Current period	(141,823)	(150,957)	(136,010)	(148,042)
<b>Deferred tax expense/income</b>	<b>(11,062)</b>	<b>(21,913)</b>	<b>(9,631)</b>	<b>(18,201)</b>
Current period	(11,062)	(21,913)	(9,631)	(18,201)
<b>Taxes on income</b>	<b>(152,885)</b>	<b>(172,870)</b>	<b>(145,641)</b>	<b>(166,243)</b>

in RON thousands	Group		Bank	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
<b>Pre-tax profit/(loss)</b>	<b>843,694</b>	<b>671,749</b>	<b>797,247</b>	<b>644,611</b>
Income tax expense for the financial year at the domestic statutory tax rate (16%)	(134,991)	(107,480)	(127,560)	(103,138)
Impact of tax-exempt earnings of investments and other tax-exempt income	85,647	104,438	85,647	104,438
Tax increases due to non-deductible expenses, additional business tax and similar elements	(94,089)	(163,796)	(95,281)	(165,223)
Impact of other elements and deferred tax income/ (expense)	(9,452)	(6,032)	(8,447)	(2,320)
<b>Income tax (expense) / release reported in the income statement</b>	<b>(152,885)</b>	<b>(172,870)</b>	<b>(145,641)</b>	<b>(166,243)</b>
<b>The effective tax rate*</b>	<b>18.12%</b>	<b>25.73%</b>	<b>18.27%</b>	<b>25.79%</b>

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

#### 17. Dividends paid

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

#### 18. Segment reporting

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

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

##### A. Retail

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

##### B. Corporate

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

The main Corporate segments are:

##### a. SME, comprising:

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

##### b. Public Sector (PS):

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

Public sector includes the following institutions:

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

Public Corporations include:

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

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

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

#### 18. Segment reporting (*continued*)

##### c. Local Large Corporates (LLC)

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

##### d. Commercial Real Estate (CRE)

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

Other banking segments:

##### C. ALM & Local Corporate Center:

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

##### D. Group Markets:

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

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

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

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

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

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

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



**18. Segment reporting (continued)**

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

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

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

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



**Notes to Interim Financial Statements**  
**Consolidated and Separate**  
**As at 30 June 2021**

**18. Segment reporting (continued)**

Statement of Income	Bank	Retail	Corporates	ALM & Local Corporate Center	GM
<b>in RON thousands</b>					
<b>30.06.2021</b>					
Net interest income	1,140,572	715,438	270,363	156,055	(1,284)
Net fee and commission income	353,750	246,594	89,923	(681)	17,914
Dividend income	4,243	2,045	-	2,183	15
Net trading result	171,126	57,072	52,256	(2,589)	64,387
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss	2,649	(2,824)	4,498	975	-
Rental income from investment properties and other operating leases	2,981	-	-	2,981	-
General administrative expenses	(762,185)	(626,776)	(104,359)	(17,718)	(13,332)
Net impairment loss on financial instruments	(59,522)	90,094	(152,543)	763	2,164
Other operating result	(56,367)	(18,352)	(22,259)	(9,091)	(6,665)
<b>Pre-tax result from continuing operations</b>	<b>797,247</b>	<b>463,291</b>	<b>137,879</b>	<b>132,878</b>	<b>63,199</b>
Taxes on income	(145,641)	(74,126)	(22,061)	(39,342)	(10,112)
<b>Net result for the period</b>	<b>651,606</b>	<b>389,165</b>	<b>115,818</b>	<b>93,536</b>	<b>53,087</b>
Operating income	1,675,321	1,018,325	417,040	158,924	81,032
Operating expenses	(762,185)	(626,776)	(104,359)	(17,718)	(13,332)
<b>Operating result</b>	<b>913,136</b>	<b>391,549</b>	<b>312,681</b>	<b>141,206</b>	<b>67,700</b>
Cost income ratio	45.5%	61.5%	25.0%	11.1%	16.5%

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

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**18. Segment reporting (continued)**

in RON thousands	30.06.2021					Group
	Group	Retail	Corporates	ALM & Local Corporate Center		GM
<b>Assets</b>						
Cash and cash balances	10,851,882	5,245,664	323,596	5,146,880		135,742
Financial assets held for trading	1,013,555	-	62	6,214		1,007,279
Derivatives	41,012	-	62	6,214		34,736
Other financial assets held for trading	972,543	-	-	-		972,543
Non-trading financial assets mandatorily at fair value through profit or loss	68,130	27,061	1,840	39,229		-
Equity instruments	35,238	27,061	234	7,943		-
Debt securities	31,286	-	-	31,286		-
Loans and advances to customers	1,606	-	1,606	-		-
Financial assets at fair value through other comprehensive income	8,308,171	-	72,226	8,235,945		-
Debt securities	8,308,171	-	72,226	8,235,945		-
Financial assets at amortised cost	58,503,245	27,586,922	16,963,769	13,536,447		416,107
Debt securities	14,217,455	77,316	299,529	13,840,610		-
Loans and advances to banks	1,308,921	1,586,632	816	(368,366)		89,839
Loans and advances to customers	42,976,869	25,922,974	16,663,424	64,203		326,268
Finance lease receivables	1,393,084	-	1,438,071	(44,987)		-
Property and equipment	820,366	8,776	509,181	302,409		-
Investment property	150,499	-	-	150,499		-
Intangible assets	332,749	3,388	6,898	322,463		-
Investments in joint ventures and associates	39,053	-	900	38,153		-
Current tax assets	185,156	2,535	466	182,155		-
Deferred tax assets	165,661	-	9,191	156,470		-
Assets held for sale	546,097	-	-	546,097		-
Trade and other receivables	500,962	10,166	369,681	80,782		40,333
Other assets	297,380	73,666	90,334	133,091		289
<b>Total assets</b>	<b>83,175,990</b>	<b>32,958,178</b>	<b>19,786,215</b>	<b>28,831,847</b>		<b>1,599,750</b>
<b>Liabilities and Equity</b>						
Financial liabilities held for trading	35,597	-	-	2,990		32,607
Derivatives	35,597	-	-	2,990		32,607
Financial liabilities measured at amortised cost	70,382,127	44,695,047	21,768,540	1,533,227		2,385,313
Deposits from banks	3,042,403	67,328	2,853,315	(731,978)		853,738
Deposits from customers	64,712,545	44,473,434	18,804,155	(43,603)		1,478,559
Debt securities issued	1,635,524	-	-	1,635,524		-
Other financial liabilities	991,655	154,285	111,070	673,284		53,016
Finance lease liabilities	432,852	-	-	432,852		-
Provisions	1,892,135	1,169,874	390,912	330,356		993
Current tax liabilities	67,114	496	2,262	64,356		-
Deferred tax liabilities	14,482	-	-	14,482		-
Liabilities associated with assets held for sale	111,319	-	-	111,319		-
Other liabilities	279,645	11,324	59,536	207,098		1,687
<b>Total equity</b>	<b>9,960,719</b>	<b>2,645,933</b>	<b>2,763,865</b>	<b>4,430,412</b>		<b>120,509</b>
<b>Total liabilities and equity</b>	<b>83,175,990</b>	<b>48,522,674</b>	<b>24,985,115</b>	<b>7,127,092</b>		<b>2,541,109</b>

**18. Segment reporting (continued)**

in RON thousands	31.12.2020				Group
	Group	Retail	Corporates	ALM & Local Corporate Center	GM
<b>Assets</b>					
Cash and cash balances	10,538,199	5,128,775	513,649	4,860,999	34,776
Financial assets held for trading	1,248,822	-	72	27,008	1,221,742
Derivatives	39,891	-	72	27,008	12,811
Other financial assets held for trading	1,208,931	-	-	-	1,208,931
Non-trading financial assets mandatorily at fair value through profit or loss	104,739	29,886	2,160	72,693	-
Equity instruments	75,033	29,886	235	44,912	-
Debt securities	27,781	-	-	27,781	-
Loans and advances to customers	1,925	-	1,925	-	-
Financial assets at fair value through other comprehensive income	7,536,126	-	30,083	7,506,043	-
Debt securities	7,536,126	-	30,083	7,506,043	-
Financial assets at amortised cost	57,990,947	27,031,739	16,215,529	14,259,572	484,107
Debt securities	14,827,570	744,338	306,937	13,776,295	-
Loans and advances to banks	2,028,021	1,107,471	810	442,635	477,105
Loans and advances to customers	41,135,356	25,179,930	15,907,782	40,642	7,002
Finance lease receivables	1,301,380	-	1,321,293	(19,913)	-
Property and equipment	863,743	10,083	452,113	401,547	-
Investment property	171,860	-	-	171,860	-
Intangible assets	348,900	3,207	5,879	339,814	-
Investments in joint ventures and associates	39,031	-	-	39,031	-
Current tax assets	230,979	2,579	570	227,830	-
Deferred tax assets	173,378	518	7,308	165,552	-
Assets held for sale	625,253	-	-	625,253	-
Trade and other receivables	563,885	8,749	342,766	199,326	13,044
Other assets	249,430	75,096	74,228	100,098	8
<b>Total assets</b>	<b>81,986,672</b>	<b>32,290,632</b>	<b>18,965,650</b>	<b>28,976,713</b>	<b>1,753,677</b>
<b>Liabilities and Equity</b>					
Financial liabilities held for trading	52,051	-	-	34,229	17,822
Derivatives	52,051	-	-	34,229	17,822
Financial liabilities measured at amortised cost	69,847,085	43,904,364	22,614,917	981,235	2,346,569
Deposits from banks	3,606,774	67,252	2,757,972	(117,523)	899,073
Deposits from customers	64,876,774	43,744,206	19,779,989	(28,508)	1,381,087
Debt securities issued	614,801	-	-	614,801	-
Other financial liabilities	748,736	92,906	76,956	512,465	66,409
Finance lease liabilities	428,737	-	-	428,737	-
Provisions	1,857,633	1,211,454	376,521	268,580	1,078
Current tax liabilities	2,985	-	2,963	22	-
Deferred tax liabilities	11,833	-	-	11,833	-
Liabilities associated with assets held for sale	150,294	-	-	150,294	-
Other liabilities	291,133	13,035	65,497	210,985	1,616
<b>Total equity</b>	<b>9,344,921</b>	<b>2,553,350</b>	<b>2,369,340</b>	<b>4,290,663</b>	<b>131,568</b>
<b>Total liabilities and equity</b>	<b>81,986,672</b>	<b>47,682,203</b>	<b>25,429,238</b>	<b>6,376,578</b>	<b>2,498,653</b>



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**18. Segment reporting (continued)**

in RON thousands	30.06.2021					Bank
	Bank	Retail	Corporates	ALM & Local Corporate Center	GM	
<b>Assets</b>						
Cash and cash balances	10,628,215	5,220,101	-	5,272,372	135,742	
Financial assets held for trading	1,013,555	-	62	6,214	1,007,279	
Derivatives	41,012	-	62	6,214	34,736	
Other financial assets held for trading	972,543	-	-	-	972,543	
Non-trading financial assets mandatorily at fair value through profit or loss	67,895	27,061	1,606	39,228	-	
Equity instruments	35,003	27,061	-	7,942	-	
Debt securities	31,286	-	-	31,286	-	
Loans and advances to customers	1,606	-	1,606	-	-	
Financial assets at fair value through other comprehensive income	8,241,318	-	5,373	8,235,945	-	
Debt securities	8,241,318	-	5,373	8,235,945	-	
Financial assets at amortised cost	58,949,589	25,778,162	15,528,308	17,227,012	416,107	
Debt securities	14,039,671	-	199,062	13,840,609	-	
Loans and advances to banks	1,308,807	-	-	1,218,968	89,839	
Loans and advances to customers	43,601,111	25,778,162	15,329,246	2,167,435	326,268	
Finance lease receivables	12,781	-	-	12,781	-	
Property and equipment	765,089	-	-	765,089	-	
Investment property	150,499	-	-	150,499	-	
Intangible assets	322,342	-	-	322,342	-	
Investments in joint ventures and associates	33,470	-	-	33,470	-	
Current tax assets	182,155	-	-	182,155	-	
Deferred tax assets	157,092	-	-	157,092	-	
Assets held for sale	54,643	-	-	54,643	-	
Trade and other receivables	485,703	4,363	339,328	101,679	40,333	
Investments in subsidiaries	448,521	-	-	448,521	-	
Other assets	199,443	29,387	258	169,509	289	
<b>Total assets</b>	<b>81,712,310</b>	<b>31,059,074</b>	<b>15,874,935</b>	<b>33,178,551</b>	<b>1,599,750</b>	
<b>Liabilities and Equity</b>						
Financial liabilities held for trading	35,597	-	-	2,988	32,609	
Derivatives	35,597	-	-	2,988	32,609	
Financial liabilities measured at amortised cost	70,010,897	43,816,462	18,375,419	5,433,703	2,385,313	
Deposits from banks	3,749,866	583	207	2,895,338	853,738	
Deposits from customers	63,648,415	43,663,044	18,280,693	226,119	1,478,559	
Debt securities issued	1,635,524	-	-	1,635,524	-	
Other financial liabilities	977,092	152,835	94,519	676,722	53,016	
Finance lease liabilities	432,329	-	-	432,329	-	
Provisions	1,212,381	489,676	386,262	335,450	993	
Current tax liabilities	64,286	-	-	64,286	-	
Other liabilities	230,557	1,600	18,377	208,893	1,687	
<b>Total equity</b>	<b>9,726,263</b>	<b>2,425,601</b>	<b>2,415,402</b>	<b>4,764,751</b>	<b>120,509</b>	
<b>Total liabilities and equity</b>	<b>81,712,310</b>	<b>46,733,339</b>	<b>21,195,460</b>	<b>11,242,400</b>	<b>2,541,111</b>	



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**18. Segment reporting (continued)**

in RON thousands	31.12.2020				Bank
	Bank	Retail	Corporates	ALM & Local Corporate Center	GM
<b>Assets</b>					
Cash and cash balances	10,193,736	5,083,286	-	5,075,674	34,776
Financial assets held for trading	1,248,822	-	72	27,008	1,221,742
Derivatives	39,891	-	72	27,008	12,811
Other financial assets held for trading	1,208,931	-	-	-	1,208,931
Non-trading financial assets mandatorily at fair value through profit or loss	104,504	29,886	1,925	72,693	-
Equity instruments	74,798	29,886	-	44,912	-
Debt securities	27,781	-	-	27,781	-
Loans and advances to customers	1,925	-	1,925	-	-
Financial assets at fair value through other comprehensive income	7,511,525	-	5,483	7,506,042	-
Debt securities	7,511,525	-	5,483	7,506,042	-
Financial assets at amortised cost	57,372,656	25,016,268	14,938,431	16,933,850	484,107
Debt securities	13,986,991	-	210,697	13,776,294	-
Loans and advances to banks	2,026,208	-	-	1,549,103	477,105
Loans and advances to customers	41,359,457	25,016,268	14,727,734	1,608,453	7,002
Finance lease receivables	15,106	-	-	15,106	-
Property and equipment	803,005	-	-	803,005	-
Investment property	171,860	-	-	171,860	-
Intangible assets	339,662	-	-	339,662	-
Investments in joint ventures and associates	33,470	-	-	33,470	-
Current tax assets	227,831	-	-	227,831	-
Deferred tax assets	165,784	-	-	165,784	-
Assets held for sale	192,247	-	-	192,247	-
Trade and other receivables	548,097	3,998	306,080	224,975	13,044
Investments in subsidiaries	448,521	-	-	448,521	-
Other assets	161,407	25,800	378	135,221	8
<b>Total assets</b>	<b>79,538,233</b>	<b>30,159,238</b>	<b>15,252,369</b>	<b>32,372,949</b>	<b>1,753,677</b>
<b>Liabilities and Equity</b>					
Financial liabilities held for trading	52,051	-	-	34,229	17,822
Derivatives	52,051	-	-	34,229	17,822
Financial liabilities measured at amortised cost	68,527,999	42,794,767	19,289,718	4,096,945	2,346,569
Deposits from banks	3,579,224	579	207	2,679,365	899,073
Deposits from customers	63,591,718	42,703,613	19,221,561	285,457	1,381,087
Debt securities issued	614,801	-	-	614,801	-
Other financial liabilities	742,256	90,575	67,950	517,322	66,409
Finance lease liabilities	426,424	-	-	426,424	-
Provisions	1,145,984	503,808	367,193	273,905	1,078
Other liabilities	234,409	965	18,346	213,482	1,616
<b>Total equity</b>	<b>9,151,366</b>	<b>2,337,538</b>	<b>2,049,855</b>	<b>4,632,405</b>	<b>131,568</b>
<b>Total liabilities and equity</b>	<b>79,538,233</b>	<b>45,637,078</b>	<b>21,725,112</b>	<b>9,677,390</b>	<b>2,498,653</b>



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### 19. Related-party transactions and principal shareholders

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

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

#### Transactions with parent

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

#### Transactions with management

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

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

#### Transactions with subsidiaries

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

The following transactions were carried out with related parties:

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

Balances and off-balance exposures with related parties	Group								
	in RON thousands	30.06.2021				31.12.2020			
		Parent	Associates	Key management personnel	Other related parties	Parent	Associates	Key management personnel	Other related parties
<b>Total assets</b>	<b>548,390</b>	<b>118,393</b>	<b>7,631</b>	<b>94,113</b>	<b>269,217</b>	<b>88,417</b>	<b>8,364</b>	<b>86,891</b>	
Cash and cash equivalents	89,799	-	-	525	202,688	-	-	1,390	
Derivative financial instruments	6,465	-	-	-	4,142	-	-	-	
Equity investments	-	33,470	-	25,461	-	33,470	-	27,828	
<b>Loans and advances</b>	<b>431,246</b>	<b>83,677</b>	<b>7,631</b>	<b>57,839</b>	<b>31,279</b>	<b>48,634</b>	<b>8,364</b>	<b>38,383</b>	
Loans and advances to banks	431,246	-	-	28,966	31,279	-	-	31,906	
Loans and advances to customers	-	83,677	7,631	28,873	-	48,634	8,364	6,477	
Trade and other receivables	20,880	-	-	6,073	31,108	-	-	7,211	
Finance lease receivables	-	1,246	-	2,769	-	2,372	-	2,950	
Other assets	-	-	-	1,447	-	3,941	-	9,129	
<b>Total liabilities</b>	<b>2,025,163</b>	<b>13,529</b>	<b>4,954</b>	<b>288,143</b>	<b>3,090,420</b>	<b>27,960</b>	<b>8,897</b>	<b>263,094</b>	
<b>Deposits</b>	<b>1,994,847</b>	<b>13,529</b>	<b>4,951</b>	<b>217,549</b>	<b>3,051,425</b>	<b>27,960</b>	<b>8,867</b>	<b>178,450</b>	
Deposits from banks	329,637	-	-	30,791	731,642	-	-	44	
Deposits from customers	-	13,529	4,951	186,758	-	27,960	8,867	178,406	
Borrowings and financing lines	565,191	-	-	-	1,232,523	-	-	-	
Subordinated loans	1,100,020	-	-	-	1,087,260	-	-	-	
Derivative financial instruments	26,043	-	-	-	34,437	-	-	-	
Other liabilities	4,273	-	3	70,593	4,558	-	30	84,644	
<b>Loans commitments, financial guarantees and other commitments given -Irrevocable [notional amount]</b>	<b>1,746</b>	<b>14,780</b>	<b>-</b>	<b>44,676</b>	<b>450</b>	<b>-</b>	<b>523</b>	<b>22,490</b>	
<b>Loans commitments, financial guarantees and other commitments given -Revocable [notional amount]</b>	<b>13,888</b>	<b>41,619</b>	<b>298</b>	<b>98,818</b>	<b>69,350</b>	<b>81,892</b>	<b>-</b>	<b>77,394</b>	
of which: defaulted	-	-	-	-	-	-	-	-	
<b>Loan commitments, financial guarantees and other commitments received</b>	<b>246,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Derivatives [notional amount]</b>	<b>5,880,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,581,023</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Expenses and income generated by transactions with related parties	Group								
	in RON thousands	30.06.2021				30.06.2020			
		Parent	Associates	Key management personnel	Other related parties	Parent	Associates	Key management personnel	Other related parties
Interest income	2,362	1,099	137	582	12,143	525	179	498	
Interest expenses	(29,624)	(114)	(5)	(334)	(33,831)	(587)	(4)	(664)	
Dividend income	-	435	-	2,060	-	-	-	2,367	
Fee and commission income	1,205	36	14	51,282	2,702	23	15	43,285	
Fee and commission expenses	(4,021)	-	-	(611)	(4,138)	-	-	(353)	
<b>Profit before tax income/(expense)</b>	<b>(30,078)</b>	<b>1,456</b>	<b>146</b>	<b>52,979</b>	<b>(23,125)</b>	<b>(39)</b>	<b>190</b>	<b>45,133</b>	





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

Balances and off-balance exposures with related parties											Bank
in RON thousands	30.06.2021					31.12.2020					
	Parent	Subsidiaries	Associates	Key management personnel	Other related parties	Parent	Subsidiaries	Associates	Key management personnel	Other related parties	
<b>Total assets</b>	<b>497,860</b>	<b>2,545,983</b>	<b>118,393</b>	<b>7,631</b>	<b>92,673</b>	<b>138,309</b>	<b>2,019,857</b>	<b>88,417</b>	<b>8,364</b>	<b>86,804</b>	
Cash and cash equivalents	39,269	-	-	-	525	71,780	-	-	-	1,390	
Derivative financial instruments	6,465	-	-	-	-	4,142	-	-	-	-	
Equity investments	-	448,521	33,470	-	25,461	-	448,521	33,470	-	27,828	
<b>Loans and advances</b>	<b>431,246</b>	<b>2,084,098</b>	<b>83,677</b>	<b>7,631</b>	<b>57,839</b>	<b>31,279</b>	<b>1,558,228</b>	<b>48,634</b>	<b>8,364</b>	<b>38,374</b>	
Loans and advances with credit institutions	431,246	387	-	-	28,966	31,279	660	-	-	31,906	
Loans and advances with customers	-	2,083,711	83,677	7,631	28,873	-	1,557,568	48,634	8,364	6,468	
Trade and other receivables	20,880	163	-	-	6,073	31,108	164	-	-	7,211	
Finance lease receivables	-	8,766	1,246	-	2,769	-	9,783	2,372	-	2,950	
Right of use assets	-	2,831	-	-	-	-	1,819	-	-	-	
Other assets	-	1,604	-	0	7	-	1,342	3,941	-	9,051	
<b>Total liabilities</b>	<b>1,656,109</b>	<b>1,716,363</b>	<b>13,529</b>	<b>4,954</b>	<b>268,799</b>	<b>1,555,906</b>	<b>1,326,605</b>	<b>27,960</b>	<b>8,897</b>	<b>258,387</b>	
<b>Deposits</b>	<b>1,625,793</b>	<b>1,716,031</b>	<b>13,529</b>	<b>4,951</b>	<b>217,549</b>	<b>1,516,911</b>	<b>1,323,564</b>	<b>27,960</b>	<b>8,867</b>	<b>178,450</b>	
Deposits by banks	327,722	1,466,719	-	-	30,791	223,590	1,020,535	-	-	44	
Deposits by customers	-	249,312	13,529	4,951	186,758	-	303,029	27,960	8,867	178,406	
Borrowings and financing lines	198,051	-	-	-	-	206,061	-	-	-	-	
Subordinated loans	1,100,020	-	-	-	-	1,087,260	-	-	-	-	
Derivative financial instruments	26,043	-	-	-	-	34,437	-	-	-	-	
Finance lease receivables	-	3,006	-	-	-	-	1,998	-	-	-	
Other liabilities	4,273	332	-	3	51,249	4,558	1,043	-	30	79,937	
Loans commitments, financial guarantees and other commitments given - Irrevocable [notional amount]	1,746	68,147	14,780	-	44,676	450	110,512	-	523	22,490	
Loans commitments, financial guarantees and other commitments given - Revocable [notional amount]	13,888	977,726	41,619	298	98,818	69,350	529,063	81,892	-	77,394	
Loan commitments, financial guarantees and other commitments received	246,335	-	-	-	-	243,470	-	-	-	-	
Derivatives [notional amount]	5,880,366	-	-	-	-	4,581,023	-	-	-	-	
Accumulated impairment, accumulated changes in fair value due to credit risk and provisions on non-performing exposures	-	70,911	-	-	-	-	71,245	-	-	-	

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

## **20. Fair value of financial assets and liabilities**

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

### **Level 1 of the fair value hierarchy**

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

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

### **Level 2 of the fair value hierarchy**

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

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

### **Level 3 of the fair value hierarchy**

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

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

**20. Fair value of financial assets and liabilities (continued)**

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

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

in RON thousands						30.06.2021				
	Group					Bank				
	Carrying amount	Fair value	Fair value hierarchy			Carrying amount	Fair value	Fair value hierarchy		
Level 1			Level 2	Level 3	Level 1			Level 2	Level 3	
<b>Assets</b>										
Cash and cash balances	10,851,882	10,851,882	10,851,882	-	-	10,628,215	10,628,215	10,628,215	-	-
Financial assets at amortised cost	58,503,245	60,288,800	14,307,688	313,316	45,667,796	58,949,589	60,759,233	14,228,206	207,889	46,323,138
Loans and advances to banks	1,308,921	1,310,062	-	-	1,310,062	1,308,807	1,309,949	-	-	1,309,949
Loans and advances to customers	42,976,869	44,356,769	-	-	44,356,769	43,601,111	45,012,224	-	-	45,012,224
Debt securities	14,217,455	14,621,969	14,307,688	313,316	965	14,039,671	14,437,060	14,228,206	207,889	965
Finance lease receivables	1,393,084	1,393,084	-	-	1,393,084	12,781	12,781	-	-	12,781
Trade and other receivables	500,962	517,713	-	-	517,713	485,703	498,413	-	-	498,413
<b>Liabilities</b>										
Financial liabilities measured at amortised cost	70,382,127	70,231,608	-	1,726,130	68,505,478	70,010,897	69,870,310	-	1,726,130	68,144,180
Deposits from banks	3,042,403	3,053,187	-	-	3,053,187	3,749,866	3,770,575	-	-	3,770,575
Deposits from customers	64,712,545	64,460,636	-	-	64,460,636	63,648,415	63,396,513	-	-	63,396,513
Debt securities in issue	1,635,524	1,726,130	-	1,726,130	-	1,635,524	1,726,130	-	1,726,130	-
Other financial liabilities	991,655	991,655	-	-	991,655	977,092	977,092	-	-	977,092
Finance lease liabilities	432,852	432,852	-	-	432,852	432,329	432,329	-	-	432,329

20. Fair value of financial assets and liabilities (*continued*)

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

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

## 20. Fair value of financial assets and liabilities (continued)

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

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

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

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

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

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

in RON thousands	Group							
	Quoted market prices in active markets Level 1		Marked to model based on observable market data Level 2		Marked to model based on non-observable inputs Level 3		Total	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
<b>Assets</b>								
Financial assets held for trading	557,740	1,062,340	454,659	185,081	1,156	1,401	1,013,555	1,248,822
Derivatives	-	-	39,856	38,490	1,156	1,401	41,012	39,891
Other financial assets held for trading	557,740	1,062,340	414,803	146,591	-	-	972,543	1,208,931
<b>Non-trading financial assets at fair value through profit or loss</b>	<b>2,891</b>	<b>40,726</b>	<b>-</b>	<b>-</b>	<b>65,239</b>	<b>64,013</b>	<b>68,130</b>	<b>104,739</b>
Equity instruments	2,891	40,726	-	-	32,347	34,307	35,238	75,033
Debt securities	-	-	-	-	31,286	27,781	31,286	27,781
Loans and advances	-	-	-	-	1,606	1,925	1,606	1,925
<b>Financial assets at fair value through other comprehensive income</b>	<b>7,879,545</b>	<b>7,416,019</b>	<b>406,949</b>	<b>90,986</b>	<b>21,677</b>	<b>29,121</b>	<b>8,308,171</b>	<b>7,536,126</b>
Debt securities	7,879,545	7,416,019	406,949	90,986	21,677	29,121	8,308,171	7,536,126
<b>Total assets</b>	<b>8,440,176</b>	<b>8,519,085</b>	<b>861,608</b>	<b>276,067</b>	<b>88,072</b>	<b>94,535</b>	<b>9,389,856</b>	<b>8,889,687</b>
<b>Liabilities</b>								
Financial liabilities - held for trading	-	-	35,597	52,051	-	-	35,597	52,051
Derivatives	-	-	35,597	52,051	-	-	35,597	52,051
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>35,597</b>	<b>52,051</b>	<b>-</b>	<b>-</b>	<b>35,597</b>	<b>52,051</b>

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

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

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

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

Financial assets at fair value through other comprehensive income includes:

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

**20.3. Valuation of level 3 financial instruments**

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

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

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

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

**20. Fair value of financial assets and liabilities (continued)**

**20.3. Valuation of level 3 financial instruments (continued)**

**Movements in Level 3 of financial instruments carried at fair value**

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

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

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

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

## 21. Legal claims and contingent liabilities

### Legal claims

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

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

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

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

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

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

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

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

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

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

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

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

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



## **21. Legal claims and contingent liabilities (continued)**

### **BFP Litigation**

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

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

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

### **Tax related litigations**

#### **Transfer prices and related withholding tax (WHT)**

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

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

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

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

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

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

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

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

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

## 21. Legal claims and contingent liabilities *(continued)*

### Impairment of subsidiaries

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

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

According to the external consultants and lawyers' opinion and based on the available information and analysis, the Bank's Management appreciates that there are more likely than not chances for a favourable solution against the Romanian tax authorities.

Based on specialists' opinion mentioned above and the provisions of IAS 12 - Income Taxes, the Bank recognized in 2017 an asset of the nature of the profit tax, in relation to the expenses with the impairment of shares in subsidiaries booked for the period 2012 – 2015.

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

## 22. Subsequent events

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

### AUTHORISED PERSON

Name and first name

Signature

Executive Vice-President

Elke Meier

**Elke Meier** Digitally signed by  
Elke Meier  
Date: 2021.08.10  
17:45:06 +02'00'

### AUTHORISED PERSON

Name and first name

Signature

Executive Director Accounting Division

Gina Badea

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