



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

30 June 2022

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

Lei Code: 549300ORLU6LN5YD8X90

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STATEMENT

regarding the Administrators Report for the first semester of 2022

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

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Executive Vice-President,

Elke Meier

Elke Meier

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STATEMENT OF PROFIT OR LOSS
Consolidated and Separate
As of 30 June 2022

Statement of profit or loss

	Notes	Group		Bank	
in RON thousands		30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net interest income	10	1,362,474	1,196,032	1,287,072	1,140,572
Interest income		1,673,543	1,329,770	1,636,498	1,293,997
Other similar income		33,345	29,546	1,649	870
Interest expense		(332,795)	(153,469)	(339,566)	(144,514)
Other similar expense		(11,619)	(9,815)	(11,509)	(9,781)
Net fee and commission income	11	451,333	383,774	427,270	353,750
Fee and commission income		585,905	499,389	557,081	463,744
Fee and commission expense		(134,572)	(115,615)	(129,811)	(109,994)
Dividend income		2,403	3,148	25,408	4,243
Net trading result	12	299,759	171,466	290,019	171,126
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss		2,754	2,649	2,754	2,649
Net result from equity method investments		(120)	385	-	-
Rental income from investment properties and other operating leases		50,923	56,838	2,577	2,981
Personnel expenses	13	(415,687)	(384,272)	(384,755)	(355,103)
Other administrative expenses	13	(359,063)	(302,486)	(352,903)	(297,273)
Depreciation and amortisation	13	(126,669)	(115,018)	(100,465)	(109,809)
Net impairment loss on financial instruments	14	(209,428)	(77,234)	(201,183)	(59,522)
Other operating result	15	184,206	(91,588)	167,024	(56,367)
Pre-tax result from continuing operations		1,242,885	843,694	1,162,818	797,247
Taxes on income	16	(200,804)	(152,885)	(188,717)	(145,641)
Net result for the period		1,042,081	690,809	974,101	651,606
Attributable to non-controlling interests		11	2	-	-
Attributable to owners of the parent		1,042,070	690,807	974,101	651,606

The interim condensed separate and consolidated financial statements were approved by the Supervisory Board on August 11, 2022.

AUTHORISED PERSON
Name and first name
Signature
Executive Vice-President

Elke Meier

AUTHORISED PERSON
Name and first name
Signature
Executive Director Accounting Division

Gina Badea

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STATEMENT OF OTHER COMPREHENSIVE INCOME

Consolidated and Separate

As of 30 June 2022

Statement of other comprehensive income

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net result for the period	1.042.081	690.809	974.101	651.606
Actuarial gains/(losses) on defined benefit pension plans	-	86	-	-
Deferred taxes relating to items that may not be reclassified	-	(14)	-	-
Total items that cannot be reclassified to profit or loss	-	72	-	-
Items that may be reclassified to profit or loss				
Debt instruments at fair value through other comprehensive income	(426.519)	(3.851)	(428.754)	(5.869)
Currency translation reserve	(145)	(150)	-	-
Deferred taxes relating to items that may be reclassified	68.332	697	68.601	939
Total items that may be reclassified to profit or loss	(358.332)	(3.304)	(360.153)	(4.930)
Total other comprehensive income	(358.332)	(3.232)	(360.153)	(4.930)
Total comprehensive income	683.749	687.577	613.948	646.676
Total comprehensive income attributable to non-controlling interests	11	2	-	-
Total comprehensive income attributable to owners of the parent	683.738	687.575	613.948	646.676

The interim condensed separate and consolidated financial statements were approved by the Supervisory Board on August 11, 2022.

AUTHORISED PERSON
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Signature
Executive Vice-President

Elke Meier

Elke Meier

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AUTHORISED PERSON
Name and first name
Signature
Executive Director Accounting Division

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BCR 
STATEMENT OF FINANCIAL POSITION
 Consolidated and Separate
 As of 30 June 2022

Statement of financial position

in RON thousands	Notes	Group		Bank	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
Assets					
Cash and cash balances	3	13,572,066	13,317,439	13,344,230	13,069,516
Financial assets held for trading		105,043	1,704,540	105,043	1,704,540
Derivatives		86,054	23,994	86,054	23,994
Other financial assets held for trading		18,989	1,680,546	18,989	1,680,546
Non-trading financial assets mandatorily at fair value through profit or loss		68,210	65,753	67,960	65,502
Equity instruments		38,658	35,121	38,408	34,870
Debt securities		29,552	30,632	29,552	30,632
Financial assets at fair value through other comprehensive income	4	8,447,644	7,834,955	8,369,990	7,805,091
<i>thereof pledged as collateral</i>		2,747	-	2,747	-
Debt securities		8,447,644	7,834,955	8,369,990	7,805,091
Financial assets at amortised cost	5	66,085,992	62,702,857	66,979,335	63,381,929
Debt securities		15,087,079	15,570,473	14,918,910	15,382,134
<i>thereof pledged as collateral</i>		92,610	210,331	751,366	1,425,072
Loans and advances to credit institutions		792,522	1,362,313	785,155	1,362,004
Loans and advances with customers		50,206,391	45,770,071	51,275,270	46,637,791
Finance lease receivables		1,552,592	1,445,231	9,898	11,240
Property and equipment		1,027,070	1,094,606	787,291	820,178
Investment property		142,905	150,223	142,905	150,223
Intangible assets		362,316	361,674	347,675	349,068
Investments in joint ventures and associates		42,226	42,109	33,470	33,470
Current tax assets		228,246	185,406	225,526	182,155
Deferred tax assets		226,558	200,946	215,879	194,629
Assets held for sale		215,975	227,730	14,909	9,153
Trade and other receivables		872,554	653,237	845,040	631,610
Investments in subsidiaries		-	-	518,464	518,464
Other assets		330,396	268,413	180,580	163,730
Total assets		93,279,793	90,255,119	92,188,195	89,090,498

in RON thousands		Group		Bank	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
Liabilities and Equity					
Financial liabilities held for trading		72,948	22,343	72,948	22,359
Derivatives		72,948	22,343	72,948	22,359
Financial liabilities measured at amortised cost		81,736,972	77,835,634	81,198,823	77,617,727
Deposits by banks	6	6,255,401	1,783,539	6,412,366	2,320,172
Deposits by customers	7	70,476,357	72,458,416	69,800,551	71,721,511
Debt securities issued	8	3,822,025	2,733,120	3,822,025	2,733,120
Other financial liabilities		1,183,189	860,559	1,163,881	842,924
Lease liabilities		425,285	435,710	424,803	435,710
Provisions	9	1,128,261	1,793,931	962,134	1,149,254
Current tax liabilities		100,279	48,764	94,115	45,104
Deferred tax liabilities		19,620	14,317	-	-
Other liabilities		356,779	383,978	299,111	333,489
Total equity		9,439,649	9,720,442	9,136,261	9,486,855
Attributable to non-controlling interests		61	50	-	-
Attributable to owners of the parent		9,439,588	9,720,392	9,136,261	9,486,855
Share capital		2,952,565	2,952,565	2,952,565	2,952,565
Retained earnings		5,200,165	5,143,334	4,889,630	4,900,768
Other reserves		1,286,858	1,624,493	1,294,066	1,633,522
Total liabilities and equity		93,279,793	90,255,119	92,188,195	89,090,498

The interim condensed separate and consolidated financial statements were approved by the Supervisory Board on August 11, 2022.

AUTHORISED PERSON
 Name and first name
 Signature
 Executive Vice-President

Elke Meier

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 Signature
 Executive Director Accounting Division

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STATEMENT OF CHANGES IN EQUITY
 Consolidated and Separate
 As of 30 June 2022

Statement of changes in equity

	30.06.2022										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 01.01.2022	2,952,565	395,483	5,143,334	1,222,377	(58,778)	(10,264)	78,822	(3,147)	9,720,392	50	9,720,442
Transfers from RE to other reserves	-	-	(20,697)	20,697	-	-	-	-	-	-	-
Dividends paid	-	-	(964,542)	-	-	-	-	-	(964,542)	-	(964,542)
Total comprehensive income	-	-	1,042,070	-	(426,519)	(145)	-	68,332	683,738	11	683,749
Net result for the period	-	-	1,042,070	-	-	-	-	-	1,042,070	11	1,042,081
Other comprehensive income	-	-	-	-	(426,519)	(145)	-	68,332	(358,332)	-	(358,332)
Total equity as of 30.06.2022	2,952,565	395,483	5,200,165	1,243,074	(485,297)	(10,409)	78,822	65,185	9,439,588	61	9,439,649

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



BCR
STATEMENT OF CHANGES IN EQUITY
 Consolidated and Separate
 As of 30 June 2022

Statement of changes in equity (continued)

	30.06.2022										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 01.01.2022	2,952,565	395,483	4,900,768	1,222,377	(60,179)	-	78,822	(2,981)	9,486,855	-	9,486,855
Transfers from RE to other reserves	-	-	(20,697)	20,697	-	-	-	-	-	-	-
Dividends paid	-	-	(964,542)	-	-	-	-	-	(964,542)	-	(964,542)
Total comprehensive income	-	-	974,101	-	(428,754)	-	-	68,601	613,948	-	613,948
Net result for the period	-	-	974,101	-	-	-	-	-	974,101	-	974,101
Other comprehensive income	-	-	-	-	(428,754)	-	-	68,601	(360,153)	-	(360,153)
Total equity as of 30.06.2022	2,952,565	395,483	4,889,630	1,243,074	(488,933)	-	78,822	65,620	9,136,261	-	9,136,261

	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	646,675	-	646,675
Net result for the period	-	-	651,606	-	-	-	-	-	651,606	-	651,606
Other comprehensive income	-	-	-	-	(5,869)	-	-	939	(4,931)	-	(4,931)
Total equity as of 30.06.2021	2,952,565	395,483	4,974,604	1,222,377	148,665	-	67,088	(34,519)	9,726,262	-	9,726,262



BCR
STATEMENT OF CASH FLOW
Consolidated and Separate
As of 30 June 2022

Statement of cash flows

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net result for the period	1,042,081	690,809	974,101	651,606
Non-cash adjustments for items in net profit/(loss) for the year				
Depreciation, amortisation of assets	126,669	115,018	100,465	109,809
Allocation to and release of impairment of loans	174,281	50,869	185,761	39,901
Gains/(losses) from the sale of tangible, intangible assets and assets held for sale	-	(93,641)	-	(18,296)
Other provisions	(312,769)	34,588	(292,098)	66,397
Impairment tangible and intangible assets	-	44,510	-	125
Interest income received from investing activities	(245,379)	(325,592)	(240,598)	(317,765)
Interest expense paid for financing activities	91,947	102,696	89,628	38,781
Dividend income from investing activities	-	-	(23,063)	(1,157)
Other adjustments	(5,831)	(34,815)	(11,927)	2,172
Changes in assets and liabilities from operating activities after adjustment for non-cash components				
Financial assets - held for trading	1,661,557	236,389	1,661,557	236,389
Financial assets - at fair value through profit or loss	-	319	-	319
Financial assets at fair value through other comprehensive income	(1,095,910)	(775,897)	(1,050,355)	(735,662)
Financial assets at amortised cost				
Loans and advances to banks	569,791	719,100	576,849	718,940
Loans and advances to customers	(4,829,999)	(1,829,784)	(5,036,669)	(2,220,601)
Finance lease receivables	(107,361)	(91,703)	1,342	2,324
Other assets from operating activities	(62,028)	81,903	(16,847)	97,976
Deposits from banks	4,848,958	(217,234)	4,706,617	318,311
Deposits from customers	(1,982,059)	(164,229)	(1,920,960)	56,697
Other financial liabilities	322,630	242,919	320,957	234,836
Other liabilities from operating activities	7,329	36,364	382	48,724
Cash flow from operating activities	203,907	(1,177,410)	25,142	(670,174)
Proceeds of disposal				
Debt securities at amortised cost	1,658,888	1,867,749	1,490,594	919,974
Property and equipment, intangible assets, investment properties and assets held for sale	49,056	201,176	16,318	190,705
Acquisition of				
Debt securities at amortised cost	(868,311)	(1,257,310)	(760,046)	(972,754)
Property and equipment, intangible assets and investment properties	(248,272)	(37,395)	(221,916)	(40,654)
Interest received from investing activities	276,120	325,592	271,338	317,765
Dividends received from investing activities	-	-	23,063	1,157
Cash flow from investing activities	867,481	1,099,813	819,351	416,194
Repayment of principal of lease liabilities (IFRS 16)	(45,187)	(50,787)	(45,669)	(52,578)
Dividends paid to equity holders of the parent	(963,452)	(71,695)	(963,452)	(71,695)
Dividends paid to non-controlling interests	(1,090)	(84)	(1,090)	(84)
Debt securities issued	1,053,000	1,000,000	1,053,000	1,000,000
Outflows from other financing activities	(768,085)	(456,258)	(522,940)	(160,205)
Interest expense paid for financing activities	(91,947)	(29,896)	(89,628)	(26,979)
Other financing activities	(79,216)	(6,599)	(76,897)	(3,682)
Subordinated loans	(12,731)	(23,297)	(12,731)	(23,297)
Cash flow from financing activities	(816,761)	391,280	(569,779)	688,459
Cash and cash equivalents at beginning of period	13,317,439	10,538,199	13,069,516	10,193,736
Cash flow from operating activities	203,907	(1,177,410)	25,142	(670,174)
Cash flow from investing activities	867,481	1,099,813	819,351	416,194
Cash flow from financing activities	(816,761)	391,280	(569,779)	688,459
Cash and cash equivalents at end of period	13,572,066	10,851,882	13,344,230	10,628,215

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 2022, Erste Bank purchased further 38.0074% from employees and other shareholders of the Bank, adding up to 99.8874%. 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 2022, the Bank’s shareholders were the following:

	30.06.2022		31.12.2021	
	Number of shares	Percentage holding (%)	Number of shares	Percentage holding (%)
Erste Group Bank AG	16.235.121.459	99,8874%	16.235.046.977	99,8870%
Societatea de Investitii Financiare (“SIF”) „Banat Crisana”	1	0,0000%	1	0,0000%
Societatea de Investitii Financiare (“SIF”) „Murtenia”	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	18.054.183	0,1111%	18.128.665	0,1115%
Total	16.253.416.254	100,0000%	16.253.416.254	100,0000%

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

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

- Retail grouped into 11 geographical locations, including 323 branches;
- Corporate grouped into 7 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 2022 and 31 December 2021:

Company's name	Country of incorporation	Nature of the business	Shareholding		Gross Book Value	Net Book Value	Impairment
			30.06.2022	31.12.2021			
1 BCR Chisinau SA	Moldova	Banking	100.00%	100.00%	200,064	36,476	163,588
2 BCR Leasing IFN SA	Romania	Financial leasing	99.97%	99.97%	389,492	232,597	156,895
3 BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA	Romania	Pension Fund	99.99%	99.99%	269,820	247,491	22,329
4 BCR Banca pentru Locuinte SA	Romania	Housing loans	99.99%	99.99%	781,078	-	781,078
5 Suport Colect SRL	Romania	Workout	99.99%	99.99%	983,047	-	983,047
6 BCR Payments Services SRL	Romania	Payments transactions	99.99%	99.99%	1,900	1,900	-
7 BCR Fleet Management SRL*	Romania	Operational leasing	99.97%	99.97%	-	-	-

*Company held indirectly by BCR through BCR Leasing SA

In December 2021, the Management Board of BCR decided to declassify BCR Fleet Management from asset held for sale as the criteria for classification under IFRS 5 was not longer met. On the declassification date, the asset was recognized at the lower of i) its carrying amount prior to the asset or disposal group being classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognized if the asset or disposal group had not been classified as held for sale and ii) its recoverable amount at the date of the decision not to sell.

The difference between the recalculated value of the asset and its existing carrying amount is presented in the same income statement caption used to present any gain or loss recognized on classification as held for sale (Other Operating Result).

As of December 2021, the Management Board of BCR Fleet Management has evaluated the overall situation of the company and concluded that the appropriate approach is to prepare its financial statements for 2021 on a non-going concern basis because it intends to cease concluding new lease contract and consequently to wind down the remaining portfolio. This evaluation remain unchanged as of 30 June 2022.

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 2021.

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		30.06.2022		31.12.2021	Change
Euro (EUR)	1 : RON	4,9454	1 : RON	4,9481	-0,05%
US Dollar (USD)	1 : RON	4,7424	1 : RON	4,3707	8,50%

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 2021, except for a new derecognition trigger for financial instruments which was introduced referring to modifications of contractual terms and conditions, namely the modification which alters floating interest rate into fixed interest rate (such as Euribor-based interest rate into fixed interest rate, e.g. 2,0%) or vice versa for the entire remaining life of the financial asset.

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 determine 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 31.12.2021.

3. Cash and cash equivalents

in RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Cash on hand	5.745.643	6.137.542	5.724.268	6.113.158
Cash balances at central banks	7.672.932	6.871.273	7.530.383	6.745.581
Other demand deposits to credit institutions	153.491	308.624	89.579	210.777
Cash and cash balances	13.572.066	13.317.439	13.344.230	13.069.516

Mandatory reserve rates at 30 June 2022 were for RON 8% (December 2021: 8%) and for foreign currencies 5% (December 2021: 5%).

4. Financial assets at fair value through other comprehensive income

					30.06.2022				Group	
in RON thousands	Gross carrying amount				Credit loss allowances				Accumulated other fair value changes	Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Debt securities	8.940.444	5.206	-	8.945.650	(12.260)	(449)	-	(12.709)	(498.006)	8.447.644
Central banks	68.739	-	-	68.739	(3.225)	-	-	(3.225)	-	68.739
General governments	8.831.649	-	-	8.831.649	(9.035)	-	-	(9.035)	(497.752)	8.333.897
Credit institutions	40.056	-	-	40.056	-	-	-	-	-	40.056
Non-financial corporations	-	5.206	-	5.206	-	(449)	-	(449)	(254)	4.952
Total	8.940.444	5.206	-	8.945.650	(12.260)	(449)	-	(12.709)	(498.006)	8.447.644

					31.12.2021				Group	
in RON thousands	Gross carrying amount				Credit loss allowances				Accumulated other fair value changes	Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Debt securities	7.898.193	5.211	-	7.903.404	(8.953)	(718)	-	(9.671)	(68.449)	7.834.955
Central banks	29.283	-	-	29.283	(1.377)	-	-	(1.377)	1	29.284
General governments	7.868.909	-	-	7.868.909	(7.576)	-	-	(7.576)	(68.429)	7.800.480
Non-financial corporations	1	5.211	-	5.212	-	(718)	-	(718)	(21)	5.191
Total	7.898.193	5.211	-	7.903.404	(8.953)	(718)	-	(9.671)	(68.449)	7.834.955



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

Allowances for financial assets at fair value through other comprehensive income

	30.06.2022								Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(8.953)	(5.075)	1.961	(180)	-	-	-	(13)	(12.260)
Central banks	(1.377)	(1.843)	-	-	-	-	-	(5)	(3.225)
General governments	(7.576)	(3.232)	1.961	(180)	-	-	-	(8)	(9.035)
Stage 2	(718)	-	-	269	-	-	-	-	(449)
Non-financial corporations	(718)	-	-	269	-	-	-	-	(449)
Total allowances for debt securities	(9.671)	(5.075)	1.961	89	-	-	-	(13)	(12.709)

Allowances for financial assets at fair value through other comprehensive income

	31.12.2021								Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(8.235)	(4.266)	3.647	4	-	-	-	(103)	(8.953)
Central banks	(1.105)	(1.316)	1.105	-	-	-	-	(61)	(1.377)
General governments	(7.130)	(2.950)	2.542	4	-	-	-	(42)	(7.576)
Stage 2	(603)	-	-	(115)	-	-	-	-	(718)
Non-financial corporations	(603)	-	-	(115)	-	-	-	-	(718)
Total allowances for debt securities	(8.838)	(4.266)	3.647	(111)	-	-	-	(103)	(9.671)

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

						30.06.2022				Bank
in RON thousands	Gross carrying amount				Credit loss allowances				Accumulated other fair value changes	Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Debt securities	8.862.783	5.206	-	8.867.989	(8.617)	(449)	-	(9.066)	(497.999)	8.369.990
General governments	8.822.727	-	-	8.822.727	(8.617)	-	-	(8.617)	(497.745)	8.324.982
Credit institutions	40.056	-	-	40.056	-	-	-	-	-	40.056
Non-financial corporations	-	5.206	-	5.206	-	(449)	-	(449)	(254)	4.952
Total	8.862.783	5.206	-	8.867.989	(8.617)	(449)	-	(9.066)	(497.999)	8.369.990

						31.12.2021				Bank
in RON thousands	Gross carrying amount				Credit loss allowances				Accumulated other fair value changes	Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Debt securities	7.868.327	5.209	-	7.873.536	(7.548)	(718)	-	(8.266)	(68.445)	7.805.091
General governments	7.868.326	-	-	7.868.326	(7.548)	-	-	(7.548)	(68.426)	7.799.900
Non-financial corporations	1	5.209	-	5.210	-	(718)	-	(718)	(19)	5.191
Total	7.868.327	5.209	-	7.873.536	(7.548)	(718)	-	(8.266)	(68.445)	7.805.091

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

Allowances for financial assets at fair value through other comprehensive income									30.06.2022	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
Debt securities										
Stage 1	(7.548)	(1.448)	559	(182)	-	-	-	2	(8.617)	
General governments	(7.548)	(1.448)	559	(182)	-	-	-	2	(8.617)	
Stage 2	(718)	-	-	269	-	-	-	-	(449)	
Non-financial corporations	(718)	-	-	269	-	-	-	-	(449)	
Total allowances for debt securities	(8.266)	(1.448)	559	87	-	-	-	2	(9.066)	

Allowances for financial assets at fair value through other comprehensive income									31.12.2021	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
Debt securities										
Stage 1	(7.078)	(2.925)	2.491	5	-	-	-	(41)	(7.548)	
General governments	(7.078)	(2.925)	2.491	5	-	-	-	(41)	(7.548)	
Stage 2	(603)	-	-	(115)	-	-	-	-	(718)	
Non-financial corporations	(603)	-	-	(115)	-	-	-	-	(718)	
Total allowances for debt securities	(7.681)	(2.925)	2.491	(110)	-	-	-	(41)	(8.266)	

BCR 
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5. Financial assets at amortised cost

											30.06.2022	Group
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		
Debt securities	15.076.565	30.063	-	-	15.106.628	(19.316)	(233)	-	-	(19.549)	15.087.079	
General governments	15.076.565	30.063	-	-	15.106.628	(19.316)	(233)	-	-	(19.549)	15.087.079	
Loans and advances to banks	790.474	2.881	-	-	793.355	(785)	(48)	-	-	(833)	792.522	
Central banks	2.139	-	-	-	2.139	(603)	-	-	-	(603)	1.536	
Credit institutions	788.335	2.881	-	-	791.216	(182)	(48)	-	-	(230)	790.986	
Loans and advances to customers	40.932.407	10.077.869	1.733.072	251.745	52.995.093	(288.071)	(1.060.317)	(1.379.801)	(60.513)	(2.788.702)	50.206.391	
General governments	3.821.700	602.394	4.768	10.379	4.439.241	(3.133)	(10.087)	(3.893)	(1.022)	(18.135)	4.421.106	
Other financial corporations	940.915	184.602	8.263	-	1.133.780	(7.023)	(4.899)	(8.146)	-	(20.068)	1.113.712	
Non-financial corporations	13.772.340	3.717.037	773.399	43.985	18.306.761	(150.122)	(447.134)	(599.083)	(10.597)	(1.206.936)	17.099.825	
Households	22.397.452	5.573.836	946.642	197.381	29.115.311	(127.793)	(598.197)	(768.679)	(48.894)	(1.543.563)	27.571.748	
Total	56.799.446	10.110.813	1.733.072	251.745	68.895.076	(308.172)	(1.060.598)	(1.379.801)	(60.513)	(2.809.084)	66.085.992	

											31.12.2021	Group
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		
Debt securities	15.590.868	-	-	-	15.590.868	(20.395)	-	-	-	(20.395)	15.570.473	
General governments	15.590.868	-	-	-	15.590.868	(20.395)	-	-	-	(20.395)	15.570.473	
Loans and advances to banks	1.363.163	30	-	-	1.363.193	(878)	(2)	-	-	(880)	1.362.313	
Central banks	1.878	-	-	-	1.878	(657)	-	-	-	(657)	1.221	
Credit institutions	1.361.285	30	-	-	1.361.315	(221)	(2)	-	-	(223)	1.361.092	
Loans and advances to customers	37.165.190	9.206.913	1.743.671	272.041	48.387.815	(238.303)	(965.758)	(1.348.009)	(65.674)	(2.617.744)	45.770.071	
General governments	3.688.169	637.924	9.693	12.475	4.348.261	(2.775)	(9.220)	(8.908)	(2.161)	(23.064)	4.325.197	
Other financial corporations	150.699	19.757	8.273	-	178.729	(2.484)	(2.583)	(8.141)	-	(13.208)	165.521	
Non-financial corporations	11.847.079	3.214.456	783.899	47.856	15.893.290	(125.615)	(409.680)	(582.485)	(10.985)	(1.128.765)	14.764.525	
Households	21.479.243	5.334.776	941.806	211.710	27.967.535	(107.429)	(544.275)	(748.475)	(52.528)	(1.452.707)	26.514.828	
Total	54.119.221	9.206.943	1.743.671	272.041	65.341.876	(259.576)	(965.760)	(1.348.009)	(65.674)	(2.639.019)	62.702.857	

5. Financial assets at amortised cost (continued)

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

									30.06.2022	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
Debt securities										
Stage 1	(20.395)	(12.545)	7.533	6.094	10	-	-	(13)	(19.316)	
General governments	(20.395)	(12.545)	7.533	6.094	10	-	-	(13)	(19.316)	
Stage 2	-	-	-	-	(233)	-	-	-	(233)	
General governments	-	-	-	-	(233)	-	-	-	(233)	
Total allowances for debt securities	(20.395)	(12.545)	7.533	6.094	(223)	-	-	(13)	(19.549)	

									31.12.2021	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
Debt securities										
Stage 1	(19.086)	(9.719)	10.567	(2.557)	696	-	-	(296)	(20.395)	
General governments	(19.082)	(9.719)	10.563	(2.557)	696	-	-	(296)	(20.395)	
Credit institutions	(4)	-	4	-	-	-	-	-	-	
Stage 2	(585)	-	-	585	-	-	-	-	-	
General governments	(585)	-	-	585	-	-	-	-	-	
Stage 3	(406)	-	-	406	-	-	-	-	-	
General governments	(406)	-	-	406	-	-	-	-	-	
Total allowances for debt securities	(20.077)	(9.719)	10.567	(1.566)	696	-	-	(296)	(20.395)	



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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:

									30.06.2022	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
Loans and advances to banks										
Stage 1	(878)	(2.253)	2.297	52	1	-	-	(4)	(785)	
Central banks	(657)	-	-	54	-	-	-	-	(603)	
Credit institutions	(221)	(2.253)	2.297	(2)	1	-	-	(4)	(182)	
Stage 2	(2)	-	3	77	(44)	-	-	(82)	(48)	
Credit institutions	(2)	-	3	77	(44)	-	-	(82)	(48)	
Total allowances for loans and advances to banks	(880)	(2.253)	2.300	129	(43)	-	-	(86)	(833)	
									31.12.2021	Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
Loans and advances to banks										
Stage 1	(906)	(3.381)	4.179	(995)	232	-	-	(7)	(878)	
Central banks	-	-	-	(657)	-	-	-	-	(657)	
Credit institutions	(906)	(3.381)	4.179	(338)	232	-	-	(7)	(221)	
Stage 2	(110)	-	3	117	-	-	-	(12)	(2)	
Credit institutions	(110)	-	3	117	-	-	-	(12)	(2)	
Total allowances for loans and advances to banks	(1.016)	(3.381)	4.182	(878)	232	-	-	(19)	(880)	

5. Financial assets at amortised cost (continued)

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

	30.06.2022								Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to customers									
Stage 1	(238.303)	(83.670)	23.745	(14.788)	25.814	11	11	(891)	(288.071)
General governments	(2.775)	(61)	1	(363)	64	-	-	1	(3.133)
Other financial corporations	(2.484)	(1.398)	1	(517)	19	-	-	(2.644)	(7.023)
Non-financial corporations	(125.615)	(51.251)	18.172	(12.151)	18.984	-	-	1.739	(150.122)
Households	(107.429)	(30.960)	5.571	(1.757)	6.747	11	11	13	(127.793)
Stage 2	(965.758)	(16.246)	57.544	32.027	(166.925)	(1.411)	99	353	(1.060.317)
General governments	(9.220)	-	7	156	(1.057)	27	-	-	(10.087)
Other financial corporations	(2.583)	-	-	1.932	(25)	-	-	(4.223)	(4.899)
Non-financial corporations	(409.680)	(11.540)	32.161	16.128	(78.893)	183	-	4.507	(447.134)
Households	(544.275)	(4.706)	25.376	13.811	(86.950)	(1.621)	99	69	(598.197)
Stage 3	(1.348.009)	-	30.152	36.402	(134.611)	(47)	37.331	(1.019)	(1.379.801)
General governments	(8.908)	-	1.341	674	-	-	3.000	-	(3.893)
Other financial corporations	(8.141)	-	-	(9)	-	-	-	4	(8.146)
Non-financial corporations	(582.485)	-	6.532	16.883	(55.600)	11	16.731	(1.155)	(599.083)
Households	(748.475)	-	22.279	18.854	(79.011)	(58)	17.600	132	(768.679)
POCI	(65.674)	-	1.306	3.210	-	(59)	848	(144)	(60.513)
General governments	(2.161)	-	-	1.238	-	-	-	(99)	(1.022)
Non-financial corporations	(10.985)	-	-	385	-	(1)	-	4	(10.597)
Households	(52.528)	-	1.306	1.587	-	(58)	848	(49)	(48.894)
Total allowances for loans and advances to customers	(2.617.744)	(99.916)	112.747	56.851	(275.722)	(1.506)	38.289	(1.701)	(2.788.702)



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5. Financial assets at amortised cost (continued)

	31.12.2021								Group
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to customers									
Stage 1	(166.578)	(125.123)	52.048	(239.875)	244.242	-	3	(3.020)	(238.303)
General governments	(3.554)	(1.322)	1.580	(393)	922	-	-	(8)	(2.775)
Other financial corporations	(1.228)	(1.194)	100	107	3	-	-	(272)	(2.484)
Non-financial corporations	(100.882)	(83.213)	41.929	(34.092)	52.795	-	-	(2.152)	(125.615)
Households	(60.914)	(39.394)	8.439	(205.497)	190.522	-	3	(588)	(107.429)
Stage 2	(807.816)	(16.037)	110.266	446.626	(687.576)	(6.183)	46	(5.084)	(965.758)
General governments	(7.217)	-	691	4.800	(7.508)	14	-	-	(9.220)
Other financial corporations	(332)	-	248	139	(2.565)	-	-	(73)	(2.583)
Non-financial corporations	(326.642)	(13.279)	66.041	96.610	(229.048)	(242)	-	(3.120)	(409.680)
Households	(473.625)	(2.758)	43.286	345.077	(448.455)	(5.955)	46	(1.891)	(544.275)
Stage 3	(1.337.382)	-	74.595	(68.960)	(81.619)	(2.753)	81.314	(13.204)	(1.348.009)
General governments	(8.682)	-	4	(218)	-	(12)	-	-	(8.908)
Other financial corporations	(9.320)	-	11	1.313	-	-	-	(145)	(8.141)
Non-financial corporations	(608.341)	-	31.091	(23.795)	(15.996)	4.921	38.322	(8.687)	(582.485)
Households	(711.039)	-	43.489	(46.260)	(65.623)	(7.662)	42.992	(4.372)	(748.475)
POCI	(79.706)	-	6.098	4.173	-	15	4.803	(1.057)	(65.674)
General governments	(3.768)	-	-	1.767	-	(42)	-	(118)	(2.161)
Non-financial corporations	(10.418)	-	1.093	(2.124)	-	(38)	630	(128)	(10.985)
Households	(65.520)	-	5.005	4.530	-	95	4.173	(811)	(52.528)
Total allowances for loans and advances to customers	(2.391.482)	(141.160)	243.007	141.964	(524.953)	(8.921)	86.166	(22.365)	(2.617.744)

5. Financial assets at amortised cost (continued)

in RON thousands	Gross carrying amount					Credit loss allowances					30.06.2022	Bank
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Total	Carrying amount
Debt securities	14,903,856	30,062	-	-	14,933,918	(14,775)	(233)	-	-	(15,008)	14,918,910	
General governments	14,903,856	30,062	-	-	14,933,918	(14,775)	(233)	-	-	(15,008)	14,918,910	
Loans and advances to banks	782,693	3,380	70,029	-	856,102	(785)	(134)	(70,028)	-	(70,947)	785,155	
Central banks	2,139	-	-	-	2,139	(603)	-	-	-	(603)	1,536	
Credit institutions	780,554	3,380	70,029	-	853,963	(182)	(134)	(70,028)	-	(70,344)	783,619	
Loans and advances to customers	42,071,077	9,998,096	1,676,110	251,710	53,996,993	(269,485)	(1,053,154)	(1,338,571)	(60,513)	(2,721,723)	51,275,270	
General governments	3,821,700	602,394	4,768	10,379	4,439,241	(3,133)	(10,087)	(3,893)	(1,022)	(18,135)	4,421,106	
Other financial corporations	3,406,020	183,541	8,263	-	3,597,824	(10,054)	(4,834)	(8,146)	-	(23,034)	3,574,790	
Non-financial corporations	12,592,979	3,682,722	741,622	43,985	17,061,308	(129,382)	(442,627)	(581,542)	(10,597)	(1,164,148)	15,897,160	
Households	22,250,378	5,529,439	921,457	197,346	28,898,620	(126,916)	(595,606)	(744,990)	(48,894)	(1,516,406)	27,382,214	
Total	57,757,626	10,031,538	1,746,139	251,710	69,787,013	(285,045)	(1,053,521)	(1,408,599)	(60,513)	(2,807,678)	66,979,335	

in RON thousands	Gross carrying amount					Credit loss allowances					31.12.2021	Bank
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Total	Carrying amount
Debt securities	15,396,999	-	-	-	15,396,999	(14,865)	-	-	-	(14,865)	15,382,134	
General governments	15,396,999	-	-	-	15,396,999	(14,865)	-	-	-	(14,865)	15,382,134	
Loans and advances to banks	1,362,096	951	68,336	-	1,431,383	(878)	(165)	(68,336)	-	(69,379)	1,362,004	
Central banks	1,878	-	-	-	1,878	(657)	-	-	-	(657)	1,221	
Credit institutions	1,360,218	951	68,336	-	1,429,505	(221)	(165)	(68,336)	-	(68,722)	1,360,783	
Loans and advances to customers	38,089,744	9,148,547	1,674,713	272,005	49,185,009	(223,947)	(958,529)	(1,299,068)	(65,674)	(2,547,218)	46,637,791	
General governments	3,688,169	637,843	9,693	12,475	4,348,180	(2,775)	(9,219)	(8,908)	(2,161)	(23,063)	4,325,117	
Other financial corporations	2,221,211	18,163	8,273	-	2,247,647	(7,410)	(2,500)	(8,141)	-	(18,051)	2,229,596	
Non-financial corporations	10,855,094	3,199,838	743,036	47,856	14,845,824	(107,419)	(405,208)	(559,838)	(10,985)	(1,083,450)	13,762,374	
Households	21,325,270	5,292,703	913,711	211,674	27,743,358	(106,343)	(541,602)	(722,181)	(52,528)	(1,422,654)	26,320,704	
Total	54,848,839	9,149,498	1,743,049	272,005	66,013,391	(239,690)	(958,694)	(1,367,404)	(65,674)	(2,631,462)	63,381,929	

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5. Financial assets at amortised cost (continued)

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

	30.06.2022								Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(14,865)	(8,174)	2,729	5,523	10	-	-	2	(14,775)
General governments	(14,865)	(8,174)	2,729	5,523	10	-	-	2	(14,775)
Stage 2	-	-	-	-	(233)	-	-	-	(233)
General governments	-	-	-	-	(233)	-	-	-	(233)
Total allowances for debt securities	(14,865)	(8,174)	2,729	5,523	(223)	-	-	2	(15,008)

	31.12.2021								Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Debt securities									
Stage 1	(13,624)	(4,554)	5,169	(2,497)	696	-	-	(55)	(14,865)
General governments	(13,620)	(4,554)	5,165	(2,497)	696	-	-	(55)	(14,865)
Credit institutions	(4)	-	4	-	-	-	-	-	-
Stage 2	(585)	-	-	585	-	-	-	-	-
General governments	(585)	-	-	585	-	-	-	-	-
Stage 3	(406)	-	-	406	-	-	-	-	-
General governments	(406)	-	-	406	-	-	-	-	-
Total allowances for debt securities	(14,615)	(4,554)	5,169	(1,506)	696	-	-	(55)	(14,865)

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:

									30.06.2022	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
Loans and advances to banks										
Stage 1	(878)	(2,253)	2,297	52	1	-	-	(4)	(785)	
Central banks	(657)	-	-	54	-	-	-	-	(603)	
Credit institutions	(221)	(2,253)	2,297	(2)	1	-	-	(4)	(182)	
Stage 2	(165)	-	3	154	(44)	-	-	(82)	(134)	
Credit institutions	(165)	-	3	154	(44)	-	-	(82)	(134)	
Stage 3	(68,336)	-	1,750	(3,442)	-	-	-	-	(70,028)	
Credit institutions	(68,336)	-	1,750	(3,442)	-	-	-	-	(70,028)	
Total allowances for loans and advances to banks	(69,379)	(2,253)	4,050	(3,236)	(43)	-	-	(86)	(70,947)	

									31.12.2021	Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance	
Loans and advances to banks										
Stage 1	(906)	(3,382)	4,179	(994)	232	-	-	(7)	(878)	
Central banks	-	(1)	-	(656)	-	-	-	-	(657)	
Credit institutions	(906)	(3,381)	4,179	(338)	232	-	-	(7)	(221)	
Stage 2	(286)	-	3	129	-	-	-	(11)	(165)	
Credit institutions	(286)	-	3	129	-	-	-	(11)	(165)	
Stage 3	(66,591)	-	-	(1,745)	-	-	-	-	(68,336)	
Credit institutions	(66,591)	-	-	(1,745)	-	-	-	-	(68,336)	
Total allowances for loans and advances to banks	(67,783)	(3,382)	4,182	(2,610)	232	-	-	(18)	(69,379)	

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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 customers** are presented below:

	30.06.2022								Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to customers									
Stage 1	(223,947)	(76,678)	23,712	(16,762)	24,771	-	11	(592)	(269,485)
General governments	(2,775)	(61)	1	(363)	64	-	-	1	(3,133)
Other financial corporations	(7,410)	(1,268)	1	1,256	11	-	-	(2,644)	(10,054)
Non-financial corporations	(107,419)	(44,706)	18,166	(15,695)	18,227	-	-	2,045	(129,382)
Households	(106,343)	(30,643)	5,544	(1,960)	6,469	-	11	6	(126,916)
Stage 2	(958,529)	(16,246)	57,253	30,319	(164,739)	(1,404)	99	93	(1,053,154)
General governments	(9,219)	-	7	155	(1,057)	27	-	-	(10,087)
Other financial corporations	(2,500)	-	-	1,903	(14)	-	-	(4,223)	(4,834)
Non-financial corporations	(405,208)	(11,540)	31,909	14,836	(77,056)	183	-	4,249	(442,627)
Households	(541,602)	(4,706)	25,337	13,425	(86,612)	(1,614)	99	67	(595,606)
Stage 3	(1,299,068)	-	30,031	40,111	(133,645)	1	24,559	(560)	(1,338,571)
General governments	(8,908)	-	1,341	674	-	-	3,000	-	(3,893)
Other financial corporations	(8,141)	-	-	(9)	-	-	-	4	(8,146)
Non-financial corporations	(559,838)	-	6,527	21,182	(54,776)	11	6,015	(663)	(581,542)
Households	(722,181)	-	22,163	18,264	(78,869)	(10)	15,544	99	(744,990)
POCI	(65,674)	-	1,306	3,210	-	(59)	848	(144)	(60,513)
General governments	(2,161)	-	-	1,238	-	-	-	(99)	(1,022)
Non-financial corporations	(10,985)	-	-	385	-	(1)	-	4	(10,597)
Households	(52,528)	-	1,306	1,587	-	(58)	848	(49)	(48,894)
Total allowances for loans and advances to customers	(2,547,218)	(92,924)	112,302	56,878	(273,613)	(1,462)	25,517	(1,203)	(2,721,723)

5. Financial assets at amortised cost (continued)

	31.12.2021								Bank
in RON thousands	Opening balance	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between Stage 1 and Stages 2/3	Net changes due to modifications without derecognition	Decrease in allowance account due to write-offs	Exchange-rate and other changes (+/-)	Closing balance
Loans and advances to customers									
Stage 1	(153,345)	(115,072)	51,824	(248,106)	243,120	-	3	(2,371)	(223,947)
General governments	(3,554)	(1,322)	1,580	(393)	922	-	-	(8)	(2,775)
Other financial corporations	(3,091)	(1,073)	100	(3,079)	3	-	-	(270)	(7,410)
Non-financial corporations	(86,569)	(73,754)	41,801	(39,126)	51,818	-	-	(1,589)	(107,419)
Households	(60,131)	(38,923)	8,343	(205,508)	190,377	-	3	(504)	(106,343)
Stage 2	(807,957)	(16,036)	110,165	448,361	(681,765)	(6,151)	46	(5,192)	(958,529)
General governments	(7,217)	-	691	4,801	(7,508)	14	-	-	(9,219)
Other financial corporations	(332)	-	248	88	(2,504)	-	-	-	(2,500)
Non-financial corporations	(327,696)	(13,279)	66,004	98,197	(224,922)	(242)	-	(3,270)	(405,208)
Households	(472,712)	(2,757)	43,222	345,275	(446,831)	(5,923)	46	(1,922)	(541,602)
Stage 3	(1,282,405)	-	74,175	(60,905)	(80,922)	(2,750)	65,091	(11,352)	(1,299,068)
General governments	(8,682)	-	4	(218)	-	(12)	-	-	(8,908)
Other financial corporations	(9,320)	-	11	1,313	-	-	-	(145)	(8,141)
Non-financial corporations	(588,325)	-	31,091	(12,848)	(15,601)	4,921	28,265	(7,341)	(559,838)
Households	(676,078)	-	43,069	(49,152)	(65,321)	(7,659)	36,826	(3,866)	(722,181)
POCI	(79,706)	-	6,098	4,173	-	15	4,803	(1,057)	(65,674)
General governments	(3,768)	-	-	1,767	-	(42)	-	(118)	(2,161)
Non-financial corporations	(10,418)	-	1,093	(2,124)	-	(38)	630	(128)	(10,985)
Households	(65,520)	-	5,005	4,530	-	95	4,173	(811)	(52,528)
Total allowances for loans and advances to customers	(2,323,413)	(131,108)	242,262	143,523	(519,567)	(8,886)	69,943	(19,972)	(2,547,218)

6. Deposits from banks

in RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Current accounts / overnight deposits	5,300,079	260,229	5,316,145	273,372
Term deposits from other banks	887,539	1,019,346	464,753	404,498
Repurchase agreements	67,783	-	631,468	1,138,338
Deposits from banks	6,255,401	1,279,575	6,412,366	1,816,208
Subordinated loans	-	503,964	-	503,964
Total	6,255,401	1,783,539	6,412,366	2,320,172

7. Deposits from customers

in RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Overnight deposits	45,544,722	45,434,373	45,273,475	45,231,120
Savings deposits	1,414	1,467	-	-
Households	1,414	1,467	-	-
Non-savings deposits	45,543,308	45,432,906	45,273,475	45,231,120
General governments	3,163,814	3,468,443	3,163,814	3,468,443
Other financial corporations	1,699,179	1,772,394	1,743,578	1,849,329
Non-financial corporations	15,434,820	15,619,397	15,194,035	15,424,720
Households	25,245,495	24,572,672	25,172,048	24,488,628
Term deposits	24,931,635	27,024,043	24,527,076	26,490,391
Savings deposits	355,258	510,016	-	-
Households	355,258	510,016	-	-
Non-savings deposits	24,576,377	26,514,027	24,527,076	26,490,391
General governments	3,436,501	3,521,667	3,436,501	3,521,667
Other financial corporations	675,424	936,355	737,211	1,057,354
Non-financial corporations	6,688,069	6,370,508	6,718,484	6,379,911
Households	13,776,383	15,685,497	13,634,880	15,531,459
Deposits from customers	70,476,357	72,458,416	69,800,551	71,721,511
General governments	6,600,315	6,990,110	6,600,315	6,990,110
Other financial corporations	2,374,603	2,708,749	2,480,789	2,906,683
Non-financial corporations	22,122,889	21,989,905	21,912,519	21,804,631
Households	39,378,550	40,769,652	38,806,928	40,020,087

8. Debt securities issued

in RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Senior non-preferred bonds	3,304,217	2,227,709	3,304,217	2,227,709
Other debt securities issued	517,808	505,411	517,808	505,411
Debt securities issued	3,822,025	2,733,120	3,822,025	2,733,120

During 2022 the Bank issued senior non preferred bonds in amount of RON 1.053 bn in accordance with the approved strategy.

9. Provisions

in RON thousands	Group		Bank	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Long-term employee provisions	51,414	49,278	51,399	49,228
Pending legal issues	478,640	690,676	462,270	665,923
Commitments and guarantees given	285,787	231,972	293,432	237,938
Provisions for commitments and financial guarantees in Stage 1	53,055	47,139	54,786	48,251
Provisions for commitments and financial guarantees in Stage 2	153,215	107,957	159,109	112,811
Provisions for commitments and financial guarantees - Defaulted	79,517	76,876	79,537	76,876
Provisions for commitments and financial guarantees in Stage 3	79,246	76,361	79,266	76,361
Provisions for commitments and financial guarantees - POCI	271	515	271	515
Other provisions*	312,420	822,005	155,033	196,165
Provisions	1,128,261	1,793,931	962,134	1,149,254

* the decrease in other provisions is mainly related to the BpL Case as explained in Note 21

10. Net interest income

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Interest and other similar income				
Financial assets at amortised cost	1,567,116	1,232,071	1,534,213	1,197,152
Financial assets measured at fair value through other comprehensive income	106,427	97,699	102,285	96,845
Interest income	1,673,543	1,329,770	1,636,498	1,293,997
Non-trading financial assets at fair value through profit or loss	-	5	-	5
Financial assets - held for trading	-	242	-	242
Other assets and negative interest from financial liabilities	33,345	29,299	1,649	623
Other similar income	33,345	29,546	1,649	870
Total interest and other similar income	1,706,888	1,359,316	1,638,147	1,294,867
Interest and other similar expense				
Financial liabilities measured at amortised cost	(332,795)	(153,469)	(339,566)	(144,514)
Interest expenses	(332,795)	(153,469)	(339,566)	(144,514)
Financial liabilities - held for trading	-	(119)	-	(119)
Other liabilities	(8,852)	(7,833)	(8,742)	(7,799)
Negative Interest from financial assets	(2,767)	(1,863)	(2,767)	(1,863)
Other similar expenses	(11,619)	(9,815)	(11,509)	(9,781)
Total Interest and other similar expense	(344,414)	(163,284)	(351,075)	(154,295)
Net interest income	1,362,474	1,196,032	1,287,072	1,140,572
Thereof: interest-income on credit impaired financial assets	18,878	24,481	14,942	20,856

11. Net fees and commissions income

in RON thousands	Group				Bank			
	30.06.2022		30.06.2021		30.06.2022		30.06.2021	
	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses
Securities	37,959	(5,061)	17,950	(2,201)	37,959	(5,061)	17,950	(2,201)
Transfer orders	37,959	(5,061)	17,950	(2,201)	37,959	(5,061)	17,950	(2,201)
Clearing and settlement	4,518	(10,221)	3,621	(8,190)	4,529	(10,171)	3,626	(8,143)
Asset management	19,274	-	26,993	-	-	-	-	-
Custody	9,240	(2,692)	8,937	(2,533)	9,240	(1,505)	8,937	(1,672)
Payment services	357,715	(95,376)	314,444	(87,490)	354,851	(94,024)	311,921	(86,463)
Card business	125,594	(69,106)	101,414	(57,223)	123,822	(68,170)	99,929	(56,429)
Other	232,121	(26,270)	213,030	(30,267)	231,029	(25,854)	211,992	(30,034)
Customer resources distributed but not managed	93,816	(1,925)	82,742	(2,025)	89,643	(1,925)	79,721	(2,025)
Collective investment	23,242	-	23,237	-	23,242	-	23,237	-
Insurance products	49,994	-	44,855	-	44,458	-	40,487	-
Building society brokerage	-	-	-	-	-	-	5	-
Foreign exchange transactions	19,893	(1,925)	14,208	(2,025)	19,894	(1,925)	14,209	(2,025)
Other	687	-	442	-	2,049	-	1,783	-
Structured finance	1,407	-	323	-	1,407	-	323	-
Lending business	38,486	(17,893)	30,837	(11,937)	38,213	(16,792)	30,721	(9,114)
Guarantees given, guarantees received	12,841	(405)	10,461	(2,132)	12,747	(10)	10,361	(1,243)
Loan commitments given, loan commitments received	11,753	-	9,673	-	11,753	-	9,673	-
Other lending business	13,892	(17,488)	10,703	(9,805)	13,713	(16,782)	10,687	(7,871)
Other	23,490	(1,404)	13,542	(1,239)	21,239	(333)	10,545	(376)
Net fee and commission income	585,905	(134,572)	499,389	(115,615)	557,081	(129,811)	463,744	(109,994)

12. Net trading result

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net Trading Result				
Securities and derivatives trading	89,673	47,654	89,673	47,654
Foreign exchange transactions	210,086	123,812	200,346	123,472
Net Trading Result	299,759	171,466	290,019	171,126

13. General administrative expenses

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Personnel expenses	(415.687)	(384.271)	(384.756)	(355.103)
Wages and salaries	(395.336)	(363.158)	(365.826)	(335.635)
Compulsory social security	(11.613)	(10.912)	(9.924)	(9.430)
Long-term employee provisions	(2.357)	(2.438)	(2.357)	(2.438)
Other personnel expenses	(6.381)	(7.763)	(6.649)	(7.600)
Other administrative expenses	(359.063)	(302.487)	(352.904)	(297.274)
Deposit insurance contribution	(45.890)	(16.680)	(44.927)	(15.526)
IT expenses	(145.367)	(142.518)	(142.415)	(139.732)
Expenses for office space	(49.849)	(43.680)	(48.755)	(42.743)
Office operating expenses	(70.211)	(62.256)	(72.842)	(64.860)
Advertising/marketing	(23.906)	(18.367)	(23.308)	(17.934)
Legal and consulting costs	(14.886)	(11.847)	(12.985)	(10.286)
Sundry administrative expenses	(8.954)	(7.139)	(7.672)	(6.193)
Depreciation and amortisation	(126.669)	(115.018)	(100.463)	(109.808)
Software and other intangible assets	(34.761)	(45.387)	(33.186)	(44.148)
Owner occupied real estate	(43.079)	(41.449)	(41.354)	(39.505)
Investment properties	(2.694)	(2.932)	(2.694)	(2.932)
Office furniture and equipment and sundry property and equipment	(46.135)	(25.250)	(23.229)	(23.223)
General administrative expenses	(901.419)	(801.776)	(838.123)	(762.185)

The Group number of employees at 30 June 2022 was 5,253 (31 December 2021: 5,342).

14. Net impairment loss on financial instruments

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Financial assets at fair value through other comprehensive income	(3.034)	(3.109)	(802)	(1.120)
Financial assets at amortised cost	(146.869)	(26.013)	(152.186)	(23.579)
Net allocation to risk provisions	(175.731)	(40.063)	(161.404)	(29.725)
Direct write-offs	(4.742)	(10.806)	(4.742)	(10.176)
Recoveries recorded directly to the income statement	35.066	28.567	15.422	20.006
Modification gains or losses	(1.462)	(3.711)	(1.462)	(3.684)
Finance lease	(12.498)	(12.515)	510	536
Net allocation of provisions for commitments and guarantees given	(47.027)	(35.597)	(48.705)	(35.359)
Net impairment loss on financial instruments	(209.428)	(77.234)	(201.183)	(59.522)

Impairment result from financial instruments recorded a net allocation of RON 209.4 million in H1 2022, as compared to a net allocation of RON 77.2 million in H1 2021.

This result has been mainly influenced by updated risk parameters estimates (probabilities of default, loss given default) and new stage 2 allocation criteria, reflecting a prudential approach toward the current and expected evolution of macroeconomic environment (inflation, interest rates, real GDP growth rate, etc)

15. Other operating results

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Other income, of which:	549.687	352.329	438.366	286.974
Other provisions - release	405.918	150.940	383.414	135.493
Gains on other assets	90.364	103.294	31.026	74.703
Other income	53.405	98.095	23.926	76.778
Other expense, of which:	(365.481)	(443.917)	(271.342)	(343.341)
Other provisions - allocation	(93.149)	(158.856)	(91.316)	(156.621)
Losses on other assets	(83.144)	(77.614)	(23.830)	(48.955)
Impairment of tangible and intangible assets	(3.202)	(125)	(3.214)	(125)
Impairment of assets held for sale and other assets	-	(44.385)	-	-
Recovery and resolution fund	(58.180)	(55.515)	(57.677)	(54.774)
Other taxes	(18.293)	(10.619)	(16.308)	(8.835)
Other expenses	(109.513)	(96.803)	(78.997)	(74.031)
Total	184.206	(91.588)	167.024	(56.367)

16. Taxes on income

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Current tax expense/income	152.738	(141.823)	188.717	(136.010)
Current period	152.738	(141.823)	188.717	(136.010)
Deferred tax expense/income	48.066	(11.062)	47.350	(9.631)
Current period	48.066	(11.062)	47.350	(9.631)
Taxes on income	200.804	(152.885)	236.067	(145.641)

in RON thousands	Group		Bank	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Pre-tax profit/(loss)	1.242.885	843.694	1.162.818	797.247
Income tax expense for the financial year at the domestic statutory tax rate (16%)	(198.862)	(134.991)	(186.051)	(127.560)
Impact of tax-exempt earnings of investments and other tax-exempt income	188.671	85.647	107.828	85.647
Tax increases due to non-deductible expenses, additional business tax and similar elements	(190.613)	(94.089)	(110.494)	(95.281)
Impact of other elements and deferred tax income/ (expense)	-	(9.452)	-	(8.447)
Income tax (expense) / release reported in the income statement	(200.804)	(152.885)	(188.717)	(145.641)
The effective tax rate	16,16%	18,12%	16,23%	18,27%

17. Dividends paid

Following the Decision of the Ordinary General Meeting of shareholders, BCR distributed dividends for financial year 2021 in amount of RON 964,541,648.

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.

18. Segment reporting (*continued*)

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. Small and Medium Enterprises (SME), comprising:

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

b. Public Sector (PS):

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

Public sector includes the following institutions:

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

Public Corporations include:

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

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

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

c. Large Corporates (LC)

- 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 LC.
- 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 LC 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.

18. Segment reporting (*continued*)

d. Commercial Real Estate (CRE)

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

Other banking segments:

C. ALM & Local Corporate Center:

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

D. Group Markets:

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

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

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

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

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

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

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

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

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



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18. Segment reporting (continued)

Statement of Income	Group	Retail	Corporates	ALM & Local Corporate Center	GM
in RON thousands					
30.06.2022					
Net interest income	1,362,474	854,896	399,128	87,909	20,542
Net fee and commission income	451,333	303,054	130,087	(7,956)	26,147
Dividend income	2,403	-	58	2,345	-
Net trading result	299,759	96,366	72,292	(10,314)	141,415
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss	2,754	2,807	-	(53)	-
Net result from equity method investments	(120)	-	-	(120)	-
Rental income from investment properties and other operating leases	50,923	-	49,913	1,010	-
General administrative expenses	(901,419)	(680,397)	(172,783)	(31,336)	(16,903)
Net impairment loss on financial instruments	(209,428)	(161,521)	(44,099)	(2,736)	(1,072)
Other operating result	184,206	208,336	41,268	(62,096)	(3,302)
Pre-tax result from continuing operations	1,242,885	623,540	475,865	(23,347)	166,827
Taxes on income	(200,804)	(98,304)	(73,520)	(2,287)	(26,692)
Net result for the period	1,042,081	525,236	402,345	(25,634)	140,134
Attributable to non-controlling interests	11	-	-	11	-
Attributable to owners of the parent	1,042,070	525,236	402,345	(25,645)	140,134
Operating income	2,169,646	1,257,122	651,478	72,941	188,104
Operating expenses	(901,419)	(680,397)	(172,783)	(31,336)	(16,903)
Operating result	1,268,227	576,726	478,695	41,605	171,201
Cost income ratio	41.5%	54.1%	26.5%	43.0%	9.0%

Statement of Income	Group	Retail	Corporates	ALM & Local Corporate Center	GM
in RON thousands					
30.06.2021					
Net interest income	1,196,032	721,350	314,847	161,119	(1,284)
Net fee and commission income	383,774	272,343	95,375	(1,858)	17,914
Dividend income	3,148	2,045	62	1,026	15
Net trading result	171,466	57,023	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)	(645,176)	(130,006)	(13,262)	(13,332)
Net impairment loss on financial instruments	(77,234)	99,431	(177,942)	(887)	2,164
Other operating result	(91,588)	(10,242)	(64,580)	(10,101)	(6,665)
Pre-tax result from continuing operations	843,694	493,950	150,142	136,403	63,199
Taxes on income	(152,885)	(78,307)	(24,639)	(39,827)	(10,112)
Net result for the period	690,809	415,643	125,503	96,576	53,087
Attributable to non-controlling interests	2	-	-	2	-
Attributable to owners of the parent	690,807	415,643	125,503	96,574	53,087
Operating income	1,814,292	1,049,937	522,670	160,653	81,032
Operating expenses	(801,776)	(645,176)	(130,006)	(13,262)	(13,332)
Operating result	1,012,516	404,761	392,664	147,391	67,700
Cost income ratio	44.2%	61.4%	24.9%	8.3%	16.5%

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18. Segment reporting (continued)

Statement of Income	Bank	Retail	Corporates	ALM & Local Corporate Center	GM
in RON thousands					
30.06.2022					
Net interest income	1,287,072	842,063	341,639	82,828	20,542
Net fee and commission income	427,270	285,812	121,870	(6,559)	26,147
Dividend income	25,408	-	-	25,408	-
Net trading result	290,019	96,384	62,533	(10,313)	141,415
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss	2,754	2,807	-	(53)	-
Rental income from investment properties and other operating leases	2,577	-	-	2,577	-
General administrative expenses	(838,123)	(662,157)	(122,358)	(36,705)	(16,903)
Net impairment loss on financial instruments	(201,183)	(169,368)	(31,681)	938	(1,072)
Other operating result	167,024	191,241	39,632	(60,547)	(3,302)
Pre-tax result from continuing operations	1,162,818	586,782	411,635	(2,426)	166,827
Taxes on income	(188,717)	(93,885)	(65,862)	(2,278)	(26,692)
Net result for the period	974,101	492,897	345,773	(4,704)	140,135
Operating income	2,035,100	1,227,066	526,042	93,888	188,104
Operating expenses	(838,123)	(662,157)	(122,358)	(36,705)	(16,903)
Operating result	1,196,977	564,909	403,684	57,183	171,201
Cost income ratio	41.2%	54.0%	23.3%	39.1%	9.0%

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

18. Segment reporting (continued)

in RON thousands	30.06.2022					Group
	Group	Retail	Corporates	ALM & Local Corporate Center	GM	
Assets						
Cash and cash balances	13,572,066	5,533,853	251,323	7,786,890	-	-
Financial assets held for trading	105,043	-	41	7,178	97,824	-
Derivatives	86,054	-	41	7,178	78,835	-
Other financial assets held for trading	18,989	-	-	-	18,989	-
Non-trading financial assets mandatorily at fair value through profit or loss	68,210	29,869	250	38,091	-	-
Equity instruments	38,658	29,869	250	8,539	-	-
Debt securities	29,552	-	-	29,552	-	-
Financial assets at fair value through other comprehensive income	8,447,644	-	82,605	8,365,039	-	-
Debt securities	8,447,644	-	82,605	8,365,039	-	-
Financial assets at amortised cost	66,085,992	28,986,267	22,172,431	14,835,483	91,811	-
Debt securities	15,087,079	77,445	255,055	14,754,579	-	-
Loans and advances to banks	792,522	730,252	540	31,852	29,878	-
Loans and advances to customers	50,206,391	28,178,570	21,916,836	49,052	61,933	-
Finance lease receivables	1,552,592	-	1,592,788	(40,196)	-	-
Property and equipment	1,027,070	5,699	241,764	779,607	-	-
Investment property	142,905	-	-	142,905	-	-
Intangible assets	362,316	4,574	10,012	347,730	-	-
Investments in joint ventures and associates	42,226	-	900	41,326	-	-
Current tax assets	228,246	2,554	166	225,526	-	-
Deferred tax assets	226,558	1	11,174	215,383	-	-
Assets held for sale	215,975	-	201,066	14,909	-	-
Trade and other receivables	872,554	9,663	490,311	271,754	100,826	-
Other assets	330,396	71,506	121,548	137,014	328	-
Total assets	93,279,793	34,643,986	25,176,379	33,168,639	290,789	-
Liabilities and Equity						
Financial liabilities held for trading	72,948	-	-	1,869	71,079	-
Derivatives	72,948	-	-	1,869	71,079	-
Financial liabilities measured at amortised cost	81,736,972	44,681,420	27,310,652	6,786,655	2,958,245	-
Deposits from banks	6,255,401	70,046	3,222,675	2,110,028	852,652	-
Deposits from customers	70,476,357	44,422,482	24,003,628	74,744	1,975,503	-
Debt securities issued	3,822,025	-	-	3,822,025	-	-
Other financial liabilities	1,183,189	188,892	84,349	779,858	130,090	-
Lease liabilities	425,285	-	-	425,285	-	-
Provisions	1,128,261	643,733	327,440	153,463	3,625	-
Current tax liabilities	100,279	897	5,147	94,235	-	-
Deferred tax liabilities	19,620	-	-	19,620	-	-
Other liabilities	356,779	16,961	76,430	259,860	3,529	-
Total equity	9,439,649	2,767,988	2,786,510	3,744,072	141,078	-
Total liabilities and equity	93,279,793	48,110,999	30,506,179	11,485,059	3,177,556	-



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18. Segment reporting (continued)

in RON thousands	31.12.2021					Group
	Group	Retail	Corporates	ALM & Local Corporate Center	Corporate	GM
Assets						
Cash and cash balances	13,317,439	5,904,231	344,143	6,965,408	-	103,657
Financial assets held for trading	1,704,540	-	11	1,067	-	1,703,462
Derivatives	23,994	-	11	1,067	-	22,916
Other financial assets held for trading	1,680,546	-	-	-	-	1,680,546
Non-trading financial assets mandatorily at fair value through profit or loss	65,753	27,061	251	38,441	-	-
Equity instruments	35,121	27,061	251	7,809	-	-
Debt securities	30,632	-	-	30,632	-	-
Loans and advances to customers	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	7,834,955	-	35,056	7,799,899	-	-
Debt securities	7,834,955	-	35,056	7,799,899	-	-
Financial assets at amortised cost	62,702,857	28,344,647	19,094,969	14,816,912	-	446,329
Debt securities	15,570,473	77,807	302,457	15,190,209	-	-
Loans and advances to banks	1,362,313	1,320,967	1,754	(386,142)	-	425,734
Loans and advances to customers	45,770,071	26,945,873	18,790,758	12,845	-	20,595
Finance lease receivables	1,445,231	-	1,487,913	(42,682)	-	-
Property and equipment	1,094,606	6,573	276,760	811,273	-	-
Investment property	150,223	-	-	150,223	-	-
Intangible assets	361,674	4,313	8,223	349,138	-	-
Investments in joint ventures and associates	42,109	-	900	41,209	-	-
Current tax assets	185,406	2,553	697	182,156	-	-
Deferred tax assets	200,946	1	9,452	191,493	-	-
Assets held for sale	227,730	-	218,576	9,154	-	-
Trade and other receivables	653,237	11,238	475,013	111,523	-	55,463
Other assets	268,413	70,966	76,840	120,322	-	185
Total assets	90,255,119	34,371,583	22,028,804	31,545,536	-	2,309,196
Liabilities and Equity						
Financial liabilities held for trading	22,343	-	-	2,132	-	20,211
Derivatives	22,343	-	-	2,132	-	20,211
Financial liabilities measured at amortised cost	77,835,634	46,390,975	27,159,971	1,524,385	-	2,760,303
Deposits from banks	1,783,539	68,917	3,061,045	(1,765,741)	-	419,318
Deposits from customers	72,458,416	46,184,614	24,019,334	(16,263)	-	2,270,731
Debt securities issued	2,733,120	-	-	2,733,120	-	-
Other financial liabilities	860,559	137,444	79,592	573,269	-	70,254
Lease liabilities	435,710	-	-	435,710	-	-
Provisions	1,793,931	1,201,254	386,124	205,409	-	1,144
Current tax liabilities	48,764	636	3,012	45,116	-	-
Deferred tax liabilities	14,317	-	-	14,317	-	-
Other liabilities	383,978	12,841	70,958	298,030	-	2,149
Total equity	9,720,442	2,654,560	2,600,993	4,314,511	-	150,378
Total liabilities and equity	90,255,119	50,260,266	30,221,058	6,839,610	-	2,934,185

18. Segment reporting (continued)

in RON thousands	30.06.2022					Bank
	Bank	Retail	Corporates	ALM & Local Corporate Center	GM	
Assets						
Cash and cash balances	13,344,230	5,509,806	-	7,834,424	-	-
Financial assets held for trading	105,043	-	-	7,220	97,823	-
Derivatives	86,054	-	-	7,220	78,834	-
Other financial assets held for trading	18,989	-	-	-	18,989	-
Non-trading financial assets mandatorily at fair value through profit or loss	67,960	29,868	-	38,092	-	-
Equity instruments	38,408	29,868	-	8,540	-	-
Debt securities	29,552	-	-	29,552	-	-
Financial assets at fair value through other comprehensive income	8,369,990	-	4,951	8,365,039	-	-
Debt securities	8,369,990	-	4,951	8,365,039	-	-
Financial assets at amortised cost	66,979,335	28,067,540	20,466,964	18,353,020	91,811	-
Debt securities	14,918,910	-	164,331	14,754,579	-	-
Loans and advances to banks	785,155	-	-	755,277	29,878	-
Loans and advances to customers	51,275,270	28,067,540	20,302,633	2,843,164	61,933	-
Finance lease receivables	9,898	-	-	9,898	-	-
Property and equipment	787,291	-	-	787,291	-	-
Investment property	142,905	-	-	142,905	-	-
Intangible assets	347,675	-	-	347,675	-	-
Investments in joint ventures and associates	33,470	-	-	33,470	-	-
Current tax assets	225,526	-	-	225,526	-	-
Deferred tax assets	215,879	-	-	215,879	-	-
Assets held for sale	14,909	-	-	14,909	-	-
Trade and other receivables	845,040	6,427	461,468	276,319	100,826	-
Investments in subsidiaries	518,464	-	-	518,464	-	-
Other assets	180,580	28,087	828	151,337	328	-
Total assets	92,188,195	33,641,728	20,934,211	37,321,468	290,788	-
Liabilities and Equity						
Financial liabilities held for trading	72,948	-	-	1,869	71,079	-
Derivatives	72,948	-	-	1,869	71,079	-
Financial liabilities measured at amortised cost	81,198,823	44,253,028	23,553,278	10,434,271	2,958,246	-
Deposits from banks	6,412,366	4	223	5,559,487	852,652	-
Deposits from customers	69,800,551	44,065,809	23,488,215	271,023	1,975,504	-
Debt securities issued	3,822,025	-	-	3,822,025	-	-
Other financial liabilities	1,163,881	187,215	64,840	781,736	130,090	-
Lease liabilities	424,803	-	-	424,803	-	-
Provisions	962,134	471,614	325,704	161,191	3,625	-
Current tax liabilities	94,115	-	-	94,115	-	-
Other liabilities	299,111	2,623	30,508	262,452	3,529	-
Total equity	9,136,261	2,554,102	2,376,020	4,065,060	141,078	-
Total liabilities and equity	92,188,195	47,281,367	26,285,510	15,443,761	3,177,557	-

18. Segment reporting (continued)

in RON thousands	31.12.2021				Bank
	Bank	Retail	Corporates	ALM & Local Corporate Center	GM
Assets					
Cash and cash balances	13,069,516	5,877,196	-	7,088,663	103,657
Financial assets held for trading	1,704,540	-	-	1,078	1,703,462
Derivatives	23,994	-	-	1,078	22,916
Other financial assets held for trading	1,680,546	-	-	-	1,680,546
Non-trading financial assets mandatorily at fair value through profit or loss	65,502	27,061	-	38,441	-
Equity instruments	34,870	27,061	-	7,809	-
Debt securities	30,632	-	-	30,632	-
Financial assets at fair value through other comprehensive income	7,805,091	-	5,192	7,799,899	-
Debt securities	7,805,091	-	5,192	7,799,899	-
Financial assets at amortised cost	63,381,929	26,820,802	17,542,786	18,572,012	446,329
Debt securities	15,382,134	-	191,925	15,190,209	-
Loans and advances to banks	1,362,004	-	-	936,270	425,734
Loans and advances to customers	46,637,791	26,820,802	17,350,861	2,445,533	20,595
Finance lease receivables	11,240	-	-	11,240	-
Property and equipment	820,178	-	-	820,178	-
Investment property	150,223	-	-	150,223	-
Intangible assets	349,068	-	-	349,068	-
Investments in joint ventures and associates	33,470	-	-	33,470	-
Current tax assets	182,155	-	-	182,155	-
Deferred tax assets	194,629	-	-	194,629	-
Assets held for sale	9,153	-	-	9,153	-
Trade and other receivables	631,610	6,751	453,691	115,705	55,463
Investments in subsidiaries	518,464	-	-	518,464	-
Other assets	163,730	27,616	255	135,574	285
Total assets	89,090,498	32,759,426	18,001,924	36,019,952	2,309,196
Liabilities and Equity					
Financial liabilities held for trading	22,359	-	-	2,148	20,211
Derivatives	22,359	-	-	2,148	20,211
Financial liabilities measured at amortised cost	77,617,727	45,809,771	23,562,299	5,485,354	2,760,303
Deposits from banks	2,320,172	576	211	1,900,067	419,318
Deposits from customers	71,721,511	45,673,131	23,499,898	277,751	2,270,731
Debt securities issued	2,733,120	-	-	2,733,120	-
Other financial liabilities	842,924	136,064	62,190	574,416	70,254
Lease liabilities	435,710	-	-	435,710	-
Provisions	1,149,254	556,765	379,894	211,451	1,144
Current tax liabilities	45,104	-	-	45,104	-
Other liabilities	333,489	2,138	27,465	301,737	2,149
Total equity	9,486,855	2,423,713	2,212,274	4,700,490	150,378
Total liabilities and equity	89,090,498	48,792,387	26,181,932	11,181,994	2,934,185



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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 2022 and 31 December 2021 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:

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

Balances and off-balance exposures with related parties									Group
	30.06.2022				31.12.2021				
in RON thousands	Parent	Associates	Key management personnel	Other related parties	Parent	Associates	Key management personnel	Other related parties	
Total assets	907,463	96,045	6,276	120,182	1,053,413	64,408	5,899		90,556
Cash and cash equivalents	84,246	-	-	526	131,690	-	-	-	-
Derivative financial instruments	72,811	-	-	-	4,844	-	-	-	-
Equity investments	-	33,470	-	28,473	-	33,470	-	-	25,461
Loans and advances	692,530	61,601	6,276	65,405	876,363	29,853	5,881		47,867
Loans and advances to credit institutions	692,530	-	-	-	876,363	-	-	-	-
Loans and advances with customers	-	61,601	6,276	65,405	-	29,853	5,881	-	47,867
Trade and other receivables	57,876	-	-	3,668	40,516	-	5	-	4,294
Finance lease receivables	-	950	-	2,358	-	1,085	-	-	2,542
Other assets	-	23	-	19,753	-	-	-	13	10,392
Total liabilities	527,422	4,868	8,116	290,628	999,394	9,271	9,224		356,576
Deposits	444,644	4,793	8,113	249,145	960,818	9,255	9,224		251,935
Deposits by banks	118,246	-	-	2,548	38,109	-	-	-	2,349
Deposits by customers	-	4,793	8,113	246,597	-	9,255	9,224	-	249,586
Borrowings and financing lines	326,398	-	-	-	418,746	-	-	-	-
Subordinated loans	-	-	-	-	503,964	-	-	-	-
Derivative financial instruments	2,937	-	-	-	16,792	-	-	-	-
Other liabilities	79,841	75	3	41,483	21,784	16	-	-	104,641
Loans commitments, financial guarantees and other commitments given -Irrevocable [notional amount]	29,561	14,836	-	49,646	54,992	14,844	-		14,314
Loans commitments, financial guarantees and other commitments given -Revocable [notional amount]	27,226	62,800	426	281,150	41,517	91,055	367		327,534
Loan commitments, financial guarantees and other commitments received	247,270	-	-	-	247,405	-	-		-
Derivatives [notional amount]	4,318,322	-	-	-	5,030,776	-	-		-

Expenses and income generated by transactions with related parties									Group
	30.06.2022				30.06.2021				
in RON thousands	Parent	Associates	Key management personnel	Other related parties	Parent	Associates	Key management personnel	Other related parties	
Interest income	9,631	988	98	1,591	2,362	1,099	137	582	
Interest expenses	(19,349)	(10)	(9)	(1,528)	(29,624)	(114)	(5)	(334)	
Dividend income	-	-	-	1,022	-	435	-	2,060	
Fee and commission income	1,809	184	24	31,503	1,205	36	14	51,282	
Fee and commission expenses	(2,821)	-	-	(862)	(4,021)	-	-	(611)	
Profit before tax income/(expense)	(10,731)	1,162	113	31,726	(30,078)	1,456	146		52,979



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

Balances and off-balance exposures with related parties											Bank	
											30.06.2022	31.12.2021
in RON thousands	Parent	Subsidiaries	Associates	Key management personnel	Other related parties	Parent	Subsidiaries	Associates	Key management personnel	Other related parties		
Total assets	849.982	3.314.899	96.044	6.276	99.763	961.344	2.954.077	64.453	5.886	80.148		
Cash and cash equivalents	26.765	-	-	-	-	39.621	-	-	-	-		
Derivative financial instruments	72.811	-	-	-	-	4.844	-	-	-	-		
Equity investments	-	518.465	33.470	-	28.473	-	518.465	33.470	-	25.461		
Loans and advances	692.530	2.786.224	61.601	6.276	65.405	876.363	2.424.337	29.853	5.881	47.853		
Loans and advances with credit institutions	692.530	427	-	-	-	876.363	763	-	-	-		
Loans and advances with customers	-	2.785.797	61.601	6.276	65.405	-	2.423.574	29.853	5.881	47.853		
Trade and other receivables	57.876	165	-	-	3.668	40.516	5	-	5	4.292		
Finance lease receivables	-	6.590	950	-	2.358	-	7.613	1.085	-	2.542		
Right of use assets	-	1.730	-	-	-	-	2.435	-	-	-		
Other assets	-	1.725	23	-	(141)	-	1.222	44	-	1		
Total liabilities	376.296	775.208	4.868	8.116	284.501	752.186	1.451.790	9.271	9.224	335.569		
Deposits	293.518	774.739	4.793	8.113	249.145	713.610	1.448.683	9.255	9.224	251.935		
Deposits by banks	115.632	586.866	-	-	2.548	21.193	1.163.882	-	-	2.349		
Deposits by customers	-	187.873	4.793	8.113	246.597	-	284.801	9.255	9.224	249.586		
Borrowings and financing lines	177.886	-	-	-	-	188.453	-	-	-	-		
Subordinated loans	-	-	-	-	-	503.964	-	-	-	-		
Derivative financial instruments	2.937	-	-	-	-	16.792	16	-	-	-		
Finance lease receivables	-	1.959	-	-	-	-	2.713	-	-	-		
Other liabilities	79.841	469	75	3	35.356	21.784	378	16	0	83.634		
Loans commitments, financial guarantees and other commitments given - Irrevocable [notional amount]	29.561	97.580	14.836	-	49.646	54.992	83.725	14.844	-	14.314		
Loans commitments, financial guarantees and other commitments given - Revocable [notional amount]	27.226	917.855	62.800	426	281.150	41.517	342.330	91.055	367	327.534		
Loan commitments, financial guarantees and other commitments received	247.270	-	-	-	-	247.405	-	-	-	-		
Derivatives [notional amount]	4.318.322	-	-	-	-	5.030.776	49.481	-	-	-		
Accumulated impairment, accumulated changes in fair value due to credit risk and provisions on non-performing exposures	-	73.133	-	-	-	-	71.945	-	-	-		

Expenses and income generated by transactions with related parties											Bank	
											30.06.2022	30.06.2021
in RON thousands	Parent	Subsidiaries	Associates	Key management personnel	Other related parties	Parent	Subsidiaries	Associates	Key management personnel	Other related parties		
Interest income	9.631	20.228	988	98	1.641	2.359	14.960	1.099	137	502		
Interest expenses	(18.120)	(15.074)	(10)	(9)	(1.528)	(27.054)	(8.718)	(114)	(5)	(334)		
Dividend income	-	23.063	-	-	1.022	-	722	435	-	2.060		
Fee and commission income	1.808	315	184	24	30.973	1.205	307	36	14	50.938		
Fee and commission expenses	(1.724)	(3)	-	-	(861)	(2.118)	(2)	-	-	(611)		
Profit before tax income/(expense)	(8.405)	28.529	1.162	113	31.147	(25.608)	7.269	1.456	146	52.555		

20. Fair value of financial assets and liabilities

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is market related rate at the statement of financial position date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the statement of financial position date. Where a fair value cannot reliably be estimated, unquoted equity instruments e.g. investments in subsidiaries that do not have a quoted market price in an active market are measured at cost and periodically tested for impairment.

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, being not significant amount both at 31 December 2021 and 30 June 2022.

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 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.

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 at amortized cost are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).



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

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.

The fair value for commitments is based on the commitment amounts by rating method and rating grade for which hypothetical loans are created through applying credit conversion factors, which finally will be subject to the regular fair value calculation procedure described above for loans and advances.

Guarantees are seen as having two types of CFs or legs representing the regular fee payments received, and a single potential compensation payment, respectively. The first leg consists of the sum of the discounted fee payments, weighted by the survival probability (annualized marginal default probability), while the second leg consists of the negative sum of discounted potential protection payments, i.e. the sum of the discounted loss weighted by the default probability. The fair value of the guarantee is derived as the value of the premium leg minus the value of the compensation leg.

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	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
30.06.2022										
Assets										
Cash and cash balances	13,572,066	13,572,066	13,572,066	-	-	13,344,230	13,344,230	13,344,230	-	-
Financial assets at amortised cost	66,085,992	61,532,861	12,436,778	357,068	48,739,015	66,979,335	62,417,024	12,372,354	275,285	49,769,385
Loans and advances to banks	792,522	792,297	-	-	792,297	785,155	784,930	-	-	784,930
Loans and advances to customers	50,206,391	47,858,882	-	-	47,858,882	51,275,270	48,914,773	-	-	48,914,773
Debt securities	15,087,079	12,881,682	12,436,778	357,068	87,836	14,918,910	12,717,321	12,372,354	275,285	69,682
Finance lease receivables	1,552,592	1,552,592	-	-	1,552,592	9,898	9,898	-	-	9,898
Trade and other receivables	872,554	842,636	-	-	842,636	845,040	815,246	-	-	815,246
Liabilities										
Financial liabilities measured at amortised cost	81,736,972	80,026,875	-	2,735,807	77,291,068	81,198,823	79,494,139	-	2,735,807	76,758,332
Deposits from banks	6,255,401	6,261,773	-	-	6,261,773	6,412,366	6,424,023	-	-	6,424,023
Deposits from customers	70,476,357	69,846,106	-	-	69,846,106	69,800,551	69,170,428	-	-	69,170,428
Debt securities in issue	3,822,025	2,735,807	-	2,735,807	-	3,822,025	2,735,807	-	2,735,807	-
Other financial liabilities	1,183,189	1,183,189	-	-	1,183,189	1,163,881	1,163,881	-	-	1,163,881
Lease liabilities	425,285	425,285	-	-	425,285	424,803	424,803	-	-	424,803
Financial guarantees and commitments										
Financial guarantees	35,461	(103)	-	-	(103)	22,890	(55)	-	-	(55)
Irrevocable commitments	14,082,774	404,502	-	-	404,502	14,990,497	403,685	-	-	403,685
31.12.2021										
Assets										
Cash and cash balances	13,317,439	13,317,439	13,317,439	-	-	13,069,516	13,069,516	13,069,516	-	-
Financial assets at amortised cost	62,702,857	63,609,921	14,820,192	313,468	48,476,261	63,381,929	64,319,982	14,743,354	197,480	49,379,148
Loans and advances to banks	1,362,313	1,348,714	-	-	1,348,714	1,362,004	1,348,406	-	-	1,348,406
Loans and advances to customers	45,770,071	47,127,547	-	-	47,127,547	46,637,791	48,030,742	-	-	48,030,742
Debt securities	15,570,473	15,133,660	14,820,192	313,468	-	15,382,134	14,940,834	14,743,354	197,480	-
Finance lease receivables	1,445,231	1,445,231	-	-	1,445,231	11,240	11,240	-	-	11,240
Trade and other receivables	653,237	666,835	-	-	666,835	631,610	645,285	-	-	645,285
Liabilities										
Financial liabilities measured at amortised cost	77,835,634	77,485,210	-	2,748,005	74,737,205	77,617,727	77,276,176	-	2,748,005	74,528,171
Deposits from banks	1,783,539	1,781,523	-	-	1,781,523	2,320,172	2,326,789	-	-	2,326,789
Deposits from customers	72,458,416	72,095,123	-	-	72,095,123	71,721,511	71,358,458	-	-	71,358,458
Debt securities in issue	2,733,120	2,748,005	-	2,748,005	-	2,733,120	2,748,005	-	2,748,005	-
Other financial liabilities	860,559	860,559	-	-	860,559	842,924	842,924	-	-	842,924
Lease liabilities	435,710	435,710	-	-	435,710	435,710	435,710	-	-	435,710
Financial guarantees and commitments										
Financial guarantees	39,218	(147)	-	-	(147)	24,147	(91)	-	-	(91)
Irrevocable commitments	17,105,469	211,830	-	-	211,830	17,436,286	131,828	-	-	131,828

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)

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

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

								Group	
in RON thousands	Quoted market prices in active markets Level 1		Marked to model based on observable market data Level 2		Marked to model based on non-observable inputs Level 3		Total		
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	
Assets									
Financial assets held for trading	18,989	1,305,267	85,597	398,373	457	900	105,043	1,704,540	
Derivatives	-	-	85,597	23,094	457	900	86,054	23,994	
Other financial assets held for trading	18,989	1,305,267	-	375,279	-	-	18,989	1,680,546	
Non-trading financial assets at fair value through profit or loss	3,200	-	-	2,914	65,010	62,839	68,210	65,753	
Equity instruments	3,200	-	-	2,914	35,458	32,207	38,658	35,121	
Debt securities	-	-	-	-	29,552	30,632	29,552	30,632	
Financial assets at fair value through other comprehensive income	7,905,813	7,542,861	496,353	263,768	45,478	28,326	8,447,644	7,834,955	
Debt securities	7,905,813	7,542,861	496,353	263,768	45,478	28,326	8,447,644	7,834,955	
Total assets	7,928,003	8,848,128	581,950	665,055	110,945	92,065	8,620,897	9,605,248	
Liabilities									
Financial liabilities - held for trading	-	-	66,336	22,343	6,612	-	72,948	22,343	
Derivatives	-	-	66,336	22,343	6,612	-	72,948	22,343	
Total liabilities	-	-	66,336	22,343	6,612	-	72,948	22,343	

								Bank	
in RON thousands	Quoted market prices in active markets Level 1		Marked to model based on observable market data Level 2		Marked to model based on non-observable inputs Level 3		Total		
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	
Assets									
Financial assets held for trading	18,989	1,305,267	85,597	398,373	457	900	105,043	1,704,540	
Derivatives	-	-	85,597	23,094	457	900	86,054	23,994	
Other financial assets held for trading	18,989	1,305,267	-	375,279	-	-	18,989	1,680,546	
Non-trading financial assets at fair value through profit or loss	3,200	-	-	2,914	64,760	62,588	67,960	65,502	
Equity instruments	3,200	-	-	2,914	35,208	31,956	38,408	34,870	
Debt securities	-	-	-	-	29,552	30,632	29,552	30,632	
Financial assets at fair value through other comprehensive income	7,905,813	7,542,861	459,226	233,904	4,951	28,326	8,369,990	7,805,091	
Debt securities	7,905,813	7,542,861	459,226	233,904	4,951	28,326	8,369,990	7,805,091	
Total assets	7,928,003	8,848,128	544,823	635,191	70,168	91,814	8,542,993	9,575,133	
Liabilities									
Financial liabilities - held for trading	-	-	66,336	22,359	6,612	-	72,948	22,359	
Derivatives	-	-	66,336	22,359	6,612	-	72,948	22,359	
Total liabilities	-	-	66,336	22,359	6,612	-	72,948	22,359	

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 for class C and based on quoted market prices for class A.

Financial assets at fair value through other comprehensive income include:

- Debt securities issued by Ministry of Finance which are actively traded classified on level 1 and 2.
- One corporative bond which is theoretically priced is 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 2022, the fair valuation of VISA Inc class C 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 out of Level 3	Currency translation	Balance
Assets	01.01.2022	-	-	-	-	-	-	30.06.2022
Financial assets held for trading	900	(443)	-	-	-	-	-	457
Derivatives	900	(443)	-	-	-	-	-	457
Non-trading financial assets mandatorily at fair value through profit or loss	62 839	2 171	-	-	-	-	-	65 010
Equity instruments	32 207	3 251	-	-	-	-	-	35 458
Debt securities	30 632	(1 080)	-	-	-	-	-	29 552
Financial assets at fair value through other comprehensive income	28 326	-	(237)	40 362	-	(23 138)	165	45 478
Debt securities	28 326	-	(237)	40 362	-	(23 138)	165	45 478
Total assets	92 065	1 728	(237)	40 362	-	(23 138)	165	110 945

								Group
in RON thousands	Balance	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Settlements	Transfers out of Level 3	Currency translation	Balance
Assets	01.01.2021	-	-	-	-	-	-	31.12.2021
Financial assets held for trading	1 401	(501)	-	-	-	-	-	900
Derivatives	1 401	(501)	-	-	-	-	-	900
Non-trading financial assets mandatorily at fair value through profit or loss	64 013	5 596	-	-	(6 786)	-	16	62 839
Equity instruments	34 307	(2 116)	-	-	-	-	16	32 207
Debt securities	27 781	2 851	-	-	-	-	-	30 632
Loans and advances	1 925	4 861	-	-	(6 786)	-	-	-
Financial assets at fair value through other comprehensive income	29 121	-	(1 038)	652	(24 140)	23 228	503	28 326
Debt securities	29 121	-	(1 038)	652	(24 140)	23 228	503	28 326
Total assets	94 535	5 095	(1 038)	652	(30 926)	23 228	519	92 065

								Bank
in RON thousands	Balance	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Settlements	Transfers out of Level 3	Currency translation	Balance
Assets	01.01.2022	-	-	-	-	-	-	30.06.2022
Financial assets held for trading	900	(443)	-	-	-	-	-	457
Derivatives	900	(443)	-	-	-	-	-	457
Non-trading financial assets mandatorily at fair value through profit or loss	62 588	2 172	-	-	-	-	-	64 760
Equity instruments	31 956	3 252	-	-	-	-	-	35 208
Debt securities	30 632	(1 080)	-	-	-	-	-	29 552
Financial assets at fair value through other comprehensive income	28 326	-	(237)	-	-	(23 138)	-	4 951
Debt securities	28 326	-	(237)	-	-	(23 138)	-	4 951
Total assets	91 814	1 729	(237)	-	-	(23 138)	-	70 168

								Bank
in RON thousands		Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Settlements	Transfers out of Level 3	Currency translation	
Assets	01.01.2021	-	-	-	-	-	-	31.12.2021
Financial assets held for trading	1 401	(501)	-	-	-	-	-	900
Derivatives	1 401	(501)	-	-	-	-	-	900
Non-trading financial assets mandatorily at fair value through profit or loss	63 778	5 596	-	-	(6 786)	-	-	62 588
Equity instruments	34 072	(2 116)	-	-	-	-	-	31 956
Debt securities	27 781	2 851	-	-	-	-	-	30 632
Loans and advances	1 925	4 861	-	-	(6 786)	-	-	-
Financial assets at fair value through other comprehensive income	5 482	-	(1 036)	652	-	23 228	-	28 326
Debt securities	5 482	-	(1 036)	652	-	23 228	-	28 326
Total assets	70 661	5 095	(1 036)	652	(6 786)	23 228	-	91 814

21. Legal claims and contingent liabilities

Legal claims

As of June 30, 2022, the Bank was involved in the normal course of its business in a number of 1,853 litigations as defendant (December 31st, 2021: 2,016).

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, 2022.

21. Legal claims and contingent liabilities (continued)**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 ("Decision 17"), maintaining all the claims included in their initial report and requested BpL to establish exactly the amount of the alleged prejudice. On 23 December 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 17.

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.

The assessment of the alleged prejudice was carried out by evaluating the civil and fiscal laws applicable in Romania. In assessing them, BpL management involved and obtained the opinion of the internal legal department, qualified external legal and tax consultants. In the process of assessing the level of provisioning, both internal and external legal and tax opinions were included, and significant judgements were made. BpL's management considers that the amount of the provision outstanding as at 30 June 2022 represents the best estimate, taking into account the elements mentioned above.

The potential future outflow of resources was estimated and booked as a provision in accordance with IAS 37 requirements and the provisioned amount outstanding as of 30 June 2022 is RON 156,201,196 (RON 625,799,830 as of 31 December 2021), after the payment of the state premiums calculated as alleged prejudice related to the above mentioned case in amount of RON 432,698,572.80 and the related withholding tax in amount of RON 41,603,005.

BpL performed the above payments to comply with CoA Decision 17/2015, however it still oppose to the CoA Decision, hence continues its legal action against the CoA Decision 17/2015 at European level.

On January 28th, 2022, the BpL has submitted to the MDPWA the application for the exemption of the accessories payment, according to the GO no. 69/2020. BpL also officially initiated the fiscal amnesty application procedure - consisting in the payment of the main budgetary obligations and the related WHT, until January 31, 2022, and the request for exemption for the related accessories, according to the special legislation in force (GEO 69/2020). The exemption of the accessories have been obtained by BCR BpL only for WHT.

BpL initiated all the formalities, towards MDPWA, related to the process of collecting the amounts (representing state premiums paid to customers and accessories), providing all the necessary data and exact calculations for each individual (the main debtor of the payment obligation).

The following actions were initiated in court by the Bank, following the HCCJ Decision from 21 June 2019:

In Romania: HCCJ Decision no. 3541/21 June 2019 was challenged, the Bank following the two extraordinary remedies

- Appeal for annulment: on 27 May 2021, HCCJ rejected this extraordinary appeal filed by the Bank against the HCCJ decision no. 3541 of 21 June 2019; and
- Revision: rejected by HCCJ on 9 November 2021.

At European level: The Bank filed a complaint with the European Court of Human Rights ("ECHR") in January 2020, thus forming case 4558/20: "BCR Banca pentru Locuinte S.A. v. Romania". Following the preliminary examination of the admissibility of the complaint (which shows the soundness of the complaint made by the Bank, less than 25% of the complaints to the ECHR reach this stage), on 15 September 2021 the Bank's request was accepted and the President of the Section the case decided: (i) that the Bank's application may become an impact case; (ii) the notification of the Romanian Government regarding this complaint, and (iii) the Romanian Government was requested to present a statement of facts together with its observations, to answer the question prepared by the clerk, and to express its position on an amicable settlement of the cause.

21. Legal claims and contingent liabilities (continued)

The current situation of case 4558/20 is: the answer of the Romanian Government was sent to the ECHR on 10 January 2022. On 12 January 2022 the ECHR notified the Bank to respond by 23 February 2022 to the comments submitted by the Romanian Government and also requested it to provide a detailed estimate of the damage suffered, together with the relevant supporting documents. The Bank requested an extension of the term and it was granted until 14 April 2022. The complete documentation was submitted by the Bank on 12 April 2022, and ECHR granted the Romanian Government a deadline to respond by 24 May 2022. No solution was provided by ECHR until the date of this assessment.

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 High Court of Justice suspended the judgement of the case until the final solution of the Constitutional Court on exception of non-constitutionality invoked by City Hall.

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 2022.

Tax related litigations

Transfer prices and related withholding tax (WHT)

During the period May 9th, 2016 – June 9th, 2017, BCR was subject to a tax audit regarding Corporate Income Tax (CIT) and VAT for the period January 1st, 2012 – December 31st, 2015. One of the main aspects verified by the Romanian Tax authorities were the intragroup transactions performed by BCR with its related parties during the analysed period, with focus on the financial transactions.

Based on the tax audit performed, the Romanian tax authorities adjusted the taxable base of CIT with RON 636,390,561 for the entire audited period 2012 – 2015, an adjustment which generated an additional CIT of RON 101,822,490, which was subsequently paid by the Bank. During the period April 10th, 2019 – April 22nd, 2019, BCR was subject to a partial tax audit in respect of withholding tax (WHT) due for the income obtained by non-residents from Romania, for the period January 1st, 2014 – December 31st, 2015, which generated additional amount of RON 43,070,398 and related penalties. The Bank paid all the above-mentioned amounts.

The litigations initiated by the Bank following the results of the tax audits mentioned above are still in progress.

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 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 currently ongoing.

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 income tax, in relation to the expenses with the impairment of shares in subsidiaries booked for the period 2012 – 2015.

The afore mentioned 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 first semester of 2022.

22. Subsequent events

On 22 July 2022, BCR BpL ("BCR Banca pentru Locuinte") received from the Ministry of Development, Public Works and Administration (MDLPA) a reply to BCR BpL's addresses of 28.01.2022 and 08.03.2022, by which BCR BpL formulated, within the legal deadline, the request for cancellation of the accessory budgetary payment obligations, based on the provisions of Chapter II, art. IX, XIII, XV, by reference to art. XVIII of the Emergency Ordinance no. 69/2020 for amending and supplementing the Law no. 227/2015 on the Tax Code, as well as for instituting certain tax measures (hereinafter "GEO 69/2020").

The Ministry rejected BCR BpL's claim, because in their interpretation, its claim was not certain, liquid and due.

The chances of success of BCR BpL's claim to obtain in court the exoneration of the attachments remain unchanged, as assessed for the end of the 2021 financial year.

As regards the assessment of BCR BpL's exposure and related provisioning needs from the Group's point of view, the Ministry's response does not change anything compared to the previous analysis for the 2021 year-end. BCR BpL's chances of success in cancelling the attachments are assessed to remain above 50% according to the legal experts' analysis.

Apart from the above, there were no other significant subsequent events after the balance sheet date that have not been 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: 2022.08.11 17:15:09 +03'00'

AUTHORISED PERSON

Name and first name

Signature

Executive Director Accounting Division

Gina Badea

BADEA GINA Digitally signed by BADEA GINA
Date: 2022.08.11 16:32:30 +03'00'



Banca Comercială Română S. A.
No. CFO Office 12/12.08.2022
Supervisory Board

Semi-Annual Administrators' Report

as at 30 June 2022

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

Report issued: 11 August 2022

Name of legal entity:	Banca Comercială Română S.A.
Headquarters:	159 Calea Plevnei street, Sector 6, Bucharest, postal code 060013
Contact:	
	Tel No. InfoBCR: 0800.801.227 +4021.407.42.00
	Website www.bcr.ro
	Email: contact.center@bcr.ro
Registration Number in the Trade Register:	J40/90/1991
Banking Register Number:	RB-PJR-40-008/18.02.1999
Notification registered as Personal Data Operator at ANSPDCP under No:	3776 and 3772
Subscribed and paid-up capital:	1,625,341,625.40 lei
The regulated market on which the bonds are issued:	Bucharest Stock Exchange (www.bvb.ro)
The main characteristics of the bonds issued by BCR S.A.	Issuance in amount of RON 600,000,000, ISIN ROEAZVK5DFP8 Issuance in amount of RON 1,000,000,000, ISIN RO1AQREPLMW7 Issuance in amount of RON 500,000,000, ISIN ROMU2ND4VHC6 Issuance in amount of RON 600,000,000, ISIN ROPQT4NGMLM3 Issuance in amount of RON 351,500,000, ISIN RO451CMZH2K1 Issuance in amount of RON 702,000,000, ISIN ROPC9F84ZSG4



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 323 retail units located in the majority cities with a population of over 10,000 inhabitants from across the country.

Bank and subsidiaries

During 2022, 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 2022	31 December 2021
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

In December 2021, the Management Board of BCR decided to declassify BCR Fleet Management from asset held for sale as the criteria for classification under IFRS 5 was not longer met. On the declassification date, the asset was recognized at the lower of i) its carrying amount prior to the asset or disposal group being classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognized if the asset or disposal group had not been classified as held for sale and ii) its recoverable amount at the date of the decision not to sell.

The difference between the recalculated value of the asset and its existing carrying amount is presented in the same income statement caption used to present any gain or loss recognized on classification as held for sale (Other Operating Result).

As of December 2021, the Management Board of BCR Fleet Management has evaluated the overall situation of the company and concluded that the appropriate approach is to prepare its financial statements for 2021 on a non-going concern basis because it intends to cease concluding new lease contract and consequently to wind down the remaining portfolio. This evaluation remain unchanged as of 30 June 2022.

Group structure has not changed since 31 December 2021.



1. Economic and financial statements (continued)

1.2 Financial accounting statements

in RON thousands	Group			Bank		
	30.06.2022	31.12.2021	H1 2022/ 2021 %	30.06.2022	31.12.2021	H1 2022/ 2021 %
Assets						
Cash and cash balances	13,572,066	13,317,439	19%	13,344,230	13,069,516	2.1%
Financial assets held for trading	105,043	1,704,540	-93.8%	105,043	1,704,540	-93.8%
Derivatives	86,054	23,994	258.6%	86,054	23,994	258.6%
Other financial assets held for trading	18,989	1,680,546	-98.9%	18,989	1,680,546	-98.9%
Non-trading financial assets mandatorily at fair value through profit or loss	68,210	65,753	3.7%	67,960	65,502	3.8%
Equity instruments	38,658	35,121	10.1%	38,408	34,870	10.1%
Debt securities	29,552	30,632	-3.5%	29,552	30,632	-3.5%
Financial assets at fair value through other comprehensive income	8,447,644	7,834,955	7.8%	8,369,990	7,805,091	7.2%
Debt securities	8,447,644	7,834,955	7.8%	8,369,990	7,805,091	7.2%
<i>thereof pledged as collateral</i>	2,747	-	-	2,747	-	-
Financial assets at amortised cost	66,085,992	62,702,857	5.4%	66,979,335	63,381,929	5.7%
Debt securities	6,087,079	6,570,473	-3.1%	14,918,910	15,382,134	-3.0%
<i>thereof pledged as collateral</i>	92,610	210,331	-56.0%	75,1366	1,425,072	-47.3%
Loans and advances to credit institutions	792,522	1,362,313	-41.8%	785,155	1,362,004	-42.4%
Loans and advances with customers	50,206,391	45,770,071	9.7%	51,275,270	46,637,791	9.9%
Finance lease receivables	1,552,592	1,445,231	7.4%	9,898	11,240	-11.9%
Property and equipment	1,027,070	1,094,606	-6.2%	787,291	820,178	-4.0%
Investment property	142,905	150,223	-4.9%	142,905	150,223	-4.9%
Intangible assets	362,316	361,674	0.2%	347,675	349,068	-0.4%
Investments in joint ventures and associates	42,226	42,109	0.3%	33,470	33,470	0.0%
Current tax assets	228,246	185,406	23.1%	225,526	182,155	23.8%
Deferred tax assets	226,558	200,946	12.7%	215,879	194,629	10.9%
Assets held for sale	215,975	227,730	-5.2%	14,909	9,153	62.9%
Trade and other receivables	872,554	653,237	33.6%	845,040	631,610	33.8%
Investments in subsidiaries	-	-	-	518,464	518,464	0.0%
Other assets	330,396	268,413	23.1%	180,580	163,730	10.3%
Total assets	93,279,793	90,255,119	3.4%	92,188,195	89,090,498	3.5%
Liabilities and Equity						
Financial liabilities held for trading	72,948	22,343	226.5%	72,948	22,359	226.3%
Derivatives	72,948	22,343	226.5%	72,948	22,359	226.3%
Financial liabilities measured at amortised cost	81,736,972	77,835,634	5.0%	81,198,823	77,617,727	4.6%
Deposits by banks	6,255,401	1,783,539	250.7%	6,412,366	2,320,172	176.4%
Deposits by customers	70,476,357	72,458,416	-2.7%	69,800,551	71,721,511	-2.7%
Debt securities issued	3,822,025	2,733,120	39.8%	3,822,025	2,733,120	39.8%
Other financial liabilities	1,183,189	860,559	37.5%	1,163,881	842,824	38.1%
Lease liabilities	425,285	435,710	-2.4%	424,803	435,710	-2.5%
Provisions	1,128,261	1,793,931	-37.1%	962,134	1,149,254	-16.3%
Current tax liabilities	100,279	48,764	105.6%	94,115	45,104	108.7%
Deferred tax liabilities	19,620	14,317	37.0%	-	-	-
Other liabilities	356,779	383,978	-7.1%	299,111	333,489	-10.3%
Total equity	9,439,649	9,720,442	-2.9%	9,136,261	9,486,855	-3.7%
Attributable to non-controlling interest	61	50	22.0%	-	-	-
Attributable to owners of the parent	9,439,588	9,720,392	-2.9%	9,136,261	9,486,855	-3.7%
Share capital	2,952,565	2,952,565	-	2,952,565	2,952,565	0.0%
Retained earnings	5,200,165	5,143,334	1.1%	4,889,630	4,900,768	-0.2%
Other reserves	1,286,858	1,624,493	-20.8%	1,294,066	1,633,522	-20.8%
Total liabilities and equity	93,279,793	90,255,119	3.4%	92,188,195	89,090,498	3.5%

As at 30 June 2022, total assets of the Group increased to RON 93,279,793 thousand versus RON 90,255,119 thousand as at 31st of December 2021. The significant variations are described in section 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		
	30.06.2022	30.06.2021	H1 2022/ H1 2021 %	30.06.2022	30.06.2021	H1 2022/ H1 2021 %
Net interest income	1,362,474	1,196,032	13.9%	1,287,072	1,140,572	12.8%
Interest income	1,706,888	1,359,316	25.6%	1,638,147	1,294,867	26.5%
Interest expense	(344,414)	(163,284)	110.9%	(351,075)	(154,295)	127.5%
Net fee and commission income	451,333	383,774	17.6%	427,270	353,750	20.8%
Fee and commission income	585,905	499,389	17.3%	557,081	463,744	20.1%
Fee and commission expense	(134,572)	(115,615)	16.4%	(129,811)	(109,994)	18.0%
Dividend income	2,403	3,148	-23.7%	25,408	4,243	498.8%
Net trading result	299,759	171,466	74.8%	290,019	171,126	69.5%
Gain/(losses) from financial instruments measured at fair value through profit or loss	2,754	2,649	4.0%	2,754	2,649	4.0%
Net result from equity method investments	(120)	385	-131.2%	-	-	-
Rental income from investment properties and other operating leases	50,923	56,838	-10.4%	2,577	2,981	-13.6%
Personnel expenses	(415,687)	(384,272)	8.2%	(384,755)	(355,103)	8.4%
Other administrative expenses	(359,063)	(302,486)	18.7%	(352,903)	(297,273)	18.7%
Depreciation and amortisation	(126,669)	(115,018)	10.1%	(100,465)	(109,809)	-8.5%
Net impairment loss on financial instruments	(209,428)	(77,234)	171.2%	(201,183)	(59,522)	238.0%
Other operating result	184,206	(91,588)	-301.1%	167,024	(56,367)	-396.3%
Pre-tax result from continuing operations	1,242,885	843,694	47.3%	1,162,818	797,247	45.9%
Taxes on income	(200,804)	(152,885)	31.3%	(188,717)	(145,641)	29.6%
Net result for the period	1,042,081	690,809	50.8%	974,101	651,606	49.5%
Attributable to non-controlling interests	11	2	450.0%	-	-	-
Attributable to owners of the parent	1,042,070	690,807	50.8%	974,101	651,606	49.5%



1. Economic and financial statements (continued)

1.2 Financial accounting statements (continued)

Statement of cash flows

in RON thousands	Group			Bank		
	30.06.2022	30.06.2021	H1 2022/ H1 2021%	30.06.2022	30.06.2021	H1 2022/ H1 2021%
Net result for the period	1,042,081	690,809	5%	974,101	651,606	49%
Non-cash adjustments for items in net profit/(loss) for the year						
Depreciation, amortisation of assets	26,669	15,018	10%	100,465	109,809	-9%
Allocation to and release of impairment of loans	174,281	50,869	243%	185,761	39,901	366%
Gains/(losses) from the sale of tangible, intangible assets and assets held for sale	-	(93,641)	-100%	-	(18,296)	-100%
Other provisions	(312,769)	34,588	-1004%	(292,098)	66,397	-540%
Impairment tangible and intangible assets	-	44,510	-100%	-	125	-100%
Interest income received from investing activities	(245,379)	(325,592)	-25%	(240,598)	(317,765)	-24%
Interest expense paid for financing activities	91,947	102,696	-10%	89,628	38,781	13%
Dividend income from investing activities	-	-	-	(23,063)	(1,157)	1893%
Other adjustments	(5,831)	(34,815)	-83%	(11,927)	2,172	-649%
Changes in assets and liabilities from operating activities after adjustment for non-cash components						
Financial assets - held for trading	1661557	236,389	603%	1661557	236,389	603%
Financial assets - at fair value through profit or loss	-	319	-100%	-	319	-100%
Financial assets at fair value through other comprehensive income	(1095,910)	(775,897)	41%	(1050,355)	(735,662)	43%
Financial assets at amortised cost						
Loans and advances						
Loans and advances to banks	569,791	719,100	-21%	576,849	718,940	-20%
Loans and advances to customers	(4,829,999)	(1,829,784)	164%	(5,036,669)	(2,220,601)	127%
Finance lease receivables	(107,361)	(91,703)	17%	1,342	2,324	-42%
Other assets from operating activities	(62,028)	81,903	-176%	(16,847)	97,976	-117%
Deposits from banks	4,848,958	(217,234)	-2332%	4,706,617	318,311	1379%
Deposits from customers	(1,982,059)	(164,229)	1107%	(1,920,960)	56,697	-3488%
Other financial liabilities	322,630	242,919	33%	320,957	234,836	37%
Other liabilities from operating activities	7,329	36,364	-80%	382	48,724	-99%
Cash flow from operating activities	203,907	(1,177,410)	-117%	25,142	(670,174)	-104%
Proceeds of disposal						
Debt securities at amortised cost	1658,888	1867,749	-11%	1490,594	919,974	62%
Property and equipment, intangible assets, investment properties and assets held for sale	49,056	201,176	-76%	16,318	190,705	-91%
Acquisition of						
Debt securities at amortised cost	(868,311)	(1,257,310)	-31%	(760,046)	(972,754)	-22%
Property and equipment, intangible assets and investment properties	(248,272)	(37,395)	564%	(2,21916)	(40,654)	446%
Interest received from investing activities	276,120	325,592	-15%	271,338	317,765	-15%
Dividends received from investing activities	-	-	0%	23,063	1,157	1893%
Cash flow from investing activities	867,481	1,099,813	-21%	819,351	416,194	97%
Repayment of principal of lease liabilities (IFRS 16)	(45,187)	(50,787)	-11%	(45,669)	(52,578)	-13%
Dividends paid to equity holders of the parent	(963,452)	(71,695)	1244%	(963,452)	(71,695)	1244%
Dividends paid to non-controlling interests	(1,090)	(84)	1196%	(1,090)	(84)	1196%
Debt securities issued	1053,000	1,000,000	5%	1,053,000	1,000,000	5%
Outflows from other financing activities	(768,085)	(456,258)	68%	(522,940)	(160,205)	226%
Interest expense paid for financing activities	(91,947)	(29,896)	208%	(89,628)	(26,979)	232%
Other financing activities	(79,216)	(6,599)	1100%	(76,897)	(3,682)	1888%
Subordinated loans	(12,731)	(23,297)	-45%	(12,731)	(23,297)	-45%
Cash flow from financing activities	(816,761)	391,280	-309%	(569,779)	688,459	-183%
Cash and cash equivalents at beginning of period	13,317,439	10,538,199	26%	13,069,516	10,193,736	28%
Cash flow from operating activities	203,907	(1,177,410)	-117%	25,142	(670,174)	-104%
Cash flow from investing activities	867,481	1,099,813	-21%	819,351	416,194	97%
Cash flow from financing activities	(816,761)	391,280	-309%	(569,779)	688,459	-183%
Cash and cash equivalents at end of period	13,572,066	10,851,882	25%	13,344,230	10,628,215	26%

2. Analysis of the issuer's activity

2.1. Outlook on issuer's activity

2022 economic outlook

Real GDP growth expected to slow down in 2022.

EU funds inflows are the economic growth key drivers as 70% of EU grants (up to EUR 79.9 bn in 2021-2027) frontloaded in 2021-2022.

Average inflation rate anticipated to reach 12.4% in 2022 (5.05% inflation rate published for December 2021), following a steep rise in commodities prices after Russia invaded Ukraine and high pressure on core inflation. Inflation could peak in June and decline afterwards in December 2022.

Average unemployment rate is expected at 5.3% in 2022.

Real wage growth expected to be negative this year on the back of fast rise in inflation rate.

Significantly higher short-term **interest rates**, with higher average 3M ROBOR due to faster monetary tightening by the NBR.

Balance Sheet developments

Loan production will continue to be the key growth driver for the balance sheet, BCR Group expecting a high-single digit growth in 2022, sustained by digital lending initiatives and state programs (i.e. IMM invest, PNRR program, Prima Casa).

Retail loans portfolio growth is assumed to moderate in 2022 mainly on the account of unsecured products. Retail lending stock will register single-digit growth by end of 2022 mostly supported by robust growth in standard housing while Prima Casa remains rather stable. At the same time, sound increase in Micro after full redesign of lending process and BCR Digital Innovation.

Corporate is expected to see double-digit increase in lending portfolio, with positive developments in SME and LC segments.

On the liabilities side, deposits will continue their upward trend as a result of BCR's strategy to focus on increase the number of active customers and on digitalization, supported by new George value proposition.

Income Statements developments

Operating income estimated to exceed the budgeted figure for the year end mainly on the back of net interest income due to higher market rates environment and business volumes, net trading Q1-22 actual extraordinary result generated by current geopolitical context, and higher rental income considering the postponement of Fleet Management portfolio sale.

Operating expenses expected to increase mainly driven by higher personnel expenses mostly generated by the inflationary environment as well as higher regulatory costs.

Risk costs adjustment to new geopolitical context will bring additional allocations in 2022.

Based on improved operating performance, return on equity will continue to grow and is expected to reach a mid-double-digit level.



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

2.2. Issuer's tangible assets

Currently, the Bank has a portfolio of 82 properties, located in 39 counties, of which the largest number of buildings are in Bucharest - 6 units, and the remaining 76 buildings are located in other counties in Romania.

In 2019, the Bank decided to pursue a strategy of optimizing the network of units and headquarter buildings including selling certain properties. Implementation of strategy continued.

In 2021, the whole property portfolio was reassessed and, from the existing 14 properties previous classified under IFRS 5, 10 properties did not meet anymore the criteria to be classified under IFRS 5 and were reclassified to IAS 16. The main driver for the reclassification was updating the Bank's estimates regarding probability of executing the sale in the next 12 months.

During H1 2022, the Bank sold 5 properties (land and buildings), with a net book value of RON 11,000 thousand.

2.3. Issuer's performance¹

BCR Group achieved a **net profit of RON 1,042.1 million (EUR 210.7 million) in H1 2022**, up by 50.9% against RON 690.8 million (EUR 140.9 million) in H1 2021, driven by improved operating result underpinned by continued strong loan growth.

Operating result improved by 25.2% to **RON 1,268.1 million (EUR 256.4 million) in H1 2022** from RON 1,012.5 million (EUR 206.6 million) in H1 2021, on the back of improved operating income, partly offset by higher operating expenses.

Net interest income increased by 13.9% to **RON 1,362.5 million (EUR 275.5 million) in H1 2022**, from RON 1,196 million (EUR 244 million) in H1 2021, driven by higher business volumes in both retail and corporate coupled with higher market rates.

Net fee and commission income increased by 17.6%, to **RON 451.3 million (EUR 91.2 million) in H1 2022**, from RON 383.8 million (EUR 78.3 million) in H1 2021, driven by higher fee income across all fee categories.

Net trading result increased by 73.8%, to **RON 302.5 million (EUR 61.2 million) in H1 2022**, from RON 174.1 million (EUR 35.5 million) in H1 2021, on higher trading activity.

Operating income increased by 19.6%, to **RON 2,169.5 million (EUR 438.7 million) in H1 2022**, from RON 1,814.3 million (EUR 370.2 million) in H1 2021, driven by all major income components.

General administrative expenses reached **RON 901.4 million (EUR 182.3 million) in H1 2022**, up by 12.4% in comparison to RON 801.8 million (EUR 163.6 million) in H1 2021, mainly due to higher contribution to deposit insurance fund in 2022 and higher personnel expenses generated by the inflationary environment.

¹ All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for H1 2022, according to IFRS. Unless otherwise specified, the H1 2022 financial results are compared to the H1 2021 results. Also, unless otherwise specified, the exchange rates used to convert amounts into euros are those communicated by the European Central Bank. The profit and loss account is converted using the average exchange rate for H1 2022, i.e. 4.9458 RON/EUR when referring to the H1 2022 results, and using the average exchange rate for H1 2021, i.e. 4.9015 RON/EUR with reference to the H1 2021 results. The balance sheets as of 30 June 2022 and 31 December 2021 are converted using the closing exchange rates on those dates (4.9464 RON/EUR on 30 June 2022, and 4.9490 RON/EUR on 31 December 2021). All the percentage changes refer to the figures expressed in RON.



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

2.3. Issuer's performance (continued)

As such, **cost-income ratio** improved to **41.5% in H1 2022**, versus 44.2% in H1 2021.

Risk costs and Asset Quality

Impairment result from financial instruments recorded a provision allocation of **RON 209.4 million (EUR 42.3 million) in H1 2022**, as compared to an allocation of RON 77.2 million (EUR 15.8 million) in H1 2021. This result has been mainly influenced by the implementation of additional stricter rules for credit risk classification under IFRS 9 applied to clients from industries potentially affected by the current operating environment and geopolitical context. Secondly, the risk parameters have been updated to reflect the bank's prudent approach on the current and expected evolution of the macroeconomic environment.

NPL ratio reached **3.5% as of June 2022**, lower than 3.9% recorded as of December 2021. This evolution is reflecting the low NPL formation, a good trend of recoveries in both retail and corporate segments and also the increase in loans to customers. At the same time, the NPL provisioning coverage stood at **149.5% as of June 2022**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **19.1% as of May 2022**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 20.4% (BCR Group, after profit capitalization) as of December 2021** is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased by 10% to **RON 52,631.5 million (EUR 10,640.4 million) as of 30 June 2022** from RON 47,868.5 million (EUR 9,672.4 million) as of 31 December 2021, supported by increases in both retail loans (+4.6% ytd to RON 28,188.2 million) and corporate loans (+15.6% ytd to RON 23,999.9 million).

Deposits from customers slightly decreased by 2.7% to **RON 70,476.4 million (EUR 14,248 million) as of 30 June 2022** from RON 72,458.4 million (EUR 14,641 million) as of 31 December 2021, due to slight decline in retail deposits (-3.8% ytd to RON 44,422.5 million), while the corporate deposits remained flat (-0.1% ytd to RON 24,003.6 million).

BCR impact in the economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 5 billion in H1 2022, up by 17.8% yoy, on the back of mortgage sales increasing by 42.8% yoy and cash loan originations by 22.7% yoy. Stock of mortgage in local currency increased by 18.5% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 10.2% yoy as of 30 June 2022.

In corporate banking business, BCR approved new corporate loans of RON 8.1 billion in H1 2022, more than triple versus H1 2021, of which a quarter are aimed for investments. The record 29.9% yoy advance in the stock of corporate financing was driven by significant increases in the large corporates, SMEs and public sector. Within the financing programmes with state guarantee dedicated to the SMEs (IMM Invest, IMM Prod, Rural Invest, Garant Construct), BCR approved 1,654 loans totalling RON 1.4 billion in H1 2022.



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

2.3. Issuer's performance *(continued)*

The total BCR Leasing financing portfolio granted to customers increased by 15% in H1 2022, as compared to H1 2021, to over RON 3 billion.

In the first part of 2022, **The Money School** organized online and offline financial education sessions for almost 50,000 adults and children. The total number of those who attended the program exceeded 500,000 people, and the platform has expanded its course offer with a new module "Eco-Financial Guide: how to consume responsibly?", which addresses everyone's behaviour in relation to consumption habits and budgeting. **The entrepreneurial education platform BCR Scoala de Business** has reached 20,000 users (entrepreneurs, managers, freelancers, teachers, and students). The platform currently includes 8 courses with a total of 73 modules, over 100 videos, and 95 tests, and has launched a course for entrepreneurs who are just starting out: 10 tips for successful start-ups, created together with Iancu Guda. **INNOVX-BCR, the technology business programme**, has reached 126 accelerated start-ups, along with companies that have become alumni in the first Start-ups group of 2022. In June 2022, eight InnovX-BCR technology businesses took part in the biggest foreign direct investment event in the United States: The SelectUSA Investment Summit. Two of them won awards at the Summit's pitching competitions, in the Cybersecurity and Fintech categories.

3. Changes affecting the issuer's 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

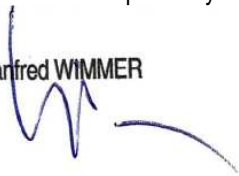
5. Annexes

The following documents are annexed to this report:

1. Issuer's 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 2022.

Chairman of the Supervisory Board,

Manfred WIMMER

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



Annex 1- Issuer's Management

BCR's Supervisory Board and Management Board structure during 01.01 - 30.06.2022 is:

Supervisory Board

- Manfred Wimmer – Chairman;
- Bernhard Spalt – Deputy Chairman;
- Daniela Camelia Nemoianu – member;
- Hildegard Gacek – member;
- Elisabeth Krainer Senger – Weiss – member;
- Stefan Dörfler – member;
- Iris Bujatti – member.

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.