

BRD – Groupe Société Générale S.A.

INTERIM FINANCIAL STATEMENTS

JUNE 30, 2022

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To the shareholders of BRD – Groupe Societe Generale SA

Introduction

We have reviewed the accompanying interim separate financial statements of BRD – Groupe Societe Generale SA ("the Bank") as at 30 June 2022, which comprise the interim separate statement of financial position as at 30 June 2022, and the related interim separate profit or loss, interim separate statement of comprehensive income, interim separate statement of changes in equity and interim separate statement of cash flows for the six-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of these interim separate financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim separate financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

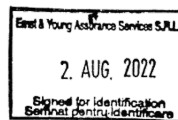
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Emphasis of matter

Without qualifying our review conclusion, we draw attention to Note 2a) Basis of preparation to the financial statements which states that the interim consolidated financial statements for the period ended 30 June 2022 and 30 June 2021 are not audited nor reviewed. We have not audited nor reviewed the consolidated interim financial statements as of and for the period ended 30 June 2022 and do not express an opinion or a review conclusion on the consolidated interim financial statements as of and for the period ended 30 June 2022 of the Bank.

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania
Registered in the electronic Public Register under No. FA77



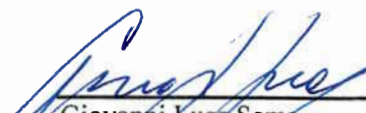
Name of the Auditor/ Partner: Alina Dimitriu
Registered in the electronic Public Register under No. AF1272

Bucharest, Romania
2 August 2022


BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
for the period ended June 30, 2022
(Amounts in thousands RON)

	Note	Group		Bank	
		Unaudited (*)			
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
ASSETS					
Cash and due from Central Bank	4, 34	7,534,142	6,206,356	7,534,141	6,206,323
Due from banks	5	7,152,539	4,537,941	7,136,879	4,521,357
Derivatives and other financial instruments held for trading	6	992,111	2,274,924	978,692	2,274,924
Financial assets at fair value through profit and loss	7	7,936	6,947	7,936	6,947
Financial assets at fair value through other comprehensive income	8	15,091,718	19,863,825	15,091,718	19,863,825
Financial assets at amortised cost	9	36,068,961	32,913,875	35,371,284	32,183,856
Loans and advances to customers	9.1	35,328,558	32,913,875	34,630,881	32,183,856
Treasury bills at amortised cost	9.2	740,403	-	740,403	-
Finance lease receivables	10	1,325,738	1,222,595	-	-
Investments in subsidiaries, associates and joint ventures		108,012	107,205	159,087	158,916
Property, plant and equipment	11	1,027,301	1,072,099	1,008,953	1,051,254
Investment property		15,983	16,312	15,983	16,312
Goodwill	12	50,130	50,130	50,130	50,130
Intangible assets	13	346,427	321,063	345,140	319,656
Current tax assets	19	7,484	7,484	7,484	7,484
Deferred tax asset	19	535,430	180,089	521,929	166,173
Other assets	14	534,834	271,256	401,971	176,910
Non-current assets held for sale		11,040	11,196	11,040	11,196
Total assets		70,809,786	69,063,297	68,642,367	67,015,263
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	15	621,502	156,810	621,502	156,810
Derivatives and other financial instruments held for trading	7	496,944	498,651	496,944	498,651
Due to customers	16	53,665,039	52,683,581	53,796,167	52,917,886
Borrowed funds	17	7,600,823	4,056,470	5,770,889	2,230,572
Subordinated debts	18	1,237,282	495,022	1,237,282	495,022
Current tax liability	19	40,116	83,963	33,142	79,979
Provisions	20	330,068	383,185	320,113	374,745
Other liabilities	21	846,553	826,710	726,553	722,260
Total liabilities		64,838,327	59,184,392	63,002,592	57,475,925
Share capital	22	2,515,622	2,515,622	2,515,622	2,515,622
Other reserves		(2,322,104)	(385,380)	(2,322,104)	(385,380)
Retained earnings and capital reserves		5,719,947	7,690,955	5,446,257	7,409,096
Non-controlling interest		57,994	57,708	-	-
Total equity		5,971,459	9,878,905	5,639,775	9,539,338
Total liabilities and equity		70,809,786	69,063,297	68,642,367	67,015,263

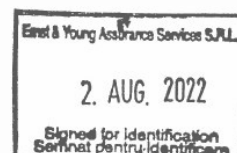
The financial statements have been authorized by the Group's management on August 2, 2022 and are signed on the Group's behalf by:


Giovanni Luca Soma
Chairman of the Board of
Directors


François Bloch
Chief Executive Officer


Etienne Louergue
Chief Financial Officer

The accompanying notes are an integral part of this financial statements
(*) Unaudited / unreviewed by the financial auditor

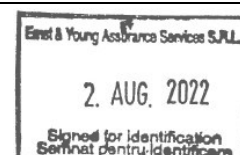


BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE PROFIT OR LOSS
for the period ended June 30, 2022
(Amounts in thousands RON)

	Note	Group Unaudited (*)		Bank	
		Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest and similar income	23	1,274,687	1,090,173	1,201,003	1,015,138
Interest and similar expense	24	(151,628)	(76,710)	(144,230)	(66,313)
Net interest income		1,123,059	1,013,463	1,056,773	948,825
Fees and commission income	25	536,496	512,659	514,363	491,076
Fees and commission expense	25	(163,181)	(145,519)	(158,522)	(141,677)
Fees and commissions, net		373,315	367,140	355,841	349,399
Gain on derivative, other financial instruments held for trading and foreign exchange	26	133,856	128,074	132,969	127,773
Gain from financial instruments at fair value through other comprehensive income		2,415	11,960	2,415	11,960
Gain from financial instruments at fair value through profit and loss		2,352	7,937	2,360	7,601
Net (loss)/Income from associates and joint ventures		(4,418)	(934)	(5,054)	3,349
Other income/(expense) from banking activities	27	10,940	(1,535)	46,372	11,828
Total non-interest income		145,145	145,502	179,062	162,511
Net banking income		1,641,519	1,526,105	1,591,676	1,460,735
Personnel expenses	29	(415,227)	(407,603)	(387,739)	(380,957)
Depreciation, amortisation and impairment on tangible and intangible assets	30	(113,111)	(122,650)	(110,053)	(118,266)
Contribution to Guarantee Scheme and Resolution Fund	28	(69,171)	(49,395)	(69,171)	(49,395)
Other operating expenses	31	(255,195)	(234,153)	(239,387)	(218,507)
Total operating expenses		(852,704)	(813,801)	(806,350)	(767,125)
Gross operating profit		788,815	712,304	785,326	693,610
Cost of risk	32	(46,095)	38,870	(52,368)	57,187
Operating profit		742,720	751,174	732,958	750,797
Profit before income tax		742,720	751,174	732,958	750,797
Current tax expense	19	(112,485)	(113,890)	(103,237)	(109,757)
Deferred tax income/(expense)		(13,464)	(11,449)	(13,049)	(12,342)
Total income tax		(125,949)	(125,339)	(116,286)	(122,099)
Profit for the period		616,771	625,835	616,672	628,698
Profit attributable to equity holders of the parent		608,509	622,693	-	-
Profit attributable to non-controlling interests		8,262	3,142	-	-
Basic earnings per share (in RON)	38	0.8732	0.8935	0.8849	0.9021

The accompanying notes are an integral part of this financial statements

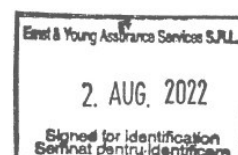
(*) Unaudited / unreviewed by the financial auditor



BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the period ended June 30, 2022
(Amounts in thousands RON)

Note	Group Unaudited (*)		Bank	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit for the period	616,771	625,836	616,672	628,699
Other comprehensive income				
Net comprehensive income that may be reclassified to profit and loss in subsequent periods	(1,936,724)	(255,807)	(1,936,724)	(255,807)
Net gain/(loss) on financial assets at fair value through other comprehensive income	(1,936,724)	(255,807)	(1,936,724)	(255,807)
Reclassifications to profit and loss during the period	2,895	11,552	2,895	11,552
Revaluation differences	(2,308,424)	(316,162)	(2,308,424)	(316,162)
Income tax	368,805	48,803	368,805	48,803
Other comprehensive income for the period, net of tax	(1,936,724)	(255,807)	(1,936,724)	(255,807)
Total comprehensive income for the period, net of tax	(1,319,953)	370,029	(1,320,052)	372,892
Attributable to:				
Equity holders of the parent	(1,328,215)	366,887		-
Non-controlling interest	8,262	3,142		-

The accompanying notes are an integral part of this financial statements
 (*) Unaudited / unreviewed by the financial auditor



BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended June 30, 2022
(Amounts in thousands RON)

Group

	Attributable to equity holders of the parent			Non-controlling interest	Total equity
	Other reserves				
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	
December 31, 2020	2,515,622	789,030	15,412	6,403,510	9,772,065
Total comprehensive income	-	(255,807)	-	622,694	370,029
Net Profit for the period	-	-	-	622,694	625,836
Other comprehensive income	-	(255,807)	-	-	(255,807)
Equity dividends	-	-	-	(52,198)	(52,198)
June 30, 2021	2,515,622	533,223	15,412	6,974,006	10,089,896

	Attributable to equity holders of the parent			Non-controlling interest	Total equity
	Other reserves				
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	
December 31, 2021	2,515,622	(401,602)	16,222	7,690,955	9,878,905
Total comprehensive income	-	(1,936,724)	-	608,509	(1,319,953)
Net Profit for the period	-	-	-	608,509	616,771
Other comprehensive income	-	(1,936,724)	-	-	(1,936,724)
Equity dividends	-	-	-	(2,579,511)	(2,587,488)
June 30, 2022	2,515,622	(2,338,326)	16,222	5,719,947	5,971,459

Ernst & Young Assurance Services S.R.L.
2. AUG. 2022
Signed for identification
Semnat pentru identificare

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BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended June 30, 2022
(Amounts in thousands RON)

Bank

	Other reserves				
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	Total equity
December 31, 2020	2,515,622	789,030	15,412	6,152,079	9,472,142
Total comprehensive income	-	(255,807)	-	628,699	372,892
Net Profit for the period	-	-	-	628,699	628,699
Other comprehensive income	-	(255,807)	-	-	(255,807)
Equity dividends	-	-	-	(52,198)	(52,198)
June 30, 2021	2,515,622	533,223	15,412	6,728,580	9,792,836

	Other reserves				
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	Total equity
December 31, 2021	2,515,622	(401,602)	16,222	7,409,095	9,539,338
Total comprehensive income	-	(1,936,724)	-	616,672	(1,320,052)
Net Profit for the period	-	-	-	616,672	616,672
Other comprehensive income	-	(1,936,724)	-	-	(1,936,724)
Equity dividends	-	-	-	(2,579,511)	(2,579,511)
June 30, 2022	2,515,622	(2,338,326)	16,222	5,446,256	5,639,774

Ernst & Young Assurance Services S.R.L.
2. AUG. 2022
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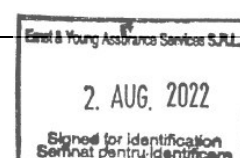
BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
for the year ended June 30, 2022
(Amounts in thousands RON)

	Note	Group Unaudited (*)		Bank	
		Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash flows from operating activities					
Profit before tax		742,720	751,175	732,958	750,798
<i>Adjustments for:</i>					
Depreciation and amortization expense	30	113,111	122,650	110,053	118,266
Loss from investment in associates and joint ventures		(11,243)	4,279	(9,971)	-
Loss/ (Gain) from revaluation of assets at fair value through profit and loss	7	(989)	(7,484)	(989)	(7,148)
Impairment adjustments and provisions	33	140,713	28,490	131,576	8,234
Adjusted profit		984,312	899,110	963,627	870,150
Changes in operating assets and liabilities					
Due from Central Bank		(497,074)	2,327,951	(497,106)	2,327,951
Deposits with banks		(43,506)	(11,029)	(44,396)	(11,962)
Treasury bills at amortised cost		(740,403)	-	(740,403)	-
Sales of financial assets at fair value through profit and loss	7	-	85,548	-	58,356
Financial assets at fair value through other comprehensive income		2,835,383	(1,496,300)	2,835,383	(1,496,300)
Loans and advances to customers		(2,549,252)	(2,880,435)	(2,577,899)	(2,905,244)
Lease receivables		(106,936)	(81,894)	-	-
Other assets including trading		612,967	(635,097)	665,887	(591,805)
Due to banks		464,692	286,110	464,692	286,110
Due to customers		981,458	3,049,529	878,281	3,056,436
Other liabilities		25,087	(455,194)	12,310	(491,829)
Total changes in operating assets and liabilities		982,416	189,189	996,749	231,713
Income tax paid		(150,435)	(48,292)	(150,074)	(44,158)
Cash flow from operating activities		1,816,293	1,040,007	1,810,302	1,057,705
Investing activities					
Acquisition of investments in associates and joint ventures		10,438	-	9,800	-
Acquisition of tangible and intangible assets	11, 13	(79,447)	(102,953)	(79,274)	(103,255)
Proceeds from sale of tangible and intangible assets		147	1,323	147	1,323
Cash flow from investing activities		(68,862)	(101,630)	(69,327)	(101,932)
Financing activities					
Proceeds from borrowings		116,783,024	714,472	116,330,452	109
Repayment of borrowings		(112,496,411)	(696,021)	(112,047,875)	(2,006)
Repayment of principal lease liabilities	10	(44,745)	(45,060)	(42,203)	(42,108)
Dividends paid		(2,587,493)	(52,198)	(2,579,511)	(52,198)
Net cash from financing activities		1,654,375	(78,807)	1,660,863	(96,203)
Net movements in cash and cash equivalents		3,401,806	859,570	3,401,838	859,570
Cash and cash equivalents at beginning of the period	33	6,301,478	7,259,265	6,301,445	7,259,261
Cash and cash equivalents at the end of the period	33	9,703,283	8,118,835	9,703,283	8,118,831

Additional information on operational cash flows from interest and dividends:

	Group Unaudited (*)		Bank	
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest paid	151,258	76,389	131,187	66,907
Interest received	1,275,170	1,128,180	1,292,291	1,065,786
Dividends received	4,576	3,349	41,793	19,315

The accompanying notes are an integral part of this financial statements
 (*) Unaudited / unreviewed by the financial auditor



BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended June 30, 2022
(Amounts in thousands RON)

1. Corporate information

BRD – Groupe Société Générale (the “Bank” or “BRD”) is a joint stock company incorporated in Romania. The Bank commenced business as a state owned credit institution in 1990 by acquiring assets and liabilities of the former Banca de Investitii. The Bank headquarters and registered office is 1-7 Ion Mihalache Blvd, Bucharest.

BRD together with its subsidiaries (the “Group”) offers a wide range of banking and financial services to corporates and individuals, as allowed by law. The Group accepts deposits from the public and grants loans and leases, carries out funds transfer in Romania and abroad, exchanges currencies and provides other financial services for its commercial and retail customers.

The ultimate parent is Société Générale S.A. as at June 30, 2022 (the “Parent” or “SG”).

The Bank has as at June 30, 2022 481 units throughout the country (December 31, 2021: 499).

The average number of active employees of the Group during first semester of 2022 was 6,203 (2021: 6,620), and the number of active employees of the Group as of the period-end was 6,087 (December 31, 2021: 6,408).

The average number of active employees of the Bank during first semester of 2022 was 5,872 (2021: 6,156), and the number of active employees of the Bank as of the period-end was 5,796 (December 31, 2021: 5,974).

The active employees are the full time employees (excluding maternity leave and long-term sick leave).

BRD – Groupe Société Générale has been quoted on Bucharest Stock Exchange (“BVB”) since January 15, 2001.

The shareholding structure of the Bank is as follows:

	June 30, 2022	December 31, 2021
Societe Generale	60.17%	60.17%
Fondul De Pensii Administrat Privat NN/NN Pensii S.A.F.P.A.P. S.A.	5.56%	5.31%
S.I.F. Oltenia	3.95%	3.97%
Fondul De Pensii Administrat Privat AZT Viitorul Tau	3.80%	3.91%
Fondul De Pensii Administrat Privat Metropolitan Life	3.21%	3.17%
TRANSILVANIA INVESTMENTS ALLIANCE S.A.	2.32%	2.52%
Legal entities	15.57%	16.58%
Individuals	5.41%	4.38%
Total	100.00%	100.00%

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended June 30, 2022
(Amounts in thousands RON)

2. Basis of preparation

a) Basis of preparation

The separate interim financial statements as at June 30, 2022 are of the Bank BRD – Groupe Société Générale. The consolidated interim financial statements as at June 30, 2022 and June 30, 2021 are not audited nor reviewed (references included in the financial statements and selected explanatory notes).

The interim financial statements for the six months ended June 30, 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2021. In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, and Order of the National Bank of Romania Governor no. 27/2010, as amended, BRD prepared consolidated and separate financial statements for the year ended December 31, 2021 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU").

The consolidated interim financial statements includes the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in shareholders' equity, the consolidated cash flow statement and selected explanatory notes.

The separate interim financial statements includes the separate statement of financial position, the separate income statement, the separate statement of comprehensive income, the statement of changes in shareholders' equity, the separate cash flow statement and selected explanatory notes.

The consolidated and separate interim financial statements are presented in Romanian lei ("RON"), which is the Group's and its subsidiaries' functional and presentation currency, rounded to the nearest thousand, except when otherwise indicated. The consolidated and separate financial statements has been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, financial assets through other comprehensive income, derivative financial instruments, other financial assets and liabilities held for trading, which have all been measured at fair value.

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

b) Basis for consolidation

The consolidated interim financial statements comprise the financial statements of the credit institution and its subsidiaries as at June 30, 2022. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include the financial statements of BRD – Groupe Société Générale S.A. and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2021: 99.98%), BRD Finance IFN S.A (49% ownership, 2021: 49%) and BRD Asset Management SAI SA (99.98% ownership, 2021: 99.98%).

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended June 30, 2022
(Amounts in thousands RON)

According to IFRS 12 9(b), the Group controls BRD Finance IFN S.A even though it holds less than half of the voting rights, through the power to govern the financial and operating policies of the entity under various agreements. All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date such control ceases.

Equity and net income attributable to non-controlling interest are shown separately in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of comprehensive income, respectively.

The Bank is accounting the investments in subsidiaries, associates and joint ventures in the separate financial statements at cost less impairment adjustment.

Group			
<u>Associates</u>	Field of activity	Address	%
ALD Automotive SRL	Operational leasing	1-7, Ion Mihalache Street, floor 3, district 1, Bucharest	20.00%
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Fondul de Garantare a Creditului Rural IFN SA	Loans guarantee	5 Occidentului Street, district 1, Bucharest	33.33%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	49.00%
BRD Soglease Asset Rental SRL	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%
<u>Joint ventures</u>			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest,	33.33%
Bank			
<u>Associates</u>	Field of activity	Address	%
ALD Automotive SRL	Operational leasing	1-7, Ion Mihalache Street, floor 3, district 1, Bucharest	20.00%
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Fondul de Garantare a Creditului Rural IFN SA	Loans guarantee	5 Occidentului Street, district 1, Bucharest	33.33%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	49.00%
<u>Joint ventures</u>			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest,	33.33%
<u>Subsidiaries</u>			
BRD Soglease IFN SA	Financial lease	1-7, Ion Mihalache Street, floor 12, district 1, Bucharest	99.98%
BRD Finance IFN SA	Financial institution	1-7, Ion Mihalache Street, floor 15, district 1, Bucharest	49.00%
BRD Asset Management SAI SA	Fund administration	2 Doctor Staicovici Street, district 5, floor 5, Bucharest	99.98%

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2. Basis of preparation (continued)

c) Changes in accounting policies and adoption of revised/amended IFRS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group/Bank as of 1 January 2022.

The impact of the application of these new and revised IFRSs has been reflected in the interim financial statements and was estimated as not being material, except disclosures already presented in the Notes.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company recognizes such sales proceeds and related cost in profit or loss.
 - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
 - **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases
- **IFRS 16 Leases - Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)**

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

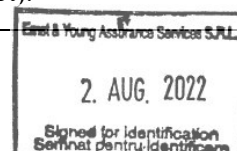
d) Standards and Interpretations that are issued but have not yet come into effect

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not).

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor



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2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect (continued)

A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

• IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period.

Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.

• IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU.

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2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect (continued)

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU.

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU.

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2. Basis of preparation (continued)

e) Significant accounting judgments and estimates

In the process of applying the Group and Bank's accounting policies, management is required to use its judgments and make estimates in determining the amounts recognized in the consolidated and separate financial statements. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 39.

Expected credit losses on financial assets at amortised cost and FVOCI

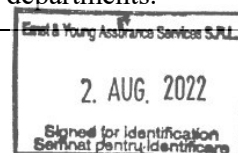
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank reviews its loans and advances to customers at each reporting date to assess whether there is any objective evidence of impairment. The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days, whether a severe alteration in the counterparty's financial standing is observed, entailing a high probability that the debtor will not be able to fully meet its credit obligations, whether concessions in the form of restructuring were consented under the circumstances of financial hardship experienced by the debtor, whether legal procedures were initiated or the debtor was transferred to specialized recovery structures (regardless of the number of days past due).

The Bank's expected credit loss model (ECL) relies on several underlying assumptions regarding the choice of variable inputs and their interdependencies, which affect the level of allowances:

- The internal credit grading model, which assigns probabilities of default (PDs) to the individual grades
- The criteria defined (both in relative and absolute terms) for the assessment of significant increase in credit risk since initial recognition and consequently the computation of allowances based on life time expected credit loss (LTECL)
- The grouping of financial assets when their ECL is measured on a collective basis
- The development of ECL model, including the various formulas and the choice of inputs
- The macroeconomic scenarios and their probability weightings based on which ECL is derived
- The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, the Bank assesses the need/opportunity for additional amounts of provisions in the form of overlays, in order to address:
 - Sector of activity specific risks (adjustment of ECL on sectors that have a different default behavior from the whole calibration segment)
 - Visible macroeconomic threat impossible to be captured by the models (typically, when the predicted stress did not occur in the observed past serving as a base for models).
- For individually significant loans and advances, the Group and Bank identify and quantify the expected future cash flows to be used for a total or partial reimbursement of the obligations, based on the capacity of the client/business to generate revenues, proceeds resulting from sale of collaterals and other clearly identified sources of repayment. The individual assessment threshold is defined in between 500 - 1,500 thousands EUR, depending on the client type and customers' management departments.

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor



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2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

Provisions for other risks and charges

The Bank operates in a regulatory and legal environment that, by nature has a heightened element of litigation risk inherent to its operations and, as a result it is involved in various litigations or is subject to various obligations arising from legislation in force.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case, as mentioned in this note. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Generally, the first step is to establish the existence of the present obligation followed by the estimation of the amount needed to settle that obligation taking into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

In case of litigations:

- i. For a single individual litigation the Bank assess whether there is more likely than not to have an unfavourable court decision considering the factors mentioned above; then it estimates the amount at risk; in case there are several scenarios possible with different outcomes, the amount at risk is the weighted average of the amounts at risk for each scenario using the probability distribution for all scenarios (100% is allocated to the possible scenarios) and provisions 100% of the estimated amount;
- ii. For multiple litigations, the assessment of “more likely than not” could be substantiated for the entire population using statistics and provision computation to be made at pool level.

In case of obligations arising from various legislation, the bank assesses first if there is no realistic alternative of settling that obligation, and if not, it estimates the amount needed to settle that obligation (using similar approach as above) and books provisions representing 100% of the estimated amount.

Please refer to Note 20 for more details.

f) Segment information

A segment is a component of the Group and Bank:

- That engages in business activity from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and;
- For which distinct financial information is available;

The Group and Bank’s segment reporting is based on the following segments: *Retail* including Individuals and Small Business, *Non-retail* including Small and medium enterprises (“SMEs”) and Large corporate and *Corporate Center* including: treasury activities, ALM and other categories unallocated to the business lines mentioned above (fixed assets, taxes, equity investments, etc.).

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3. Segment information

The segments used for management purposes are based on customer type and size, products and services offered as follows:

In Retail (Individuals & Small Business) category the following customer's segments are identified:

- Individuals – the Bank provides individual customers with a range of banking products such as: saving and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities, etc.
- Small business – business entities with annual turnover lower than EUR 1 million and having an aggregated exposure at group level less than EUR 0.3 million. Standardised range of banking products is offered to small companies and professional: saving and deposits taking, loans and other credit facilities, etc.

Retail customers include clients with similar characteristics in terms of financing needs, complexity of the activity performed and size of business for which a range of banking products and services with medium to low complexity is provided.

In Non-Retail category the following customer's segments are identified:

- Small and medium enterprises (companies with annual turnover between EUR 1 million and EUR 50 million and the aggregated exposure at group level higher than EUR 0.3 million);
- Large corporate (corporate banking and companies with annual turnover higher than 50 million EUR, municipalities, public sector and other financial institutions).

The Bank provides these customers with a range of banking products and services, including saving and deposits taking, loans and other credit facilities, transfers and payment services, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions.

The Corporate Center includes: treasury activities, ALM and other categories unallocated to Retail and Non-Retail business lines.

The Executive Committee monitors the activity of each segment separately for the purpose of making decisions about resource allocation and performance assessment.

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3. Segment information (continued)

	Group				
	June 30, 2022 Unaudited (*)		December 31, 2021		
	Total	Retail	Non retail	Corporate Center	Total
Total assets	70,809,786	23,876,402	12,777,894	34,155,490	69,063,297
Loans and advances to customers, net & Finance lease receivables	36,654,296	23,876,402	12,777,894	-	34,136,470
Other assets	34,155,490	-	-	34,155,490	34,926,827
Total liabilities	70,809,786	35,533,284	18,131,755	17,144,747	69,063,297
Due to customers	53,665,039	35,533,284	18,131,755	-	52,683,581
Other liabilities	17,144,747	-	-	17,144,747	16,379,716
Total assets	68,642,367	22,850,391	11,780,490	34,011,486	67,015,263
Loans and advances to customers, net	34,630,881	22,850,391	11,780,490	-	32,183,856
Other assets	34,011,486	-	-	34,011,486	34,831,407
Total liabilities	68,642,367	35,533,284	18,262,883	14,846,200	67,015,263
Due to customers	53,796,167	35,533,284	18,262,883	-	52,917,886
Other liabilities	14,846,200	-	-	14,846,200	14,097,377

	Bank			
	June 30, 2022		December 31, 2021	
	Total	Retail	Non retail	Corporate Center
Total assets	68,642,367	22,850,391	11,780,490	34,011,486
Loans and advances to customers, net	34,630,881	22,850,391	11,780,490	-
Other assets	34,011,486	-	-	34,011,486
Total liabilities	68,642,367	35,533,284	18,262,883	14,846,200
Due to customers	53,796,167	35,533,284	18,262,883	-
Other liabilities	14,846,200	-	-	14,846,200

Ernst & Young Assurance Services S.R.L.
2. AUG. 2022
Signed for identification
Semnat pentru identificare

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3. Segment information (continued)

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3. Segment information (continued)

	Bank							
	Six months ended June 30, 2022			Six months ended June 30, 2021				
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Net interest income	1,056,773	722,531	259,701	74,541	948,825	647,358	184,786	116,681
Fees and commissions, net	355,841	241,902	119,717	(5,778)	349,399	250,973	104,768	(6,342)
Total non-interest income	179,062	63,855	45,372	69,835	162,511	45,654	37,511	79,346
Operating income	1,591,675	1,028,287	424,791	138,598	1,460,735	943,987	327,064	189,684
Total operating expenses	(806,350)	(602,139)	(203,672)	(539)	(767,125)	(561,283)	(198,033)	(7,810)
Cost of risk	(52,368)	(30,023)	4,903	(27,248)	57,187	(41,501)	110,655	(11,967)
Profit before income tax	732,958	396,124	226,022	110,811	750,797	341,203	239,687	169,907
Total income tax	(116,286)	(62,846)	(35,859)	(17,581)	(122,099)	(55,488)	(38,979)	(27,632)
Profit for the period	616,672	333,278	190,163	93,230	628,698	285,713	200,709	142,277
Cost Income Ratio	51.3%	58.6%	47.9%	0.4%	52.9%	59.5%	60.5%	4.1%

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2. AUG. 2022
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4. Cash and due from Central Bank

	Group		Bank	
	Unaudited (*)			
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Cash in vaults	2,219,002	1,323,877	2,219,001	1,323,844
Cash in ATM	506,125	570,571	506,125	570,571
Current accounts with Central Bank	4,809,015	4,311,908	4,809,015	4,311,908
Total	7,534,142	6,206,356	7,534,141	6,206,323

5. Due from banks

	Group		Bank	
	Unaudited (*)			
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Deposits at Romanian banks	14,785	124,453	14,785	124,453
Deposits at foreign banks	3,344,291	3,755,293	3,328,631	3,738,708
Current accounts at foreign banks	1,050,024	507,149	1,050,024	507,149
Reverse repo	2,590,494	-	2,590,494	-
Bonds	152,945	151,047	152,945	151,047
Total	7,152,539	4,537,941	7,136,879	4,521,357

The Due from banks portfolio is classified as Stage 1. The Group and Bank registered an impairment allowance for Due from banks of 51 as at June 30, 2022 (December 31, 2021: 146).

6. Derivatives and other financial instruments held for trading

Group Unaudited (*)	June 30, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	24,231	234,748	2,416,972
Currency swaps	16,347	4,825	2,575,809
Forward foreign exchange contracts	12,331	8,257	1,969,134
Options	53,895	54,171	4,041,308
Total derivative financial instruments	106,804	302,001	11,003,223

	June 30, 2022	
	Assets	Liabilities
Treasury notes	457,212	34,019
Trading loans/deposits	19,984	71,136
Reverse repo/Repo	408,111	89,788
Total financial assets and liabilities held for trading	885,307	194,943

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6. Derivatives and other financial instruments held for trading (continued)

Group	December 31, 2021		
	Assets	Liabilities	Notional (total)
Interest rate swaps	33,962	48,399	5,101,371
Currency swaps	8,386	4,593	3,012,164
Forward foreign exchange contracts	7,126	6,056	1,110,385
Options	35,214	35,258	3,775,969
Total derivative financial instruments	84,688	94,306	12,999,889

	December 31, 2021	
	Assets	Liabilities
Treasury notes	768,334	207,534
Trading deposits	-	76,830
Repo/Reverse repo	1,421,902	119,981
Total financial assets and liabilities held for trading	2,190,236	404,345

Bank	June 30, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	24,231	234,748	2,416,972
Currency swaps	16,347	4,825	2,575,809
Forward foreign exchange contracts	12,372	8,257	1,988,916
Options	53,895	54,171	4,041,308
Total derivative financial instruments	106,845	302,001	11,023,005

	June 30, 2022	
	Assets	Liabilities
Treasury notes	443,752	34,019
Trading loans/deposits	19,984	71,136
Reverse repo/Repo	408,111	89,788
Total financial assets and liabilities held for trading	871,847	194,943

Bank	December 31, 2021		
	Assets	Liabilities	Notional (total)
Interest rate swaps	33,962	48,399	5,101,371
Currency swaps	8,386	4,593	3,012,164
Forward foreign exchange contracts	7,126	6,056	1,110,385
Options	35,214	35,258	3,775,969
Total derivative financial instruments	84,688	94,306	12,999,889

	December 31, 2021	
	Assets	Liabilities
Treasury notes	768,334	207,534
Trading deposits	-	76,830
Reverse repo	1,421,902	119,981
Total financial assets and liabilities held for trading	2,190,236	404,345

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6. Derivatives and other financial instruments held for trading (continued)

The Group continue to apply hedge accounting (fair value hedge) as at June 30, 2022 and has 4 hedging relationships (4 hedging relationships as at December 31, 2021).

- On June 30, 2018, the Bank initiated two macro fair value hedges one in EUR and one in USD of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged items are represented by the portion of the current accounts portfolio equal to the swaps nominal values of:
 - 108 million EUR yearly with a fixed interest rate of 0.42%, the remaining period of 6.01 years.
 - 16 million EUR yearly with a fixed interest rate of -0.0125%, the remaining period of 1 year.
 - 30 million EUR yearly with a fixed interest rate of 0.171%, the remaining period of 3.01 years.
 - 14 million EUR yearly with a fixed interest rate of -0.0125%; the remaining period of 1 year.
 - 24 million USD yearly with a fixed interest rate of 2.813%; the remaining period of 6.01 years.
 - 6 million USD yearly with a fixed interest rate of 2.765%; the remaining period of 1 year.
- In October 30, 2020 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 315 million EUR with a fixed interest rate of -0.403%. The remaining period for the hedging instrument is of 8.34 years.
- On September 30, 2021 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 150 million EUR with a fixed interest rate of -0.337%. The remaining period for the hedging instrument is of 4.25 years.

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6. Derivatives and other financial instruments held for trading (continued)

All hedging relationships have quarterly settlement periods for both fixed and variable legs. The hedging relationships were effective throughout the reporting period.

Main source of hedge ineffectiveness that might be expected to affect the hedging relationships is the amortization model of current accounts. However, the amortization of the hedged item is based on a behavioral ALM model that is reviewed / back tested on a yearly basis. In order to avoid inefficiency generated by the underestimated amortization of the current accounts, maximum 70% of the current accounts portfolio per each time band is designated as hedged item.

The hedging relationship were designated on the date of the IRS origination. At that date, the theoretical derivative was built as to match the interest rate behavior of the current accounts, the hedged item (i.e. a spread was added to the variable leg so that the fair value of the theoretical swap on the designation date to be zero). Consequently no other major sources of ineffectiveness were identified.

As at June 30, 2022, the accumulated amount of fair value hedge adjustments on the current accounts hedged item are included in the carrying amount and presented in due to customer line in the statement of financial position and amounts to -210,014. The change in value of the hedged item during the period is explained by the cumulated effect of a gain from revaluation in amount of 191,252 and of the exchange rate evolution effect in amount of -294.

The fair value of hedging instrument for Group and Bank was the following:

	June 30, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	-	209,873	3,272,710

	December 31, 2021		
	Assets	Liabilities	Notional (total)
Interest rate swaps	21,192	39,703	3,593,965

Forwards

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts concluded by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

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6. Derivatives and other financial instruments held for trading (continued)

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period. The Bank purchases and sells options in the over-the-counter markets.

Options purchased by the Bank provide the Bank with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option.

The Bank is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options written by the Bank provide the purchaser the opportunity to purchase from or sell to the Bank the underlying asset at an agreed-upon value either on or before the expiration of the option. The options are kept in order to neutralize the customer deals.

Trading treasury notes are treasury discount notes and coupon bonds held for trading purposes. All the treasury notes in Bank's portfolio are issued by the Romanian Government in RON, EUR and USD.

7. Financial assets at fair value through profit or loss

	Group		Bank	
	Unaudited (*)			
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Equity investments	7,936	6,947	7,936	6,947
Total	7,936	6,947	7,936	6,947

Equity investments

Other equity investments represent shares in Romanian Commodities Exchange (Bursa de Valori Bucuresti), Romanian Credit Guarantee Fund for Private Investors (Fondul Roman de Garantare a Creditorilor pentru Intreprinzatorii Privati SA), National Society for Transfer of Funds and Settlements-TransFonD (Societatea Nationala de Transfer de Fonduri si Decontari), SWIFT, Shareholders' Register for the National Securities Commission (Depozitarul Central S.A.), Bucharest Stock Exchange (Bursa Romana de Marfuri SA).

8. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include treasury notes, respectively treasury discount notes and coupon bonds issued by the Ministry of Public Finance, in amount of 11,783,372 rated as very good according to internal rating, bonds issued by French State in amount of 2,736,011 and bonds issued by the Belgian State in amount of 572,335 rated as very good according to internal rating.

As at June 30, 2022, these financial assets at fair value through other comprehensive income are classified as Stage 1 and ECL impairment allowance amounts to 2,547 (December 31, 2021: 3,045).

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9. Financial assets at amortised cost

9.1. Loans and advances to customers

	Group		Bank	
	Unaudited (*)			
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Loans, gross	37,110,735	34,668,675	36,352,799	33,853,032
Loans impairment	(1,782,177)	(1,754,800)	(1,721,918)	(1,669,176)
Total	35,328,558	32,913,875	34,630,881	32,183,856

The structure of loans is the following:

	Group		Bank	
	Unaudited (*)			
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Working capital loans	6,749,779	4,706,233	6,749,779	4,706,233
Loans for equipment	3,552,670	3,428,885	3,242,863	3,171,233
Trade activities financing	906,049	1,318,133	906,049	1,318,133
Acquisition of real estate, including mortgage for individuals	14,296,978	13,747,465	14,296,978	13,747,465
Consumer loans	9,148,982	9,104,171	8,700,853	8,546,180
Other	2,456,276	2,363,788	2,456,276	2,363,788
Total	37,110,735	34,668,675	36,352,799	33,853,032

During 2022 the gross loan portfolio increased by 2,500 million RON as compared with 31 December 2021.

As at 30 June 2022 the Bank's gross loan portfolio and movements were distributed as follows:

- Stage 1: 27,168 million RON, with a 2,636 million increase compared to 31 December 2021
- Stage 2: 8,114 million RON, with a 50 million RON decrease compared to 31 December 2021
- Stage 3: 1,014 million RON, with a 84 million RON decrease compared to 31 December 2021
- POCI: 57 million RON, with 2 million decrease compared to 31 December 2021.

The main movements on gross exposure value are along the following dimensions:

- The increase in Stage 1 portfolio is driven by favorable commercial performance;
- Stage 2 portfolio at stable levels;
- The Stage 3 & POCI portfolio display a 86 MRON decrease considering a net inflow of 99 MRON from performing portfolios, fully offset by good recovery performance on already defaulted portfolios of 118 MRON and portfolio write-off in amount of 67 MRON.

As of June 30, 2022 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 4,690,114 (December 31, 2021: 3,614,157), while the value of letters of guarantee and letters of credit issued in favour of these clients amounts for the Group and Bank to 4,674,748 (December 31, 2021: 4,961,898).

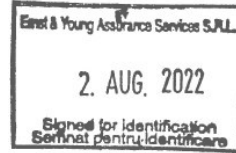
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9.1. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance

Group Unaudited (*) %	Stage 1				Stage 2				Stage 3				POCI				Total			
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	58.1%	33.2%	80.9%	79.4%	70.8%	71.1%	52.5%	14.7%	63.5%	64.2%										
Agriculture, forestry and fishing	3.2%	5.1%	2.1%	3.4%	4.5%	5.2%	0.0%	0.0%	3.0%	4.5%										
Mining and quarrying	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%										
Manufacturing	6.5%	10.1%	3.8%	3.3%	2.5%	2.7%	2.0%	0.7%	5.8%	4.5%										
Electricity, gas, steam and air conditioning supply	6.1%	4.9%	0.0%	0.0%	4.3%	1.7%	0.0%	0.0%	4.7%	1.9%										
Water supply	0.4%	0.9%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%										
Construction	1.9%	2.9%	0.3%	0.4%	6.9%	7.6%	1.1%	1.2%	1.7%	4.2%										
Wholesale and retail trade	11.0%	14.9%	2.4%	3.7%	2.0%	1.3%	3.5%	2.1%	8.8%	5.2%										
Transport and storage	2.1%	2.3%	1.1%	1.4%	0.4%	0.4%	0.3%	0.0%	1.1%	1.1%										
Accommodation and food service activities	0.7%	7.5%	0.8%	0.9%	4.1%	4.3%	0.0%	0.0%	0.8%	3.9%										
Information and communication	1.4%	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	1.3%										
Financial institutions	1.7%	2.0%	3.3%	1.7%	0.0%	0.0%	0.0%	0.0%	2.0%	1.0%										
Real estate activities	1.0%	2.3%	3.1%	2.7%	1.1%	1.5%	40.1%	80.4%	2.0%	1.0%										
Professional, scientific and technical activities	0.4%	0.4%	0.1%	0.1%	2.8%	3.6%	0.0%	0.0%	1.7%	3.2%										
Administrative and support service activities	0.3%	0.9%	0.1%	0.1%	0.2%	0.2%	0.5%	0.9%	0.3%	0.3%										
Public administration and defence, compulsory social	3.5%	2.7%	0.8%	0.9%	0.0%	0.0%	0.0%	0.0%	2.8%	0.9%										
Education	0.0%	0.0%	0.3%	0.6%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%										
Human health services and social work activities	1.0%	1.6%	0.6%	1.3%	0.2%	0.3%	0.0%	0.0%	0.9%	0.9%										
Arts, entertainment and recreation	0.3%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%										
Other services	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%										
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.



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(*) Unaudited / unreviewed by the financial auditor

9.1. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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9.1. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Group %	December 31, 2021						Total					
	Stage 1		Stage 2		Stage 3		POCI		Gross carrying amount		Impairment allowance	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	61.4%	41.9%	81.8%	81.2%	68.2%	67.9%	50.5%	13.4%	66.5%	66.6%	66.5%	66.6%
Agriculture, forestry and fishing	2.8%	5.8%	1.9%	3.7%	5.3%	5.2%	0.0%	0.0%	2.7%	4.7%	2.7%	4.7%
Mining and quarrying	0.2%	0.1%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
Manufacturing	6.1%	8.5%	5.2%	3.6%	3.1%	3.2%	2.0%	0.1%	5.8%	4.2%	5.8%	4.2%
Electricity, gas, steam and air conditioning supply	4.7%	3.9%	0.0%	0.0%	5.5%	2.1%	0.0%	0.0%	3.6%	1.7%	3.6%	1.7%
Water supply	0.8%	1.1%	0.1%	0.2%	0.1%	0.2%	0.0%	0.0%	0.4%	0.3%	0.4%	0.3%
Construction	1.6%	2.6%	0.2%	0.2%	6.7%	8.1%	0.0%	0.0%	1.4%	4.5%	1.4%	4.5%
Wholesale and retail trade	8.2%	15.4%	1.9%	2.3%	2.0%	1.7%	4.2%	2.9%	6.5%	4.3%	6.5%	4.3%
Transport and storage	2.3%	4.2%	1.5%	1.8%	0.5%	0.5%	0.2%	0.0%	2.1%	1.6%	2.1%	1.6%
Accommodation and food service activities	0.8%	1.4%	0.1%	0.2%	3.9%	5.1%	0.0%	0.0%	0.8%	2.8%	0.8%	2.8%
Information and communication	2.3%	2.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	1.7%	0.5%	1.7%	0.5%
Financial institutions	2.0%	2.1%	3.5%	1.7%	0.0%	0.0%	0.0%	0.0%	2.3%	0.9%	2.3%	0.9%
Real estate activities	1.3%	3.5%	1.9%	2.0%	1.1%	1.4%	41.9%	81.5%	1.5%	3.3%	1.5%	3.3%
Professional, scientific and technical activities	0.4%	0.3%	0.2%	0.1%	3.1%	4.0%	0.0%	0.0%	0.4%	2.1%	0.4%	2.1%
Administrative and support service activities	0.2%	0.3%	0.1%	0.1%	0.2%	0.2%	1.1%	2.0%	0.2%	0.2%	0.2%	0.2%
Public administration and defence, compulsory social	3.6%	3.1%	0.9%	1.4%	0.0%	0.0%	0.0%	0.0%	2.8%	1.0%	2.8%	1.0%
Education	0.0%	0.3%	0.3%	0.7%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.1%	0.3%
Human health services and social work activities	1.1%	2.4%	0.1%	0.2%	0.2%	0.3%	0.0%	0.0%	0.8%	0.6%	0.8%	0.6%
Arts, entertainment and recreation	0.1%	0.1%	0.2%	0.6%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.1%	0.2%
Other services	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

Ernst & Young Assurance Services S.J.R.L.
2. AUG. 2022
Signed for identification
Semnat pentru identificare

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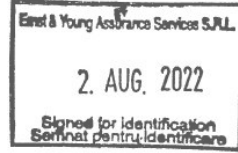
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9.1. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank %	December 31, 2021						Total	
	Stage 1		Stage 2		Stage 3		POCI	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	60.9%	39.2%	82.4%	81.4%	67.0%	66.2%	50.5%	13.4%
Agriculture, forestry and fishing	2.5%	6.0%	1.6%	3.5%	5.1%	5.2%	0.0%	0.0%
Mining and quarrying	0.2%	0.1%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%
Manufacturing	6.2%	8.9%	5.2%	3.6%	3.3%	3.5%	2.0%	0.1%
Electricity, gas, steam and air conditioning supply	4.8%	4.1%	0.0%	0.0%	5.9%	2.2%	0.0%	0.0%
Water supply	0.6%	1.2%	0.1%	0.2%	0.1%	0.2%	0.0%	0.0%
Construction	1.7%	2.7%	0.2%	0.2%	7.2%	8.7%	0.0%	0.0%
Wholesale and retail trade	8.4%	16.2%	1.9%	2.3%	2.0%	1.7%	4.2%	2.9%
Transport and storage	2.1%	4.3%	1.2%	1.5%	0.2%	0.3%	0.2%	0.0%
Accommodation and food service activities	0.9%	1.4%	0.1%	0.2%	4.1%	5.5%	0.0%	0.0%
Information and communication	2.4%	2.8%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Financial institutions	2.3%	2.2%	3.5%	1.7%	0.0%	0.0%	0.0%	0.0%
Real estate activities	1.4%	3.7%	1.9%	2.1%	1.2%	1.6%	41.9%	81.5%
Professional, scientific and technical activities	0.4%	0.3%	0.2%	0.1%	3.3%	4.3%	0.0%	0.0%
Administrative and support service activities	0.2%	0.4%	0.1%	0.1%	0.2%	0.3%	1.1%	2.0%
Public administration and defence, compulsory social	3.7%	3.2%	0.9%	1.4%	0.0%	0.0%	0.0%	0.0%
Education	0.0%	0.3%	0.3%	0.7%	0.0%	0.0%	0.0%	0.0%
Human health services and social work activities	1.1%	2.5%	0.1%	0.2%	0.3%	0.3%	0.0%	0.0%
Arts, entertainment and recreation	0.1%	0.1%	0.2%	0.6%	0.0%	0.0%	0.0%	0.1%
Other services	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.



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9.1. Loans and advances to customers (continued)

Rating analysis of loans

Considering the internal rating quality, the exposures of the counterparties not impaired are split in 4 categories which are defined below:

Very good – The counterparty is considered to be very reliable. The capacity to service its debt is very strong.

Good – The counterparty is judged to be of good quality. The capacity to service its debt is strong but counterparty is somewhat more sensitive to adverse changes in circumstances and economic conditions.

Standard grade – The counterparty has an average solvency. The ability to service its debt is still sufficient, but more likely to be undermined by unfavourable economic conditions and changes in circumstances.

Sub-standard grade - The counterparty reflected credit behaviour or financial deterioration implying increased credit risk. Timely debt service repayment is uncertain and depends on favourable economic and financial conditions. Close and more frequent monitoring of the client's capacity to service the bank debt is needed, in order to be able to react to a potential deterioration via implementation of corrective measures.

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9.1. Loans and advances to customers (continued)

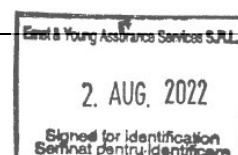
Rating analysis of loans (continued)

Group Unaudited (*)	Retail lending				
	June 30, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,140,077	7,395	-	-	10,147,472
Good grade	5,212,457	4,540,663	-	-	9,753,120
Standard grade	1,166,496	1,466,145	-	-	2,632,641
Sub-standard grade	-	677,705	-	16,709	694,414
Non- performing	-	-	731,608	13,426	745,034
(out of which) Individual assessment	-	-	23,241	87	23,328
Not rated internally	533,683	14,873	47,918	-	596,474
Total	17,052,713	6,706,782	779,526	30,135	24,569,155
Less allowance	(142,934)	(447,973)	(582,035)	(4,002)	(1,176,945)
Net Carrying amount	16,909,778	6,258,810	197,491	26,132	23,392,211

	Non-Retail lending				
	June 30, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	7,328,614	860,990	-	-	8,189,603
Standard grade	3,431,112	330,568	-	-	3,761,679
Sub-standard grade	-	276,944	-	1,179	278,123
Non- performing	-	-	286,417	25,757	312,174
(out of which) Individual assessment	-	-	256,277	25,358	281,635
Total	10,759,725	1,468,501	286,417	26,936	12,541,580
Less allowance	(264,376)	(106,854)	(210,796)	(23,208)	(605,233)
Net Carrying amount	10,495,350	1,361,647	75,621	3,728	11,936,346

	Total				
	June 30, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,140,077	7,395	-	-	10,147,472
Good grade	12,541,070	5,401,653	-	-	17,942,723
Standard grade	4,597,608	1,796,713	-	-	6,394,321
Sub-standard grade	-	954,649	-	17,888	972,537
Non- performing	-	-	1,018,025	39,183	1,057,208
(out of which) Individual assessment	-	-	279,518	25,445	304,963
Not rated internally	533,683	14,873	47,918	-	596,474
Total	27,812,438	8,175,283	1,065,943	57,071	37,110,735
Less allowance	(407,310)	(554,826)	(792,831)	(27,210)	(1,782,178)
Net Carrying amount	27,405,128	7,620,457	273,112	29,861	35,328,557

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9.1. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Bank	Retail lending				
	June 30, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,140,077	7,395	-	-	10,147,472
Good grade	5,212,457	4,540,663	-	-	9,753,120
Standard grade	1,166,496	1,466,145	-	-	2,632,641
Sub-standard grade	-	677,705	-	16,709	694,414
Non- performing	-	-	731,608	13,426	745,034
(out of which) Individual assessment	-	-	23,241	87	23,328
Not rated internally	790	-	-	-	790
Total	16,519,820	6,691,909	731,608	30,135	23,973,472
Less allowance	(129,360)	(443,302)	(546,415)	(4,003)	(1,123,080)
Net Carrying amount	16,390,461	6,248,606	185,193	26,131	22,850,391

	Non-Retail lending				
	June 30, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	7,299,322	860,729	-	-	8,160,051
Standard grade	3,349,174	313,117	-	-	3,662,291
Sub-standard grade	-	247,773	-	1,179	248,952
Non- performing	-	-	282,277	25,757	308,034
(out of which) Individual assessment	-	-	256,277	25,358	281,635
Total	10,648,495	1,421,619	282,277	26,936	12,379,327
Less allowance	(263,918)	(104,436)	(207,275)	(23,208)	(598,837)
Net Carrying amount	10,384,577	1,317,183	75,002	3,728	11,780,490

	Total				
	June 30, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,140,077	7,395	-	-	10,147,472
Good grade	12,511,778	5,401,392	-	-	17,913,171
Standard grade	4,515,670	1,779,262	-	-	6,294,932
Sub-standard grade	-	925,478	-	17,888	943,366
Non- performing	-	-	1,013,885	39,183	1,053,068
(out of which) Individual assessment	-	-	279,518	25,445	304,963
Not rated internally	790	-	-	-	790
Total	27,168,315	8,113,528	1,013,885	57,071	36,352,799
Less allowance	(393,278)	(547,739)	(753,690)	(27,210)	(1,721,918)
Net Carrying amount	26,775,037	7,565,788	260,195	29,861	34,630,881

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9.1. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Group	Retail lending December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,582,650	5,962	-	-	9,588,612
Good grade	5,070,420	4,713,135	-	-	9,783,555
Standard grade	970,014	1,407,731	-	-	2,377,746
Sub-standard grade	-	652,675	-	15,793	668,468
Non- performing	-	-	756,316	13,903	770,220
(out of which) Individual assessment	-	-	32,639	454	33,092
Not rated internally	615,749	17,196	72,168	-	705,113
Total	16,238,832	6,796,699	828,484	29,697	23,893,712
Less allowance	(133,801)	(457,955)	(602,990)	(3,874)	(1,198,620)
Net Carrying amount	16,105,031	6,338,744	225,495	25,822	22,695,092

	Non-Retail lending December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	422,745	-	-	-	422,745
Good grade	5,669,791	746,615	-	-	6,416,406
Standard grade	2,829,625	314,204	-	-	3,143,829
Sub-standard grade	38,449	378,575	-	1,337	418,361
Non- performing	-	-	345,992	27,495	373,487
(out of which) Individual assessment	-	-	305,958	26,915	332,873
Not rated internally	133	-	-	-	133
Total	8,960,744	1,439,393	345,992	28,832	10,774,962
Less allowance	(175,459)	(100,572)	(255,406)	(24,742)	(556,180)
Net Carrying amount	8,785,285	1,338,820	90,586	4,090	10,218,782

	Total December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,005,395	5,962	-	-	10,011,357
Good grade	10,740,211	5,459,750	-	-	16,199,961
Standard grade	3,799,639	1,721,935	-	-	5,521,574
Sub-standard grade	38,449	1,031,249	-	17,131	1,086,829
Non- performing	-	-	1,102,309	41,398	1,143,707
(out of which) Individual assessment	-	-	338,596	27,369	365,965
Not rated internally	615,882	17,196	72,168	-	705,246
Total	25,199,576	8,236,092	1,174,477	58,529	34,668,674
Less allowance	(309,260)	(558,527)	(858,396)	(28,617)	(1,754,800)
Net Carrying amount	24,890,317	7,677,565	316,081	29,912	32,913,874

The accompanying notes are an integral part of this financial statements
 (*) Unaudited / unreviewed by the financial auditor

Ernst & Young Assurance Services S.R.L.
 2. AUG. 2022
 Signed for identification
 Semnat pentru identificare

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9.1. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Bank	Retail lending December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,582,650	5,962	-	-	9,588,612
Good grade	5,070,420	4,713,135	-	-	9,783,555
Standard grade	970,014	1,407,731	-	-	2,377,746
Sub-standard grade	-	652,675	-	15,793	668,468
Non- performing	-	-	756,316	13,903	770,220
(out of which) Individual assessment	-	-	32,639	454	33,092
Not rated internally	345	-	-	-	345
Total	15,623,428	6,779,503	756,316	29,697	23,188,944
Less allowance	(118,916)	(451,772)	(544,071)	(3,875)	(1,118,634)
Net Carrying amount	15,504,512	6,327,731	212,245	25,821	22,070,310

	Non-Retail lending December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	422,745	-	-	-	422,745
Good grade	5,708,101	743,744	-	-	6,451,844
Standard grade	2,738,943	303,762	-	-	3,042,705
Sub-standard grade	38,449	337,317	-	1,337	377,104
Non- performing	-	-	342,062	27,495	369,557
(out of which) Individual assessment	-	-	305,958	26,915	332,873
Not rated internally	133	-	-	-	133
Total	8,908,371	1,384,823	342,062	28,832	10,664,088
Less allowance	(175,057)	(97,758)	(252,985)	(24,742)	(550,542)
Net Carrying amount	8,733,314	1,287,065	89,077	4,090	10,113,546

	Total December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,005,395	5,962	-	-	10,011,357
Good grade	10,778,520	5,456,879	-	-	16,235,399
Standard grade	3,708,957	1,711,493	-	-	5,420,450
Sub-standard grade	38,449	989,992	-	17,131	1,045,572
Non- performing	-	-	1,098,378	41,398	1,139,776
(out of which) Individual assessment	-	-	338,596	27,369	365,965
Not rated internally	478	-	-	-	478
Total	24,531,799	8,164,326	1,098,378	58,529	33,853,032
Less allowance	(293,973)	(549,531)	(797,056)	(28,617)	(1,669,176)
Net Carrying amount	24,237,826	7,614,795	301,322	29,912	32,183,855

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9.1. Loans and advances to customers (continued)

Impairment allowance movement

Group

Unaudited (*)

	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	133,801	457,954	602,990	3,875	1,198,619
New assets originated or purchased	49,071	9,520	4,773	4	63,368
Assets derecognised or repaid (excluding write offs)	(7,574)	(13,987)	(15,677)	(55)	(37,293)
Net provision movement for assets that did not change classification	(24,570)	(21,335)	(282)	413	(45,774)
Movements due to change in classification	(7,781)	15,898	68,474	(14)	76,576
Amounts written off	-	-	(78,190)	(219)	(78,409)
Other adjustments	(13)	(78)	(52)	(1)	(143)
Impairment allowance as at 30 June 2022	142,934	447,972	582,035	4,003	1,176,944

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	175,458	100,573	255,406	24,742	556,180
New assets originated or purchased	52,982	29,868	9,769	-	92,619
Assets derecognised or repaid (excluding write offs)	(21,280)	(12,252)	(29,804)	-	(63,336)
Net provision movement for assets that did not change classification	64,302	(11,650)	(7,060)	(1,522)	44,071
Movements due to change in classification	(7,159)	339	(2,430)	-	(9,250)
Amounts written off	-	-	(15,006)	-	(15,006)
Other adjustments	73	(25)	(81)	(13)	(46)
Impairment allowance as at 30 June 2022	264,375	106,853	210,796	23,208	605,232

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	309,259	558,527	858,398	28,617	1,754,801
New assets originated or purchased	102,053	39,389	14,542	4	155,987
Assets derecognised or repaid (excluding write offs)	(28,853)	(26,239)	(45,481)	(55)	(100,629)
Net provision movement for assets that did not change classification	39,731	(32,985)	(7,342)	(1,108)	(1,703)
Movements due to change in classification	(14,940)	16,237	66,043	(14)	67,327
Amounts written off	-	-	(93,196)	(219)	(93,415)
Other adjustments	59	(102)	(134)	(15)	(192)
Impairment allowance as at 30 June 2022	407,310	554,827	792,831	27,209	1,782,177

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9.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank

	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	118,917	451,772	544,071	3,875	1,118,635
New assets originated or purchased	48,858	9,099	1,133	4	59,093
Assets derecognised or repaid (excluding write offs)	(7,568)	(13,978)	(15,601)	(55)	(37,204)
Net provision movement for assets that did not change classification	(24,472)	(21,386)	(432)	413	(45,877)
Movements due to change in classification	(6,359)	17,874	69,112	(14)	80,612
Amounts written off	-	-	(51,817)	(219)	(52,036)
Other adjustments	(15)	(78)	(50)	(1)	(143)
Impairment allowance as at 30 June 2022	129,360	443,303	546,415	4,003	1,123,081

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	175,057	97,758	252,985	24,742	550,542
New assets originated or purchased	52,876	29,436	9,769	-	92,082
Assets derecognised or repaid (excluding write offs)	(21,271)	(12,180)	(29,529)	-	(62,979)
Net provision movement for assets that did not change classification	64,991	(11,658)	(8,320)	(1,522)	43,491
Movements due to change in classification	(7,809)	1,104	(2,544)	-	(9,250)
Amounts written off	-	-	(15,006)	-	(15,006)
Other adjustments	73	(24)	(79)	(13)	(43)
Impairment allowance as at 30 June 2022	263,918	104,436	207,275	23,208	598,837

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	293,973	549,531	797,056	28,617	1,669,176
New assets originated or purchased	101,734	38,535	10,902	4	151,175
Assets derecognised or repaid (excluding write offs)	(28,839)	(26,159)	(45,130)	(55)	(100,183)
Net provision movement for assets that did not change classification	40,519	(33,044)	(8,753)	(1,108)	(2,386)
Movements due to change in classification	(14,168)	18,978	66,567	(14)	71,362
Amounts written off	-	-	(66,822)	(219)	(67,041)
Other adjustments	58	(102)	(129)	(13)	(185)
Impairment allowance as at 30 June 2022	393,278	547,739	753,690	27,211	1,721,918

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9.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Group

	Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	136,253	597,234	572,879	3,955	1,310,321
New assets originated or purchased	93,146	24,232	18,924	24	136,326
Assets derecognised or repaid (excluding write offs)	(13,595)	(45,764)	(105,908)	(273)	(165,540)
Net provision movement for assets that did not change classification	(67,011)	(55,945)	(14,927)	1,554	(136,328)
Movements due to change in classification	(15,903)	(64,171)	208,292	8	128,226
Amounts written off	-	-	(79,061)	(1,412)	(80,474)
Other adjustments	910	2,369	2,791	18	6,088
Impairment allowance as at 31 December 2021	133,801	457,954	602,990	3,875	1,198,619

	Non-Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	72,612	157,710	320,906	29,502	580,730
New assets originated or purchased	91,947	54,735	2,173	192	149,047
Assets derecognised or repaid (excluding write offs)	(29,847)	(19,511)	(38,276)	(465)	(88,099)
Net provision movement for assets that did not change classification	14,207	(25,946)	491	(3,736)	(14,984)
Movements due to change in classification	25,502	(67,906)	32,994	(1,171)	(10,581)
Amounts written off	-	-	(66,312)	(5)	(66,317)
Other adjustments	1,037	1,491	3,432	425	6,384
Impairment allowance as at 31 December 2021	175,458	100,573	255,406	24,742	556,180

	Total				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	208,865	754,944	893,787	33,457	1,891,052
New assets originated or purchased	185,094	78,967	21,096	216	285,373
Assets derecognised or repaid (excluding write offs)	(43,442)	(65,275)	(144,184)	(738)	(253,639)
Net provision movement for assets that did not change classification	(52,804)	(81,891)	(14,436)	(2,182)	(151,312)
Movements due to change in classification	9,600	(132,077)	241,285	(1,163)	117,645
Amounts written off	-	-	(145,373)	(1,417)	(146,791)
Other adjustments	1,947	3,859	6,222	443	12,471
Impairment allowance as at 31 December 2021	309,259	558,527	858,397	28,617	1,754,800

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9.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank

	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2021	116,439	588,819	477,017	3,955	1,186,230
New assets originated or purchased	92,928	21,637	2,988	24	117,577
Assets derecognised or repaid (excluding write offs)	(13,548)	(45,750)	(105,566)	(273)	(165,137)
Net provision movement for assets that did not change classification	(66,858)	(55,706)	(15,524)	1,554	(136,534)
Movements due to change in classification	(10,951)	(59,590)	210,010	8	139,477
Amounts written off	-	-	(27,596)	(1,412)	(29,008)
Other adjustments	907	2,362	2,742	18	6,029
Impairment allowance as at 31 December 2021	118,917	451,772	544,071	3,875	1,118,635

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2021	72,115	154,895	318,100	29,502	574,612
New assets originated or purchased	91,759	53,457	1,926	192	147,335
Assets derecognised or repaid (excluding write offs)	(29,816)	(19,366)	(37,785)	(465)	(87,432)
Net provision movement for assets that did not change classification	15,398	(25,770)	739	(3,736)	(13,369)
Movements due to change in classification	24,585	(66,919)	32,924	(1,171)	(10,581)
Amounts written off	-	-	(66,312)	(5)	(66,317)
Other adjustments	1,015	1,461	3,393	425	6,294
Impairment allowance as at 31 December 2021	175,057	97,758	252,985	24,742	550,542

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2021	188,554	743,714	795,117	33,457	1,760,842
New assets originated or purchased	184,687	75,094	4,914	216	264,912
Assets derecognised or repaid (excluding write offs)	(43,365)	(65,116)	(143,350)	(738)	(252,569)
Net provision movement for assets that did not change classification	(51,460)	(81,476)	(14,785)	(2,182)	(149,902)
Movements due to change in classification	13,634	(126,509)	242,933	(1,163)	128,896
Amounts written off	-	-	(93,908)	(1,417)	(95,325)
Other adjustments	1,922	3,823	6,135	443	12,323
Impairment allowance as at 31 December 2021	293,973	549,531	797,056	28,617	1,669,176

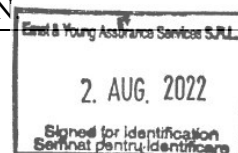
The sensitivity assessment of ECL to key inputs shows that a +/- 1 p.p. change in LGD would result in an increase/ decrease of ECL with 33.9 MRON.

The sensitivity assessment of ECL to the macroeconomic scenarios used is described below:

- A change of +/- 1 p.p. of the optimistic scenario weight correlated with a +/- 1 p.p. change in base scenario weight, will generate an ECL decrease/ increase of 0.3 MRON
- A change of +/- 1 p.p. of the pessimistic scenario weight correlated with a +/- 1 p.p. change in base scenario weight, will generate an ECL increase/ decrease of 1.7 MRON

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor



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9.2. Treasury bills at amortised cost

Treasury bills at amortised cost income include bonds issued by French State, classified as being Hold To Collect (HTC) and measured at amortised cost, in amount of 740,403 and rated as very good according to internal rating.

As at June 30, 2022, these treasury bills at amortised cost are classified as Stage 1 and no ECL impairment allowance is booked for them.

10. Finance lease receivables

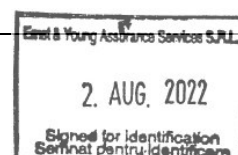
The Group acts as a lessor through the subsidiary BRD Soglease IFN SA, having in the portfolio vehicles, equipment (industrial, agricultural) and real estate leases. The leases are denominated mainly in EUR and RON, with transfer of ownership of the leased asset at the end of the lease term. The receivables are secured by the underlying assets and by other collateral. The payment timing analysis of lease receivables is as follows:

	Group	
	Unaudited (*)	
	June 30, 2022	December 31, 2021
Gross investment in finance lease:		
Under 1 year	599,224	561,433
Between 1 and 5 years	896,222	824,401
Higher than 5 years	11,357	8,625
	1,506,803	1,394,459
Unearned finance income	(91,331)	(82,656)
Net investment in finance lease	1,415,472	1,311,803
Net investment in finance lease:		
Under 1 year	556,267	528,107
Between 1 and 5 years	848,101	775,580
Higher than 5 years	11,104	8,115
	1,415,472	1,311,802
	June 30, 2022	December 31, 2021
Net investment in the lease	1,415,471	1,311,802
Accumulated allowance for uncollectible minimum lease payments receivable	(89,733)	(89,207)
Total	1,325,738	1,222,595

As at June 30, 2022 and December 31, 2021, the future minimum lease receipts regarding operating leases (rents) concluded by the Group and Bank as a lessor are:

	Group		Bank	
	Unaudited (*)			
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Less than one year	329	393	329	393
Between one and five years	364	373	364	373
More than five years	149	184	149	184
Total	842	950	842	950

The accompanying notes are an integral part of this financial statements
 (*) Unaudited / unreviewed by the financial auditor



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10. Finance lease receivables (continued)

Rating analysis of finance lease receivables

Retail				
June 30, 2022				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Not rated internally	297,619	49,223	184,315	531,157
Total	297,619	49,223	184,315	531,157
Less allowance	(1,153)	(2,586)	(23,577)	(27,316)
Net Carrying amount	296,467	46,637	160,738	503,841

Non-Retail				
June 30, 2022				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Internal rating grade				
Good grade	80,037	16,424	-	96,462
Standard grade	341,616	80,899	-	422,515
Sub-standard grade	-	64,147	-	64,147
Non- performing	-	-	260,233	260,233
Not rated internally	1,115	17,354	22,489	40,958
Total	422,768	178,825	282,722	884,315
Less allowance	(2,742)	(14,399)	(45,276)	(62,417)
Net Carrying amount	420,026	164,426	237,446	821,898

Total				
June 30, 2022				
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Internal rating grade				
Good grade	80,037	16,424	-	96,462
Standard grade	341,616	80,899	-	422,515
Sub-standard grade	-	64,147	-	64,147
Non- performing	-	-	260,233	260,233
Not rated internally	298,734	66,577	206,805	572,115
Total	720,387	228,047	467,037	1,415,472
Less allowance	(3,895)	(16,984)	(68,854)	(89,733)
Net Carrying amount	716,493	211,063	398,184	1,325,739

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10. Finance lease receivables (continued)

Rating analysis of finance lease receivables (continued)

	Retail			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Not rated internally	365,749	67,385	45,230	478,364
Total	365,749	67,385	45,230	478,364
Less allowance	(1,450)	(3,544)	(19,701)	(24,695)
Net Caring amount	364,299	63,841	25,530	453,669

	Non-Retail			
	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Internal rating grade				
Good grade	68,746	27,838	-	96,584
Standard grade	379,133	114,379	-	493,513
Sub-standard grade	-	157,599	-	157,599
Non- performing	-	-	74,382	74,382
Not rated internally	(10)	11,134	237	11,361
Total	447,869	310,950	74,619	833,438
Less allowance	(1,865)	(16,211)	(46,436)	(64,512)
Net Carrying amount	446,004	294,739	28,183	768,926

	Total December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Internal rating grade				
Good grade	68,746	27,838	-	96,584
Standard grade	379,133	114,379	-	493,513
Sub-standard grade	-	157,599	-	157,599
Non- performing	-	-	74,382	74,382
Not rated internally	365,739	78,518	45,468	489,724
Total	813,618	378,335	119,850	1,311,802
Less allowance	(3,315)	(19,755)	(66,137)	(89,207)
Net Carrying amount	810,302	358,580	53,713	1,222,595

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10. Finance lease receivables (continued)

Impairment allowance movement

	Retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2022	1,450	3,544	19,701	24,695
New assets originated or purchased	464	1,198	558	2,221
Assets derecognised or fully repaid (excluding write offs)	(67)	(130)	(451)	(649)
Movements due to change in classification	188	188	(376)	-
Net movement for assets that did not change classification	(456)	(767)	2,459	1,235
Amounts written off	-	(33)	(140)	(173)
Other adjustments	(1)	(2)	(10)	(12)
Impairment allowance as at 30 June 2022	1,578	3,998	21,740	27,316

	Non-retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2022	1,866	16,210	46,436	64,512
New assets originated or purchased	650	2,798	300	3,749
Assets derecognised or fully repaid (excluding write offs)	(32)	(393)	(29)	(454)
Movements due to change in classification	5,123	(5,417)	294	-
Net movement for assets that did not change classification	(5,287)	(194)	1,252	(4,229)
Amounts written off	-	-	(610)	(610)
Other adjustments	(3)	(17)	(532)	(552)
Impairment allowance as at 30 June 2022	2,317	12,987	47,112	62,417

	Total			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2022	3,316	19,754	66,137	89,207
New assets originated or purchased	1,115	3,996	858	5,969
Assets derecognised or fully repaid (excluding write offs)	(100)	(523)	(480)	(1,103)
Movements due to change in classification	5,311	(5,229)	(82)	(0)
Net movement for assets that did not change classification	(5,744)	(961)	3,711	(2,994)
Amounts written off	-	(33)	(750)	(783)
Other adjustments	(4)	(19)	(541)	(564)
Impairment allowance as at 30 June 2022	3,895	16,985	68,853	89,733

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10. Finance lease receivables (continued)

Impairment allowance movement (continued)

	Retail			
	Stage 1	Stage 2	Stage 3	Total
Impairment allowance as at 1 st January 2021	1,291	1,927	16,476	19,694
New assets originated or purchased	877	2,034	1,797	4,708
Assets derecognised or fully repaid (excluding write offs)	(158)	(285)	(921)	(1,365)
Movements due to change in classification	113	(860)	747	-
Net movement for assets that did not change classification	(691)	718	4,181	4,209
Amounts written off	(0)	(2)	(2,780)	(2,783)
Other adjustments	19	12	201	232
Impairment allowance as at 31 December 2021	1,450	3,544	19,701	24,695

	Non-retail			
	Stage 1	Stage 2	Stage 3	Total
Impairment allowance as at 1 st January 2021	2,710	16,351	41,566	60,626
New assets originated or purchased	851	6,700	4,324	11,875
Assets derecognised or fully repaid (excluding write offs)	(319)	(1,345)	(1,858)	(3,523)
Movements due to change in classification	2,667	(3,819)	1,153	-
Net movement for assets that did not change classification	(4,113)	(1,749)	4,320	(1,542)
Amounts written off	(6)	-	(2,107)	(2,113)
Other adjustments	76	74	(962)	(812)
Impairment allowance as at 31 December 2021	1,866	16,211	46,435	64,512

	Total			
	Stage 1	Stage 2	Stage 3	Total
Impairment allowance as at 1 st January 2021	4,000	18,279	58,042	80,321
New assets originated or purchased	1,728	8,735	6,121	16,583
Assets derecognised or fully repaid (excluding write offs)	(478)	(1,630)	(2,779)	(4,887)
Movements due to change in classification	2,780	(4,679)	1,899	-
Net movement for assets that did not change classification	(4,803)	(1,031)	8,501	2,667
Amounts written off	(7)	(2)	(4,887)	(4,896)
Other adjustments	95	85	(761)	(581)
Impairment allowance as at 31 December 2021	3,316	19,755	66,136	89,207

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11. Property, plant and equipment

	Group Unaudited (*)					
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Right of use
Cost:						
as of December 31, 2020	1,297,082	40,437	262,158	518,662	53,957	453,816
Additions	-	-	918	10	85,220	112,934
Transfers	23,931	(1,219)	27,248	26,877	(76,837)	-
Transfers into/from inventory	(16,800)	(331)	-	-	-	(17,131)
Disposals	(39,770)	(644)	(10,688)	(60,002)	(7,169)	(45,354)
as of December 31, 2021	1,264,443	38,243	279,636	485,547	55,171	521,396
Additions	-	-	23	-	30,990	25,256
Transfers	14,707	(293)	14,659	9,053	(38,125)	-
Disposals	(4,376)	-	(8,893)	(31,400)	(4,675)	(51,744)
as of June 30, 2022 Unaudited	1,274,774	37,950	285,425	463,200	43,361	494,908
Depreciation and impairment:						
as of December 31, 2020	(785,792)	(22,639)	(195,804)	(416,769)	(1,954)	(119,500)
Depreciation	(36,145)	(625)	(29,525)	(32,538)	-	(90,425)
Impairment	1,009	-	-	351	-	-
Disposals	32,442	610	10,612	56,587	-	69,249
Transfers	(723)	723	-	-	-	-
Transfers into/from inventory	4,831	-	-	-	-	-
as of December 31, 2021	(784,378)	(21,931)	(214,717)	(392,369)	(1,954)	(140,676)
Depreciation	(17,205)	(242)	(14,402)	(14,030)	-	(44,452)
Impairment	98	-	-	43	-	-
Disposals	4,083	-	9,027	30,461	-	46,309
Transfers	(184)	207	-	(22)	-	-
as of June 30, 2022 Unaudited	(797,586)	(21,966)	(220,092)	(375,917)	(1,954)	(138,819)
Net book value:						
as of December 31, 2020	511,290	17,798	66,354	101,893	52,003	334,316
as of December 31, 2021	480,065	16,312	64,919	93,178	53,217	380,720
as of June 30, 2022 Unaudited	477,188	15,984	65,333	87,283	41,407	356,089

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11. Property, plant and equipment (continued)

The Group and Bank holds investment property as a consequence of the ongoing rationalisation of its retail branch network. Investment properties comprise a number of commercial properties that are leased to third parties. The investment properties have a fair value of 12,463 as at June 30, 2022 (December 31, 2021: 12,705). The fair value has been determined based on a valuation by an independent valuer in 2022. Rental income from investment property of 1,355 (December 31, 2021: 1,708) has been recognised in other income.

	Bank						
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Right of use	Total
Cost:							
as of December 31, 2020	1,286,971	40,437	253,160	518,092	53,955	436,399	2,589,013
Additions	-	-	-	6	85,220	103,796	189,022
Transfers	23,931	(1,219)	27,248	26,877	(76,837)	-	-
Transfers into/from inventory	(16,800)	(331)	-	-	-	-	(17,131)
Disposals	(39,770)	(644)	(9,914)	(59,717)	(7,169)	(44,945)	(162,159)
as of December 31, 2021	1,254,332	38,243	270,494	485,258	55,169	495,250	2,598,745
Additions	-	-	-	-	30,990	25,046	56,036
Transfers	14,707	(293)	14,659	9,053	(38,125)	-	1
Disposals	(4,264)	-	(8,789)	(31,377)	(4,675)	(42,498)	(91,603)
as of June 30, 2022	1,264,775	37,950	276,364	462,934	43,359	477,798	2,563,179
Depreciation and impairment:							
as of December 31, 2020	(780,567)	(22,638)	(188,990)	(416,462)	(1,954)	(108,019)	(1,518,630)
Depreciation	(35,894)	(625)	(28,387)	(32,375)	-	(84,695)	(181,976)
Impairment	1,009	-	-	351	-	-	1,360
Disposals	32,441	610	9,913	56,304	-	63,970	163,238
Transfers	(723)	723	-	-	-	-	-
Transfers into/from inventory	4,829	-	-	-	-	-	4,829
as of December 31, 2021	(778,905)	(21,930)	(207,464)	(392,182)	(1,954)	(128,744)	(1,531,179)
Depreciation	(17,080)	(242)	(13,958)	(14,015)	-	(42,248)	(87,543)
Impairment	98	-	-	43	-	-	141
Disposals	3,971	-	8,927	30,440	-	36,999	80,337
Transfers	(184)	207	-	(22)	-	-	1
as of June 30, 2022	(792,100)	(21,965)	(212,495)	(375,736)	(1,954)	(133,993)	(1,538,243)
Net book value:							
as of December 31, 2020	506,404	17,799	64,170	101,630	52,001	328,380	1,070,383
as of December 31, 2021	475,427	16,313	63,030	93,076	53,215	366,506	1,067,566
as of June 30, 2022	472,675	15,985	63,869	87,198	41,405	343,805	1,024,936

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11. Property, plant and equipment (continued)

Group Unaudited (*) as of January 1, 2022	Right-of-use assets		
	Land & Buildings	IT Office equipments	Cars and other assets
Additions	366,047	4,220	10,453
Depreciation expense	13,156	11,904	8
Disposals and other decreases	(39,703)	(1,983)	(2,766)
Contractual changes	(760)	(1,748)	(19)
as of June 30, 2022	335,830	12,581	7,678
as of January 1, 2022	392,275		
Additions	25,046		
Disposals and other decreases	(16,374)		
Other movements (FX, other contractual changes)	9,909		
Interest expense	2,383		
Payments	(47,128)		
as of June 30, 2022	366,111		
Bank			
as of January 1, 2022	353,107	3,187	10,212
Additions	13,141	11,903	-
Depreciation expense	(37,932)	(1,983)	(2,333)
Disposals and other decreases	(759)	(1,748)	-
Contractual changes	(2,909)	(65)	(16)
as of June 30, 2022	324,648	11,294	7,863
as of January 1, 2022	377,699		
Additions	25,046		
Disposals and other decreases	(15,997)		
Other movements (FX, other contractual changes)	8,612		
Interest expense	2,318		
Payments	(44,521)		
as of June 30, 2022	353,157		

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11. Property, plant and equipment (continued)

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2021	323,403	5,510	5,403	334,316
Additions	91,995	1,470	10,837	104,302
Depreciation expense	(81,861)	(2,862)	(5,702)	(90,425)
Disposals and other decreases	(15,785)	-	-	(15,785)
Contractual changes	48,295	102	(85)	48,312
as of December 31, 2021	366,047	4,220	10,453	380,720
Lease liabilities				
as of January 1, 2021	342,813			
Additions	104,302			
Disposals and other decreases	(21,100)			
Other movements (FX, other contractual changes)	56,872			
Interest expense	4,618			
Payments	(95,230)			
as of December 31, 2021	392,275			
Bank				
as of January 1, 2021	319,395	4,514	4,471	328,380
Additions	91,683	1,470	10,643	103,796
Depreciation expense	(76,931)	(2,862)	(4,902)	(84,695)
Disposals and other decreases	(15,784)	-	-	(15,784)
Contractual changes	34,744	65	-	34,809
as of December 31, 2021	353,107	3,187	10,212	366,506
Lease liabilities				
as of January 1, 2021	336,838			
Additions	103,796			
Disposals and other decreases	(20,416)			
Other movements (FX, other contractual changes)	42,879			
Interest expense	4,450			
Payments	(89,848)			
as of December 31, 2021	377,699			

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12. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Group in 1999.

Following the acquisition, the branch become the present Sucursala Mari Clienti Corporativi (“SMCC”) – the branch dedicated to large significant clients, most of them taken over from the former Société Générale Bucharest.

As at June 30, 2022, the branch had a number of 3,638 active customers (2021: 3,507), with loans representing approximately 15% from total loans managed by the network (2021: 14%) and with deposits representing about 14% of networks’ deposits (2021: 11%). Most of the SMCC non-retail clients are large multinational and national customers.

Taking into account the stable base of clients and the contribution to the bank’s net banking income, the branch which generated the goodwill is considered profitable, without any need of impairment.

13. Intangible assets

The balance of the intangible assets as of June 30, 2022 and December 31, 2021 represents mainly software.

	Group Unaudited (*)	Bank
Cost:		
as of December 31, 2020	728,832	696,109
Additions	126,837	126,025
Disposals	(7,212)	(201)
as of December 31, 2021	848,457	821,933
Additions	50,259	49,850
Disposals	(572)	-
as of June 30, 2022	898,144	871,783
Amortization:		
as of December 31, 2020	(481,453)	(451,810)
Amortization expense	(51,673)	(50,468)
as of December 31, 2021	(527,394)	(502,278)
Amortization expense	(24,719)	(24,366)
Disposals	395	-
as of June 30, 2022	(551,718)	(526,644)
Net book value:		
as of December 31, 2020	247,379	244,299
as of December 31, 2021	321,063	319,655
as of June 30, 2022	346,426	345,139

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14. Other assets

	Group		Bank	
	Unaudited (*)			
	June 30,	December 31,	June 30,	December 31,
	2022	2021	2022	2021
Advances to suppliers	94,526	66,480	-	-
Sundry receivable	359,839	143,706	351,297	133,450
Prepaid expenses	61,224	52,377	47,515	39,780
Repossessed assets	2,720	3,242	924	924
Other assets	16,526	5,451	2,235	2,756
Total	534,834	271,256	401,971	176,910

The sundry receivables balances includes various commissions, sundry debtors and are net of impairment allowance, which at Group level is 182,121 (December 31, 2021: 165,640) and at Bank level is 172,691 (December 31, 2021: 156,860).

As of June 30, 2022 the carrying value of repossessed assets for Group is 2,720 (December 31, 2021: 3,242). As of June 30, 2022 the carrying value of repossessed assets for Bank is 924 (December 31, 2021: 924), representing 4 residential buildings (December 31, 2021: 4 residential buildings).

Group Unaudited (*)

	Total (Stage3)
Sundry receivables	
Impairment allowance as at January 1, 2022	165,641
Additional expenses	34,804
Reversals of provisions	(11,319)
Receivables written off	(7,139)
Foreign exchange adjustments	135
Impairment allowance as at June 30, 2022	182,121
	Total (Stage3)
Impairment allowance as at 1 st January 2021	117,001
Additional expenses	83,383
Reversals of provisions	(14,068)
Receivables written off	(21,106)
Foreign exchange adjustments	430
Impairment allowance as at 31 December 2021	165,641

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14. Other assets (continued)

Bank

	Total (Stage3)
Sundry receivables	
Impairment allowance as at January 1, 2022	156,860
Additional expenses	33,960
Reversals of provisions	(11,236)
Receivables written off	(7,027)
Foreign exchange adjustments	134
Impairment allowance as at June 30, 2022	172,691

	Total (Stage3)
Impairment allowance as at 1 st January 2021	107,223
Additional expenses	82,126
Reversals of provisions	(12,872)
Receivables written off	(20,047)
Foreign exchange adjustments	429
Impairment allowance as at 31 December 2021	156,860

15. Due to banks

	Group		Bank	
	Unaudited (*)			
	June 30,	December 31,	June 30,	December 31,
	2022	2021	2022	2021
Demand deposits	515,478	156,810	515,478	156,810
Term deposits	106,024	-	106,024	-
Due to banks	621,502	156,810	621,502	156,810

16. Due to customers

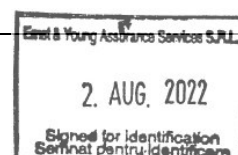
	Group		Bank	
	Unaudited (*)			
	June 30,	December 31,	June 30,	December 31,
	2022	2021	2022	2021
Demand deposits	42,288,096	43,299,719	42,340,872	43,417,784
Term deposits	11,376,943	9,383,862	11,455,295	9,500,102
Due to customers	53,665,039	52,683,581	53,796,167	52,917,886

17. Borrowed funds

	Group		Bank	
	Unaudited (*)			
	June 30,	December 31,	June 30,	December 31,
	2022	2021	2022	2021
Borrowings from related parties	4,542,689	3,737,904	2,968,680	2,227,448
Borrowings from international financial institutions	257,765	318,566	1,840	3,124
Other borrowings	2,800,369	-	2,800,369	-
Total	7,600,823	4,056,470	5,770,889	2,230,572

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17. Borrowed funds (continued)

Borrowings from related parties includes two senior non-preferred loans from Société Générale in amount of:

- 450 million EUR, with an interest rate of EURIBOR 3M+0.86% and an initial term of three years (received in December 2021)
- 150 million EUR, with an interest rate of EURIBOR 3M+1.98% and an initial term of three years (received in June 2022).

Other funds borrowed from related parties are senior unsecured and are used in the normal course of business.

Line Other borrowings includes a Lombard loan from National Bank of Romania.

18. Subordinated debts

Two subordinated debts were received from Société Générale in amount of:

- 100 million EUR with an interest rate of EURIBOR 3M+1.98% and an initial term of ten years (in December 2021)
- 150 million EUR with an interest rate of EURIBOR 3M+4.31% and an initial term of ten years (in June 2022).

19. Taxation

Current income tax is calculated based on the taxable income as per the tax statement derived from the stand alone accounts of each consolidated entity. As of June 30, 2022 the Group has a current tax liability in total amount of 40,116 (December 31, 2021: 83,963) and 7,484 current tax asset (December 31, 2021: 7,484) and at Bank level a current tax liability in total amount of 33,142 (December 31, 2021: 79,979) and 7,484 current tax asset (December 31, 2021: 7,484).

The deferred tax liability/asset is reconciled as follows:

	Group June 30, 2022 Unaudited (*)			
	Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	54,752	(8,760)	-	-
Financial assets at fair value through other comprehensive income	(2,786,753)	445,881	-	368,805
Tangible and intangible assets	(47,663)	7,626	(5,553)	-
Provisions and other liabilities	(566,775)	90,684	(7,911)	-
Taxable items	(3,346,439)			
Deferred tax		535,430	(13,464)	368,804

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

Ernst & Young Assurance Services S.R.L.
2. AUG. 2022
 Signed for identification
 Semnat pentru identificare

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19. Taxation (continued)

	Bank June 30, 2022			
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	54,752	(8,760)	-	-
Financial assets at fair value through other comprehensive income	(2,786,753)	445,881	-	368,805
Tangible and intangible assets	(47,663)	7,626	(5,584)	-
Provisions and other liabilities	(482,393)	77,184	(7,465)	-
Taxable items	(3,262,057)			
Deferred tax		521,930	(13,049)	368,805

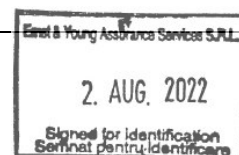
	Group December 31, 2021				
	Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income	Retained earnings
<i>Elements generating deferred tax</i>					
Defined benefit obligation	54,752	(8,760)	-	(154)	(5,706)
Financial assets at fair value through other comprehensive income	(481,722)	77,076	-	226,856	
Tangible and intangible assets	(82,368)	13,179	(8,460)	-	
Provisions and other liabilities	(616,221)	98,593	(4,826)	-	
Taxable items	(1,125,559)				
Deferred tax		180,089	(13,286)	226,702	(5,706)

	Bank December 31, 2021				
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income	Retained earnings
<i>Elements generating deferred tax</i>					
Defined benefit obligation	54,752	(8,760)	-	(154)	(5,706)
Financial assets at fair value through other comprehensive income	(481,722)	77,076	-	226,856	
Tangible and intangible assets	(82,561)	13,210	(8,457)	-	
Provisions and other liabilities	(529,050)	84,647	(8,459)	-	
Taxable items	(1,038,581)				
Deferred tax		166,173	(16,916)	226,702	(5,706)

Movement in deferred tax is as follows:

	Group	Bank
Deferred tax asset, net as of December 31, 2020	(27,620)	(37,907)
Deferred tax recognized in other comprehensive income	226,701	226,702
Deferred tax recognized in profit and loss	(13,287)	(16,916)
Deferred tax recognized in retained earnings	(5,706)	(5,706)
Deferred tax liability, net as of December 31, 2021	180,089	166,173
Deferred tax recognized in other comprehensive income	368,805	368,805
Deferred tax recognized in profit and loss	(13,464)	(13,049)
Deferred tax asset, net as of June 30, 2022	535,429	521,928

The accompanying notes are an integral part of this financial statements
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19. Taxation (continued)

Reconciliation of total tax charge

	Group		Bank	
	Unaudited (*)			
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Profit before income tax	742,720	751,175	732,958	750,798
Income tax (16%)	118,835	120,188	117,273	120,128
Fiscal credit	(1,456)	(3,272)	(1,453)	(2,879)
Non-deductible elements	22,307	16,434	10,873	9,689
Non-taxable elements	(13,737)	(8,011)	(10,407)	(4,838)
Expense from income tax at effective tax rate	125,949	125,339	116,286	122,099
Effective tax rate	17.0%	16.7%	15.9%	16.3%

Recognition of deferred tax asset is based on the management's profit forecasts, which indicates that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

At the Bank level, as at June 30, 2022, permanent non-deductible elements include the impact of provisions for overdue commissions 4,645 (December 31, 2021: 9,535), sponsorship expenses with an impact of 378 (December 31, 2021: 1,099), and portfolio sales and other operations with limited deductibility in amount of 276 (December 31, 2021: 15,142); permanent non-taxable elements are mainly a result of releases for provisions for over-due commissions in amount of 847 (December 31, 2021: 1,833), provisions and risk and charges/litigations 994 (December 31, 2021: 572).

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20. Provisions

The line Provisions includes provisions for financial guarantee and loan commitments and Other provisions.

Financial guarantees and loan commitments provisions movement

Group Unaudited (*)	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	3,374	3,132	3,371	9,877
New commitments originated or purchased	5,265	688	357	6,310
Commitments derecognised or transferred into assets	(437)	(229)	(54)	(720)
Net provision movement not resulting from changes in classification	(2,973)	(292)	(747)	(4,012)
Movements due to change in classification	(178)	(49)	335	108
Provision as at 30 June 2022	5,051	3,250	3,262	11,563

	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	72,616	25,268	200,787	298,671
New commitments originated or purchased	39,260	10,007	933	50,200
Commitments derecognised or transferred into assets	(13,741)	(1,642)	(57,772)	(73,155)
Net provision movement not resulting from changes in classification	(4,581)	(3,029)	17,080	9,470
Movements due to change in classification	(7,138)	(6,885)	(7,391)	(21,414)
Other adjustments	40	14	1,265	1,319
Provision as at 30 June 2022	86,456	23,733	154,902	265,091

	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	75,990	28,400	204,159	308,549
New commitments originated or purchased	44,525	10,695	1,290	56,510
Commitments derecognised or transferred into assets	(14,178)	(1,871)	(57,826)	(73,875)
Net provision movement not resulting from changes in classification	(7,554)	(3,321)	16,333	5,458
Movements due to change in classification	(7,316)	(6,934)	(7,056)	(21,306)
Other adjustments	40	14	1,265	1,317
Provision as at 30 June 2022	91,507	26,983	158,165	276,653

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20. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	3,365	3,125	3,371	9,861
New commitments originated or purchased	5,260	688	357	6,305
Commitments derecognised or transferred into assets	(430)	(220)	(54)	(704)
Net provision movement not resulting from changes in classification	(2,972)	(292)	(747)	(4,011)
Movements due to change in classification	(178)	(49)	335	108
Other adjustments	(2)	-	-	(2)
Provision as at 30 June 2022	5,043	3,252	3,262	11,557

	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	72,589	24,749	212,015	309,353
New commitments originated or purchased	39,139	9,639	933	49,711
Commitments derecognised or transferred into assets	(13,717)	(1,433)	(57,772)	(72,922)
Net provision movement not resulting from changes in classification	(4,379)	(3,029)	17,080	9,672
Movements due to change in classification	(7,355)	(6,679)	(7,391)	(21,425)
Other adjustments	40	(1)	750	789
Provision as at 30 June 2022	86,317	23,246	165,615	275,178

	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	75,954	27,874	215,386	319,214
New commitments originated or purchased	44,399	10,327	1,290	56,016
Commitments derecognised or transferred into assets	(14,147)	(1,653)	(57,826)	(73,626)
Net provision movement not resulting from changes in classification	(7,351)	(3,321)	16,333	5,661
Movements due to change in classification	(7,533)	(6,728)	(7,056)	(21,317)
Other adjustments	38	(1)	750	787
Provision as at 30 June 2022	91,360	26,498	168,877	286,735

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20. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Group	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	3,924	3,080	3,255	10,259
New commitments originated or purchased	8,116	1,226	335	9,677
Commitments derecognised or transferred into assets	(909)	(514)	(171)	(1,594)
Net provision movement not resulting from changes in classification	(6,969)	120	(4)	(6,853)
Movements due to change in classification	(793)	(781)	(45)	(1,619)
Other adjustments	5	1	1	7
Provision as at 31 December 2021	3,374	3,132	3,371	9,877

	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	32,754	52,854	272,841	358,449
New commitments originated or purchased	63,972	21,279	562	85,813
Commitments derecognised or transferred into assets	(18,583)	(9,421)	(13,271)	(41,275)
Net provision movement not resulting from changes in classification	(14,258)	(15,298)	(64,048)	(93,604)
Movements due to change in classification	8,447	(24,658)	941	(15,270)
Other adjustments	284	512	3,762	4,558
Provision as at 31 December 2021	72,616	25,268	200,787	298,671

	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	36,678	55,934	276,097	368,709
New commitments originated or purchased	72,088	22,505	897	95,490
Commitments derecognised or transferred into assets	(19,492)	(9,935)	(13,442)	(42,869)
Net provision movement not resulting from changes in classification	(21,227)	(15,178)	(64,052)	(100,457)
Movements due to change in classification	7,654	(25,439)	896	(16,889)
Other adjustments	289	513	3,763	4,565
Provision as at 31 December 2021	75,990	28,400	204,159	308,549

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20. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	3,913	3,080	3,255	10,248
New commitments originated or purchased	8,109	1,217	335	9,661
Commitments derecognised or transferred into assets	(897)	(514)	(171)	(1,582)
Net provision movement not resulting from changes in classification	(6,968)	121	(4)	(6,851)
Movements due to change in classification	(793)	(781)	(45)	(1,619)
Other adjustments	1	2	1	4
Provision as at 31 December 2021	3,365	3,125	3,371	9,861

	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	32,727	52,784	285,417	370,928
New commitments originated or purchased	63,947	20,749	562	85,258
Commitments derecognised or transferred into assets	(18,556)	(9,285)	(13,271)	(41,112)
Net provision movement not resulting from changes in classification	(14,258)	(15,297)	(64,048)	(93,603)
Movements due to change in classification	8,447	(24,655)	941	(15,267)
Other adjustments	282	453	2,414	3,149
Provision as at 31 December 2021	72,589	24,749	212,015	309,353

	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	36,640	55,864	288,672	381,176
New commitments originated or purchased	72,056	21,966	897	94,919
Commitments derecognised or transferred into assets	(19,453)	(9,799)	(13,442)	(42,694)
Net provision movement not resulting from changes in classification	(21,226)	(15,176)	(64,052)	(100,454)
Movements due to change in classification	7,654	(25,436)	896	(16,886)
Other adjustments	283	455	2,415	3,153
Provision as at 31 December 2021	75,954	27,874	215,386	319,214

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20. Provisions (continued)

The line Provisions includes also Other provisions representing provisions for litigation in amount of 19,140 as of June 30, 2022 (20,030 as of December 31, 2021), other provisions for risks and charges in amount of 11,299 as of June 30, 2022 (22,873 as of December 31, 2021) and provisions for risks related to banking activity in amount of 2,938 as of June 30, 2022 (12,594 as of December 31, 2021).

The movement in other provisions is as follows:

Group	TOTAL
Carrying value as of December 31, 2020	73,393
Additional expenses	14,164
Reversals of provisions	(8,877)
Usage	(4,043)
Carrying value as of December 31, 2021	74,637
Additional expenses	9,773
Reversals of provisions	(24,353)
Usage	(6,640)
Carrying value as of June 30, 2022 Unaudited	53,417
Bank	
Carrying value as of December 31, 2020	54,416
Additional expenses	13,562
Reversals of provisions	(8,410)
Usage	(4,037)
Carrying value as of December 31, 2021	55,531
Additional expenses	8,525
Reversals of provisions	(24,353)
Usage	(6,325)
Carrying value as of June 30, 2022	33,378

21. Other liabilities

	Group		Bank	
	Unaudited (*)			
	June 30,	December 31,	June 30,	December 31,
	2022	2021	2022	2021
Sundry creditors	249,113	205,589	159,951	136,574
Other payables to State budget	74,310	52,261	73,300	50,733
Deferred income	40,266	32,809	40,266	32,809
Payables to employees	116,753	143,776	99,879	124,445
Creditors - Lease liabilities	366,111	392,275	353,157	377,699
Total	846,553	826,710	726,553	722,260

Sundry creditors are expected to be settled in no more than twelve months after the reporting period.

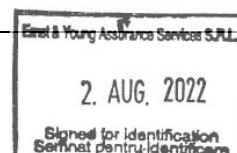
Payables to employees include, among other, gross bonuses, amounting 49,265 as of June 30, 2022 (December 31, 2021: 71,305) and post-employment benefits amounting 33,821 as of June 30, 2022 (December 31, 2021: 31,678).

Post-employment benefit plan

This is a defined benefit plan under which the amount of benefit that an employee is entitled to receive on retirement depends on years of service and salary. The plan covers substantially all the employees and the benefits are unfunded. A full actuarial valuation by a qualified independent actuary is carried out annually. During 2022, the movements in defined benefit obligation is generated by the current expenses and benefits paid, resulting in a change of obligation carrying value: 33,821 as of June 30, 2022 from 31,678 as of December 31, 2021.

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor



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22. Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2021: 696,901). Included in the share capital there is an amount of 1,818,721 (2021: 1,818,721) representing hyperinflation restatement surplus.

Share capital as of June 30, 2022 represents 696,901,518 (2021: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2021: RON 1). During 2022 and 2021, the Bank did not buy back any of its own shares.

23. Interest and similar income

	Group Unaudited (*)		Bank	
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest on loans	989,719	789,886	916,354	741,212
Interest on finance lease	-	26,035	-	-
Interest on deposit with banks	14,909	10,974	14,591	10,648
Interest on financial assets	262,108	253,661	262,107	253,661
Interest from hedging instruments	7,951	9,617	7,951	9,617
Total	1,274,687	1,090,173	1,201,003	1,015,138

The interest income on loans includes the accrued interest on net (after impairment allowance) impaired loans in amount of 27,205 for Group (2021: 28,362) and 25,529 for Bank (2021: 25,448).

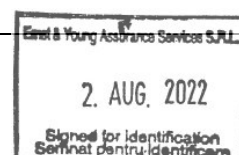
24. Interest and similar expense

	Group Unaudited (*)		Bank	
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest on term deposits	69,677	36,577	69,976	36,923
Interest on demand deposits	43,489	26,770	44,943	27,312
Interest on borrowings	36,078	11,234	26,993	7
Interest expense on lease liabilities	2,384	2,129	2,318	2,071
Total	151,628	76,710	144,230	66,313

25. Fees and commissions, net

	Group Unaudited (*)		Bank	
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Services	294,260	294,260	296,244	291,019
Management fees	50,826	55,709	50,826	55,709
Packages	33,043	27,407	33,043	27,407
Transfers	36,451	36,170	36,451	36,170
OTC withdrawal	33,293	32,749	33,293	32,749
Cards	100,602	94,713	100,602	94,713
Brokerage and custody	26,357	24,516	26,357	24,516
Other	17,522	22,996	15,672	19,755
Loan activity	53,085	56,106	37,461	41,606
Off balance sheet	22,136	16,774	22,136	16,774
Total	373,315	367,140	355,841	349,399

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26. Gain on derivative and other financial instruments held for trading and foreign exchange

	Group Unaudited (*)		Bank	
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
FX position revaluation	(14,049)	(893)	(14,049)	(893)
FX Spot	113,607	86,573	112,720	86,273
Gain on instruments held for trading	15,498	21,147	15,498	21,147
Derivative financial instruments	18,800	21,247	18,800	21,247
Gain/ (loss) on interest rate derivatives	(4,471)	(2,457)	(4,471)	(2,457)
Gain/ (loss) on currency and interest swap	(770)	3,658	(770)	3,658
Gain on forward foreign exchange contracts	19,250	13,911	19,250	13,911
Gain on currency options	3,922	2,109	3,922	2,109
Gain/ (loss) on hedging	-	4,075	-	4,075
Other	869	(49)	869	(49)
Gain on derivative, other financial instruments held for trading and foreign exchange	133,856	128,074	132,969	127,773

27. Other income/expense from banking activities

	Group Unaudited (*)		Bank	
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Dividend income from subsidiaries	-	-	37,217	15,966
Gain/(loss) from disposal of investments	-	(1,451)	-	(1,323)
Provision for litigations	(2,697)	358	(2,696)	367
Held for sale fixed assets expenses	(1,533)	(2,258)	-	(1,902)
Other income/(expenses)	15,170	1,816	11,851	(1,280)
Total income / (expense) from banking activity	10,940	(1,535)	46,372	11,828

For the Bank, other income includes income from banking activities offered to the clients and income from non-banking activities, such as income from rentals. The income from rental of investment properties, for the Bank, is 1,355 (2021: 371).

28. Contribution to Guarantee Scheme and Resolution Fund

According to the Romanian legislation (Law no. 311/2015 on Deposit Guarantee Schemes and the Bank Deposit Guarantee Fund), the deposits of individuals and certain entities, including small and medium enterprises and large companies are covered up to EUR 100,000 by the Bank Deposit Guarantee Fund ("Fund").

Each credit institution participating to deposit guarantee scheme shall pay the annual contribution as determined and notified by the Fund. The amount of the contribution refers to the total covered deposits at the end of the previous year and reflects also the degree of risk associated to each credit institution in the scheme.

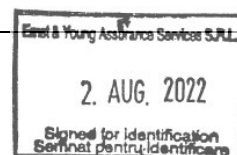
The degree of risk is determined based on the financial and prudential indicators reported by the credit institutions to the National Bank of Romania. For this purpose, the Bank Deposits Guarantee Fund uses a methodology approved by the National Bank of Romania considering also the guidelines issued by the European Banking Authority.

For the year 2022 the expense related to the Deposit Guarantee Fund amounts to 33,575 (2021: 11,547).

According to Law no. 312/2015 on recovery and resolution of credit institution and investment firms, each credit institution shall pay an annual contribution to Bank Resolution Fund as determined and notified by the National Bank of Romania.

The accompanying notes are an integral part of this financial statements

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28. Contribution to Guarantee Scheme and Resolution Fund (continued)

The National Bank of Romania as the local resolution authority establish the credit institutions annual contributions to Bank Resolution Fund, in compliance with Commission Delegated Regulation EU 2015/63, supplementing Directive 2014/59 of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements.

For the year 2022 the expense related to the Bank Resolution Fund was 35,690 (2021: 37,949).

Both contributions to the Bank Deposit Guarantee Fund and Bank Resolution Fund meet the criteria for recognition as taxes and accounted in accordance with IFRIC 21 “Levies” requirements. The liability is recognized at the date when the obligating event occurs and the contribution is recognized as an expense in full on 1st of January of the year in which the payment is made.

29. Personnel expenses

	Group		Bank	
	Unaudited (*)			
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Salaries	370,435	365,058	352,235	340,851
Social security	9,345	8,876	8,668	8,151
Bonuses	37,245	26,949	28,783	25,820
Post-employment benefits	2,547	2,577	2,547	2,577
Capitalisation of internal projects	(14,965)	(10,287)	(14,965)	(10,287)
Other	10,621	14,429	10,471	13,845
Total	415,227	407,603	387,739	380,957

In 2022, the expense related to the Bank defined benefit plan contribution was 1,313 (2021: 1,248).

30. Depreciation, amortisation and impairment on tangible and intangible assets

	Group		Bank	
	Unaudited (*)			
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Depreciation and impairment	88,471	93,636	85,687	89,926
Amortisation	24,640	29,014	24,366	28,341
Total	113,111	122,650	110,053	118,266

The difference as at June 30, 2022 between the amount presented in note 11 and the amount presented in note 30 represents depreciation of investment property in total amount of 242 (2021: 320).

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31. Other operating expense

	Group		Bank	
	Unaudited (*)			
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Administrative expenses	208,324	190,172	197,547	179,807
Publicity and sponsorships	11,143	8,723	11,010	8,633
Other expenses	35,728	35,258	30,830	30,067
Total	255,195	234,153	239,387	218,507

Administrative expenses include for the Bank maintenance expenses, various utilities such as energy and telecommunication, expenses related to short-term leases of 2,996 (June 30, 2021: 3,467) and to leases of low-value assets of 1,937 (June 30, 2021: 1,809).

32. Cost of risk

	Group		Bank	
	Unaudited (*)			
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net impairment allowance for loans	117,916	57,208	116,901	48,273
Net impairment allowance for sundry debtors	23,571	32,562	22,855	32,045
Net impairment allowance for finance lease	3,793	8,991	-	-
Income from recoveries of derecognized receivables & sales of bad debts	(115,838)	(70,724)	(101,361)	(68,783)
Write-offs	8,915	3,315	6,292	2,066
Financial guarantee and loan contracts provisions	8,236	(70,630)	8,179	(71,196)
Net impairment allowance for debt securities	(498)	408	(498)	408
Total	46,095	(38,870)	52,368	(57,187)

33. Cash and cash equivalents details

Cash and cash equivalents:

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, current accounts and short term placements at other banks. The amounts in transit in amount of 158,722 (December 31, 2021: 114,327) and loans to banks, with more than 90 days maturity from the date of acquisition in amount of 15,661 (December 31, 2021: 16,585) for the Group are excluded. The Group and Bank did not include in cash and cash equivalents the amounts representing minimum compulsory reserve held at National Bank of Romania.

	Group		Bank	
	Unaudited (*)			
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Cash in hand	2,725,127	1,894,448	2,725,126	1,894,415
Current accounts and deposits with banks	6,978,156	4,407,030	6,978,157	4,407,030
Total	9,703,283	6,301,478	9,703,283	6,301,445

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33. Cash and cash equivalents details (continued)

Impairment and provisions adjustment for non-cash items:

	Group Unaudited (*)		Bank	
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net impairment allowance for loans	117,916	57,208	116,901	48,273
Net impairment allowance for sundry debtors	23,571	32,562	22,855	32,045
Net impairment allowance for financial leases	3,793	8,991	-	-
Write-offs	8,915	3,315	6,292	2,066
Financial guarantee and loan contracts provisions	8,236	(70,630)	8,179	(71,196)
Net movement in other provisions	(21,220)	(3,364)	(22,153)	(3,362)
Net impairment allowance for debt securities	(498)	408	(498)	408
Total	140,713	28,490	131,576	8,234

34. Guarantees and other credit commitments

Guarantees and letters of credit

The Group and Bank issues guarantees and letters of credit for its customers. The primary purpose of letters of credit is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group and Bank will make payments in the event that a customer cannot meet its obligations (delivery of goods, documents submitting, etc.) to third parties with which it entered previously into a contractual relationship, carry a similar credit risk as loans once they are executed.

The market and credit risks on these financial instruments, as well as the operational risk are similar to those arising from granting of loans. In the event of a claim on the Group and Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Group and Bank.

Credit related commitments

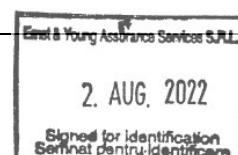
Financing commitments represent unused amounts of approved credit facilities.

The Group and Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments does not necessarily represent future cash requirements, since many of these commitments will expire or be terminated without being funded.

	Group Unaudited (*)		Bank	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Letters of guarantee granted	5,877,370	5,427,857	5,879,437	5,441,448
Financing commitments granted	6,271,962	5,834,265	5,753,991	5,344,315
Total commitments granted	12,149,332	11,262,122	11,633,428	10,785,763
Uncommitted facilities granted	8,871,643	9,317,203	8,928,635	9,382,644
Letters of guarantee received	22,836,992	20,033,701	22,836,992	20,033,701
Total commitments received	22,836,992	20,033,701	22,836,992	20,033,701

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35. Other commitments

	Group		Bank	
	Unaudited (*)			
	June 30,	December 31,	June 30,	December 31,
	2022	2021	2022	2021
Tangible non-current assets	9,736	7,159	9,736	7,159
Intangible non-current assets	54,055	19,553	54,055	19,553
Commitments relating to short-term and low value leases	15,521	17,297	15,521	17,297
Total	79,312	44,009	79,312	44,009

The other commitments presented above include short term and low value leases, software maintenance contracts and other IT services.

As at June 30, 2022 and December 31, 2021 the future minimum lease payments regarding rents concluded by the Group and Bank as a lessee are:

	Group		Bank	
	Unaudited (*)			
	June 30,	December 31,	June 30,	December 31,
	2022	2021	2022	2021
Less than one year	7,779	9,033	7,779	9,033
Between one and five years	5,493	5,910	5,493	5,910
More than five years	123	55	123	55
Total	13,394	14,999	13,394	14,999

36. Related parties

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36. Related parties (continued)

	Bank						2021					
	2022			2021			2022			2021		
	Parent	Other related parties	Subsidiaries	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Subsidiaries	Associates	Key management of the institution		
Assets	1,211,689	64,805	61,490	38,935	8,856	70,493	36,250	48,378	7,673	8,920		
Nostro accounts	78,174	49,431	-	-	-	14,158	23,812	-	-	-	-	-
Deposits	1,062,945	-	-	-	-	-	-	-	-	-	-	-
Loans	-	15,279	59,310	28,681	8,853	-	12,362	45,078	7,119	8,915	-	-
Derivative financial instruments	70,503	-	41	-	3	54,762	2	-	-	4	-	-
Other assets	67	95	2,138	10,254	0	1,573	73	3,300	553	1	-	-
Liabilities	5,495,151	124,786	132,938	94,793	16,060	2,813,630	93,425	235,571	92,012	15,505		
Loans accounts	9,876	9,539	-	-	-	44	8,938	-	-	-	-	-
Deposits	-	114,597	131,747	80,217	16,060	-	83,792	234,828	78,609	15,505	-	-
Borrowings	2,967,704	-	-	-	-	2,226,835	-	-	-	-	-	-
Subordinated borrowings	1,237,282	-	-	-	-	495,022	-	-	-	-	-	-
Lease payable	-	-	978	-	-	-	-	613	-	-	-	-
Derivative financial instruments	227,808	-	-	-	-	62,415	2	-	-	-	-	-
Other liabilities	1,052,481	650	213	14,576	-	29,315	692	130	13,403	-	-	-
Commitments	7,104,402	221,523	189,539	53,571	814	7,896,555	181,197	91,131	79,232	971		
Total commitments granted	174,005	70,435	129,577	5,327	507	120,406	71,018	25,691	18,138	537	-	-
Total commitments received	117,526	149,950	-	30,662	207	165,066	103,322	-	31,789	210	-	-
Uncommitted facilities granted	12,967	1,138	40,181	17,581	-	12,969	5,868	65,441	29,305	-	-	-
Notional amount of foreign exchange transactions	3,066,856	-	19,782	-	100	3,585,978	990	-	-	224	-	-
Notional amount of interest rate derivatives	3,733,048	-	-	-	-	4,012,136	-	-	-	-	-	-
Income statement	(172,229)	(2,904)	48,700	(879)	119	(25,429)	(3,955)	26,497	2,422	90		
Interest and commission revenues	5,853	2,938	10,390	19,366	145	9,836	833	9,690	8,951	121	-	-
Interest and commission expense	(12,444)	(1,747)	(1,756)	(6,685)	(7)	(3,359)	(1,408)	(888)	(2,843)	(18)	-	-
Net (loss) on interest rate derivatives	(152,453)	-	-	-	(1)	(31,169)	-	-	-	(1)	-	-
Net gain on foreign exchange derivatives	4,040	-	(92)	4,575	-	16,498	-	11	-	-	-	-
Dividend income	-	-	37,217	-	-	-	-	15,966	3,349	-	-	-
Other income	290	1	123	-	-	404	(308)	(107)	-	-	-	-
Other expenses	(17,515)	(4,095)	2,819	(18,135)	(17)	(17,640)	(3,072)	1,824	(7,034)	(11)	-	-

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36. Related parties (continued)

Other liabilities and other expenses include mainly corporate and technical assistance with Société Générale Paris.

The Bank has collateral received from SG Paris regarding derivative instruments in total amount of 3,650 at June 30, 2022 (December 31, 2021: 1,826).

As of June 30, 2022 the Board of Directors and Managing Committee members own 48,858 shares (2021: 21,730).

Key management personnel benefits for 2021 and 2020:

	Group		Bank	
	Unaudited (*)			
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Short-term benefits	9,274	8,508	7,172	6,568
Long-term benefits	2,575	2,550	2,378	2,378

37. Contingencies

As of June 30, 2022 the Bank is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 696,330 (December 31, 2021: 689,921). The amounts disclosed represent the additional potential loss in the event of a negative court decision, the amounts not being provisioned. The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Group's overall financial position and performance. The Bank already booked a provision of 20,312 (December 31, 2021: 21,202) and the Group 40,351 (December 31, 2021: 40,308) in relation with the litigations.

38. Earnings per share

Basic earnings per share are calculated by dividing net profit/loss for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of June 30, 2022 and June 30, 2021 there were no dilutive equity instruments issued by the Group and Bank.

	Group		Bank	
	Unaudited (*)			
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Ordinary shares on market	696,901,518	696,901,518	696,901,518	696,901,518
Profit attributable to shareholders	608,509	622,693	616,672	628,698
Earnings per share (in RON)	0.8732	0.8935	0.8849	0.9021

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39. Fair value

Determination of fair value and fair value hierarchy

To determine and disclose the fair value hierarchy of the financial instruments, the Group follows the three-level classification of the inputs to valuation techniques used to measure fair value:

- **Level 1: quoted (unadjusted) prices** in active markets for identical assets or liabilities;

Level 1 instruments contain the government bonds, priced directly by external counterparties on various dealing platforms (Bloomberg, Reuters etc.);

- **Level 2: other inputs** than those quoted prices included within Level 1, **that are observable** for that particular asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);

Level 2 instruments include in particular securities that cannot directly be quoted on the market (e.g. corporate bonds) and firm derivatives, with standard features and common maturities, whose value can be retrieved or derived from market data;

- **Level 3:** inputs that are not based on observable market data (**unobservable inputs**).

Level 3 instruments include options traded over-the-counter and other derivatives with specifically-tailored return profiles and/or maturities extended over the normal spectrum;

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

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39. Fair value (continued)

	Group				Bank			
	June 30, 2022 Unaudited (*)				June 30, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	24,231	-	24,231	-	24,231	-	24,231
Currency swaps	-	16,347	-	16,347	-	16,347	-	16,347
Forward foreign exchange contracts	-	12,331	-	12,331	-	12,372	-	12,372
Options	-	-	53,895	53,895	-	-	53,895	53,895
	-	52,909	53,895	106,804	-	52,950	53,895	106,845
Financial assets at fair value through other comprehensive income	15,091,718	-	-	15,091,718	15,091,718	-	-	15,091,718
Equity investments (listed)	3,183	-	-	3,183	3,183	-	-	3,183
Equity investments (not listed)	-	-	4,754	4,754	-	-	4,754	4,754
Total	15,094,901	-	4,754	15,099,654	15,094,901	-	4,754	15,099,654
Other financial instruments held for trading	457,212	428,095	-	885,307	443,752	428,095	-	871,847
Total	15,552,113	481,004	58,649	16,091,765	15,538,653	481,045	58,649	16,078,346
Assets for which fair value is disclosed								
Cash and due from Central Bank	7,534,142	-	-	7,534,142	7,534,141	-	-	7,534,141
Due from banks	7,152,539	-	-	7,152,539	7,136,879	-	-	7,136,879
Loans and advances to customers	-	-	36,576,560	36,576,560	-	-	35,911,222	35,911,222
Treasury bills at amortised cost	754,867	-	-	754,867	754,867	-	-	754,867
Financial lease receivables	-	-	1,325,783	1,325,783	-	-	-	-
Total	15,441,548	-	37,902,343	53,343,892	15,425,887	-	35,911,222	51,337,109

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39. Fair value (continued)

	Group			Bank		
	June 30, 2022 Unaudited (*)			June 30, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities measured at fair value						
Financial liabilities						
Derivative financial instruments						
Interest rate swaps	-	234,748	-	-	234,748	-
Currency swaps	-	4,825	-	-	4,825	-
Forward foreign exchange contracts	-	8,257	-	-	8,257	-
Options	-	-	54,171	-	-	54,171
Total	-	247,830	54,171	-	247,830	54,171
Other financial instruments held for trading	34,019	160,924	-	34,019	160,924	-
Total	34,019	408,754	54,171	34,019	408,754	54,171
Liabilities for which fair value is disclosed						
Due to banks	621,502	-	-	621,502	-	-
Due to customers	-	53,682,068	-	-	53,813,238	-
Borrowed funds	-	7,600,823	-	-	5,770,889	-
Subordinated debts	-	1,237,282	-	-	1,237,282	-
Total	621,502	62,520,173	-	621,502	60,821,409	-

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39. Fair value (continued)

Assets measured at fair value	Group			Bank				
	December 31, 2021			December 31, 2021				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	33,962	-	33,962	-	33,962	-	33,962
Currency swaps	-	8,386	-	8,386	-	8,386	-	8,386
Forward foreign exchange contracts	-	7,126	-	7,126	-	7,126	-	7,126
Options	-	-	35,214	35,214	-	-	35,214	35,214
	-	49,474	35,214	84,688	-	49,474	35,214	84,688
Financial assets at fair value through other comprehensive income								
Equity investments (listed)	19,863,825	-	-	19,863,825	19,863,825	-	-	19,863,825
Equity investments (not listed)	2,898	-	-	2,898	2,898	-	-	2,898
Total	19,866,723	-	4,049	19,870,772	19,866,723	-	4,049	19,870,772
Other financial instruments held for trading	768,334	1,421,902	-	2,190,236	768,334	1,421,902	-	2,190,236
Total	20,635,057	1,471,376	39,263	22,145,696	20,635,057	1,471,376	39,263	22,145,696
Assets for which fair value is disclosed								
Cash and due from Central Bank	6,206,356	-	-	6,206,356	6,206,323	-	-	6,206,323
Due from banks	4,537,941	-	-	4,537,941	4,521,357	-	-	4,521,357
Loans and advances to customers	-	-	33,164,250	33,164,250	-	-	32,465,118	32,465,118
Treasury bills at amortised cost	-	-	-	-	-	-	-	-
Financial lease receivables	-	-	1,218,394	1,218,394	-	-	-	-
Total	10,744,297	-	34,382,643	45,126,940	10,727,680	-	32,465,118	43,192,798

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39. Fair value (continued)

Liabilities measured at fair value	Group			Bank				
	December 31, 2021			December 31, 2021				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	48,399	-	48,399	-	48,399	-	48,399
Currency swaps	-	4,593	-	4,593	-	4,593	-	4,593
Forward foreign exchange contracts	-	6,056	-	6,056	-	6,056	-	6,056
Options	-	-	35,258	35,258	-	-	35,258	35,258
Total	-	59,048	35,258	94,306	-	59,048	35,258	94,306
Other financial instruments held for trading	207,534	196,811	-	404,345	207,534	196,811	-	404,345
Total	207,534	255,859	35,258	498,651	207,534	255,859	35,258	498,651
Liabilities for which fair value is disclosed								
Due to banks	156,810	-	-	156,810	156,810	-	-	156,810
Due to customers	-	52,685,690	-	52,685,690	-	52,920,005	-	52,920,005
Borrowed funds	-	4,056,470	-	4,056,470	-	2,230,572	-	2,230,572
Subordinated debts	-	495,022	-	495,022	-	495,022	-	495,022
Total	156,810	57,237,182	-	57,393,992	156,810	55,645,599	-	55,802,409

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39. Fair value (continued)

Financial instruments measured at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Treasury notes are represented by treasury bills and bonds, and are classified as financial assets at fair value through other comprehensive income or financial instruments held for trading measured at fair value through profit and loss, being measured using a valuation technique based on market quotes published by Bloomberg or by Reuters (market approach).

Derivatives

The fair value of the derivatives is determined using valuation techniques commonly known on the market, such as discounted cash flows for swaps or Black-Sholes formula for options.

Firm derivatives – interest rate swaps, currency swaps and forward foreign exchange contracts, are the main derivative products measured using as valuation technique the income approach (discounting cash flows) and incorporating observable inputs from market (foreign exchange spot rate, forward rates, interest rate rates, futures), both directly observable ones (explicit parameters) and indirectly observable ones.

The directly observable parameters are variables that come directly from the market and are presumed to be easily available, accessible to each market participant. The main explicit parameters used in valuation of firm financial instruments are interbank fixing FX rates published by NBR, interbank swap points, interbank bid/ask interest rates, futures quotes on EUR and USD. Implicit parameters are variables obtained through standard intermediary calculation, using market prices for relevant financial instruments. The yield curves designated at the level of each product and currency are fed with explicit parameters according to the pre-set configuration, facilitating the computation of implicit parameters used in computing the fair value such as Zero-coupons, Discount Factors and Forward Interest Rates.

Conditional derivatives - FX options, interest rate options and equity options, are valued daily, using the mark-to-model approach. The model is calibrated to derive the value of the option based on the current market conditions (spot rates) and the future values presumed to be attained by the underlying (forward exchange rates, FRAs etc), integrating in the calculation the standard option-sensitivities (delta, gamma, vega, theta), along with information regarding the size of the positions and the liquidity of the instrument. The fair value is determined through SG's computation module, the values of the specific parameters being daily retrieved from the market and stored in the database, serving as direct input in the daily final formula or further used for the statistical calculation implied by the valuation process.

BRD manages the group of these financial assets and liabilities (options) on the basis of the entity's net exposure to a particular market risk (foreign exchange, interest rate, price risk) and, according to the trading book policy in place, BRD assumes no residual market risk induced by option-trading. Any bought option is perfectly matched on the same day with a sold option, identical in terms of option type, underlying, exercise prices, maturity. The perfect back-to-back system is subject to daily controls performed at back-office level, to ensure that no mismatch occurred and there is no residual open position on options. Therefore, the impact of a specific change on the estimated value on one non-observable parameter used on the valuation of an option classified/ accounted as financial asset is offset by same specific change on estimated value of the same non-observable parameter on the valuation of the mirror-replicated option classified/ accounted as financial liability.

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39. Fair value (continued)

Equities

These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the financial performance of the investee.

The fair value of equity instruments not listed classified as at fair value through profit and loss and consisting of ordinary shares of other entities is determined by using the net assets of the entities as at the end of the last closed reporting period. The entities net assets represent the best estimation of the current replacement cost that would be paid in order to replace the holding as it consists of the initial capital investment adjusted by the financial performance of the entity.

Fair value of financial assets and liabilities not carried at fair value

Financial assets

Deposits with banks, loans originated by the Group and leases are measured at amortized cost using the effective interest rate method less any impairment allowance.

For deposits with banks, amortized cost is estimated to approximate fair value due to their short-term nature, interest rates reflecting current market conditions and no significant transaction costs.

For loans and lease receivables the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and similar time horizons.

Financial liabilities

The amortized cost of deposits from banks is considered to approximate their respective fair values, since these items have predominantly short maturities, carry interest rates reflecting current market conditions and are settled without significant transaction costs.

For due to customers and borrowings amounts the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and customers and with similar time horizons.

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39. Fair value (continued)

The following table presents the fair value and the carrying amount per type of financial instrument.

	Group				Bank			
	June 30, 2022 Unaudited (*)		December 31, 2021		June 30, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash and due from Central Bank	7,534,142	7,534,142	6,206,356	6,206,356	7,534,141	7,534,141	6,206,323	6,206,323
Due from banks	7,152,539	7,152,539	4,537,941	4,537,941	7,136,879	7,136,879	4,521,357	4,521,357
Loans and advances to customers	35,328,558	36,576,560	32,913,875	33,164,250	34,630,881	35,911,222	32,183,856	32,465,118
Treasury bills at amortised cost	740,403	754,867	-	-	740,403	754,867	-	-
Financial lease receivables	1,325,738	1,325,783	1,222,595	1,218,394	-	-	-	-
	52,081,380	53,343,892	44,880,767	45,126,940	50,042,304	51,337,109	42,911,536	43,192,798
Financial liabilities								
Due to banks	621,502	621,502	156,810	156,810	621,502	621,502	156,810	156,810
Due to customers	53,665,039	53,682,068	52,683,581	52,685,690	53,796,167	53,813,238	52,917,886	52,920,005
Borrowed funds	7,600,823	7,600,823	4,056,470	4,056,470	5,770,889	5,770,889	2,230,572	2,230,572
Subordinated debts	1,237,282	1,237,282	495,022	495,022	1,237,282	1,237,282	495,022	495,022
	63,124,646	63,141,675	57,391,883	57,393,992	61,425,840	61,442,911	55,800,290	55,802,409

Ernst & Young Assurance Services S.R.L.
2. AUG. 2022
Signed for identification
Semnat pentru identificare

The accompanying notes are an integral part of this financial statements
(*) Unaudited / unreviewed by the financial auditor

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39. Fair value (continued)

The methods and significant assumptions applied in determining the fair value of the elements in the table above are listed below.

The fair value of fixed rate instruments is estimated by discounting the maturing cash flows with discount factors derived from the rates offered to similar clients, for similar products on similar maturities. The fair value of floating instruments is estimated by discounting from the next re-pricing date using as discount factors rates offered to similar clients, for similar products on similar time horizons.

Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of impairment is recognized separately by deducting the amount of the allowance for credit losses from both carrying and fair values.

For the purposes of the fair value disclosure, the interest accrued to date is included in the carrying value of the financial instruments.

The transfers between levels of fair value hierarchy are deemed to have occurred the date of the event or change in circumstances that caused the transfer, but not later than the end of the reporting period.

Movement in level 3:

Fair value of equity investments not listed is estimated based on net assets of the investments.

	Equity investments (not listed)	Options (A)	Options (L)
Closing balance as at December 31, 2020	37,121	13,273	13,357
Acquisitions	-	12,227	12,227
Sales	(35,434)	(34)	(34)
Reimbursements	-	(5,020)	(5,020)
Gain losses from change in fair value	1,373	14,768	14,728
Translation differences	989	-	-
Closing balance as at December 31, 2021	4,049	35,214	35,258
Acquisitions	-	9,979	9,979
Sales	-	(1,546)	(1,546)
Reimbursements	-	(5,238)	(5,238)
Gain losses from change in fair value	705	15,486	15,718
Closing balance as at June 30, 2022	4,754	53,895	54,171

40. Subsequent events

No subsequent event was identified after the reporting date.