

RAIFFEISEN BANK SA

UNAUDITED INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Prepared in accordance with International Financial Reporting Standards as endorsed by the European Union

30 JUNE 2022

Content

Interim condensed consolidated and separate statement of comprehensive income	1
Interim condensed consolidated and separate statement of financial position	2
Interim condensed consolidated and separate statement of changes in equity	3
Interim condensed consolidated and separate statement of cash flows	4 – 5
Notes to the interim condensed consolidated and separate financial statements	6 – 93

RAIFFEISEN BANK SA
INTERIM CONDENSED CONSOLIDATED AND SEPARATE
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED
30 JUNE 2022



<i>In RON thousand</i>	Note	Group		Bank	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		Unaudited	Unaudited	Unaudited	Unaudited
Interest income		1,229,309	949,653	1,206,945	927,395
Interest expense		(156,719)	(77,343)	(155,427)	(74,673)
Net interest income	8	1,072,590	872,310	1,051,518	852,722
Fees and commissions income		405,239	411,648	382,928	386,409
Fees and commissions expense		(131,656)	(130,347)	(131,206)	(129,345)
Net fee and commission income	9	273,583	281,301	251,722	257,064
Net trading income	10	148,050	161,688	148,519	162,205
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	26	(31,583)	(4,257)	(30,741)	(4,421)
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income		(1,657)	2,406	-	2,406
Gains or (-) losses from hedge accounting, net	27	487	899	487	899
Other operating income	11	63,861	11,201	89,995	68,763
Operating income		1,525,331	1,325,548	1,511,500	1,339,638
Operating expenses	12	(426,419)	(411,812)	(415,434)	(402,220)
Personnel expenses	13	(353,734)	(337,363)	(337,369)	(323,178)
Impairment losses on financial assets	14	(30,714)	(67,244)	(41,638)	(115,200)
Share of gain from associates and joint ventures	25	521	1,405	-	-
Profit before income tax		714,985	510,534	717,059	499,040
Income tax expense	15,16	(118,633)	(106,072)	(114,897)	(101,881)
Net profit for the year		596,352	404,462	602,162	397,159
Items that may be reclassified subsequently to profit or loss					
Net gains (losses) on financial assets at fair value through other comprehensive income		(287,979)	(22,101)	(288,133)	(21,912)
Related tax for above positions		46,291	3,506	46,101	3,506
Items that may not be reclassified subsequently to profit or loss					
Fair value changes of the equity instruments at fair value through other comprehensive income		(220)	4,329	(220)	4,329
Related tax for above positions		(601)	(693)	(601)	(693)
Other comprehensive income for the year, net of income tax		(242,509)	(14,959)	(242,853)	(14,770)
Total comprehensive income for the year, net of income tax		353,843	389,503	359,309	382,389

The interim condensed consolidated and separate statement of comprehensive income is to be read in conjunction with the notes forming part of the consolidated and separate financial statements set out on following pages.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 27 September 2022 and were signed on its behalf by:

Mihail Ion
Vice-president

Monica Curea
Accounting Director

RAIFFEISEN BANK SA
INTERIM CONDENSED CONSOLIDATED AND SEPARATE
STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED
30 JUNE 2022



<i>In RON thousand</i>	Note	Group		Bank	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		Unaudited	Audited	Unaudited	Audited
Assets					
Cash and cash with Central Bank	17	7,858,321	11,288,325	7,852,421	11,285,168
Loans and advances to banks at amortised cost	20	1,031,506	1,518,422	1,042,068	1,504,874
Derivative assets held for risk management	19	20,676	8,305	20,676	8,305
Trading assets	18	108,883	135,174	108,883	135,174
Financial assets mandatorily at fair value through profit or loss	26	212,754	257,908	199,070	243,382
Investment securities at fair value through other comprehensive income	22	3,372,152	3,660,744	3,362,366	3,563,816
Equity instruments at fair value through other comprehensive income	23	53,528	49,766	53,528	49,766
Investment in subsidiaries, associates and joint ventures	25	32,764	32,243	122,789	126,520
Loans and advances to customers at amortised cost	21	37,911,329	32,973,112	37,410,751	32,499,754
Fair value changes of the hedged items-asset	27	9,601	-	9,601	-
Investment securities at amortised cost	24	8,998,337	8,550,464	8,888,963	8,414,355
Income tax receivable	15	74,218	74,336	73,849	73,849
Other assets	28	392,505	407,256	388,543	382,561
Deferred tax assets	29	91,824	50,591	88,521	47,229
Property, equipment and right-of-use assets	30	444,950	477,715	443,771	476,362
Intangible assets	31	348,338	349,100	345,225	346,310
Total assets		60,961,686	59,833,461	60,411,025	59,157,425
Liabilities					
Trading liabilities	18	15,046	20,861	15,046	20,861
Derivative liabilities held for risk management	19	10,767	3,268	10,767	3,268
Deposits from banks	32	969,380	357,562	969,380	357,562
Deposits from customers	33	48,900,997	49,702,577	48,901,075	49,641,409
Loans from banks and other financial institutions	34	397,919	345,077	5,972	8,611
Fair value changes of the hedged items-liability	27	15,031	3,466	15,031	3,466
Derivatives – hedge accounting	27	-	8,298	-	8,298
Current tax liabilities		64,341	37,837	63,470	36,732
Other liabilities	35	1,304,831	1,124,225	1,299,283	1,118,885
Debt securities issued	34	2,615,669	2,118,575	2,615,669	2,118,575
Subordinated liabilities	34	323,267	323,334	323,211	323,334
Provisions	36	283,633	433,582	281,734	317,509
Total liabilities		54,900,881	54,478,662	54,500,638	53,958,510
Equity					
Share capital	37	1,200,000	1,200,000	1,200,000	1,200,000
Other equity instruments	38	609,504	238,599	609,504	238,599
Retained earnings		4,355,893	3,778,283	4,205,679	3,622,259
Other reserves	39	(104,592)	137,917	(104,796)	138,057
Total equity		6,060,805	5,354,799	5,910,387	5,198,915
Total liabilities and equity		60,961,686	59,833,461	60,411,025	59,157,425

The interim condensed consolidated and separate statement of financial position is to be read in conjunction with the notes forming part of the consolidated and separate financial statements set out on following pages.

The interim condensed consolidated and separate financial statements were approved by the Management Board on 27 September 2022 and were signed on its behalf by:

Mihail Ion
Vice-president

Monica Curea
Accounting Director

RAIFFEISEN BANK SA
INTERIM CONDENSED CONSOLIDATED AND SEPARATE
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED
30 JUNE 2022



Group

<i>In RON thousand</i>	Share capital	Other equity instruments	Other reserves	Retained earnings	Total
Balance at 1 January 2021	1,200,000	238,599	296,446	3,768,499	5,503,544
Net profit for the year	-	-	-	818,552	818,552
Other comprehensive income, net of income tax	-	-	(158,529)	-	(158,529)
Total comprehensive income for the period, net of income tax	-	-	(158,529)	818,552	660,023
Distribution related to AT1 instruments	-	-	-	(18,808)	(18,808)
Distribution of dividends	-	-	-	(789,960)	(789,960)
Balance at 31 December 2021	1,200,000	238,599	137,917	3,778,283	5,354,799
Balance at 1 January 2022	1,200,000	238,599	137,917	3,778,283	5,354,799
Issue Additional Tier 1 instrument	-	370,905	-	-	370,905
Net profit for the year	-	-	-	596,352	596,352
Other comprehensive income, net of income tax	-	-	(242,509)	-	(242,509)
Total comprehensive income for the period, net of income tax	-	-	(242,509)	596,352	353,843
Distribution related to AT1 instruments	-	-	-	(18,742)	(18,742)
Balance at 30 June 2022*	1,200,000	609,504	(104,592)	4,355,893	6,060,805

Bank

<i>In RON thousand</i>	Share capital	Other equity instruments	Other reserves	Retained earnings	Total
Balance at 1 January 2021	1,200,000	238,599	295,585	3,642,567	5,376,751
Net profit for the year	-	-	-	788,460	788,460
Other comprehensive income, net of income tax	-	-	(157,528)	-	(157,528)
Total comprehensive income for the period, net of income tax	-	-	(157,528)	788,460	630,932
Distribution related to AT1 instruments	-	-	-	(789,960)	(789,960)
Other changes	-	-	-	(18,808)	(18,808)
Balance at 31 December 2021	1,200,000	238,599	138,057	3,622,259	5,198,915
Balance at 1 January 2022	1,200,000	238,599	138,057	3,622,259	5,198,915
Issue Additional Tier 1 instrument	-	370,905	-	-	370,905
Net profit for the year	-	-	-	602,162	602,162
Other comprehensive income, net of income tax	-	-	(242,853)	-	(242,853)
Total comprehensive income for the period, net of income tax	-	-	(242,853)	602,162	359,309
Distribution related to AT1 instruments	-	-	-	(18,742)	(18,742)
Balance at 30 June 2022*	1,200,000	609,504	(104,796)	4,205,679	5,910,387

*Unaudited.

The interim condensed consolidated and separate statement of changes in shareholders' equity is to be read in conjunction with the notes forming part of the interim condensed consolidated and separate financial statements set out on following pages.

RAIFFEISEN BANK SA
INTERIM CONDENSED CONSOLIDATED AND SEPARATE STATEMENT
OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2022



<i>In RON thousand</i>	Note	Group		Bank	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from operating activities					
Net profit for the year		596,352	404,462	602,162	397,159
Adjustments for non-cash items:					
Depreciation and amortization	12	112,667	111,466	111,259	110,100
Net impairment loss on financial assets (release from recoveries is not included)	14	78,723	85,027	89,362	132,908
Group share of gain from associates and joint ventures	25	(521)	(1,405)	-	-
Loss on the sale of property, plant and equipment and of intangible assets		1,363	(1,786)	1,518	(1,407)
Net charge of provisions for litigation and other provisions	11,12	(42,613)	(3,054)	(43,948)	(40,137)
Income tax expense	15,16	118,633	106,072	114,897	101,881
Net gains on non-trading financial assets mandatorily at fair value through profit or loss	26	31,583	4,257	30,741	4,421
Other fair value adjustments		(4,872)	(16,015)	(4,872)	(16,015)
Net interest income	8	(1,072,590)	(872,310)	(1,051,518)	(852,722)
Unrealized foreign exchange losses		(6,509)	2,292	(6,509)	2,292
Income from dividends	11	(2,119)	(1,481)	(28,881)	(23,234)
Operating profit before changes in operating assets and liabilities		(189,903)	(182,475)	(185,789)	(184,754)
Change in operating assets:					
(Increase)/Decrease in trading assets and derivatives held for risk management		26,291	116,846	26,291	116,846
(Increase)/Decrease in loans and advances to banks at amortised cost		744	142,634	747	142,622
(Increase) in loans and advances to customers at amortised cost and at fair value through profit or loss		(5,026,577)	(1,671,720)	(4,998,981)	(1,764,367)
(Increase)/Decrease in investment securities at fair value through other comprehensive income		7,892	(399,834)	(79,594)	(363,238)
(Increase) in investment securities at amortised cost		(499,469)	(707,266)	(526,204)	(738,617)
(Increase)/Decrease in other assets		(94,337)	(74,160)	439	(71,062)
Proceeds from sale of loans and recoveries from write-offs	14	48,010	17,783	47,725	17,708
Change in operating liabilities:					
Increase/(Decrease) in trading liabilities		(5,815)	(14,084)	(5,815)	(14,084)
Increase/(Decrease) in deposits from banks		611,818	192,150	611,818	192,150
Increase in deposits from customers		(801,972)	803,873	(740,726)	853,688
Increase/(Decrease) in other liabilities		200,416	287,808	200,208	293,639
Taxation paid		(87,745)	(3,244)	(83,952)	-
Interest paid		(184,125)	(78,981)	(182,889)	(76,311)
Interest received		1,245,847	938,381	1,223,483	916,123
Cash flows from operating activities		(4,748,925)	(632,289)	(4,693,239)	(679,657)
Investing activities:					
Proceeds from sale of property, plant and equipment		938	313	938	313
Acquisition of property, plant and equipment	30	(17,815)	(13,286)	(16,962)	(13,184)
Acquisition of intangible assets	31	(38,308)	(43,657)	(37,759)	(43,713)
Acquisition of investment in subsidiaries	25	-	-	(6,999)	(65,000)
Dividends received		2,119	1,481	28,881	23,234
Cash flows used in investing activities		(53,066)	(55,149)	(31,901)	(98,350)

<i>In RON thousand</i>	Note	Group		Bank	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
		Unaudited	Unaudited	Unaudited	Unaudited
Financing activities					
Cash from loans from banks and subordinated liabilities		74,181	-	-	-
Proceeds from debt securities issued		525,000	1,608,075	525,000	1,608,075
Proceeds from issue of additional Tier I instruments		370,905	-	370,905	-
Repayments of loans from banks and subordinated liabilities		(21,339)	(83,888)	(2,639)	(5,079)
Dividends paid	37	-	(48,000)	-	(48,000)
Distribution related to AT1 instruments	38	(18,742)	(18,808)	(18,742)	(18,808)
Repayment of principal portion of lease liability	30	(44,190)	(4,902)	(44,190)	(4,902)
Cash flows from financing activities		885,815	1,452,477	830,334	1,531,286
Net increase/(decrease) in cash and cash equivalents		(3,916,176)	765,039	(3,894,806)	753,279
Cash and cash equivalents at 1 January		12,751,338	11,633,750	12,722,651	11,620,390
Cash and cash equivalents at 30 June		8,835,162	12,398,789	8,827,845	12,373,669

Analysis of cash and cash equivalents

<i>In RON thousand</i>	Note	Group		Bank	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
		Unaudited	Unaudited	Unaudited	Unaudited
Cash and cash equivalents comprise:					
Cash on hand		3,775,035	4,310,486	3,769,135	4,309,710
Cash with Central Bank		4,083,286	4,231,300	4,083,286	4,231,300
	17	7,858,321	8,541,786	7,852,421	8,541,010
Loans and advances to banks – less than 3 months		976,841	3,857,003	975,424	3,832,659
Cash and cash equivalents in the cash flows statement		8,835,162	12,398,789	8,827,845	12,373,669

The consolidated and separate statement of cash flows is to be read in conjunction with the notes forming part of the consolidated and separate financial statements set out on following pages.

1. REPORTING ENTITY

Raiffeisen Bank SA (the "Bank") started its operations on 1 July 2002 upon the merger by acquisition of RaiffeisenBank Romania by Banca Agricola Raiffeisen SA through issue of shares. The merger between the two banks was finalized on 30 June 2002 with the purpose of streamlining the operations of the Raiffeisen Group in Romania.

The Bank is licensed by the National Bank of Romania to conduct banking activities. The current registered office is located at Sky Tower Building, Calea Floreasca, no 246 C, district 1, Bucharest, Romania.

The interim condensed consolidated and separate financial statements of the Bank for the year ended 30 June 2022 comprise the Bank and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in corporate and retail banking, investment and activities services, leasing and asset management services.

The main activity of the Bank is to provide day-to-day banking services to corporate and individual clients. These include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium term facilities, bank guarantees and letters of credit. The Group also provides financial leasing services, home saving loan services and asset management services. The Group operates through the Head Office located in Bucharest and through its network of 295 branches as at 30.06.2022 (31.12.2021: 300 branches).

The Bank is managed in accordance with the dual management system by a Supervisory Board made up of 9 members and a Management Board made up of 6 members.

The members of the Supervisory Board as of June 30, 2022 are as follows:

- Johann Strobl – Chairman
- Hannes Mösenbacher – Deputy Chairman
- Andreas Gschwenter – Member
- Peter Lennkh – Member
- Claudia Petricia Pendred – Independent Member
- Ana Maria Mihaescu – Independent Member
- Łukasz Janusz Januszewski – Member
- Andrii Stepanenko – Member
- Pedro Miguel Weiss – Independent Member

The structure of the Management Board as of June 30, 2022 is as follows:

- Zdenek Romanek – President;
- Cristian Sporiş – Vice-president, coordinating the Corporate Division;
- Bogdan Popa – Vice-president, coordinating the Operations and IT Division;
- Vladimir Kalinov – Vice-president, coordinating the Retail Division;
- Mircea Busuioceanu – Vice-president, coordinating the Risk Division;
- Mihail Ion – Vice-president, coordinating the Accounting and Financial Controlling Division.

2. BASIS OF PREPARATION

a) Basis of preparation

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

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated and separate financial statements. The bank prepares consolidated and separate financial statements in accordance with Order no. 27/2010 of the National Bank of Romania and subsequent amendments, which require that these consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS").

b) Functional and presentation currency

The elements included in the financial statements of each Group entity are evaluated by using the currency of the primary economic environment in which the entity operates ("functional currency"). These consolidated and separate financial statements are presented in Romanian Lei ("RON"), which is the functional and presentation currency of the Bank, rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting policies

The accounting policies applied in these interim condensed consolidated and separate financial statements are consistent with those presented in the prior year, except for the amendments to published International Financial Reporting Standards presented in Note 4 below.

b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. 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 Bank holds:

- 99.99% (2021: 99.99%) interest and voting rights in Raiffeisen Leasing IFN S.A.;
- 99.99% (2021: 99.99%) interest and voting rights in Aedificium Banca Pentru Locuinte S.A.
- 99.99% (2021: 99.99%) investment and voting rights in Raiffeisen Asset Management S.A., an asset management company with the purpose of funds administration.

The Bank has consolidated the financial statements of its subsidiaries in accordance with IFRS 10 "Consolidated Financial Statements".

Raiffeisen Leasing IFN S.A. has been representing the Raiffeisen Group on the Romanian Leasing Market since 2002. The company share capital is RON 14,935,400 and offers a wide range of products for SMEs, corporations and, in a small part, for individuals. The company provides customized financing solutions in RON or EUR, offering fixed or variable interest finance for various types of projects and assets, such as vehicles and equipment. Raiffeisen Leasing offer is also available in Raiffeisen Bank network units.

Aedificium Banca pentru Locuinte S.A. offers a product denominated in RON that is based on the combination of the saving and the lending phase (Bauspar) and offers to customers the financing of housing domain improvements by affordable RON denominated loans with fixed interest rates.

S.A.I. Raiffeisen Asset Management S.A. (RAM) is the asset management specialized company for the investment funds of the Group in Romania. RAM's objective is to develop a large range of products to best serve our clients' financial purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Associates

The Bank holds:

- 33.33% (2021: 33.33%) interest in Fondul de Garantare a Creditului Rural – IFN S.A.
- 33.33% (2021: 33.33%) interest in CIT One S.R.L.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

The Group accounts proportionately for the share of gain or loss from its associates in accordance with IFRS 11 "Investments in Associates". The consolidated financial statements include the Group's share of the total recognized gains and losses of associates and joint ventures on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases (see Note 25). When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. After application of the equity method, including recognizing the associate's losses, the investor determines whether it is necessary to recognize any additional impairment loss with respect to the investor's net investment in the associate.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU:

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED INTERNATIONAL FINANCIAL REPORTING STANDARDS

- **Amendments to 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 and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application

BRIEF DESCRIPTIONS OF NEW STANDARDS / AMENDMENTS TO NEW STANDARDS / INTERPRETATIONS

- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 issued by IASB on 14 May 2020. The amendments: (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; (b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and (c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
- **Amendments to IFRS 16 "Leases"** - Covid-19-Related Rent Concessions beyond 30 June 2021 issued by IASB on 31 March 2021. Amendments extend by one year the application period of the practical expedient in IFRS 16. The relief was extended by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022.
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED INTERNATIONAL FINANCIAL REPORTING STANDARDS

- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use issued by IASB on 14 May 2020. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts – Cost of Fulfilling a Contract issued by IASB on 14 May 2020. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** issued by IASB on 14 May 2020. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording. The amendments: (a) clarify that subsidiary which applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs (IFRS 1); (b) clarify which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9); (c) removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example (Illustrative Example 13 accompanying IFRS 16); and (d) removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IAS 41).
- **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

Amendments to 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 issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

5. FINANCIAL RISK MANAGEMENT

In the table below are presented the risk concentrations by product for retail customers and by economic sectors for non-retail customers. In the table are presented gross balance sheet exposures:

In RON thousand

	Group	Group
	30 June 2022	31 December 2021
Non-retail customers, of which:		
Corporate lending	11,652,727	8,767,663
Project finance	2,639,337	2,046,206
Financial institution non-bank	1,781,046	1,431,079
Small business (SMB)	2,055,205	1,831,721
Public sector	660,287	670,180
Sovereign	208,030	110,481
Retail customers, of which:		
Personal loan	7,830,836	7,556,323
Mortgage	7,888,211	7,558,505
Consumer loans guaranteed with mortgage	888,751	953,885
Credit Card	1,103,831	1,099,170
Overdraft	553,366	517,948
Investment financing	1,955,603	1,810,971
Total gross exposure	39,217,230	34,354,132
Impairment allowance	(1,305,901)	(1,381,020)
Total loans and advances to customers at amortised cost	37,911,329	32,973,112

5. FINANCIAL RISK MANAGEMENT (continued)

In the table below are presented the risk concentrations by product for retail customers and by economic sectors for non-retail customers. In the table are presented gross balance sheet exposures:

In RON thousand

	Bank	Bank
	30 June 2022	31 December 2021
Non-retail customers, of which:		
Corporate lending	12,045,542	9,146,358
Project finance	2,639,337	2,046,206
Financial institution non-bank	1,781,046	1,431,079
Small business (SMB)	1,576,871	1,388,786
Public sector	660,287	670,180
Sovereign	208,030	110,481
Retail customers, of which:		
Personal loan	7,830,836	7,556,323
Mortgage	7,854,487	7,521,119
Consumer loans guaranteed with mortgage	888,751	953,885
Credit Card	1,103,831	1,099,170
Overdraft	553,366	517,948
Investment financing	1,533,256	1,397,983
Total gross exposure	38,675,640	33,839,518
Specific impairment allowance	(1,264,889)	(1,339,764)
Total loans and advances to customers at amortised cost	37,410,751	32,499,754

RAIFFEISEN BANK SA

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2022**


5. FINANCIAL RISK MANAGEMENT (continued)

In the table below are presented on stages the risk concentrations by product for retail customers and by economic sectors for non-retail customers. The amounts represent gross balance sheet exposures.

Group

	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Loans and advances to customers at amortised cost					
Non-retail:	16,242,141	2,468,255	237,569	48,667	18,996,632
Corporate lending	10,805,971	675,996	125,585	45,175	11,652,727
Project finance	1,391,938	1,179,482	67,917	-	2,639,337
Financial institution non-bank	1,769,167	11,879	-	-	1,781,046
Small and medium business	1,428,804	578,842	44,067	3,492	2,055,205
Public sector	638,231	22,056	-	-	660,287
Sovereign	208,030	-	-	-	208,030
Retail	17,326,431	1,977,335	728,427	188,405	20,220,598
Personal Loan	7,070,660	384,381	372,941	2,854	7,830,836
Mortgage	7,031,638	695,589	109,075	51,909	7,888,211
Micro	1,523,678	332,291	97,797	1,837	1,955,603
Consumer loans guaranteed with mortgage	417,522	231,226	117,564	122,439	888,751
Credit card	989,384	86,521	18,561	9,365	1,103,831
Overdraft	293,549	247,327	12,489	1	553,366
Total gross exposure	33,568,572	4,445,590	965,996	237,072	39,217,230
Impairment allowance	(235,739)	(302,463)	(689,727)	(77,972)	(1,305,901)
Net exposure	33,332,833	4,143,127	276,269	159,100	37,911,329

RAIFFEISEN BANK SA

NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2022


5. FINANCIAL RISK MANAGEMENT (continued)

In the table below are presented on stages the risk concentrations by product for retail customers and by economic sectors for non-retail customers.
The amounts represent gross balance sheet exposures.

Group

	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Loans and advances to customers at amortised cost					
Non-retail:	12,368,356	2,172,396	266,134	50,444	14,857,330
Corporate lending	7,915,066	660,741	145,633	46,223	8,767,663
Project finance	1,003,517	974,487	68,202	-	2,046,206
Financial institution non-bank	1,416,926	12,612	1,541	-	1,431,079
Small and medium business	1,277,021	499,721	50,758	4,221	1,831,721
Public sector	645,345	24,835	-	-	670,180
Sovereign	110,481	-	-	-	110,481
Retail	16,130,242	2,361,452	807,783	197,325	19,496,802
Personal Loan	6,558,951	558,916	435,848	2,608	7,556,323
Mortgage	6,497,144	895,061	111,624	54,676	7,558,505
Micro	1,441,090	267,002	101,006	1,873	1,810,971
Consumer loans guaranteed with mortgage	412,449	284,808	129,807	126,821	953,885
Credit card	990,491	79,338	17,996	11,345	1,099,170
Overdraft	230,117	276,327	11,502	2	517,948
Total gross exposure	28,498,598	4,533,848	1,073,917	247,769	34,354,132
Impairment allowance	(209,492)	(311,798)	(777,272)	(82,458)	(1,381,020)
Net exposure	28,289,106	4,222,050	296,645	165,311	32,973,112

RAIFFEISEN BANK SA
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS FOR THE PERIOD ENDED**
30 JUNE 2022

5. FINANCIAL RISK MANAGEMENT (continued)

In the table below are presented on stages the risk concentrations by product for retail customers and by economic sectors for non-retail customers. The amounts represent gross balance sheet exposures.

Bank

<i>In RON thousand</i>	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances to customers at amortised cost					
Non-retail:	16,398,507	2,245,038	218,901	48,667	18,911,113
Corporate lending	11,233,407	652,338	114,622	45,175	12,045,542
Project finance	1,391,938	1,179,482	67,917	-	2,639,337
Financial institution non-bank	1,769,167	11,879	-	-	1,781,046
Small and medium business	1,157,734	379,283	36,362	3,492	1,576,871
Public sector	638,231	22,056	-	-	660,287
Sovereign	208,030	-	-	-	208,030
Retail	16,936,213	1,931,446	708,463	188,405	19,764,527
Personal Loans	7,070,660	384,381	372,941	2,854	7,830,836
Mortgage	6,999,322	695,184	108,072	51,909	7,854,487
Micro	1,165,776	286,807	78,836	1,837	1,533,256
Consumer loan guaranteed with mortgage	417,522	231,226	117,564	122,439	888,751
Credit card	989,384	86,521	18,561	9,365	1,103,831
Overdraft	293,549	247,327	12,489	1	553,366
Total gross exposure	33,334,720	4,176,484	927,364	237,072	38,675,640
Impairment allowance	(231,171)	(293,020)	(662,726)	(77,972)	(1,264,889)
Net exposure	33,103,549	3,883,464	264,638	159,100	37,410,751

RAIFFEISEN BANK SA
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS FOR THE PERIOD ENDED**
30 JUNE 2022

5. FINANCIAL RISK MANAGEMENT (continued)

In the table below are presented on stages the risk concentrations by product for retail customers and by economic sectors for non-retail customers. The amounts represent gross balance sheet exposures.

Bank

<i>In RON thousand</i>	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances to customers at amortised cost					
Non-retail:	12,529,976	1,966,729	245,941	50,444	14,793,090
Corporate lending	8,324,457	640,487	135,191	46,223	9,146,358
Project finance	1,003,517	974,487	68,202	-	2,046,206
Financial institution non-bank	1,416,926	12,612	1,541	-	1,431,079
Small and medium business	1,029,250	314,308	41,007	4,221	1,388,786
Public sector	645,345	24,835	-	-	670,180
Sovereign	110,481	-	-	-	110,481
Retail	15,756,904	2,307,299	784,900	197,325	19,046,428
Personal Loans	6,558,951	558,916	435,848	2,608	7,556,323
Mortgage	6,461,166	894,656	110,621	54,676	7,521,119
Micro	1,103,730	213,254	79,126	1,873	1,397,983
Consumer loan guaranteed with mortgage	412,449	284,808	129,807	126,821	953,885
Credit card	990,491	79,338	17,996	11,345	1,099,170
Overdraft	230,117	276,327	11,502	2	517,948
Total gross exposure	28,286,880	4,274,028	1,030,841	247,769	33,839,518
Impairment allowance	(206,002)	(302,415)	(748,889)	(82,458)	(1,339,764)
Net exposure	28,080,878	3,971,613	281,952	165,311	32,499,754

5. FINANCIAL RISK MANAGEMENT (continued)

The tables below present the split of loans and advances to retail customers by credit quality. The internal rating grade is presented in the annual financial statements of the Group as of December 31, 2021.

Group

In RON thousand

Internal rating grade	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	3,210,745	54,259	-	1,996	3,267,000
Excellent Credit Standing	348,766	17,681	-	67	366,514
Very Good Credit Standing	5,689,740	340,776	-	33,301	6,063,817
Good Credit Standing	3,204,710	235,367	-	857	3,440,934
Sound Credit Standing	2,526,269	233,738	-	31,209	2,791,216
Acceptable Credit Standing	958,241	182,127	-	2,393	1,142,761
Marginal Credit Standing	762,917	393,350	-	37,720	1,193,987
Weak Credit Standing	102,869	222,903	-	13,097	338,869
Very Weak Credit Standing	11,719	195,319	-	7,609	214,647
Default	-	-	727,424	60,093	787,517
Not Rated	510,455	101,815	1,003	63	613,336
Total	17,326,431	1,977,335	728,427	188,405	20,220,598

Group

In RON thousand

Internal rating grade	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	2,899,858	105,085	-	2,001	3,006,944
Excellent Credit Standing	178,536	17,007	-	40	195,583
Very Good Credit Standing	5,213,798	578,758	-	37,493	5,830,049
Good Credit Standing	3,167,307	251,664	-	2,030	3,421,001
Sound Credit Standing	2,780,136	435,446	-	43,179	3,258,761
Acceptable Credit Standing	882,021	205,144	-	351	1,087,516
Marginal Credit Standing	449,068	331,690	-	32,247	813,005
Weak Credit Standing	77,544	207,989	-	9,885	295,418
Very Weak Credit Standing	5,095	121,430	-	7,612	134,137
Default	-	-	806,780	62,412	869,192
Not Rated	476,879	107,239	1,003	75	585,196
Total	16,130,242	2,361,452	807,783	197,325	19,496,802

5. FINANCIAL RISK MANAGEMENT (continued)

The tables below present the split of loans and advances to retail customers by credit quality. The internal rating grade is presented in the annual financial statements of the Group as of December 31, 2021.

Bank

In RON thousand

Internal rating grade	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	3,210,745	54,259	-	1,996	3,267,000
Excellent Credit Standing	348,766	17,681	-	67	366,514
Very Good Credit Standing	5,689,740	340,776	-	33,301	6,063,817
Good Credit Standing	3,204,222	235,210	-	857	3,440,289
Sound Credit Standing	2,526,269	233,738	-	31,209	2,791,216
Acceptable Credit Standing	958,241	182,127	-	2,393	1,142,761
Marginal Credit Standing	762,917	393,350	-	37,720	1,193,987
Weak Credit Standing	102,869	222,903	-	13,097	338,869
Very Weak Credit Standing	11,719	195,319	-	7,609	214,647
Default	-	-	708,463	60,093	768,556
Not Rated	120,725	56,083	-	63	176,871
Total	16,936,213	1,931,446	708,463	188,405	19,764,527

Bank

In RON thousand

Internal rating grade	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	2,899,858	105,085	-	2,001	3,006,944
Excellent Credit Standing	178,536	17,007	-	40	195,583
Very Good Credit Standing	5,213,798	578,758	-	37,493	5,830,049
Good Credit Standing	3,166,819	251,507	-	2,030	3,420,356
Sound Credit Standing	2,780,136	435,446	-	43,179	3,258,761
Acceptable Credit Standing	882,021	205,144	-	351	1,087,516
Marginal Credit Standing	449,068	331,690	-	32,247	813,005
Weak Credit Standing	77,544	207,989	-	9,885	295,418
Very Weak Credit Standing	5,095	121,430	-	7,612	134,137
Default	-	-	784,900	62,412	847,312
Not Rated	104,029	53,243	-	75	157,347
Total	15,756,904	2,307,299	784,900	197,325	19,046,428

5. FINANCIAL RISK MANAGEMENT (continued)

The tables below present the split of loans and advances to non - retail customers by credit quality. The internal rating grade is presented in the annual financial statements of the Group as of December 31, 2021.

Group

In RON thousand

30 June 2022					
Internal rating grade	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	19,038	2,378	-	-	21,416
Strong	3,700,435	62,984	-	-	3,763,419
Good	8,722,605	914,293	-	-	9,636,898
Satisfactory	3,798,836	1,379,253	-	-	5,178,089
Substandard	873	89,062	-	-	89,935
Impaired	-	6	235,899	48,667	284,572
Unrated	354	20,279	1,670	-	22,303
Total	16,242,141	2,468,255	237,569	48,667	18,996,632

Group

In RON thousand

31 December 2021					
Internal rating grade	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	29,568	3,901	-	-	33,469
Strong	2,077,098	52,968	-	-	2,130,066
Good	6,894,795	843,198	-	-	7,737,993
Satisfactory	3,328,809	1,097,171	-	-	4,425,980
Substandard	6,041	163,077	-	-	169,118
Impaired	-	-	264,463	50,444	314,907
Unrated	32,045	12,081	1,671	-	45,797
Total	12,368,356	2,172,396	266,134	50,444	14,857,330

Bank

In RON thousand

30 June 2022					
Internal rating grade	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	18,857	1,823	-	-	20,680
Strong	3,678,332	41,821	-	-	3,720,153
Good	8,484,022	853,184	-	-	9,337,206
Satisfactory	4,216,659	1,251,953	-	-	5,468,612
Substandard	637	85,240	-	-	85,877
Impaired	-	6	217,231	48,667	265,904
Unrated	-	11,011	1,670	-	12,681
Total	16,398,507	2,245,038	218,901	48,667	18,911,113

Bank

In RON thousand

31 December 2021					
Internal rating grade	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	25,854	1,135	-	-	26,989
Strong	2,063,258	27,560	-	-	2,090,818
Good	6,686,800	794,844	-	-	7,481,644
Satisfactory	3,717,981	982,044	-	-	4,700,025
Substandard	5,227	156,846	-	-	162,073
Impaired	-	-	244,270	50,444	294,714
Unrated	30,856	4,300	1,671	-	36,827
Total	12,529,976	1,966,729	245,941	50,444	14,793,090

5. FINANCIAL RISK MANAGEMENT (continued)

At Group level, loans and advances to banks in amount of RON 1,031,506 thousand (31 December 2021: RON 1,518,422 thousand) are all classified in Stage 1. At Bank level, loans and advances to banks in amount of RON 1,042,068 thousand (31 December 2021: RON 1,504,874 thousand), are all classified in Stage 1.

Loans and advances to banks as of 30 June, 2022 mainly represent reverse repo transactions, nostro accounts and collateral deposits. Nostro accounts are always available to the Group, are not restricted, not overdue or impaired. Bank counterparties are financial institutions presenting strong financial strength.

6. USE OF ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the given circumstances.

Impairment allowance on loans and advances

The application of the Group's accounting policy requires judgments from the management. The Group assesses on a forward-looking basis the expected credit losses associated with its financial instrument assets carried at amortised cost and FVOCI and with the exposures arising from loan commitments, financial guarantee contracts and leasing receivables. The calculation of expected credit losses requires the use of accounting estimates that do not always match actual results. The amount of impairment to be allocated depends on credit risk parameters such as: PD, LGD and EAD as well as on future-oriented information (economic forecasts) which are estimated by the management.

Fair value of financial instruments

The fair value of financial instruments that are not traded on an active market (for example, unlisted treasury securities, bonds and certificates of deposit) is determined using valuation techniques. The Group uses its judgment to select the valuation method and make assumptions that are mainly based on market conditions existing at statement of financial position date. The Group has used discounted cash flow analysis for the equity instruments that were not traded in active markets.

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price in an active market for an identical instrument;
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group measures fair values mainly using valuation techniques based on observable inputs, i.e. all significant inputs are directly or indirectly observable from market data. Valuation techniques include net present value and discounted cash flow models, as well as other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, bond yields, foreign currency exchange rates, expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

6. USE OF ESTIMATES AND JUDGMENTS (continued)

The Group uses widely recognized valuation models for determining the fair value of common and simpler financial instruments, like interest rate and currency swaps, foreign exchange forwards and swaps, that use only observable market data and require little management judgment and estimation.

Valuation of financial instruments (continued)

Observable prices and model inputs are usually available in the market for bonds and simple over the counter derivatives. Availability of these reduces the need for management judgment and estimations and also reduces the uncertainty associated with determination of fair values.

For bonds valuation the Group uses prices or yields which are observable in the market, quotes published by Central Bank or quotes received upon request from third parties.

For more complex instruments, like over the counter foreign exchange options or interest rate options, the Group uses valuation models, which are usually developed from recognized valuation models. These models also use inputs, which are observable in the markets.

The valuation techniques used to determine the fair value of customers' loans and deposits not measured at fair value and disclosed in the notes consider unobservable inputs and assumptions, such as the specific credit risk and contractual characteristics of the portfolios, but also observables inputs, the benchmark interest rates for recent originated portfolios.

The fair value of the unimpaired customer loans was determined based on the cash flows estimated to be generated by the portfolio. These amounts were discounted using the interest rates that would be currently offered to clients for similar products (the available offer as of the valuation date or loans granted during the last 3 months), by considering the characteristics of each loan, namely product type, currency, remaining tenor, interest rate type, customer segmentation and for non-retail clients also risk indicators based on the industry in which they are currently developing their activity. For the products no longer in the Group's offer, and for which no current market (observed interest rates) are available, following assumptions were used: similar products' prevailing margins for discounting, adjusted with the relevant market rate index correspondent to the particular products' currencies, the swap points required for the currency conversion (if applicable) and remaining tenors.

For the impaired loan portfolio, a similar discounted cash flow calculation resulted in a fair value calculation that can be approximated by the net book value.

The fair value of deposits from customers was determined based on the interest rate differential of the current portfolio as of the end of the reporting period and the prevailing interest rates offered by the Bank, during the last three months from the financial period ended. For the term deposits, a discounted cash flows calculation was performed using for discounting the weighted average margins pertaining to the new deposits opened during the last month of the reporting period, based on their specific characteristics like tenors, currencies and client types similar to the structure of the portfolio subject to the fair value calculation and current market yield.

The fair value of the current accounts and savings accounts from clients was estimated to be equal to the book value, with no evidence of product characteristics requiring a different value than the one currently in accounting books.

For the borrowings, the Group performed a discounted cash flows analysis in order to estimate the fair value. The discount factor consisted of the initially calibrated spread, the liquidity curve at valuation date and the risk free rate at valuation date.

7. FINANCIAL ASSETS AND LIABILITIES

The table below analyses financial instruments at fair value and at carrying amount by using the valuation methods described in Note 6:

Group

In RON thousand

	Note	Level 1	Level 2	Level 3	Total	Carrying amount
30 June 2022						
Assets						
Financial instruments measured at fair value						
Trading assets, out of which:	18	84,304	24,579	-	108,883	108,883
<i>Debt securities</i>		84,304	-	-	84,304	84,304
<i>Foreign exchange contracts</i>		-	24,254	-	24,254	24,254
<i>Interest rate swaps</i>		-	325	-	325	325
Derivative assets held for risk management	19	-	20,676	-	20,676	20,676
Financial assets mandatorily at fair value through profit or loss, out of which:	26	13,684	28,576	170,494	212,754	212,754
<i>Loans and advances to customers</i>		-	-	170,494	170,494	170,494
<i>Debt instruments issued by financial institutions</i>		13,684	28,576	-	42,260	42,260
Investment securities at fair value through other comprehensive income, out of which:	22	3,084,245	287,907	-	3,372,152	3,372,152
<i>Bonds issued by the Government of Romania</i>		3,084,245	-	-	3,084,245	3,084,245
<i>Bonds issued by public sector</i>		-	287,907	-	287,907	287,907
Equity instruments at fair value through other comprehensive income	23	35,856	-	17,672	53,528	53,528
Fair value changes of the hedged items-hedge accounting		-	9,601	-	9,601	9,601
Financial instruments for which fair value is disclosed						
Cash and cash wih Central Bank	17	7,858,321	-	-	7,858,321	7,858,321
Loans and advances to banks at amortised cost	20	1,031,506	-	-	1,031,506	1,031,506
Loans and advances to customers at amortised cost	21	-	-	37,629,468	37,629,468	37,911,329
Investment securities at amortised cost	24	7,855,538	20,634	-	7,876,172	8,998,337
Other assets	28	-	-	247,320	247,320	247,321
Liabilities						
Financial instruments measured at fair value						
Trading liabilities	18	-	15,046	-	15,046	15,046
Derivative liabilities held for risk management	19	-	10,767	-	10,767	10,767
Fair value changes of the hedged items-liability	27	-	15,031	-	15,031	15,031
Financial instruments for which fair value is disclosed						
Deposits from banks	32	969,380	-	-	969,380	969,380
Deposits from customers	33	-	-	48,834,233	48,834,233	48,900,997
Loans from banks and other financial institutions	34	-	-	397,635	397,635	397,919
Debt securities issued	34	-	2,621,435	-	2,621,435	2,615,669
Subordinated liabilities	34	-	-	339,829	339,829	323,267
Other liabilities	35	-	-	1,249,202	1,249,202	1,249,202

7. FINANCIAL ASSETS AND LIABILITIES (continued)

The table below analyses financial instruments at fair value and at carrying amount by using the valuation methods described in Note 6:

Group
In RON thousand

	Note	Level 1	Level 2	Level 3	Total	Carrying amount
31 December 2021						
Assets						
Financial instruments measured at fair value						
Trading assets, out of which:	18	116,259	18,915	-	135,174	135,174
<i>Debt securities</i>		116,259	-	-	116,259	116,259
<i>Foreign exchange contracts</i>		-	17,900	-	17,900	17,900
<i>Interest rate swaps</i>		-	1,015	-	1,015	1,015
Derivative assets held for risk management	19	-	8,305	-	8,305	8,305
Financial assets mandatorily at fair value through profit or loss, out of which:	26	14,526	29,009	214,373	257,908	257,908
<i>Loans and advances to customers</i>		-	-	214,373	214,373	214,373
<i>Debt instruments issued by financial institutions</i>		14,526	29,009	-	43,535	43,535
Investment securities at fair value through other comprehensive income, out of which:	22	3,333,589	327,155	-	3,660,744	3,660,744
<i>Bonds issued by the Government of Romania</i>		3,333,589	-	-	3,333,589	3,333,589
<i>Bonds issued by public sector</i>		-	327,155	-	327,155	327,155
Equity instruments at fair value through other comprehensive income	23	36,371	-	13,395	49,766	49,766
Financial instruments for which fair value is disclosed						
Cash and cash with Central Bank	17	11,288,325	-	-	11,288,325	11,288,325
Loans and advances to banks at amortised cost	20	1,518,422	-	-	1,518,422	1,518,422
Loans and advances to customers at amortised cost	21	-	-	33,511,474	33,511,474	32,973,112
Investment securities at amortised cost	24	8,401,175	1,043	-	8,402,218	8,550,464
Other assets	28	-	-	264,684	264,684	264,684
Liabilities						
Financial instruments measured at fair value						
Trading liabilities	18	-	20,861	-	20,861	20,861
Derivative liabilities held for risk management	19	-	3,268	-	3,268	3,268
Fair value changes of the hedged items-liability	27	-	3,466	-	3,466	3,466
Derivatives – hedge accounting	27	-	8,298	-	8,298	8,298
Financial instruments for which fair value is disclosed						
Deposits from banks	32	357,562	-	-	357,562	357,562
Deposits from customers	33	-	-	49,665,732	49,665,732	49,702,577
Loans from banks and other financial institutions	34	-	-	345,187	345,187	345,077
Debt securities issued	34	-	2,117,878	-	2,117,878	2,118,575
Subordinated liabilities	34	-	-	348,721	348,721	323,334
Other liabilities	35	-	-	1,082,770	1,082,770	1,082,770

7. FINANCIAL ASSETS AND LIABILITIES (continued)

The table below analyses financial instruments at fair value and at carrying amount by using the valuation methods described in Note 6:

Bank
In RON thousand

	Note	Level 1	Level 2	Level 3	Total	Carrying amount
30 June 2022						
Assets						
Financial instruments measured at fair value						
Trading assets, out of which:	18	84,304	24,579	-	108,883	108,883
<i>Debt securities</i>		84,304	-	-	84,304	84,304
<i>Foreign exchange contracts</i>		-	24,254	-	24,254	24,254
<i>Interest rate swaps</i>		-	325	-	325	325
Derivative assets held for risk management	19	-	20,676	-	20,676	20,676
Financial assets mandatorily at fair value through profit or loss, out of which:	26	-	28,576	170,494	199,070	199,070
<i>Loans and advances to customers</i>		-	-	170,494	170,494	170,494
<i>Debt instruments issued by financial institutions</i>		-	28,576	-	28,576	28,576
Investment securities at fair value through other comprehensive income, out of which:	22	3,074,459	287,907	-	3,362,366	3,362,366
<i>Bonds issued by the Government of Romania</i>		3,074,459	-	-	3,074,459	3,074,459
<i>Bonds issued by other public sector</i>		-	287,907	-	287,907	287,907
Equity instruments at fair value through other comprehensive income	23	35,856	-	17,672	53,528	53,528
Fair value changes of the hedged items-hedge accounting		-	9,601	-	9,601	9,601
Financial instruments for which fair value is disclosed						
Cash and cash with Central Bank	17	7,852,421	-	-	7,852,421	7,852,421
Loans and advances to banks at amortised cost	20	1,042,068	-	-	1,042,068	1,042,068
Loans and advances to customers at amortised cost	21	-	-	37,128,938	37,128,938	37,410,751
Investment securities at amortised cost	24	7,825,927	-	-	7,825,927	8,888,963
Other assets	28	-	-	248,338	248,338	248,338
Liabilities						
Financial instruments measured at fair value						
Trading liabilities	18	-	15,046	-	15,046	15,046
Derivative liabilities held for risk management	19	-	10,767	-	10,767	10,767
Fair value changes of the hedged items-liability	27	-	15,031	-	15,031	15,031
Financial instruments for which fair value is disclosed						
Deposits from banks	32	969,380	-	-	969,380	969,380
Deposits from customers	33	-	-	48,834,311	48,834,311	48,901,075
Loans from banks and other financial institutions	34	-	-	5,689	5,689	5,972
Debt securities issued	34	-	2,621,435	-	2,621,435	2,615,669
Subordinated liabilities	34	-	-	339,829	339,829	323,211
Other liabilities	35	-	-	1,243,654	1,243,654	1,243,654

7. FINANCIAL ASSETS AND LIABILITIES (continued)

The table below analyses financial instruments by using the valuation methods described in Note 6:

Bank

In RON thousand

	Note	Level 1	Level 2	Level 3	Total	Carrying amount
31 December 2021						
Assets						
Financial instruments measured at fair value						
Trading assets, out of which:	18	116,259	18,915	-	135,174	135,174
<i>Debt securities</i>		116,259	-	-	116,259	116,259
<i>Foreign exchange contracts</i>		-	17,900	-	17,900	17,900
<i>Interest rate swaps</i>		-	1,015	-	1,015	1,015
Derivative assets held for risk management	19	-	8,305	-	8,305	8,305
Financial assets mandatorily at fair value through profit or loss, out of which:	26	-	29,009	214,373	243,382	243,382
<i>Loans and advances to customers</i>		-	-	214,373	214,373	214,373
<i>Debt instruments issued by financial institutions</i>		-	29,009	-	29,009	29,009
Investment securities at fair value through other comprehensive income, out of which:	22	3,236,661	327,155	-	3,563,816	3,563,816
<i>Bonds issued by the Government of Romania</i>		3,236,661	-	-	3,236,661	3,236,661
<i>Bonds issued by other public sector</i>		-	327,155	-	327,155	327,155
Equity instruments at fair value through other comprehensive income	23	36,371	-	13,395	49,766	49,766
Financial instruments for which fair value is disclosed						
Cash and cash with Central Bank	17	11,285,168	-	-	11,285,168	11,285,168
Loans and advances to banks at amortised cost	20	1,504,874	-	-	1,504,874	1,504,874
Loans and advances to customers at amortised cost	21	-	-	33,038,116	33,038,116	32,499,754
Investment securities at amortised cost	24	8,266,434	-	-	8,266,434	8,414,355
Other assets	28	-	-	246,614	246,614	246,614
Liabilities						
Financial instruments measured at fair value						
Trading liabilities	18	-	20,861	-	20,861	20,861
Derivative liabilities held for risk management	19	-	3,268	-	3,268	3,268
Fair value changes of the hedged items-liability	27	-	3,466	-	3,466	3,466
Derivatives – Hedge accounting	27	-	8,298	-	8,298	8,298
Financial instruments for which fair value is disclosed						
Deposits from banks	32	357,562	-	-	357,562	357,562
Deposits from customers	33	-	-	49,604,564	49,604,564	49,641,409
Loans from banks and other financial institutions	34	-	-	8,722	8,722	8,611
Debt securities issued	34	-	2,117,878	-	2,117,878	2,118,575
Subordinated liabilities	34	-	-	348,721	348,721	323,334
Other liabilities	35	-	-	1,077,430	1,077,430	1,077,430

RAIFFEISEN BANK SA
NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2022

7. FINANCIAL ASSETS AND LIABILITIES (continued)

The below table presents the measurements categories for financial instruments:

Group	Note	Held for trading	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
<i>In RON thousand</i>							
30 June 2022							
Financial assets							
Cash and cash with Central Bank	17	-	-	-	7,858,321	7,858,321	7,858,321
Trading assets	18	108,883	-	-	-	108,883	108,883
Derivative assets held for risk management	19	20,676	-	-	-	20,676	20,676
Financial assets mandatorily at fair value through profit or loss	26	-	212,754	-	-	212,754	212,754
Loans and advances to banks at amortised cost	20	-	-	-	1,031,506	1,031,506	1,031,506
Loans and advances to customers at amortised cost	21	-	-	-	37,911,329	37,911,329	37,629,468
Investment securities	22,24	-	-	3,425,680	8,998,337	12,424,017	11,301,852
Fair value changes of the hedged items-Hedge accounting		9,601	-	-	-	9,601	9,601
Other assets	28	-	-	-	247,321	247,321	247,321
Total financial assets		139,160	212,754	3,425,680	56,046,814	59,824,408	58,420,382
Financial liabilities							
Trading liabilities	18	15,046	-	-	-	15,046	15,046
Derivative liabilities held for risk management	19	10,767	-	-	-	10,767	10,767
Fair value changes of the hedged items-Liability	27	15,031	-	-	-	15,031	15,031
Deposits from banks	32	-	-	-	969,380	969,380	969,380
Deposits from customers	33	-	-	-	48,900,997	48,900,997	48,834,233
Loans from banks and other financial institutions	34	-	-	-	397,919	397,919	397,635
Debt securities issued	34	-	-	-	2,615,669	2,615,669	2,621,435
Subordinated liabilities	34	-	-	-	323,267	323,267	339,829
Other liabilities	35	-	-	-	1,249,202	1,249,202	1,249,202
Total financial liabilities		40,844	-	-	54,456,434	54,497,278	54,452,558

RAIFFEISEN BANK SA
NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 JUNE 2022

7. FINANCIAL ASSETS AND LIABILITIES (continued)

The below table presents the measurements categories for financial instruments:

Group							
<i>In RON thousand</i>	Note	Held for trading	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
31 December 2021							
Financial assets							
Cash and cash with Central Bank	17	-	-	-	11,288,325	11,288,325	11,288,325
Trading assets	18	135,174	-	-	-	135,174	135,174
Derivative assets held for risk management	19	8,305	-	-	-	8,305	8,305
Financial assets mandatorily at fair value through profit or loss	26	-	257,908	-	-	257,908	257,908
Loans and advances to banks at amortised cost	20	-	-	-	1,518,422	1,518,422	1,518,422
Loans and advances to customers at amortised cost	21	-	-	-	32,973,112	32,973,112	33,511,474
Investment securities	22,24	-	-	3,710,510	8,550,464	12,260,974	12,112,728
Other assets	28	-	-	-	264,684	264,684	264,684
Total financial assets		143,479	257,908	3,710,510	54,595,007	58,706,904	59,097,020
Financial liabilities							
Trading liabilities	18	20,861	-	-	-	20,861	20,861
Derivative liabilities held for risk management	19	3,268	-	-	-	3,268	3,268
Fair value changes of the hedged items-Liability	27	3,466	-	-	-	3,466	3,466
Derivatives – Hedge accounting	27	8,298	-	-	-	8,298	8,298
Deposits from banks	32	-	-	-	357,562	357,562	357,562
Deposits from customers	33	-	-	-	49,702,577	49,702,577	49,665,732
Loans from banks and other financial institutions	34	-	-	-	345,077	345,077	345,187
Debt securities issued	34	-	-	-	2,118,575	2,118,575	2,117,878
Subordinated liabilities	34	-	-	-	323,334	323,334	348,721
Other liabilities	35	-	-	-	1,082,770	1,082,770	1,082,770
Total financial liabilities		35,893	-	-	53,929,895	53,965,788	53,953,743

RAIFFEISEN BANK SA
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS FOR THE PERIOD ENDED**
30 JUNE 2022

7. FINANCIAL ASSETS AND LIABILITIES (continued)

The below table presents the measurements categories for financial instruments:

Bank							
<i>In RON thousand</i>	Note	Held for trading	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
30 June 2022							
Financial assets							
Cash and cash with Central Bank	17	-	-	-	7,852,421	7,852,421	7,852,421
Trading assets	18	108,883	-	-	-	108,883	108,883
Derivative assets held for risk management	19	20,676	-	-	-	20,676	20,676
Financial assets mandatorily at fair value through profit or loss	26	-	199,070	-	-	199,070	199,070
Loans and advances to banks at amortised cost	20	-	-	-	1,042,068	1,042,068	1,042,068
Loans and advances to customers at amortised cost	21	-	-	-	37,410,751	37,410,751	37,128,938
Investment securities	22,24	-	-	3,415,894	8,888,963	12,304,857	11,241,821
Fair value changes of the hedged items-Hedge accounting		9,601	-	-	-	9,601	9,601
Other assets	28				248,338	248,338	248,338
Total financial assets		139,160	199,070	3,415,894	55,442,541	59,196,665	57,851,816
Financial liabilities							
Trading liabilities	18	15,046	-	-	-	15,046	15,046
Derivative liabilities held for risk management	19	10,767	-	-	-	10,767	10,767
Fair value changes of the hedged items-Liability	27	15,031	-	-	-	15,031	15,031
Deposits from banks	32	-	-	-	969,380	969,380	969,380
Deposits from customers	33	-	-	-	48,901,075	48,901,075	48,834,311
Loans from banks and other financial institutions	34	-	-	-	5,972	5,972	5,689
Debt securities issued	34	-	-	-	2,615,669	2,615,669	2,621,435
Subordinated liabilities	34	-	-	-	323,211	323,211	339,829
Other liabilities	35				1,243,654	1,243,654	1,243,654
Total financial liabilities		40,844	-	-	54,058,961	54,099,805	54,055,142

RAIFFEISEN BANK SA
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS FOR THE PERIOD ENDED**
30 JUNE 2022

7. FINANCIAL ASSETS AND LIABILITIES (continued)

The below table presents the measurements categories for financial instruments:

Bank							
<i>In RON thousand</i>	Note	Held for trading	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
31 December 2021							
Financial assets							
Cash and cash with Central Bank	17	-	-	-	11,285,168	11,285,168	11,285,168
Trading assets	18	135,174	-	-	-	135,174	135,174
Derivative assets held for risk management	19	8,305	-	-	-	8,305	8,305
Financial assets mandatorily at fair value through profit or loss	26	-	243,382	-	-	243,382	243,382
Loans and advances to banks at amortised cost	20	-	-	-	1,504,874	1,504,874	1,504,874
Loans and advances to customers at amortised cost	21	-	-	-	32,499,754	32,499,754	33,038,116
Investment securities	22,24	-	-	3,613,582	8,414,355	12,027,937	11,880,016
Other assets	28	-	-	-	246,614	246,614	246,614
Total financial assets		143,479	243,382	3,613,582	53,950,765	57,951,208	58,341,649
Financial liabilities							
Trading liabilities	18	20,861	-	-	-	20,861	20,861
Derivative liabilities held for risk management	19	3,268	-	-	-	3,268	3,268
Fair value changes of the hedged items-Liability	27	3,466	-	-	-	3,466	3,466
Derivatives – Hedge accounting	27	8,298	-	-	-	8,298	8,298
Deposits from banks	32	-	-	-	357,562	357,562	357,562
Deposits from customers	33	-	-	-	49,641,409	49,641,409	49,604,564
Loans from banks and other financial institutions	34	-	-	-	8,611	8,611	8,722
Debt securities issued	34	-	-	-	2,118,575	2,118,575	2,117,878
Subordinated liabilities	34	-	-	-	323,334	323,334	348,721
Other liabilities	35	-	-	-	1,077,430	1,077,430	1,077,430
Total financial liabilities		35,893	-	-	53,526,921	53,562,814	53,550,770

8. NET INTEREST INCOME

	Group		Bank	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<i>In RON thousand</i>				
Interest income				
Current accounts and loans and advances to banks	12,785	5,014	12,857	5,266
Loans and advances to customers (i)	1,002,736	782,269	1,004,421	783,063
Investments measured at fair value through other comprehensive income	51,198	45,541	50,044	44,449
Investment securities measured at amortised cost	141,974	98,208	139,565	94,616
Negative interest on financial liabilities	58	1	58	1
Total interest income computed using effective interest rate	1,208,751	931,033	1,206,945	927,395
Finance leasing activity	20,558	18,620	-	-
Total interest income	1,229,309	949,653	1,206,945	927,395
Interest expense and similar charges				
Deposits from banks	(21,273)	(3,841)	(21,273)	(3,841)
Deposits from customers	(68,690)	(33,688)	(68,401)	(32,717)
Debt securities issued	(31,175)	(4,171)	(31,175)	(4,171)
Loans from banks and subordinated liabilities	(25,054)	(23,041)	(24,109)	(21,403)
Leasing	(1,183)	(1,448)	(1,141)	(1,402)
Negative interest on financial assets	(8,973)	(11,154)	(8,959)	(11,139)
Other	(371)	-	(369)	-
Total interest expense	(156,719)	(77,343)	(155,427)	(74,673)
Net interest income	1,072,590	872,310	1,051,518	852,722

(i) The amount of interest income from impaired loans amounts to RON 12,709 thousand (30 June 2021: RON 12,363 thousand).

9. NET FEE AND COMMISSION INCOME*In RON thousand*

	Group		Bank	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Fee and commission income				
Transactions from payments transfer business	295,516	304,636	295,516	304,636
Loans administration and guarantee issuance	34,823	39,004	34,758	38,827
Asset management fee (i)	20,090	22,869	-	-
Commissions from insurance premium collections(ii)	38,794	32,390	38,794	32,390
Finance leasing administration	5,547	5,165	-	-
Commissions for buying/selling cash	315	739	315	739
Other (iii)	10,154	6,845	13,545	9,817
Total fee and commission income	405,239	411,648	382,928	386,409
Fees and commissions expense				
Commissions for payment transfers	(121,104)	(121,031)	(122,609)	(121,031)
Loan and guarantees received from banks	(7,679)	(7,767)	(7,679)	(7,767)
For transactions with investment securities	(1,237)	(2,160)	(899)	(414)
Other	(1,636)	611	(19)	(133)
Total fee and commission expense	(131,656)	(130,347)	(131,206)	(129,345)
Net fee and commission income	273,583	281,301	251,722	257,064

- (i) The caption "Asset management fees" includes fees obtained by Raiffeisen Asset Management S.A. from its customers and are based on the value of assets under management.
- (ii) The caption "Commissions from insurance premium collections" represents fees earned by the Bank for the intermediation of insurance policies between its customers and insurance companies.
- (iii) Under "Other", the Group records mainly fees for its custody activity.

10. NET TRADING INCOME*In RON thousand*

	Group		Bank	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net trading income from:				
<i>Currency based instruments (i), out of which:</i>	153,208	158,826	153,677	159,343
▪ Gain/(loss) from foreign exchange derivative transactions	11,073	8,838	11,073	8,838
▪ Net gain on revaluation of monetary assets and foreign currency transactions	142,135	149,988	142,604	150,505
<i>Interest rate instruments (ii), out of which:</i>	(5,158)	2,862	(5,158)	2,862
▪ Net trading result from government securities and corporate debt securities	(7,807)	3,208	(7,807)	3,208
▪ Interest rate swaps gain/(loss)	2,649	(346)	2,649	(346)
Net trading income	148,050	161,688	148,519	162,205

- (i) Net foreign exchange income from currency based transactions includes gains and losses from spot and forward contracts, money market instruments, currency swaps and from the translation of foreign currency assets and liabilities.
- (ii) Net trading income from interest rate instruments includes the net result on trading in government securities, corporate debt securities and interest rate swaps.

11. OTHER OPERATING INCOME

	Group		Bank	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<i>In RON thousand</i>				
Revenues from additional leasing services	1,534	1,330	-	-
Reversal of litigation provision	47,442	-	47,442	34,813
Reversal of other provisions	1,617	5,324	1,617	5,324
Dividend income	2,119	1,481	28,881	23,234
Revenues from IT services	-	1,157	-	1,157
Income from repossessed assets	464	866	464	866
Sundry income (i)	10,685	1,043	11,591	3,369
Total	63,861	11,201	89,995	68,763

(i) In "sundry income" position, the Group includes revenues from: incentives received from its partners from cards usage, various recoveries on sundry debtors previously written-off, liabilities of the Bank which reached the prescription term and were derecognised etc.

12. OPERATING EXPENSES

	Group		Bank	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<i>In RON thousand</i>				
Office space expenses (i)	29,877	30,102	29,039	30,152
IT repairs and maintenance	61,502	63,961	59,153	62,809
Depreciation and amortization (Note 30 and 31)	112,667	111,466	111,259	110,100
Deposit insurance fees (ii)	34,819	11,603	34,819	11,603
Resolution fund fee (iii)	35,989	37,001	35,888	36,922
Security expenses	22,456	39,074	22,428	39,074
Advertising	21,275	13,809	20,603	13,340
Charge of litigation provision (iv)	1,202	-	-	-
Legal, advisory and consulting expenses	22,606	19,929	20,843	19,136
Postal and telecommunication expenses	39,684	31,981	39,422	31,879
Office supplies	15,125	15,879	15,053	15,797
Sundry operating expenses	16,109	11,960	15,114	7,941
Charge of other provisions	5,244	457	5,111	-
Training expenses for staff	2,072	2,449	1,943	2,388
Travelling expenses	1,420	696	1,333	677
Transport costs	2,732	2,348	2,468	2,154
Other taxes (v)	1,640	19,097	958	18,248
Total	426,419	411,812	415,434	402,220

(i) The amounts under "Office space expenses" include mainly cleaning, security expenses and the VAT related to the rental paid invoices.

12. OPERATING EXPENSES (continued)

(ii) The Bank pays annually contributions to the Bank Deposit Guarantee Fund for guaranteed deposits. Guaranteed deposits represent any credit balance, including the due interest, which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution must repay in the legal and contractual conditions applicable. Examples of guaranteed deposits are: time deposits, current accounts, savings accounts, debit/credit card accounts.

(iii) The Bank pays contribution to resolution fund for liabilities not covered, respectively for liabilities (excluding own funds) less covered deposits. The liability to pay these levies is recognized when they become constructive. In this case, the obligation arises annually on January 1, as the Bank performs activities related to deposits received.

The expense with deposit insurance fees and resolution fund fee is recognised in the year when paid.

(iv) Under the caption "Charge of litigation provision" the Group presents the expense with legal disputes, as further disclosed in *note 36 Provisions*.

(v) Under the caption "Other taxes" the Group presents the movement in provision for tax audit (please see note 28 Other assets)

13. PERSONNEL EXPENSE

In RON thousand

	Group		Bank	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Salary expense	322,809	286,933	307,293	273,579
Social contributions	9,651	9,152	9,353	8,878
Other staff expenses	15,740	15,691	15,202	15,172
Expenses for defined benefit pension plans	3,655	-	3,655	-
Long term employee benefits (i)	1,879	25,587	1,866	25,549
Total	353,734	337,363	337,369	323,178

- i) The long term benefits for employees for June 30, 2021 also include the provision for benefits granted on retirement as a one-off compensation which as of 31, December 2021 was reclassified as defined benefit plan.

The number of employees at Group level as at 30 June 2022 was 4,886 (31 December 2021: 4,798). The number of employees at Bank level as at 30 June 2022 was 4,725 (31 December 2021: 4,632).

14. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Group	30 June 2022				
<i>In RON thousand</i>	Stage 1	Stage 2	Stage 3	POCI	Total
Non-retail					
Loans and advances to customers at amortised cost	1,444	3,008	(19,010)	(1,117)	(15,675)
Loan commitments and financial guarantees	(163)	(1,209)	(3,606)	-	(4,978)
Investment securities at amortised cost	190	-	-	-	190
Loans written-off	-	-	422	-	422
Recoveries from loans and advances to customers	-	-	(3,378)	-	(3,378)
Total non-retail	1,471	1,799	(25,572)	(1,117)	(23,419)
Retail					
Loans and advances to customers at amortised cost	25,288	(10,658)	69,112	(252)	83,490
Loan commitments and financial guarantees	1,761	292	(243)	-	1,810
Loans written-off	-	2,354	10,063	1,048	13,465
Recoveries from loans and advances to customers	-	-	(40,870)	(3,762)	(44,632)
Total retail	27,049	(8,012)	38,062	(2,966)	54,133
Total	28,520	(6,213)	12,490	(4,083)	30,714

Group	30 June 2021				
<i>In RON thousand</i>	Stage 1	Stage 2	Stage 3	POCI	Total
Non-retail					
Loans and advances to customers at amortised cost	(2,981)	10,889	(434)	(1,300)	6,174
Loan commitments and financial guarantees	(5,285)	(2,772)	(4,278)	-	(12,335)
Investment securities at amortised cost	925	-	-	-	925
Loans written-off	-	-	7,439	-	7,439
Recoveries from loans and advances to customers	-	-	(4,953)	-	(4,953)
Total non-retail	(7,341)	8,117	(2,226)	(1,300)	(2,750)
Retail					
Loans and advances to customers at amortised cost	4,800	13,890	68,496	(7,103)	80,083
Loan commitments and financial guarantees	(168)	(811)	(26)	-	(1,005)
Loans written-off	-	-	3,746	-	3,746
Recoveries from loans and advances to customers	-	-	(12,830)	-	(12,830)
Total retail	4,632	13,079	59,386	(7,103)	69,994
Total	(2,709)	21,196	57,160	(8,403)	67,244

14. IMPAIRMENT LOSSES ON FINANCIAL ASSETS (continued)

Bank	30 June 2022				
<i>In RON thousand</i>	Stage 1	Stage 2	Stage 3	POCI	Total
Non-retail					
Investment in subsidiaries, associates and joint ventures	-	-	10,730	-	10,730
Loans and advances to customers at amortised cost	146	2,947	(17,771)	(1,117)	(15,795)
Loan commitments and financial guarantees	(163)	(1,209)	(3,606)	-	(4,978)
Investment securities at amortised cost	190	-	-	-	190
Loans written-off	-	-	-	-	-
Recoveries from loans and advances to customers	-	-	(3,378)	-	(3,378)
Total non-retail	173	1,738	(14,025)	(1,117)	(13,231)
Retail					
Loans and advances to customers at amortised cost	25,208	(10,682)	69,667	(252)	83,941
Loan commitments and financial guarantees	1,761	292	(243)	-	1,810
Loans written-off	-	2,354	10,063	1,048	13,465
Recoveries from loans and advances to customers	-	-	(40,585)	(3,762)	(44,347)
Total retail	26,969	(8,036)	38,902	(2,966)	54,869
Total	27,142	(6,298)	24,877	(4,083)	41,638
30 June 2021					
Bank	Stage 1	Stage 2	Stage 3	POCI	Total
Non-retail					
Investment in subsidiaries, associates and joint ventures	-	-	45,767	-	45,767
Loans and advances to customers at amortised cost	(3,043)	12,645	1,109	(1,300)	10,711
Loan commitments and financial guarantees	(5,285)	(2,772)	(4,278)	-	(12,335)
Investment securities at amortised cost	925	-	-	-	925
Loans written-off	-	-	5,780	-	5,780
Recoveries from loans and advances to customers	-	-	(4,953)	-	(4,953)
Total non-retail	(7,403)	9,873	43,425	(1,300)	45,895
Retail					
Loans and advances to customers at amortised cost	5,240	13,926	67,256	(7,103)	79,319
Loan commitments and financial guarantees	(168)	(811)	(26)	-	(1,005)
Loans written-off	-	-	3,746	-	3,746
Recoveries from loans and advances to customers	-	-	(12,755)	-	(12,755)
Total retail	5,072	13,115	58,221	(7,103)	69,305
Total	(2,331)	22,988	101,646	(8,403)	115,200

14. IMPAIRMENT LOSSES ON FINANCIAL ASSETS (continued)

The contractual amount outstanding on credit exposures that were written off and are still subject to enforcement activity during the period as of 30 June 2022 is RON 93,079 thousand (31 December 2021: RON 182,694 thousand), out of which non-retail exposures in amount of RON 4,143 thousand (31 December 2021: RON 69,983 thousand) and retail exposures in amount of RON 88,936 thousand (31 December 2021: RON 112,711 thousand).

15. INCOME TAX EXPENSE

i) INCOME TAX EXPENSE

Group

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Current tax expenses at 16% (2021:16%) of taxable profits determined in accordance with Romanian law	(114,434)	(87,015)	(110,689)	(84,054)
Adjustments recognized in the period for current tax of prior periods	-	(463)	-	(463)
Deferred tax expense / (income) (Note 29)	(4,199)	(502)	(4,208)	728
Expense with provision from tax inspection	-	(18,092)	-	(18,092)
Total	(118,633)	(106,072)	(114,897)	(101,881)

ii) INCOME TAX RECEIVABLE

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Current tax receivable	369	487	-	-
Non current tax receivable – Gross Book Value *	130,129	130,129	130,129	130,129
Provision for Non current tax receivable	(56,280)	(56,280)	(56,280)	(56,280)
Total	74,218	74,336	73,849	73,849

*According to IFRIC 23, as of June 30, 2022, the carrying amount of income taxes with uncertain treatment is RON 73,849 thousand (December 31, 2021: RON 73,849 thousand) and resulted from the tax audit detailed in note 28 "Other assets". This amount includes income tax (principal and related penalties). In this respect, the taxation authority represents the body that decides whether tax treatments are acceptable under tax law and might include the court.

16. RECONCILIATION OF INCOME BEFORE TAX WITH THE CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Group		Bank	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<i>In RON thousand</i>				
Gross profit before tax	714,983	510,535	717,059	499,040
Taxation at statutory rate of 16% (2021: 16%)	114,397	81,686	114,730	79,846
Non-deductible expenses	17,005	26,912	12,521	24,608
Non-taxable revenues	(14,802)	(18,733)	(14,411)	(17,565)
Corporate income tax before fiscal credit	116,600	89,865	112,840	86,889
Fiscal credit	(2,166)	(2,849)	(2,151)	(2,834)
Adjustments recognized in the period for current tax of prior periods (i)	-	462	-	462
Corporate income tax	114,434	87,478	110,689	84,517
Deferred tax expense / (income)	4,199	502	4,208	(728)
Income tax resulted from tax inspection	-	18,092	-	18,092
Income tax expense	118,633	106,072	114,897	101,881

- (i) The adjustments recognized in the period for current tax of prior periods represent corrections on income tax statement related to prior year and which were booked in accounting after the closing process of the respective year.

The main non-taxable income is from reversal of provisions and dividends received. Non-deductible expenses are from provisions, sponsorships, accruals and other non-deductible expenses according to the Fiscal Code.

17. CASH AND CASH WITH CENTRAL BANK

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>In RON thousand</i>				
Cash and cash equivalents	5,469,597	5,939,958	5,463,697	5,936,801
Minimum compulsory reserve	2,388,724	5,348,367	2,388,724	5,348,367
Total	7,858,321	11,288,325	7,852,421	11,285,168

The Bank maintains with the National Bank of Romania the minimum compulsory reserve established under Regulation no. 6/2002 issued by the National Bank of Romania, with subsequent amendments and addendums. As of 30 June 2022, the mandatory minimum reserve ratio was 8% (31 December 2021: 8%) for funds raised in RON and 5% (December 31, 2021: 5%) for funds in foreign currency with residual maturity of less than 2 years, at the end of the observation period. For liabilities having residual maturity over 2 years at the end of the observation period, without reimbursement, conversion or early retirement clauses, compulsory minimum reserve ratio was set at 0% (31 December 2021: 0%).

The minimum compulsory reserve can be used by the Group for daily activities but under the condition that the monthly average balance of the minimum compulsory reserve is kept within the legal limits, therefore the Group considers that this is not restrictive cash and includes the amount in cash and cash equivalents considered in Cash flow statement.

18. TRADING ASSETS / LIABILITIES

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>In RON thousand</i>				
Trading assets				
Debt instruments	84,304	116,259	84,304	116,259
Derivative financial instruments	24,579	18,915	24,579	18,915
Total	108,883	135,174	108,883	135,174
Trading liabilities				
Derivative financial instruments	15,046	20,861	15,046	20,861
Total	15,046	20,861	15,046	20,861

19. DERIVATIVES HELD FOR RISK MANAGEMENT

The portfolio of derivatives held for economic hedge risk management purposes are detailed below:

Group

30 June 2022

<i>In RON thousand</i>	Notional buy	Notional sell	Fair value	
			Assets	Liabilities
OTC products:				
Cross currency Interest rate swaps	56,329	56,329	8,403	-
FX swap	1,867,477	1,866,896	6,130	7,213
Interest rate swaps	245,908	245,908	6,143	3,554
Total			20,676	10,767

31 December 2021

<i>In RON thousand</i>	Notional buy	Notional sell	Fair value	
			Assets	Liabilities
OTC products:				
Cross currency Interest rate swaps	56,360	56,360	4,324	-
FX swap	936,879	927,574	3,946	969
Interest rate swaps	195,962	195,962	35	2,299
Total			8,305	3,268

Bank

30 June 2022

<i>In RON thousand</i>	Notional buy	Notional sell	Fair value	
			Assets	Liabilities
OTC products:				
Cross currency Interest rate swaps	56,329	56,329	8,403	-
FX swap	1,867,477	1,866,896	6,130	7,213
Interest rate swaps	245,908	245,908	6,143	3,554
Total			20,676	10,767

31 December 2021

<i>In RON thousand</i>	Notional buy	Notional sell	Fair value	
			Assets	Liabilities
OTC products:				
Cross currency Interest rate swaps	56,360	56,360	4,324	-
FX swap	936,879	927,574	3,946	969
Interest rate swaps	195,962	195,962	35	2,299
Total			8,305	3,268

FX swap contracts are used by the bank mainly for liquidity management. These operations are used by the bank to invest for a period of time the liquidity available in a currency by exchange it for another currency.

The fair value of derivative financial instruments is determined by discounted cash flow models using the market quotations at the valuation date. Foreign exchange transactions are measured by discounted future models using the market rates from Reuters and the fixing price of National Bank of Romania.

20. LOANS AND ADVANCES TO BANKS AT AMORTISED COST

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Refundable at request	13,371	42,914	12,055	17,449
Sight deposits	28,997	28,997	28,997	28,997
Term deposits	5,867	6,624	5,867	6,624
Reverse repo	933,292	1,389,951	933,292	1,389,951
Term loans	49,979	49,936	49,979	49,936
Subordinated loans	-	-	11,878	11,917
Total	1,031,506	1,518,422	1,042,068	1,504,874

Group/Bank: As at 30 June 2022, out of the total term deposits, term deposits held with commercial banks are in amount of RON 1,211 thousand (2021: RON 1,212 thousand) and collateral deposits are in amount of RON 4,656 thousand (2021: RON 5,412 thousand).

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

The table below presents the carrying amount of credit risk exposures and corresponding impairment allowances as follows:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Non-retail				
Gross exposure	18,996,632	14,857,330	18,911,113	14,793,090
Impairment allowance	(414,846)	(436,264)	(392,850)	(413,918)
Net exposure	18,581,786	14,421,066	18,518,263	14,379,172
Retail				
Gross exposure	20,220,598	19,496,802	19,764,527	19,046,428
Impairment allowance	(891,055)	(944,756)	(872,039)	(925,846)
Net exposure	19,329,543	18,552,046	18,892,488	18,120,582
Total net exposure	37,911,329	32,973,112	37,410,751	32,499,754

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the gross carrying amount as follows:

Group	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
Gross carrying amount as at					
1 January 2022	12,368,356	2,172,396	266,134	50,444	14,857,330
New assets originated or purchased	8,800,342	711,474	54,261	2,346	9,568,423
Assets derecognised or repaid (excluding write offs)	(4,883,443)	(490,733)	(87,121)	(4,116)	(5,465,413)
Transfers to Stage 1	281,364	(281,177)	-	-	187
Transfers to Stage 2	(362,680)	359,006	-	-	(3,674)
Transfers to Stage 3	(705)	(6,612)	7,317	-	-
Decrease due to write-offs	-	(2)	(2,947)	-	(2,949)
Foreign exchange adjustments	38,907	3,903	(75)	(7)	42,728
Total non-retail gross carrying amount as at 30 June 2022	16,242,141	2,468,255	237,569	48,667	18,996,632
<i>In RON thousand</i>					
	Stage 1	Stage 2	Stage 3	POCI	Total
Retail					
Gross carrying amount as at					
1 January 2022	16,130,242	2,361,452	807,783	197,325	19,496,802
New assets originated or purchased	3,804,460	31,357	2,018	1,106	3,838,941
Assets derecognised or repaid (excluding write offs)	(2,430,780)	(432,283)	(180,385)	(10,881)	(3,054,329)
Transfers to Stage 1	1,366,868	(1,352,230)	(14,825)	-	(187)
Transfers to Stage 2	(1,521,785)	1,555,721	(30,262)	-	3,674
Transfers to Stage 3	(21,993)	(192,586)	214,579	-	-
Decrease due to write-offs	-	-	(73,083)	-	(73,083)
Foreign exchange adjustments	(581)	5,904	2,602	855	8,780
Total retail gross carrying amount as at 30 June 2022	17,326,431	1,977,335	728,427	188,405	20,220,598
Total gross carrying amount	33,568,572	4,445,590	965,996	237,072	39,217,230

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the gross carrying amount as follows:

Group	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
Gross carrying amount as at 1 January 2021	9,784,991	2,432,111	286,458	57,866	12,561,426
New assets originated or purchased	10,111,307	967,980	42,929	1,025	11,123,241
Assets derecognised or repaid (excluding write offs)	(7,582,069)	(1,250,343)	(67,291)	(8,682)	(8,908,385)
Transfers to Stage 1	847,220	(847,219)	(1)	-	-
Transfers to Stage 2	(905,441)	905,441	-	-	-
Transfers to Stage 3	(489)	(62,279)	62,768	-	-
Decrease due to write-offs	-	-	(61,070)	-	(61,070)
Foreign exchange adjustments	112,837	26,705	2,341	235	142,118
Total non-retail gross carrying amount as at 31 December 2021	12,368,356	2,172,396	266,134	50,444	14,857,330
<i>In RON thousand</i>					
Retail					
Gross carrying amount as at 1 January 2021	14,450,139	2,109,475	773,355	210,194	17,543,163
New assets originated or purchased	7,745,231	123,347	2,598	3,166	7,874,342
Assets derecognised or repaid (excluding write offs)	(4,711,598)	(935,115)	(211,450)	(19,233)	(5,877,396)
Transfers to Stage 1	1,937,347	(1,911,288)	(26,059)	-	-
Transfers to Stage 2	(3,266,605)	3,320,209	(53,604)	-	-
Transfers to Stage 3	(45,721)	(365,474)	411,195	-	-
Decrease due to write-offs	-	(22)	(94,368)	-	(94,390)
Foreign exchange adjustments	21,449	20,320	6,116	3,198	51,083
Total retail gross carrying amount as at 31 December 2021	16,130,242	2,361,452	807,783	197,325	19,496,802
Total gross carrying amount	28,498,598	4,533,848	1,073,917	247,769	34,354,132

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the gross carrying amount as follows:

Bank	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
Gross carrying amount as at					
1 January 2022	12,529,976	1,966,729	245,941	50,444	14,793,090
New assets originated or purchased	8,712,151	683,599	55,393	2,346	9,453,489
Assets derecognised or repaid (excluding write offs)	(4,817,277)	(468,473)	(85,379)	(4,116)	(5,375,245)
Transfers to Stage 1	276,982	(276,982)	-	-	-
Transfers to Stage 2	(341,898)	341,898	-	-	-
Transfers to Stage 3	(334)	(5,634)	5,968	-	-
Decrease account due to write-offs	-	(2)	(2,947)	-	(2,949)
Foreign exchange adjustments	38,907	3,903	(75)	(7)	42,728
Total non-retail gross carrying amount as at 30 June 2022	16,398,507	2,245,038	218,901	48,667	18,911,113
<i>In RON thousand</i>					
Retail					
Gross carrying amount as at					
1 January 2022	15,756,904	2,307,299	784,900	197,325	19,046,428
New assets originated or purchased	3,734,809	30,786	2,060	1,106	3,768,761
Assets derecognised or repaid (excluding write offs)	(2,386,576)	(424,075)	(164,827)	(10,881)	(2,986,359)
Transfers to Stage 1	1,365,301	(1,350,608)	(14,693)	-	-
Transfers to Stage 2	(1,513,026)	1,552,797	(39,771)	-	-
Transfers to Stage 3	(20,618)	(190,657)	211,275	-	-
Decrease due to write-offs	-	-	(73,083)	-	(73,083)
Foreign exchange adjustments	(581)	5,904	2,602	855	8,780
Total retail gross carrying amount as at 30 June 2022	16,936,213	1,931,446	708,463	188,405	19,764,527
Total gross carrying amount	33,334,720	4,176,484	927,364	237,072	38,675,640

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the gross carrying amount as follows:

Bank	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
Gross carrying amount as at					
1 January 2021	9,817,307	2,281,947	268,157	57,866	12,425,277
New assets originated or purchased	10,052,919	910,968	42,929	1,025	11,007,841
Assets derecognised or repaid (excluding write offs)	(7,468,170)	(1,183,294)	(60,982)	(8,682)	(8,721,128)
Transfers to Stage 1	825,395	(825,394)	(1)	-	-
Transfers to Stage 2	(809,824)	809,824	-	-	-
Transfers to Stage 3	(488)	(54,027)	54,515	-	-
Decrease account due to write-offs	-	-	(61,018)	-	(61,018)
Foreign exchange adjustments	112,837	26,705	2,341	235	142,118
Total non-retail gross carrying amount as at 31 December 2021	12,529,976	1,966,729	245,941	50,444	14,793,090
<i>In RON thousand</i>					
Retail					
Gross carrying amount as at					
1 January 2021	14,058,484	2,069,454	742,149	210,194	17,080,281
New assets originated or purchased	7,591,720	109,953	-	3,166	7,704,839
Assets derecognised or repaid (excluding write offs)	(4,577,377)	(914,943)	(183,869)	(19,233)	(5,695,422)
Transfers to Stage 1	1,935,867	(1,910,161)	(25,706)	-	-
Transfers to Stage 2	(3,232,073)	3,294,537	(62,464)	-	-
Transfers to Stage 3	(41,166)	(361,839)	403,005	-	-
Decrease due to write-offs	-	(22)	(94,368)	-	(94,390)
Foreign exchange adjustments	21,449	20,320	6,153	3,198	51,120
Total retail gross carrying amount as at 31 December 2021	15,756,904	2,307,299	784,900	197,325	19,046,428
Total gross carrying amount	28,286,880	4,274,028	1,030,841	247,769	33,839,518

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the ECL allowances as follows:

Group	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
ECL allowance as at 1 January 2022	129,163	93,669	174,680	38,752	436,264
New assets originated or purchased	39,199	33,783	12,144	-	85,126
Assets derecognised or repaid (excluding write offs)	(14,332)	(6,035)	(15,438)	(356)	(36,161)
Transfers to Stage 1	8,138	(8,138)	-	-	-
Transfers to Stage 2	(5,280)	5,280	-	-	-
Transfers to Stage 3	(1)	(95)	96	-	-
ECL of exposures transferred between stages during the year	(27,547)	(22,730)	(14,367)	(1,513)	(66,157)
Uncollected impaired interest	-	-	1,002	290	1,292
Decrease in allowance account due to write-offs	-	-	(5,517)	-	(5,517)
Foreign exchange adjustments	55	(5)	(47)	(4)	(1)
Total non-retail ECL as at 30 June 2022	129,395	95,729	152,553	37,169	414,846
<i>In RON thousand</i>					
Retail					
ECL allowance as at 1 January 2022	80,813	215,630	604,615	43,697	944,755
New assets originated or purchased	36,056	4,674	3,980	-	44,710
Assets derecognised or repaid (excluding write offs)	(9,562)	(21,360)	(88,718)	(5,209)	(124,849)
Transfers to Stage 1	117,230	(107,948)	(9,282)	-	-
Transfers to Stage 2	(17,566)	40,453	(22,887)	-	-
Transfers to Stage 3	(613)	(29,232)	29,845	-	-
ECL of exposures transferred between stages during the year	(100,011)	103,705	89,496	2,962	96,152
Uncollected impaired interest	-	-	995	(995)	-
Decrease in allowance account due to write-offs	-	-	(72,805)	-	(72,805)
Foreign exchange adjustments	(3)	812	1,935	348	3,092
Total retail ECL as at 30 June 2022	106,344	206,734	537,174	40,803	891,055
Total impairment allowance	235,739	302,463	689,727	77,972	1,305,901

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the ECL allowances as follows:

Group	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
ECL allowance as at 1 January 2021	95,990	98,772	176,523	41,501	412,786
New assets originated or purchased	60,470	55,399	13,430	-	129,299
Assets derecognised or repaid (excluding write offs)	(40,086)	(54,621)	(17,820)	(625)	(113,152)
Transfers to Stage 1	39,093	(39,092)	(1)	-	-
Transfers to Stage 2	(8,489)	8,489	-	-	-
Transfers to Stage 3	(3)	(1,786)	1,789	-	-
ECL of exposures transferred between stages during the year	(18,353)	25,454	108	(2,853)	4,356
Uncollected impaired interest	-	-	(747)	661	(86)
Decrease in allowance account due to write-offs	-	-	(2)	-	(2)
Foreign exchange adjustments	541	1,054	1,400	68	3,063
Total non-retail ECL as at 31 December 2021	129,163	93,669	174,680	38,752	436,264
<i>In RON thousand</i>					
Retail					
ECL allowance as at 1 January 2021	93,877	200,092	580,337	44,438	918,744
New assets originated or purchased	65,898	5,492	4,662	-	76,052
Assets derecognised or repaid (excluding write offs)	(40,840)	(55,084)	(55,560)	(5,595)	(157,079)
Transfers to Stage 1	171,928	(155,951)	(15,977)	-	-
Transfers to Stage 2	(35,215)	76,987	(41,772)	-	-
Transfers to Stage 3	(583)	(62,377)	62,960	-	-
ECL of exposures transferred between stages during the year	(174,344)	203,817	174,499	3,724	207,696
Uncollected impaired interest	-	-	(948)	106	(842)
Decrease in allowance account due to write-offs	-	(22)	(108,296)	-	(108,318)
Foreign exchange adjustments	92	2,676	4,711	1,024	8,503
Total retail ECL as at 31 December 2021	80,813	215,630	604,616	43,697	944,756
Total impairment allowance	209,976	309,299	779,296	82,449	1,381,020

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the ECL allowances as follows:

Bank	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
ECL allowance as at 1 January 2022	129,062	86,574	159,530	38,752	413,918
New assets originated or purchased	39,192	32,376	12,144	-	83,712
Assets derecognised or repaid (excluding write offs)	(14,313)	(5,943)	(15,074)	(356)	(35,686)
Transfers to Stage 1	8,138	(8,138)	-	-	-
Transfers to Stage 2	(5,280)	5,280	-	-	-
Transfers to Stage 3	(1)	(95)	96	-	-
ECL of exposures transferred between stages during the year	(27,590)	(21,461)	(14,312)	(1,513)	(64,876)
Uncollected impaired interest	-	-	1,002	290	1,292
Decrease in allowance account due to write-offs	-	-	(5,517)	-	(5,517)
Foreign exchange adjustments	55	(5)	(39)	(4)	7
At 30 June 2022	129,263	88,588	137,830	37,169	392,850
<i>In RON thousand</i>					
Retail					
ECL allowance as at 1 January 2022	76,940	215,841	589,359	43,706	925,846
New assets originated or purchased	35,511	4,365	3,980	-	43,856
Assets derecognised or repaid (excluding write offs)	(9,684)	(21,247)	(88,764)	(5,209)	(124,904)
Transfers to Stage 1	117,230	(107,948)	(9,282)	-	-
Transfers to Stage 2	(17,566)	40,453	(22,887)	-	-
Transfers to Stage 3	(613)	(29,232)	29,845	-	-
ECL of exposures transferred between stages during the year	(99,910)	101,387	92,384	2,953	96,814
Uncollected impaired interest	-	-	995	(995)	-
Decrease in allowance account due to write-offs	-	-	(72,395)	-	(72,395)
Foreign exchange adjustments	-	813	1,661	348	2,822
At 30 June 2022	101,908	204,432	524,896	40,803	872,039
Total impairment allowance	231,171	293,020	662,726	77,972	1,264,889

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the ECL allowances as follows:

Bank	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
ECL allowance as at 1 January 2021	94,119	94,301	160,608	41,501	390,529
New assets originated or purchased	59,376	54,765	13,430	-	127,571
Assets derecognised or repaid (excluding write offs)	(39,997)	(54,245)	(16,510)	(625)	(111,377)
Transfers to Stage 1	39,093	(39,092)	(1)	-	-
Transfers to Stage 2	(8,489)	8,489	-	-	-
Transfers to Stage 3	(3)	(1,786)	1,789	-	-
ECL of exposures transferred between stages during the year	(15,561)	23,129	(246)	(2,853)	4,469
Uncollected impaired interest	-	-	(747)	661	(86)
Foreign exchange adjustments	524	1,013	1,207	68	2,812
At 31 December 2021	129,062	86,574	159,530	38,752	413,918
<i>In RON thousand</i>					
Retail					
ECL allowance as at 1 January 2021	87,843	200,669	561,285	44,447	894,244
New assets originated or purchased	64,347	5,264	4,653	-	74,264
Assets derecognised or repaid (excluding write offs)	(39,954)	(54,749)	(52,607)	(5,595)	(152,905)
Transfers to Stage 1	171,928	(155,951)	(15,977)	-	-
Transfers to Stage 2	(35,215)	76,987	(41,772)	-	-
Transfers to Stage 3	(583)	(62,377)	62,960	-	-
ECL of exposures transferred between stages during the year	(171,500)	203,367	175,752	3,724	211,343
Uncollected impaired interest	-	-	(948)	106	(842)
Decrease in allowance account due to write-offs	-	(22)	(108,259)	-	(108,281)
Foreign exchange adjustments	74	2,653	4,272	1,024	8,023
At 31 December 2021	76,940	215,841	589,359	43,706	925,846
Total impairment allowance	206,002	302,415	748,889	82,458	1,339,764

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the gross carrying for off-balance sheet exposures as follows:

Group <i>In RON thousand</i>	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Non-retail					
Gross carrying amount as at 1 January 2022	12,960,358	450,753	113,668	22	13,524,801
New assets originated or purchased	6,659,875	129,693	15,622	-	6,805,190
Assets derecognised or repaid (excluding write offs)	(5,641,158)	(222,213)	(28,183)	-	(5,891,554)
Transfers to Stage 1	254,643	(254,643)	-	-	-
Transfers to Stage 2	(304,665)	304,665	-	-	-
Transfers to Stage 3	(10)	(35)	45	-	-
Foreign exchange adjustments	25,592	380	(29)	-	25,943
Total non-retail gross carrying amount as at 30 June 2022	13,954,635	408,600	101,123	22	14,464,380
Retail					
Gross carrying amount as at 1 January 2022	2,080,801	1,355,405	11,861	3,409	3,451,476
New assets originated or purchased	317,023	114,009	453	195	431,680
Assets derecognised or repaid (excluding write offs)	(140,940)	(63,245)	(3,181)	(118)	(207,484)
Transfers to Stage 1	484,270	(482,517)	(1,753)	-	-
Transfers to Stage 2	(443,358)	445,357	(1,999)	-	-
Transfers to Stage 3	(3,580)	(3,315)	6,895	-	-
Foreign exchange adjustments	(300)	(5)	(2)	-	(307)
Total retail gross carrying amount as at 30 June 2022	2,293,916	1,365,689	12,274	3,486	3,675,365
Total gross carrying amount	16,248,551	1,774,289	113,397	3,508	18,139,745

Group	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
Gross carrying amount as at 1 January 2021	9,831,942	560,354	132,872	-	10,525,168
New assets originated or purchased	11,084,391	375,727	39,916	22	11,500,056
Assets derecognised or repaid (excluding write offs)	(8,024,988)	(512,342)	(65,451)	-	(8,602,781)
Transfers to Stage 1	425,735	(425,735)	-	-	-
Transfers to Stage 2	(453,558)	453,558	-	-	-
Transfers to Stage 3	-	(5,206)	5,206	-	-
Foreign exchange adjustments	96,836	4,397	1,125	-	102,358
Total non-retail gross carrying amount as at 31 December 2021	12,960,358	450,753	113,668	22	13,524,801
<i>In RON thousand</i>					
Retail					
Gross carrying amount as at 1 January 2021	2,479,834	1,336,928	12,158	-	3,828,920
New assets originated or purchased	531,923	43,863	1,401	3,409	580,596
Assets derecognised or repaid (excluding write offs)	(1,031,331)	81,352	(8,076)	-	(958,055)
Transfers to Stage 1	1,017,193	(1,013,978)	(3,215)	-	-
Transfers to Stage 2	(909,815)	913,483	(3,668)	-	-
Transfers to Stage 3	(6,804)	(6,457)	13,261	-	-
Foreign exchange adjustments	(199)	214	-	-	15
Total retail gross carrying amount as at 31 December 2021	2,080,801	1,355,405	11,861	3,409	3,451,476
Total gross carrying amount	15,041,159	1,806,158	125,529	3,431	16,976,277

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the gross carrying for off-balance sheet exposures as follows:

Bank	30 June 2022				
<i>In RON thousand</i>	Stage 1	Stage 2	Stage 3	POCI	Total
Non-retail					
Gross carrying amount as at 1 January 2022	12,916,324	445,709	113,368	22	13,475,423
New assets originated or purchased	6,650,363	127,601	16,192	-	6,794,156
Assets derecognised or repaid (excluding write offs)	(5,641,158)	(222,213)	(27,916)	-	(5,891,287)
Transfers to Stage 1	254,643	(254,643)	-	-	-
Transfers to Stage 2	(304,665)	304,665	-	-	-
Transfers to Stage 3	(10)	(35)	45	-	-
Foreign exchange adjustments	25,592	380	(28)	-	25,944
Total non-retail gross carrying amount as at 30 June 2022	13,901,089	401,464	101,661	22	14,404,236
<i>In RON thousand</i>					
Retail					
Gross carrying amount as at 1 January 2022	2,291,419	1,354,486	11,592	3,409	3,660,906
New assets originated or purchased	314,210	114,859	453	195	429,717
Assets derecognised or repaid (excluding write offs)	(290,020)	(63,243)	(3,452)	(118)	(356,833)
Transfers to Stage 1	484,270	(482,517)	(1,753)	-	-
Transfers to Stage 2	(443,358)	445,357	(1,999)	-	-
Transfers to Stage 3	(3,580)	(3,315)	6,895	-	-
Foreign exchange adjustments	-	(7)	-	-	(7)
Total retail gross carrying amount as at 30 June 2022	2,352,941	1,365,620	11,736	3,486	3,733,783
Total gross carrying amount	16,254,030	1,767,084	113,397	3,508	18,138,019

Bank	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
Gross carrying amount as at 1 January 2021	9,735,319	559,910	132,316	-	10,427,545
New assets originated or purchased	11,075,042	371,127	39,904	22	11,486,095
Assets derecognised or repaid (excluding write offs)	(7,963,050)	(512,342)	(65,184)	-	(8,540,576)
Transfers to Stage 1	425,735	(425,735)	-	-	-
Transfers to Stage 2	(453,558)	453,558	-	-	-
Transfers to Stage 3	-	(5,206)	5,206	-	-
Foreign exchange adjustments	96,836	4,397	1,126	-	102,359
Total non-retail gross carrying amount as at 31 December 2021	12,916,324	445,709	113,368	22	13,475,423
<i>In RON thousand</i>					
Retail					
Gross carrying amount as at 1 January 2021	2,454,826	1,336,928	12,160	-	3,803,914
New assets originated or purchased	515,025	42,501	1,401	3,409	562,336
Assets derecognised or repaid (excluding write offs)	(779,107)	81,797	(8,349)	-	(705,659)
Transfers to Stage 1	1,017,193	(1,013,978)	(3,215)	-	-
Transfers to Stage 2	(909,815)	913,483	(3,668)	-	-
Transfers to Stage 3	(6,804)	(6,457)	13,261	-	-
Foreign exchange adjustments	101	212	2	-	315
Total retail gross carrying amount as at 31 December 2021	2,291,419	1,354,486	11,592	3,409	3,660,906
Total gross carrying amount	15,207,743	1,800,195	124,960	3,431	17,136,329

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the ECL for off-balance sheet exposures allowances as follows:

Group	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
ECL allowance as at 1 January 2022	8,596	3,464	47,574	-	59,634
New assets originated or purchased	5,111	1,155	5,211	-	11,477
Assets derecognised or repaid (excluding write offs)	(1,362)	(2,157)	(9,258)	-	(12,777)
Transfers to Stage 1	2,383	(2,383)	-	-	-
Transfers to Stage 2	(585)	585	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impact on changes due to change in credit risk (net)	(5,586)	1,663	482	-	(3,441)
Foreign exchange adjustments	21	12	(9)	-	24
Total non-retail ECL as at 30 June 2022	8,578	2,339	44,000	-	54,917

Group	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Retail					
ECL allowance as at 1 January 2022	3,306	5,202	6,757	2,110	17,375
New assets originated or purchased	2,385	536	309	243	3,473
Assets derecognised or repaid (excluding write offs)	(813)	(996)	(3,289)	(379)	(5,477)
Transfers to Stage 1	4,565	(3,340)	(1,224)	(1)	-
Transfers to Stage 2	(524)	1,593	(1,094)	25	-
Transfers to Stage 3	(5)	(39)	43	1	-
Impact on changes due to change in credit risk (net)	(4,238)	2,475	5,244	258	3,738
Foreign exchange adjustments	-	-	-	-	-
Total retail ECL as at 30 June 2022	4,676	5,431	6,746	2,257	19,109
Total impairment allowance	13,254	7,770	50,746	2,257	74,026

Group	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
ECL allowance as at 1 January 2021	27,445	9,807	49,355	-	86,607
New assets originated or purchased	17,304	7,049	9,848	-	34,201
Assets derecognised or repaid (excluding write offs)	(4,070)	(2,348)	(16,032)	-	(22,450)
Transfers to Stage 1	3,038	(3,038)	-	-	-
Transfers to Stage 2	(1,429)	1,429	-	-	-
Transfers to Stage 3	-	(921)	921	-	-
Impact on changes due to change in credit risk (net)	(33,892)	(8,583)	3,185	-	(39,290)
Foreign exchange adjustments	200	69	297	-	566
Total non-retail ECL as at 31 December 2021	8,596	3,464	47,574	-	59,634

Group	31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Retail					
ECL allowance as at 1 January 2021	2,304	3,519	10,090	-	15,913
New assets originated or purchased	2,331	660	838	2,176	6,005
Assets derecognised or repaid (excluding write offs)	(407)	(1,114)	(1,440)	-	(2,961)
Transfers to Stage 1	5,806	(3,632)	(2,165)	(9)	-
Transfers to Stage 2	(650)	2,886	(2,293)	57	-
Transfers to Stage 3	(11)	(69)	76	4	-
Impact on changes due to change in credit risk (net)	(6,067)	2,952	1,650	(118)	(1,583)
Foreign exchange adjustments	-	-	1	-	1
Total retail ECL as at 31 December 2021	3,306	5,202	6,757	2,110	17,375
Total impairment allowance	11,902	8,666	54,331	2,110	77,009

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

The tables below present an analysis of changes in the ECL for off-balance sheet exposures allowances as follows:

Bank	30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
Non-retail					
ECL allowance as at 1 January 2022	8,457	3,419	47,574	-	59,450
New assets originated or purchased	4,797	1,028	5,211	-	11,036
Assets derecognised or repaid (excluding write offs)	(1,223)	(2,112)	(9,258)	-	(12,593)
Transfers to Stage 1	2,383	(2,383)	-	-	-
Transfers to Stage 2	(585)	585	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impact on changes due to change in credit risk (net)	(5,586)	1,663	482	-	(3,441)
Foreign exchange adjustments	21	12	(9)	-	24
Total non-retail ECL as at 30 June 2022	8,264	2,212	44,000	-	54,476
<i>In RON thousand</i>					
Retail					
ECL allowance as at 1 January 2022	3,095	5,112	6,809	2,059	17,075
New assets originated or purchased	1,837	510	309	243	2,899
Assets derecognised or repaid (excluding write offs)	(603)	(906)	(2,889)	(379)	(4,777)
Transfers to Stage 1	4,565	(3,340)	(1,224)	(1)	-
Transfers to Stage 2	(524)	1,593	(1,094)	25	-
Transfers to Stage 3	(5)	(39)	43	1	-
Impact on changes due to change in credit risk (net)	(4,239)	2,475	5,244	207	3,686
Foreign exchange adjustments	-	-	-	-	-
Total retail ECL as at 30 June 2022	4,126	5,405	7,198	2,155	18,883
Total impairment allowance	12,390	7,617	51,198	2,155	73,359
Bank	31 December 2021				
<i>In RON thousand</i>					
Non-retail					
ECL allowance as at 1 January 2021	27,445	9,807	49,355	-	86,607
New assets originated or purchased	16,902	7,004	9,848	-	33,754
Assets derecognised or repaid (excluding write offs)	(3,807)	(2,348)	(16,032)	-	(22,187)
Transfers to Stage 1	3,038	(3,038)	-	-	-
Transfers to Stage 2	(1,429)	1,429	-	-	-
Transfers to Stage 3	-	(921)	921	-	-
Impact on changes due to change in credit risk (net)	(33,892)	(8,583)	3,185	-	(39,290)
Foreign exchange adjustments	200	69	297	-	566
Total non-retail ECL as at 31 December 2021	8,457	3,419	47,574	-	59,450
<i>In RON thousand</i>					
Retail					
ECL allowance as at 1 January 2021	2,304	3,519	10,090	-	15,913
New assets originated or purchased	2,102	570	838	2,176	5,686
Assets derecognised or repaid (excluding write offs)	(388)	(1,114)	(1,388)	-	(2,890)
Transfers to Stage 1	5,806	(3,632)	(2,165)	(9)	-
Transfers to Stage 2	(650)	2,886	(2,293)	57	-
Transfers to Stage 3	(11)	(69)	76	4	-
Impact on changes due to change in credit risk (net)	(6,068)	2,952	1,650	(169)	(1,635)
Foreign exchange adjustments	-	-	1	-	1
Total retail ECL as at 31 December 2021	3,095	5,112	6,809	2,059	17,075
Total impairment allowance	11,552	8,531	54,383	2,059	76,525

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

Non-performing exposure, in accordance with EBA/ITS/2013/03/rev1 Regulation from July 24th 2014 with subsequent amendments, can be analysed as follows:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Exposure	1,074,080	1,192,678	1,035,433	1,149,717
out of which retail:	787,900	876,158	767,921	853,390
out of which non-retail:	286,180	316,520	267,512	296,327
Impairment allowance	763,836	854,984	737,171	826,718
out of which retail:	578,084	650,038	565,783	636,562
out of which non-retail:	185,752	204,946	171,388	190,156
Net Book Value	310,244	337,694	298,262	322,999
out of which retail:	209,816	226,120	202,138	216,828
out of which non-retail:	100,428	111,574	96,124	106,171

During the financial year 2022, the following existing loans were modified, and have not resulted in derecognition

Group	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In Ron thousand</i>					
Amortised cost before modification	255,715	22,580	17,194	307	295,796
Net modification gain/loss	(5,589)	(469)	(362)	(6)	(6,426)
Amortised cost after modification	250,126	22,111	16,832	301	289,370
Bank	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In Ron thousand</i>					
Amortised cost before modification	255,715	22,580	17,194	307	295,796
Net modification gain/loss	(5,589)	(469)	(362)	(6)	(6,426)
Amortised cost after modification	250,126	22,111	16,832	301	289,370

During the financial year 2021, the following existing loans were modified, and have not resulted in derecognition

Group	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In Ron thousand</i>					
Amortised cost before modification	313,582	95,381	38,556	1,507	449,026
Net modification gain/loss	(5,913)	(2,419)	(993)	(36)	(9,361)
Amortised cost after modification	307,669	92,962	37,563	1,471	439,665
Bank	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In Ron thousand</i>					
Amortised cost before modification	313,582	95,381	38,556	1,507	449,026
Net modification gain/loss	(5,913)	(2,419)	(993)	(36)	(9,361)
Amortised cost after modification	307,669	92,962	37,563	1,471	439,665

21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

Financial lease

The Group acts as a lessor in finance lease contracts for vehicles, equipment and real estate. Leasing contracts are denominated in EUR or RON and with a contract tenor of 1 to 8 years, in the case of vehicle lease contracts and 1 to 10 years in case of real estate lease. The transfer of ownership rights is at the maturity of the contract. The interest applicable to lease contracts is variable or fixed and is computed for the entire tenor of the contract. The corresponding receivables are collateralized with the object of the lease contract, as well as with other type of collaterals. Loans and advances to Group's customers include the following receivables from lease contracts (the ECL for lease exposure is presented within the Group total ECL):

<i>In RON thousand</i>	30 June 2022
Less than one year	87,377
1 to 2 years	166,276
Two to 3 years	258,670
Three to 4 years	283,877
Four to 5 years	299,902
More than 5 years	76,520
Total undiscounted lease payments receivables	1,172,622
Unearned finance income	(51,132)
Net investment in lease	1,121,490
<i>In RON thousand</i>	31 December 2021
Less than one year	80,167
1 to 2 years	167,314
Two to 3 years	276,778
Three to 4 years	256,604
Four to 5 years	276,050
More than 5 years	74,091
Total undiscounted lease payments receivables	1,131,004
Unearned finance income	(55,843)
Net investment in lease	1,075,161

22. INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Stage 1				
Bonds issued by the Government of Romania	2,994,196	3,333,589	2,984,410	3,236,661
Bonds issued by other public sector	351,426	295,014	351,426	295,014
Bonds issued by credit institutions	18,732	23,578	18,732	23,578
Total	3,364,354	3,652,181	3,354,568	3,555,253
Stage 2				
Bonds issued by other public sector	7,798	8,563	7,798	8,563
Total	7,798	8,563	7,798	8,563
Total investment securities at fair value through other comprehensive income	3,372,152	3,660,744	3,362,366	3,563,816

Treasury securities issued by the Government of Romania include discount and coupon securities denominated in RON. Discount treasury bills bear fixed interest rates. As at June 30 2022, treasury securities amounting to RON 68,641 thousand (31 December 2021: RON 73,495 thousand) are pledged as security in order to comply with National Bank of Romania prudential regulations for settlement of inter-banking operations. Income from debt instruments is recognized in interest and similar income.

Bonds issued by the Government of Romania include bonds issued by the Ministry of Finance denominated in RON, EUR and USD, bearing fixed interest rate between 0.45% p.a. and 9.08% p.a.

Bonds issued by other public sector and by credit institutions are valued using valuation models based on observable inputs (Level II and Level III), while the rest of the instruments are valued based on quoted market prices (Level I).

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Unquoted equity instruments	17,673	13,395	17,673	13,395
Quoted equity instruments*	35,855	36,371	35,855	36,371
Total equity instruments at fair value through other comprehensive income	53,528	49,766	53,528	49,766

*shares Visa Series A

Upon initial recognition, the Group elected to classify irrevocably its equity investments, other than subsidiaries, joint ventures and associates as equity instruments at FVOCI with no recycling of gains or losses on profit or loss on derecognition.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. The Group received dividends at 30 June 2022 amounting to RON 2,119 thousand (2021: RON 1,481 thousand).

23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The Group holds shares in Visa Inc., a company providing payment services for Visa cards. The shares representing Series C Preferred Stock are restricted from sale, but are convertible into Class A Common Stock of Visa Inc in a maximum period of 12 years from the date in which they were granted. Due to the fact that at initial recognition it was not known the exact number of Class A shares they are converted into, they were reclassified into debt instruments instead of equity.

24. INVESTMENT SECURITIES AT AMORTISED COST

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>In RON thousand</i>				
Stage 1				
Bonds issued by credit institutions	7,786	244,236	-	243,193
Bonds issued by the Government of Romania quoted	5,432,452	5,061,011	5,341,866	4,935,625
Bonds issued by the Government of Romania unquoted	3,558,099	3,245,217	3,547,097	3,235,537
Total investment securities at amortised cost	8,998,337	8,550,464	8,888,963	8,414,355

At 30 June 2022, the Group has one micro hedge relationship and the hedged instrument is a debt security at amortised cost. The carrying amount of the hedged item is RON 28,144 thousand (2021: RON 32,762 thousand).

As at 30 June 2022, bonds issued by the Government of Romania amounting to RON 109,645 (2021: RON 109,249 thousand) are pledged as security in order to comply with National Bank of Romania prudential regulations for settlement of inter-banking operations.

25. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Subsidiaries, associates and joint ventures

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>In RON thousand</i>				
Balance at 1 January	32,243	29,419	247,802	157,803
Additions (i)	-	-	6,999	89,999
Disposals	-	-	-	-
Group's share of gain from associates	521	2,824	-	-
Total	32,764	32,243	254,801	247,802
Impairment allowance (i)	-	-	(132,012)	(121,282)
Balance at the end of reporting period	32,764	32,243	122,789	126,520

RAIFFEISEN BANK SA

NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR
THE PERIOD ENDED
30 JUNE 2022


25. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

(i) The share capital increase for Aedificium Banca pentru Locuinte in order to comply with the prudential ratio requirements.

The Group's interests in its associates that are unlisted are as follows:

<i>In RON thousands</i>	Assets	Liabilities	Revenues	Interest income	Interest expense	Income taxes	Profit	Net assets	Interest held%	% Net assets	Carrying amount
30 June 2022											
Fondul de Garantare a											
Creditului Rural IFN SA	782,835	726,766	9,974	1,025	93	-	736	56,069	33.33%	18,688	18,975
CIT One	117,768	75,965	110,168	-	1,152	446	490	41,803	33.33%	13,933	13,789
31 December 2021											
Fondul de Garantare a											
Creditului Rural IFN SA	780,616	725,283	20,179	1,240	430	-	1,292	55,333	33.33%	18,442	18,729
CIT One	99,220	58,236	176,602	-	1,025	151	8,412	40,984	33.33%	13,660	13,514

26. FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

The table below shows the split of total financial assets mandatorily at fair value through profit or loss:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Loans and advances to customers	170,494	214,373	170,494	214,373
Debt instruments	42,260	43,535	28,576	29,009
Total	212,754	257,908	199,070	243,382

Group: Net gains on non-trading financial assets mandatorily at fair value through profit or loss for the period ended June 30, 2022 are in amount of RON (31,583) thousand (June 2021: RON (4,257) thousand).

Bank: Net gains on non-trading financial assets mandatorily at fair value through profit or loss for the period ended June 30, 2022 are in amount of RON (30,741) thousand (June 2021: RON (4,421) thousand).

27. FAIR VALUE CHANGES OF THE HEDGED ITEMS-HEDGE ACCOUNTING

The Bank applies both micro and macro fair value hedge.

For the micro fair value hedge, the Bank uses as hedging instrument interest rate swaps, while the hedged items are debt securities at amortised cost. The total accumulated amount of fair value adjustments of the hedged item and hedging instrument are disclosed under "Fair value changes of the hedged items - hedge accounting" position, respectively "Derivatives – hedge accounting position" in the statement of financial position.

The net loss resulted from this hedge relationship at 30 June 2022 is RON (5) thousand, while at 30 June 2021 the Bank incurred a net gain of RON 25 thousand. The remaining term for the hedging item is more than 5 years (February 2030).

The macro fair value hedge started in 2020 and the Bank uses as hedging instruments four interest rate swaps, while the hedged item is a loan portfolio at amortised cost.

The total accumulated amount of fair value adjustments of hedged item and hedging instruments are disclosed under "Fair value changes of the hedged items - hedge accounting", respectively "Derivatives – hedge accounting position" in the statement of financial position.

The net gain resulted from this hedge relationship at 30 June 2022 is RON 1,069, while at 30 June 2021 the gain is RON 874 thousand. The remaining term for the hedging items is less than 5 years.

The tables below provide more information regarding the hedged items and hedging instruments:

30 June 2022

<i>In RON thousand</i>	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges				
Debt securities	28,144	-	-	-
	28,144	-	-	-
Macro fair value hedges				
Loan portfolio measured at amortised cost	298,035	-	-	15,031
	298,035	-	-	15,031
Total	326,179	-	-	15,031

31 December 2021

<i>In RON thousand</i>	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges				
Debt securities	32,762	-	-	-
	32,762	-	-	-
Macro fair value hedges				
Loan portfolio measured at amortised cost	324,234	-	-	3,466
	324,234	-	-	3,466
Total	356,996	-	-	3,466

27. FAIR VALUE CHANGES OF THE HEDGED ITEMS-HEDGE ACCOUNTING (CONTINUED)

<i>In RON thousand</i>	30 June 2022		31 December 2021	
	Notional amount	Assets	Notional amount	Liabilities
Micro fair value hedges				
Interest rate swap	29,672	1,427	29,689	3,003
	29,672	1,427	29,689	3,003
Macro fair value hedges				
Interest rate swaps	125,000	8,174	125,000	5,295
	125,000	8,174	125,000	5,295
Total	154,672	9,601	154,689	8,298

During the period, the results of the hedge effectiveness assessments showed that the hedge relationships were effective. No situations of hedge ineffectiveness were identified.

28. OTHER ASSETS

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Prepayments	39,883	35,630	35,276	29,447
Tax audit (i)	85,383	85,383	85,383	85,383
Clearing claims from payment transfer business (ii)	196,407	241,283	196,407	241,283
Receivables from sale of loans	19,676	-	19,676	-
Sundry debtors (iii)	137,619	127,295	138,635	109,225
Inventories	6,092	6,691	6,055	6,653
Repossessed assets	24,739	24,741	24,405	24,337
Gross Book Value	509,799	521,023	505,837	496,328
Impairment	(117,294)	(113,767)	(117,294)	(113,767)
Net Book Value	392,505	407,256	388,543	382,561

i) In the period December 2017 – May 2019, the Bank had been subject to a fiscal audit from Romanian Tax Authority (further called “ANAF”). The object of the audit was income tax (period 2011-2016) and withholding tax (period 2013-2016). The fiscal audit report indicated total additional charges of RON 262,413 thousand which includes income tax, withholding tax and related penalties. The Bank has paid all the charges resulting from the fiscal inspection. In response, the Bank submitted an administrative appeal against the inspection report, requesting its cancellation. During 2020, the Bank received the answer to the appeal according to which the Bank is entitled to receive back 10% of all charges included in the tax report. The Bank continued legal procedures for the recovery of the remaining amounts and initiated a litigation in this respect.

As of 30 June 2022 the maximum exposure related to fiscal audit is RON 195,965 thousand resulted from:

(+) RON 262,413 thousand, total charges as result of tax audit paid by the Bank in 2019

(-) RON 27,605 thousand, refund from the administrative appeal resolution received in 2020

(-) RON 38,689 thousand, refund to be received for year 2011 that should not have been in the scope of audit.

No changes occurred in the amounts presented at June 2022 compared to December 2021 since the litigation did not have any relevant evolution.

Based on the facts and documents presented to the tax authority concerning certain operations that were the object of the control performed by the tax authority, considering the reclassification/qualifications made by the tax authority, and considering the opinions issued by the tax advisers and by the law firm that represents the bank in the litigation against the tax authority, the Bank increased the provision for the tax audit as of December 2021. The Bank recognised as of December 2021 additional provision in amount of RON 74,981 thousand, in addition to the amounts of RON 35,283 thousand reflected in 2020.

The amounts receivable from the tax audit are presented under two balance sheet positions: other assets (the part representing withholding taxes and related penalties) and income tax receivable (the part representing income tax and related penalties). As of June 30, 2022, the amounts reflected under other assets is RON 31,398 thousand (December 31, 2021: 31,398 thousand), while the amount reflected under income tax receivable is RON 73,849 thousand (December 31, 2021: RON 73,849 thousand).

ii) Clearing claims from payment transfer business include amounts to be settled as of June 30, like: cards transactions of RON 139,639 thousand (2021: RON 95,155 thousand) and others.

28. OTHER ASSETS (continued)

iii) Sundry debtors include various receivables such for: services provided by the bank to its customers (such as for cash transportation), advances paid to suppliers, amounts receivables as a result of operational incidents etc.

In the tables below is presented the movement in impairment of other assets position:

Group

In RON thousand

	Impairment as at 1 January 2022	Increase	Decrease	Impairment as at 30 June 2022
Sundry debtors	49,908	4,219	(1,733)	52,394
Tax audit	53,985	-	-	53,985
Reposessed assets	9,715	-	(91)	9,624
Inventory	159	1,660	(528)	1,291
Total	113,767	5,879	(2,352)	117,294

Group

In RON thousand

	Impairment as at 1 January 2021	Increase	Decrease	Impairment as at 31 December 2021
Sundry debtors	53,407	6,973	(10,472)	49,908
Tax audit	17,191	36,794	-	53,985
Reposessed assets	10,552	-	(837)	9,715
Inventory	368	49	(258)	159
Total	81,518	43,816	(11,567)	113,767

Bank

In RON thousand

	Impairment as at 1 January 2022	Increase	Decrease	Impairment as at 30 June 2022
Sundry debtors	49,908	4,219	(1,733)	52,394
Tax audit	53,985	-	-	53,985
Reposessed assets	9,715	-	(91)	9,624
Inventory	159	1,660	(528)	1,291
Total	113,767	5,879	(2,352)	117,294

Bank

In RON thousand

	Impairment as at 1 January 2021	Increase	Decrease	Impairment as at 31 December 2021
Sundry debtors	53,407	6,973	(10,472)	49,908
Tax audit	17,191	36,794	-	53,985
Reposessed assets	10,552	-	(837)	9,715
Inventory	368	49	(258)	159
Total	81,518	43,816	(11,567)	113,767

28. OTHER ASSETS (continued)

In the tables below is presented the split of other assets to customers by their quality:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Financial assets	247,321	264,684	248,338	246,614
Non-financial assets	145,184	142,572	140,205	135,947
Total	392,505	407,256	388,543	382,561

Of which:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Current assets	201,644	218,312	202,661	200,242
Impaired assets	45,677	46,372	45,677	46,372
Total	247,321	264,684	248,338	246,614

29. DEFERRED TAX

Deferred tax assets of the Group are attributable to the items detailed in the tables below:

Group

<i>In RON thousand</i>	30 June 2022			
	Assets	Liabilities	Net	Deferred tax asset/(liability)
Property, plant and equipment and intangible assets	1,081	126,328	(125,247)	(20,040)
Other liabilities	137,769	-	137,769	22,043
Valuation reserve financial assets (FVOCI)	426,965	21,649	405,316	64,851
Provisions for liabilities and charges	156,061	-	156,061	24,970
Total	721,876	147,977	573,899	91,824

Group

<i>In RON thousand</i>	31 December 2021			
	Assets	Liabilities	Net	Deferred tax asset/(liability)
Property, plant and equipment and intangible assets	1,175	100,665	(99,490)	(15,918)
Other liabilities	166,570	-	166,570	26,651
Valuation reserve financial assets (FVOCI)	141,414	20,468	120,946	19,351
Provisions for liabilities and charges	128,165	-	128,165	20,507
Total	437,324	121,133	316,191	50,591

29. DEFERRED TAX (continued)

Deferred tax assets of the Bank are attributable to the items detailed in the tables below:

Bank

<i>In RON thousand</i>	30 June 2022			Deferred tax asset/(liability)
	Assets	Liabilities	Net	
Property, plant and equipment and intangible assets	1,081	126,328	(125,247)	(20,039)
Other liabilities	137,769	-	137,769	22,043
Valuation reserve financial assets (FVOCI)	426,965	21,649	405,316	64,851
Provisions for liabilities and charges	135,418	-	135,418	21,666
Total	701,233	147,977	553,256	88,521

Bank

<i>In RON thousand</i>	31 December 2021			Deferred tax asset/(liability)
	Assets	Liabilities	Net	
Property, plant and equipment and intangible assets	1,175	100,665	(99,490)	(15,918)
Other liabilities	166,570	-	166,570	26,651
Valuation reserve financial assets (FVOCI)	141,414	20,468	120,946	19,351
Provisions for liabilities and charges	107,158	-	107,158	17,145
Total	416,317	121,133	295,184	47,229

Expenses and income deferred tax as at June 31, 2022 are attributable to the items detailed in the table below:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Property, plant and equipment and intangible assets	(4,121)	(3,694)	(4,121)	(3,694)
Other liabilities	(4,608)	4,975	(4,609)	4,985
Provisions for liabilities and charges	4,530	(1,783)	4,522	(563)
Deferred tax income / (expense)	(4,199)	(502)	(4,208)	728

30. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Group

<i>In RON thousand</i>	Land and buildings	Furniture and computer equipment	Motor vehicles	Assets in progress	Right-of-Use assets Land and buildings	Total
Cost:						
Balance at 1 January 2021	197,695	431,246	38,377	34,610	506,262	1,208,190
Additions	2	3,024	781	34,254	35,177	73,238
Transfers	7,027	31,235	-	(38,262)	-	-
Disposals	(6,706)	(14,712)	(2,240)	-	(15,289)	(38,947)
Balance at 31 December 2021	198,018	450,793	36,918	30,602	526,150	1,242,481
Balance at 1 January 2022	198,018	450,793	36,918	30,602	526,150	1,242,481
Additions	49	1,750	238	15,778	24,380	42,195
Transfers	6,019	17,656	1,564	(25,239)	-	-
Disposals	(5,669)	(6,537)	(663)	-	(3,806)	(16,675)
Balance at 30 June 2022	198,417	463,662	38,057	21,141	546,724	1,268,001
Depreciation and impairment losses:						
Balance at 1 January 2021	157,330	274,582	27,001	3,767	179,731	642,411
Charge for the year	10,401	57,861	4,637	344	88,378	161,621
Disposals	(7,242)	(13,562)	(2,032)	-	(16,430)	(39,266)
Balance at 31 December 2021	160,489	318,881	29,606	4,111	251,679	764,766
Balance at 1 January 2022	160,489	318,881	29,606	4,111	251,679	764,766
Charge for the year	5,299	22,833	1,873	24	43,474	73,503
Disposals	(5,115)	(6,184)	(601)	-	(3,318)	(15,218)
Balance at 30 June 2022	160,673	335,530	30,878	4,135	291,835	823,051
Carrying amounts:						
At 1 January 2021	40,365	156,664	11,376	30,843	326,531	565,779
At 31 December 2021	37,529	131,912	7,312	26,491	274,471	477,715
At 1 January 2022	37,529	131,912	7,312	26,491	274,471	477,715
At 30 June 2022	37,744	128,132	7,179	17,006	254,889	444,950

Under "Assets in progress" category, the Group includes investments in branch redesign, technological equipment, vehicles and furniture, which are not yet put in function.

30. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

Bank

<i>In RON thousand</i>	Land and buildings	Furniture and computer equipment	Motor vehicles	Assets in progress	Right-of-Use assets Land and buildings	Total
Cost:						
Balance at 1 January 2021	197,673	431,785	35,997	30,752	506,262	1,202,469
Additions	-	2,849	781	34,254	35,177	73,061
Transfers	7,027	31,235	-	(38,262)	-	-
Disposals	(6,706)	(14,721)	(2,240)	-	(15,289)	(38,956)
Balance at 31 December 2021	197,994	451,148	34,538	26,744	526,150	1,236,574
Balance at 1 January 2022	197,994	451,148	34,538	26,744	526,150	1,236,574
Additions	-	1,184	-	15,778	24,380	41,342
Transfers	6,019	17,656	1,564	(25,239)	-	-
Disposals	(5,669)	(6,537)	(844)	-	(3,806)	(16,856)
Balance at 30 June 2022	198,344	463,451	35,258	17,283	546,724	1,261,060
Depreciation and impairment losses:						
Balance at 1 January 2021	157,245	273,651	24,476	3,767	179,731	638,870
Charge for the year	10,217	57,470	4,069	(402)	88,378	159,732
Disposals	(6,317)	(13,611)	(2,032)	-	(16,430)	(38,390)
Balance at 31 December 2021	161,145	317,510	26,513	3,365	251,679	760,212
Balance at 1 January 2022	161,145	317,510	26,513	3,365	251,679	760,212
Charge for the year	5,432	22,674	1,616	(722)	43,474	72,474
Disposals	(5,115)	(6,184)	(780)	-	(3,318)	(15,397)
Balance at 30 June 2022	161,462	334,000	27,349	2,643	291,835	817,289
Carrying amounts:						
At 1 January 2021	40,428	158,134	11,521	26,985	326,531	563,599
At 31 December 2021	36,849	133,638	8,025	23,379	274,471	476,362
At 1 January 2022	36,849	133,638	8,025	23,379	274,471	476,362
At 30 June 2022	36,882	129,451	7,909	14,640	254,889	443,771

Group: Purchases of property, plant and equipment during year 2022 were in amount of RON 17,815 thousand (2021: RON 38,061 thousand).

Bank: Purchases of property, plant and equipment during year 2022 were in amount of RON 16,962 thousand (2021: RON 37,884 thousand).

30. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

Movement in the Right of Use Assets is detailed in the table below:

<i>In RON thousand</i>	Group	Bank
	Land and buildings	Land and buildings
Balance at 1 January 2022	274,471	274,471
Additions	2,348	2,348
Depreciation expense	(40,156)	(40,156)
Disposals and other decreases	(4,328)	(4,328)
Contractual changes	22,554	22,554
Balance at 30 June 2022	254,889	254,889

<i>In RON thousand</i>	Group	Bank
	Land and buildings	Land and buildings
Balance at 1 January 2021	326,531	326,531
Additions	9,759	9,759
Depreciation expense	(71,809)	(71,809)
Disposals and other decreases	(19,544)	(19,544)
Contractual changes	29,534	29,534
Balance at 31 December 2021	274,471	274,471

Movement in the lease liability is detailed in the table below:

<i>In RON thousand</i>	Group	Bank
	Lease liabilities	Lease liabilities
Balance at 1 January 2022	286,460	286,103
Additions	24,213	23,869
Interest expense	1,142	1,142
Disposals and other decreases	-	-
Payments	(44,190)	(44,190)
Other movements (fx, contractual changes, interest paid)	(2,049)	(1,690)
Balance at 30 June 2022	265,576	265,234

<i>In RON thousand</i>	Group	Bank
	Lease liabilities	Lease liabilities
Balance at 1 January 2021	335,493	335,493
Additions	28,786	28,786
Interest expense	2,668	2,668
Disposals and other decreases	-	-
Payments	(92,579)	(92,579)
Other movements (fx, contractual changes, interest paid)	12,092	11,735
Balance at 31 December 2021	286,460	286,103

31. INTANGIBLE ASSETS

Group

In RON thousand

	Purchased Software	Assets in progress	Total
Cost:			
Balance at 1 January 2021	722,825	133,496	856,321
Additions	299	114,815	115,114
Transfers	150,427	(150,427)	-
Disposals	(10,862)	-	(10,862)
Balance at 31 December 2021	862,689	97,884	960,573
Balance at 1 January 2022	862,689	97,884	960,573
Additions	624	37,684	38,308
Transfers	63,675	(63,675)	-
Disposals	(86)	-	(86)
Balance at 30 June 2022	926,902	71,894	998,795
Amortization and impairment losses:			
Balance at 1 January 2021	552,165	-	552,165
Charge for the year	66,627	-	66,627
Disposals	(7,319)	-	(7,319)
Balance at 31 December 2021	611,473	-	611,473
Balance at 1 January 2022	611,473	-	611,473
Charge for the year	39,166	-	39,166
Disposals	(182)	-	(182)
Balance at 30 June 2022	650,457	-	650,457
Carrying amounts:			
At 1 January 2021	170,660	133,496	304,156
At 31 December 2021	251,216	97,884	349,100
At 1 January 2022	251,216	97,884	349,100
At 30 June 2022	276,445	71,894	348,338

The increase in intangible assets in progress is a result of the Group's strategy to continue digitalization, in order to deliver fast, easy-to-use and increasingly digitalized services to the customers.

31. INTANGIBLE ASSETS (continued)

Bank

In RON thousand

	Purchased Software	Assets in progress	Total
Cost:			
Balance at 1 January 2021	697,528	132,617	830,145
Additions	-	115,093	115,093
Transfers	150,427	(150,427)	-
Disposals	(11,005)	-	(11,005)
Balance at 31 December 2021	836,950	97,283	934,233
Balance at 1 January 2022	836,950	97,283	934,233
Additions	-	37,759	37,759
Transfers	63,675	(63,675)	-
Disposals	(86)	-	(86)
Balance at 30 June 2022	900,539	71,367	971,906
Amortization and impairment losses:			
Balance at 1 January 2021	529,681	-	529,681
Charge for the year	65,561	-	65,561
Disposals	(7,319)	-	(7,319)
Balance at 31 December 2021	587,923	-	587,923
Balance at 1 January 2022	587,923	-	587,923
Charge for the year	38,787	-	38,787
Disposals	(29)	-	(29)
Balance at 30 June 2022	626,681	-	626,681
Carrying amounts:			
At 1 January 2021	167,847	132,617	300,464
At 31 December 2021	249,027	97,283	346,310
At 1 January 2022	249,027	97,283	346,310
At 30 June 2022	273,858	71,367	345,225

Group: Purchases of intangible assets during year 2022 were in amount of RON 38,308 thousand (2021: RON 115,114 thousand).

Bank: Purchases of intangible assets during year 2022 were in amount of RON 37,759 thousand (2021: RON 115,093 thousand).

32. DEPOSITS FROM BANKS

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Payable on demand	661,594	357,083	661,594	357,083
Sight deposits	276,626	-	276,626	-
Term deposits	31,160	479	31,160	479
Total	969,380	357,562	969,380	357,562

33. DEPOSITS FROM CUSTOMERS

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>Payable on demand</i>				
Retail customers	30,435,858	27,112,260	30,368,483	27,023,260
Non-retail customers	9,781,652	10,058,188	9,849,105	10,086,020
	40,217,510	37,170,448	40,217,588	37,109,280
<i>Term deposits</i>				
Retail customers	5,303,928	8,996,716	5,303,928	8,996,716
Non-retail customers	3,379,501	3,535,355	3,379,501	3,535,355
	8,683,429	12,532,071	8,683,429	12,532,071
<i>Savings accounts</i>				
Retail customers	58	58	58	58
	58	58	58	58
Total	48,900,997	49,702,577	48,901,075	49,641,409

34. TOTAL LONG TERM DEBT

Long term-debt includes debt securities issued, senior loans and subordinated loans from banks, as presented in the table below:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Senior loans from banks and financial institutions	397,919	345,077	5,972	8,611
<i>Of which unsecured:</i>	22,612	49,645	-	-
Debt securities issued	2,615,669	2,118,575	2,615,669	2,118,575
Subordinated liabilities	323,267	323,334	323,211	323,334
Total	3,336,855	2,786,986	2,944,852	2,450,520

(i) Senior loans from banks and financial institutions are detailed in the table from below:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Commercial banks	22,612	49,646	-	-
Multilateral Development Banks	347,079	286,820	-	-
Other financial institutions	28,228	8,611	5,972	8,611
Total loans from banks and financial institutions	397,919	345,077	5,972	8,611

34. TOTAL LONG TERM DEBT (continued)

The loans received from banks and other financial institutions are denominated in EUR and RON, with a final maturity which varies between June 2025 and December 2026.

The Group takes all the necessary measures in order to ensure compliance with the financial covenants that may be attached to the loans received from banks and other financial institutions. Consequently, there have been no breaches in the financial covenants of any loans from banks and other financial institutions in the analyzed period.

Senior debt has greater seniority in the Bank's liabilities structure than subordinated debt and regulatory capital instruments as regulated by applicable insolvency law.

As of June 30, 2022, the Group has commitments received from credit institutions in amount of EUR 50.000 thousand (December 31, 2021: EUR 50.000 thousand).

As of June 30, 2022, the Bank has commitments received from credit institutions in amount of EUR 50.000 thousand (December 31, 2021: EUR 50.000 thousand).

(ii) Debt securities issued

Group: The balance of debt securities issued as at June 30, 2022, including accrued interest, is in amount of RON 2,615,669 thousand (December 31, 2021: RON 2,118,575 thousand).

Bank: The balance of debt securities issued as at June 30, 2022, including accrued interest, is in amount of RON 2,615,669 thousand (December 31, 2021: RON 2,118,575 thousand).

In December 2019, the Bank issued unsecured, subordinated RON-denominated bonds in nominal amount of RON 480,000 thousand that qualify as Tier 2 instruments. The instruments bear variable rate and have maturity on 19 December 2029. Initially the bonds were subscribed by private investors through a private placement process. According to the terms and conditions of the issuance, the bonds were admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange on 14th of May 2020, under ISIN code: ROJX86UZW1R4.

On 14 May 2021 the Bank issued its inaugural Senior Preferred (SP) RON-denominated green bond in nominal amount of RON 400,575 thousand bearing a fixed rate coupon with the final maturity on 14 May 2026. The notes have an early redemption feature at the option of the Issuer, subject to prior regulatory approval, with the call redemption date on 14 May 2025. The instruments were issued under the Bank's EMTN programme which was established at the end of April 2021. The notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities). The bonds were listed on the Luxembourg Stock Exchange on 18 May 2021, under ISIN code XS2339508587 and were included in the LGX - Green Exchange platform, dedicated solely to the Green and Sustainable bonds. The notes were passported on 27th of May 2021 on the Regulated Spot Market of the Bucharest Stock Exchange under the same ISIN (Symbol RBRO26).

On 11 June 2021, under the EMTN programme, the Bank issued its first Senior Non-Preferred (SNP) RON-denominated green bond, in nominal amount of RON 1,207,500 thousand bearing a fixed rate coupon, with the maturity date on 11 June 2028 and an early redemption feature at the option of the Issuer on 11 June 2027, subject to prior regulatory approval. The notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities). The bonds were listed on the Luxembourg Stock Exchange - LGX platform on 15 June 2021 under ISIN: XS2349343256 and on 2 July 2021 were passported on the Regulated Spot Market of the Bucharest Stock Exchange, under the same ISIN (Symbol RBRO28).

Under the EMTN programme which was successfully updated in April 2022, the Bank issued on 15th of June 2022 the second RON-denominated green bond in Senior Non-Preferred (SNP) format, in nominal amount of RON 525,000 thousand with a fixed rate coupon, having the final maturity date on 15th of June 2027 and the early redemption feature at the option of the Issuer on 15th of June 2026. Similar to the 2021 green issuances, the notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities) and were listed on the Luxembourg Stock Exchange - LGX platform on 15 June 2022 under ISIN: XS2489289053 and on 24 June 2022 were passported on the Regulated Spot Market of the Bucharest Stock Exchange, under the same ISIN (Symbol RBRO27).

34. TOTAL LONG TERM DEBT (continued)

(iii) Subordinated liabilities

The balance of subordinated liabilities as at June 30, 2022, in RON equivalents, including accrued interest is RON 323,267 thousand (December 31, 2021: RON 323,334 thousand).

All subordinated loans are granted by Raiffeisen Bank International A.G.

The below tables show the split of total long term debt by contractual maturities as of June 30, 2022:

Group

In RON thousand

	Less than 1 year	Over 1 year	Total
Senior loans from banks and financial institutions	39,794	358,125	397,919
<i>Of which unsecured</i>	14,396	8,216	22,612
Debt securities issued	2,594	2,613,075	2,615,669
Subordinated liabilities	1,760	321,507	323,267
Total	44,148	3,292,707	3,336,855

Bank

In RON thousand

	Less than 1 year	Over 1 year	Total
Senior loans from banks and financial institutions	3,143	2,829	5,972
<i>Of which unsecured</i>	-	-	-
Debt securities issued	2,594	2,613,075	2,615,669
Subordinated liabilities	1,760	321,451	323,211
Total	7,497	2,937,355	2,944,852

The below tables show the split of total long term debt by contractual maturities as of December 31, 2021:

Group

In RON thousand

	Less than 1 year	Over 1 year	Total
Senior loans from banks and financial institutions	22,555	322,522	345,077
<i>Of which unsecured</i>	18,169	31,476	49,645
Debt securities issued	30,500	2,088,075	2,118,575
Subordinated liabilities	1,707	321,627	323,334
Total	54,762	2,732,224	2,786,986

Bank

In RON thousand

	Less than 1 year	Over 1 year	Total
Senior loans from banks and financial institutions	4,385	4,226	8,611
<i>Of which unsecured</i>	-	-	-
Debt securities issued	30,500	2,088,075	2,118,575
Subordinated liabilities	1,707	321,627	323,334
Total	36,592	2,413,928	2,450,520

35. OTHER LIABILITIES

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Lease liability	265,576	286,460	265,234	286,103
Amounts due to state budget for social security	17,188	34,012	16,741	32,661
Short-term employee benefits	48,157	39,838	47,644	39,838
Accrual for suppliers	94,912	147,076	93,858	146,866
Cash in transit (i)	516,816	187,959	516,816	187,959
Deferred income	40,093	41,444	40,093	41,444
Other liabilities(ii)	322,089	387,436	318,897	384,014
Total	1,304,831	1,124,225	1,299,283	1,118,885

i) Cash in transit includes payments which should be settled with other banks of RON 426,010 thousand (2021: RON 166,601 thousand) and receipts which should be settled with current accounts RON 90,813 thousand (2021: RON 21,358 thousand).

ii) Other liabilities include credit cards of RON 67,531 thousand (2021: RON 201,397 thousand), liabilities due to customers of RON 161,071 thousand (2021: 107,539 thousand RON), deposits representing the share capital at companies in course of set-up of RON 17,587 thousand (2021: RON 17,585 thousand) and receivable from guarantees received of RON 9,318 thousand (2021: RON 17,594 thousand).

36. PROVISIONS

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Provisions for litigations and potential risks (i)	139,277	301,667	139,019	188,339
Provision for un-drawn commitments (ii)	74,026	77,008	73,360	76,525
Provision for employee benefits	322	322	-	-
Defined benefit plan(iii)	37,513	29,507	37,513	29,507
Provisions for overdue vacations	29,820	21,011	29,820	20,999
Provisions for severance payments and similar obligations	1,008	1,126	1,008	1,126
Sundry provisions	1,667	2,941	1,014	1,013
Total	283,633	433,582	281,734	317,509

i)The nature of provisions for litigation represents legal disputes. Expected timing of outflows for litigations cannot be appreciated, depending on various factors. Given the complexity and inherent uncertainties related to the outcome of possible scenario regarding the provision for litigation, the Group's estimates needed may differ from actual obligation resulting from the completion of such legal disputes in future periods.

36. PROVISIONS (continued)

Included in position "Provisions for litigations and potential risks" are the following main legal disputes:

a. Disputes with consumers

As of June 30, 2022, the provisions related to individual consumer loan litigations amounted to 5,394 RON thousand (2021: RON 10,635 thousand). They are due to contractual clauses that may generate losses because they are considered unfair by customers. The existing provisions are both for ongoing litigations and for potential ones (which might result in litigations in the future).

b. Order no 837 dated October 20, 2017 received from the National Authority for Consumer Protection

As of 20 October 2017, the Bank received from National Authority for Consumer Protection (further called „ANPC“) an order (no. 837) which requires the cancellation of an alleged incorrect practice of non-informing the customers about the future interest evolution upon loan origination. The Bank is required to bring the contracts to the situation before the illegal practice, including the issue of a new reimbursement plan, with the conditions applicable on signing date.

The High Court of Cassation issued a decision ruling that the order is valid (the appeal was rejected). For the time being, as the Court decision is not motivated. In this connection, a provision of RON 90,500 million (2021: 134,462 thousand) has been recognized. Given current uncertainties as to the implementation of the order (in the absence of the actual court motivation), an exact quantification of the negative financial impact resulting from repayments to customers is still not possible at this point of time. However, based on the external legal opinion, the most likely estimation of is 90,500 thousand.

c. Order 280 dated July 9, 2014, received from the National Authority for Consumer Protection

In July 2014, the ANPC had issued a decision applicable to Raiffeisen Bank S.A., asking the bank to stop the practice of including the credit management commission in the interest margin on the occasion of the restructuring of consumer loans. Although provisions describing that method were included in the respective agreements, in the authority's opinion those provisions were not clear enough. Following the High Court of Cassation and Justice decision in the file no. 988/2/2015, and based on an external legal opinion, the Bank is in process of implementing the Order.

On September 3rd, 2021, ANPC issued the Order no. 234/03.09.2021, by which it was ordered the suspension of the bank's activity regarding the incorrect practice retained in the Order no.280/2014 (for not implementing the Order 280 on time).

Between September and November 2021, the Bank implemented the Order no.280 according to the ANPC communication and the provision on December 31, 2021 was adjusted to the level of RON 34,207 thousand, associating a 50% loss probability to a remaining risk exposure of approximately RON 68,414 thousand after RON 24,300 thousand payments have been made to customers.

The Court admitted the Bank's request to suspend the application of the order. Also, the court admitted the action against the minutes. ANPC will be able to file an appeal. The resolution regarding the annulment of the order is suspended until the final resolution of the appeal against the minutes.

The provision booked in this respect, as of June 30, 2022, is in amount of RON 34,207 thousand (2021: RON 34,207 thousand).

36. PROVISIONS (continued)

- d. The litigation between Aedificium Banca pentru Locuinte S.A. and the Romanian Court of Auditors

Following an audit review of the Romanian Court of Auditors regarding the activity of Aedificium Banca pentru Locuinte S.A. (further called "ABL"), finalised in 2016, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for state premiums on savings have not been met. Thus, such premiums may have to be repaid. Should ABL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, ABL would be liable for the payment of such funds.

In Q2 2022, ABL finalised the calculation of the prejudice representing state premiums plus tax accessories and applied to fiscal amnesty, as permitted by local legislation. This process entailed payment of the prejudice portion representing state premiums, while applying for amnesty for the tax accessories portion of the prejudice. The related provision was reversed after the payment of the state premiums portion of the prejudice (December 31, 2021 RON 113.000 thousand).

The application for amnesty process was finalised after the payment of RON 114,889 thousands representing principal. ABL's application was filed with MDLPA (Romanian authority responsible for assessing ABL's eligibility to benefit from the fiscal amnesty) on the 29th of June 2022. On the 21st of July ABL received a response letter from the Ministry that is considered the formal response to ABL's formal application, the response is negative and it also mentions that since ABL did not qualify for the amnesty, then the fiscal accessories should be paid. ABL has filed a preliminary complaint addressed to MDLPA and is waiting for an answer. If the complaint is not favorably resolved, it will appeal the ministry's decision in court.

A decision related to the exception of unconstitutionality of certain legal provisions regarding the legality of the audit carried out by the Court of Accounts was lodged by Aedificium at the Romanian Constitutionally Court in 2020. The application is still in the administrative control phase with the Romanian Constitutional Court.

ii) For off balance sheet commitments, provisions are calculated by multiplying net exposure (gross exposure minus collateral value) with historical loss rates specific for each risk category, further adjusted with the credit conversion factor. The credit conversion factor represents the Bank's expectations of the respective loan commitment to become a balance sheet exposure over its expected life.

iii) The provision for employee benefits is the Group's one off obligation to offer a number of salaries depending on the service period. The Group has calculated provision for contributions granted to employees on retirement as of reporting date using indicators such as: remaining number of years with the company up to retirement, probability that employee will stay with the company up to retirement, current salary, average number of salaries paid as benefit at retirement, age, sex, expected age of retirement as per current legislation.

Movement in defined benefits obligations

<i>In RON thousand</i>	30 June 2022	31 December 2021
Opening defined benefit obligation	29,507	-
Total service cost	2,888	25,427
Benefits paid	767	-
Interest cost on benefit obligation	369	738
Other changes	-	3,342
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	3,982	-
Closing defined benefit obligation	37,513	29,507

Main actuarial assumptions:

	Group	
	30 June 2022	31 December 2021
Discount rate	4.68% - 7.23%	2.5% - 4.3%
Average long term inflation rate	10%	3.56%
Average remaining working period (years)	26	24

36. PROVISIONS (continued)

Group

During 2022 the provisions can be further analyzed as follows:

<i>In RON thousand</i>	Opening Balance	Allocation	Release	Usage	FX difference	Closing balance
Provisions for litigations and potential risks (i)	301,667	3,079	(49,319)	(114,908)	(1,242)	139,277
Provision for un-drawn commitments	77,008	183	(3,169)	-	4	74,026
Provisions for employee benefits	322	-	-	-	-	322
Defined benefit plan	29,507	8,006	-	-	-	37,513
Provisions for overdue vacations	21,011	8,809	-	-	-	29,820
Provisions for severance payments and similar obligations	1,126	1,008	(1,126)	-	-	1,008
Sundry provisions	2,941	-	(1,274)	-	-	1,667
TOTAL	433,582	21,085	(54,888)	(114,908)	(1,238)	283,633

During 2021 the provisions can be further analyzed as follows:

<i>In RON thousand</i>	Opening Balance	Allocation	Release	FX difference	Closing balance
Provisions for litigations and potential risks (i)	201,711	106,453	(4,148)	(2,349)	301,667
Provision for un-drawn commitments	102,803	201	(26,570)	574	77,008
Provisions for employee benefits	3,622	41	(3,341)	-	322
Defined benefit plan	-	29,507	-	-	29,507
Provisions for overdue vacations	12,520	8,491	-	-	21,011
Provisions for severance payments and similar obligations	32,310	1,126	(32,310)	-	1,126
Sundry provisions	1,863	1,078	-	-	2,941
TOTAL	354,829	146,897	(66,369)	(1,775)	433,582

36. PROVISIONS (continued)

Bank

During 2022 the provisions can be further analyzed as follows:

<i>In RON thousand</i>	Opening balance	Allocation	Release	FX difference	Closing balance
Provisions for litigations and potential risks	188,339	1,877	(49,319)	(1,878)	139,019
Provision for un-drawn commitments	76,525	-	(3,169)	4	73,360
Defined benefit plan	29,507	8,006	-	-	37,513
Provisions for overdue vacations	20,999	8,821	-	-	29,820
Provisions for severance payments and similar obligations	1,126	1,008	(1,126)	-	1,008
Sundry provisions	1,013	1	-	-	1,014
TOTAL	317,509	19,713	(53,614)	(1,874)	281,734

During 2021 the provisions can be further analyzed as follows:

<i>In RON thousand</i>	Opening balance	Allocation	Release	FX difference	Closing balance
Provisions for litigations and potential risks	144,703	86,760	(40,775)	(2,349)	188,339
Provision for un-drawn commitments	102,521	-	(26,570)	574	76,525
Provisions for employee benefits	3,341	-	(3,341)	-	-
Defined benefit plan	-	29,507	-	-	29,507
Provisions for overdue vacations	12,470	8,529	-	-	20,999
Provisions for severance payments and similar obligations	32,310	1,126	(32,310)	-	1,126
Sundry provisions	1,007	-	6	-	1,013
TOTAL	296,352	125,922	(102,990)	(1,775)	317,509

37. SHARE CAPITAL

Share capital

As of June 30, 2022 the number of shares is 12,000 and there were no changes in shares structure. Share capital in amount of RON 1.2 bln consists in 12,000 shares with a nominal value of RON 100,000/share.

During 2022 there were no dividend payments. (During 2021, Raiffeisen Bank S.A paid dividends from 2020 profit to its shareholders in amount of RON 48,000 thousand which represents a dividend of RON 4,000 /share and RON 741,960 thousand from Retained earnings which represents a dividend of RON 61,830/ share).

The shareholders of the Group are as follows:

	30 June 2022	31 December 2021
		%
Raiffeisen SEE Region Holding GmbH	99.925	99.925
Other shareholders	0.075	0.075
Total	100	100

38. OTHER EQUITY INSTRUMENTS

Other equity instruments are comprised of subordinated unsecured instruments notes issued by the Group that are classified as equity instruments in accordance to IAS 32 "Financial Instruments: Presentation". The instruments meet the criteria for inclusion in Group Tier 1 own funds, as they qualify as Additional Tier 1 instruments, as defined by Regulation (EU) No. 575/2013 (CRR), article 52. They are perpetual instruments, with no maturity, while the issuer's reimbursement is limited and subject to supervisory approval.

Although the notes include a coupon rate, this is fully discretionary and is paid out of the distributable profits. In case the Group's CET 1 Capital Ratio is below a certain threshold, this might trigger full or partial write-down of the notes. The write-down is temporary and can be followed by a write-up, which is at the sole discretion of the issuer and compliance with applicable supervisory regulations. The total issue of the notes amounts to EUR 125 million and have been purchased by Raiffeisen Bank International A.G. (please refer to *note 40 Related party transactions*).

During 2022, Raiffeisen Bank S.A paid coupon in amount of 18,742 thousand RON (2021: RON 18,808).

39. OTHER RESERVES

In RON thousand	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Statutory reserve	242,128	242,128	240,000	240,000
Fair value loss taken to equity (net of tax), investment securities FVOCI	(342,738)	(104,211)	(340,814)	(101,943)
Actuarial gains (losses) on defined benefit pension plans	(3,982)		(3,982)	
Total	(104,592)	137,917	(104,796)	138,057

The table below presents the fair value reserve for financial assets FVOCI:

In RON thousand	Group		Bank	
	2022	2021	2021	2021
Balance at 1 January	(104,211)	54,318	(101,943)	55,585
Change in fair value reserve (for financial assets FVOCI)	(238,527)	(158,529)	(238,871)	(157,528)
Reclassification of the valuation reserve of financial assets	-	-	-	-
Balance at the end of reporting period	(342,738)	(104,211)	(340,814)	(101,943)

40. RELATED PARTY TRANSACTIONS

The Group entered into a number of banking transactions with Raiffeisen Bank International AG, the ultimate controlling party, and its subsidiaries in the normal course of business.

The transactions and balances with related parties are presented in tables below:

Group

<i>In RON thousand</i>	2022				Total
	Ultimate controlling entity	Associates	Key Personnel	Other interest	
Trading assets	12,585	-	-	-	12,585
Derivative assets held for risk management	1,462	-	-	-	1,462
Loans and advances to banks at amortised cost	1,168	-	-	932,855	934,023
Investment in subsidiaries, associates and joint ventures	-	32,764	-	-	32,764
Equity instruments at fair value through other comprehensive income	-	-	-	53,528	53,528
Loans and advances to customers at amortised cost	-	20,143	5,497	37,630	63,270
Derivatives Assets– Hedge accounting	8,173	-	-	-	8,173
Other assets	2,538	209	11	10,842	13,600
Outstanding assets	25,926	53,116	5,508	1,034,855	1,119,405
Derivative liabilities held for risk management	7,391	-	-	-	7,391
Trading liabilities	91	-	-	-	91
Deposits from banks	56,598	-	-	4,175	60,773
Deposits from customers	-	94,785	23,231	143,785	261,801
Subordinated liabilities	323,267	-	-	-	323,267
Other equity instruments	609,504	-	-	-	609,504
Other liabilities	3,019	4,141	30	114,773	121,963
Outstanding liabilities	999,870	98,926	23,261	262,733	1,384,790
Commitments given	-	-	-	-	-
Guarantees issued	64,629	-	-	36,972	101,601
Commitments received	247,270	-	-	-	247,270
Guarantees received	68,124	-	-	50,457	118,581
Notional amount of derivative instruments	2,797,270	-	-	-	2,797,270

40. RELATED PARTY TRANSACTIONS (continued)

<i>In RON thousand</i>	2021				Total
	Ultimate controlling entity	Associates	Key Personnel	Other interest	
Trading assets	11,529	-	-	-	11,529
Derivative assets held for risk management	8,264	-	-	-	8,264
Loans and advances to banks at amortised cost	624,424	-	-	771,397	1,395,821
Investment in subsidiaries, associates and joint ventures	-	32,243	-	-	32,243
Equity instruments at fair value through other comprehensive income	-	-	-	49,766	49,766
Loans and advances to customers at amortised cost	-	20,115	3,129	152,920	176,164
Other assets	1,874	178	6	12,509	14,567
Outstanding assets	646,091	52,536	3,135	986,592	1,688,354
Derivative liabilities held for risk management	3,268	-	-	-	3,268
Derivatives – Hedge accounting	8,298	-	-	-	8,298
Fair value changes of the hedged items- liability	3,466	-	-	-	3,466
Trading liabilities	6,175	-	-	-	6,175
Deposits from banks	1,531	-	-	2,900	4,431
Deposits from customers	-	4,539	15,386	101,567	121,492
Subordinated liabilities	323,334	-	-	-	323,334
Other equity instruments	238,575	-	-	-	238,575
Other liabilities	31,449	4,598	-	123,605	159,652
Outstanding liabilities	616,096	9,137	15,386	228,072	868,691
Commitments given	-	4,787	-	134,563	139,350
Guarantees issued	78,512	-	-	34,997	113,509
Commitments received	247,405	-	-	-	247,405
Guarantees received	86,013	-	-	44,623	130,636
Notional amount of derivative instruments	2,797,167	-	-	-	2,797,167

40. RELATED PARTY TRANSACTIONS (continued)

Bank

<i>In RON thousand</i>	2022					
	Ultimate controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	Total
Trading assets	12,585	-	-	-	-	12,585
Derivative assets held for risk management	1,462	-	-	-	-	1,462
Loans and advances to banks at amortised cost	1,168	11,878	-	-	932,855	945,901
Investment in subsidiaries, associates and joint ventures	-	107,802	14,987	-	-	122,789
Equity instruments at fair value through other comprehensive income	-	-	-	-	53,528	53,528
Loans and advances to customers at amortised cost	-	616,259	20,143	5,497	37,630	679,529
Derivatives – Hedge accounting	8,173	-	-	-	-	8,173
Other assets	2,538	30,608	209	11	10,842	44,208
Outstanding assets	25,926	766,547	35,339	5,508	1,034,855	1,868,175
Derivative liabilities held for risk management	7,391	-	-	-	-	7,391
Derivatives – Hedge accounting	-	-	-	-	-	-
Fair value changes of the hedged items-liability	-	-	-	-	-	-
Trading liabilities	91	-	-	-	-	91
Deposits from banks	56,598	100	-	-	4,175	60,873
Deposits from customers	-	86,775	94,785	23,231	143,785	348,576
Subordinated liabilities	323,211	-	-	-	-	323,211
Other equity instruments	609,504	-	-	-	-	609,504
Other liabilities	3,019	444	4,141	30	114,773	122,407
Outstanding liabilities	999,814	87,319	98,926	23,261	262,733	1,472,053
Commitments given	-	89,236	-	-	-	89,236
Guarantees issued	64,629	-	-	-	36,972	101,601
Commitments received	247,270	-	-	-	-	247,270
Guarantees received	68,124	-	-	-	50,457	118,581
Notional amount of derivative instruments	2,797,270	-	-	-	-	2,797,270

40. RELATED PARTY TRANSACTIONS (continued)

Bank

<i>In RON thousand</i>	2021					
	Ultimate controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	Total
Trading assets	11,529	-	-	-	-	11,529
Derivative assets held for risk management	8,264	-	-	-	-	8,264
Loans and advances to banks at amortised cost	624,424	11,917	-	-	771,397	1,407,738
Investment in subsidiaries, associates and joint ventures	-	111,533	14,987	-	-	126,520
Equity instruments at fair value through other comprehensive income	-	-	-	-	49,766	49,766
Loans and advances to customers at amortised cost	-	597,934	20,115	3,129	152,920	774,098
Other assets	1,874	6,157	178	6	12,509	20,724
Outstanding assets	646,091	727,541	35,280	3,135	986,592	2,398,639
Derivative liabilities held for risk management	3,268	-	-	-	-	3,268
Derivatives – Hedge accounting	8,298	-	-	-	-	8,298
Fair value changes of the hedged items-liability	3,466	-	-	-	-	3,466
Trading liabilities	6,175	-	-	-	-	6,175
Deposits from banks	1,531	-	-	-	2,900	4,431
Deposits from customers	-	45,810	4,539	15,386	101,567	167,302
Subordinated liabilities	323,334	-	-	-	-	323,334
Other equity instruments	238,575	-	-	-	-	238,575
Other liabilities	31,449	-	4,598	-	123,605	159,652
Outstanding liabilities	616,096	45,810	9,137	15,386	228,072	914,501
Commitments given	-	237,716	4,787	-	134,563	377,066
Guarantees issued	78,512	299	-	-	34,997	113,808
Commitments received	247,405	-	-	-	-	247,405
Guarantees received	86,013	-	-	-	44,623	130,636
Notional amount of derivative instruments	2,797,167	-	-	-	-	2,797,167

40. RELATED PARTY TRANSACTIONS (continued)

Group

	30 June 2022				Total
	Ultimate controlling entity	Associates	Key Personnel	Other interest	
<i>In RON thousand</i>					
Interest income	271	608	580	3,663	5,122
Interest expense	(7,049)	-	-	(2,962)	(10,011)
Fees and commissions income	3,274	5	3	717	3,999
Fees and commissions expenses	(1,141)	-	-	(14,502)	(15,643)
Net trading income	18,268	-	-	-	18,268
Operating expenses	(9,595)	(21,528)	(156)	(30,194)	(61,473)
Personnel expenses	-	-	(17,376)	-	(17,376)
Other operating income	-	-	-	1,333	1,333

	30 June 2021				Total
	Ultimate controlling entity	Associates	Key Personnel	Other interest	
<i>In RON thousand</i>					
Interest income	71	-	48	2,918	3,037
Interest expense	(10,128)	-	-	(46)	(10,174)
Fees and commissions income	388	17	2	531	938
Fees and commissions expenses	(477)	-	-	(12,067)	(12,544)
Net trading income	-	-	-	-	-
Operating expenses	(16,327)	-	-	(7,510)	(23,837)
Personnel expenses	-	-	(17,708)	-	(17,708)
Other operating income	-	-	-	588	588

Operating expenses include mostly IT costs, legal, advisory and consulting expenses and office space expenses such as rental, maintenance and others.

40. RELATED PARTY TRANSACTIONS (continued)

Bank

30 June 2022

<i>In RON thousand</i>	Ultimate controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	Total
Interest income	271	3,290	608	580	3,663	8,412
Interest expense	(7,049)	(124)	-	-	(2,962)	(10,135)
Fees and commissions income	3,274	3,392	5	3	717	7,391
Fees and commissions expenses	(1,141)	-	-	-	(14,502)	(15,643)
Net trading income	18,268	-	-	-	-	18,268
Operating expenses	(9,595)	-	(21,528)	(156)	(30,194)	(61,473)
Personnel expenses	-	-	-	(17,376)	-	(17,376)
Dividend income	-	26,762	-	-	694	27,456
Other operating income	-	1,116	-	-	639	1,755

30 June 2021

<i>In RON thousand</i>	Ultimate controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	Total
Interest income	71	2,849	-	48	2,918	5,886
Interest expense	(10,128)	-	-	-	(46)	(10,174)
Fees and commissions income	388	2,971	17	2	531	3,909
Fees and commissions expenses	(477)	-	-	-	(12,067)	(12,544)
Net trading income	-	-	-	-	-	-
Operating expenses	(16,327)	-	-	-	(7,510)	(23,837)
Personnel expenses	-	-	-	(17,708)	-	(17,708)
Dividend income	-	21,753	-	-	-	21,753
Other operating income	-	1,045	-	-	588	1,633

40. RELATED PARTY TRANSACTIONS (continued)

Transactions with key management personnel

Key management personnel is comprised of the members of the Supervisory Board, Management Board and other senior management as defined by the National Bank of Romania Regulation no.5/20.12.2013 related to the prudential requirements for credit institutions and amended by the Regulation no.5/17.12.2014.

The transactions between the Group and key management personnel are in the normal course of business, representing: loans granted, deposits placed, foreign currency transactions and guarantees issued.

The volumes of key management personnel transactions as at year-end and expense and income for the year are presented in the below tables.

In RON thousand

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Loans and advances to customers	3,044	3,129	3,044	3,129
Interest income and fees and commission income	67	101	67	101
Impairment for loans and advances to customer	87	237	87	237
Deposits	9,315	15,386	9,315	15,386
Interest expense	-	(29)	-	(29)

The following table shows total remuneration of the members of the Key management personnel according to IAS 24.17. The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standards, respectively IAS 19:

Key management personnel compensation

In RON thousand

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Short-term employee benefits	16,181	30,814	16,181	30,814
Other long term benefits	1,195	2,479	1,195	2,479
Total compensation	17,376	33,293	17,376	33,293

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits and those parts of the bonuses which become due for the short term. Furthermore, changes possibly arising from the difference between the bonus provision and the later awarded bonus are also contained.

Other long-term benefits contain bonus payments, deferred on a period above one year, payable in cash.

41. COMMITMENTS AND CONTINGENCIES**i) Credit related commitments****Guarantees and letters of credit**

The Group issues guarantees and letters of credit for its customers. Guarantees and letters of credit represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. The primary purpose of letters of credit is to ensure that funds are available to a customer as required.

Credit related commitments

Loan commitments represent unused amounts of approved credit facilities. Off-balance sheet contractual amounts of loan commitments, guarantees and letters of credit issued are presented in the following table:

<i>In RON thousand</i>	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Loan commitments	14,211,266	13,395,836	14,209,541	13,555,866
Guarantees issued	3,454,394	2,801,008	3,454,394	2,801,030
Letters of credit	474,085	779,433	474,084	779,433
Total	18,139,745	16,976,277	18,138,019	17,136,329

42. CAPITAL

The capital management of the Group is defined through the capital strategy approved by the Management Board and is reviewed at least once every year.

The primary objective of the Group's capital management is to ensure an adequate level of capital which meets not only the regulatory requirements, but also the limits set in the capital strategy. The Management Board of the Group actively manages the capital structure and seeks to maintain at all times a higher level of capital than the regulatory one in order to ensure a comfortable position in achieving the Group's business objectives. No major changes have been made to the objectives and policies regarding capital management compared to the previous year.

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No.648/2012 requires that the Group maintain a minimum Common Equity Tier 1 capital ratio of 4.5%, a minimum Tier 1 capital ratio of 6% and a minimum total capital ratio of 8%.

According to supervisory review, Group was requested through an official notification to hold additional capital to cover risks which are not or not adequately taken into account under pillar I. The Group is also subject to Conservation and other systemically important institutions buffer. The Group is compliant with all of the above requirements.

<i>In RON thousand</i>	Group			Bank		
	30 June 2022	31 December 2021	31 December 2021	30 June 2022	31 December 2021	31 December 2021
	After Profit Incorporation	Before Profit Incorporation	After Profit Incorporation	After Profit Incorporation	Before Profit Incorporation	Profit After Incorporation
Tier 1 Capital, of which:						
Common Equity Tier 1 (CET 1) Capital	5,401,516	4,913,862	5,010,792	5,248,334	4,790,077	4,857,714
Additional Tier 1 Capital	4,792,036	4,675,287	4,772,217	4,638,854	4,551,502	4,619,139
	609,480	238,575	238,575	609,480	238,575	238,575
Tier 2 Capital	875,611	872,897	872,897	865,301	862,665	862,665
Total capital	6,277,127	5,786,759	5,883,689	6,113,635	5,652,742	5,720,379
Risk weighted assets	30,064,271	27,683,318	27,684,008	28,991,904	26,599,564	26,560,556
Common Equity Tier 1 Capital ratio	15.94%	16.89%	17.24%	16.00%	17.11%	17.39%
Tier 1 Capital ratio	17.97%	17.75%	18.10%	18.10%	18.01%	18.29%
Total Capital ratio	20.88%	20.90%	21.25%	21.09%	21.25%	21.54%

Regulatory capital consists of Tier 1 and Tier 2 layers of capital. Tier 1 is made of share capital, premium reserves, retained earnings (excluding current year profit) and deductions according to legislation in force. Tier 2 capital includes subordinated long term debt and deductions according to legislation in force.

42. CAPITAL (continued)

As of December 2019, the Group issued Additional Tier 1 Notes in amount of RON 238,599 that were purchased by Raiffeisen Bank International AG. The instruments are classified as equity instruments in accordance to IAS 32 "Financial Instruments: Presentation" and meet the criteria for inclusion in Group Tier 1 capital (see note 38 *Other equity instruments*). As of June 2022, the Group issued a new instrument which qualifies as Additional Tier 1 Notes in amount of RON 370,905 that was fully subscribed by Raiffeisen Bank International AG.

Also in December 2019, the Bank issued unsecured, subordinated RON-denominated bonds in nominal amount of RON 480,000 thousand that qualify as Tier 2 instruments as defined by Regulation (EU) No. 575/2013 (see note 34 *Total long term debt*).

As of 30th of June, the bank held a comfortable own funds and eligible liabilities position, with a capital adequacy ratio and MREL ratio significantly above the minimum regulatory requirements. Following the transposition of BRRD2 into local legislation, the first intermediate MREL target levels, which shall be fulfilled by the Bank starting with 1st of July 2022, are 21.10% of TREA (Total Risk Exposure Amount) and 5.9% of LRE (Leverage Ratio Exposure Measure).

At the same time, the Bank should ensure a minimum subordination requirement for MREL instruments of 19.88% of TREA and 5.90% of LRE. Own funds held to meet the Combined Buffer Requirements (CBR) are not considered for the MREL risk-based targets (TREA). As of 30th of June, the overall MREL ratio stood at 28.16% of TREA, with a subordination ratio at 26.82% of TREA, both ratios including a CBR of 3.5% applicable for the current reference period. In terms of own funds and eligible liabilities expressed as a percentage of the total exposure measure, the ratio stood at 13.16% at the end of June 2022, significantly above the minimum requirements, while the subordination ratio was 12.54%.

43. SEGMENTS CONSOLIDATION

Key decisions are made by chief operating decision makers determining the resources allocated to each segment based on its financial strength and profitability.

The Group follows financial performance and steers the business by segments and products, namely customer business consists of Corporate, Retail, Financial Institutions and Own employees. Corporate comprises legal entities with an annual turnover exceeding EUR 5 million. Retail contains individual clients and legal entities with an annual turnover below the EUR 5 million threshold (small and medium entities), while Financial Institutions (part of Treasury Division) deals with brokers, banks, insurance companies, leasing firms, investment and pension funds, as well as asset management companies.

The Group offers a wide array of banking services to its customers, adapted to the ever changing needs of our clients, but with maintained focus on the basics of banking.

Customer business lines bring in more than 85% of the Group's operating income, with following specifics worth mentioning: corporate clients chiefly draw their revenue streams from lending business, followed by fees from cash management, account services, foreign currency deals and investment banking activity.

Small clients also share these characteristics, while their unique business traits are visible through more intense payment and account activity, thus generating visibly greater proportion of the revenues as fees.

Private individual customers provide a highly diversified revenue source for the Group, mainly from unsecured loans, credit card and overdraft facilities, but also from mortgage loans, saving products and transactional business, FX deals and asset management services, as well as from the activity of intermediating transactions on the stock exchange; the Group continues to focus its attention on promoting alternative channels usage and thus provide improved services with advantages for both sides.

Proprietary business consists of Treasury Division (less Financial Institutions) and "Others" segment (less Own employees). The first mainly provides income streams from treasury activities, namely trading revenues, net income from financial assets held at fair value through profit or loss, as well as from interest contribution. The latter shows revenues mainly obtained as a result of transfers among segments, capital benefit, income generated by participations.

Regarding the segmentation by geographical area, the Group is performing its activity mainly under geographical area of Romania.

43. SEGMENTS CONSOLIDATION (continued)

Group	2022					Total unit
	Corporate Customers	Private Individuals	SME	Treasury Division	Others	
<i>In RON thousand</i>						
Total Assets before impairment allowance on loans and advances to customers at amortised cost	16,418,606	18,209,461	3,848,862	18,718,021	5,072,637	62,267,587
Impairment allowance on loans and advances to customers at amortised cost	(317,349)	(773,393)	(205,736)	(333)	(9,090)	(1,305,901)
Total Assets	16,101,257	17,436,068	3,643,126	18,717,688	5,063,547	60,961,686
Total Liabilities	9,331,183	29,591,363	8,037,323	4,618,040	3,322,972	54,900,881
Equity	-	-	-	-	6,060,805	6,060,805
Net interest income	230,280	546,176	158,059	51,192	86,883	1,072,590
Net commission income	57,197	120,764	82,839	11,252	1,531	273,583
Net trading income	32,136	95,309	38,678	(18,449)	376	148,050
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	(181)	(28,062)	(886)	(842)	(1,612)	(31,583)
Gains or (-) losses from hedge accounting, net	-	-	-	487	-	487
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	(1,657)	(1,657)
Other net operating income*	(13,874)	(15,230)	(3,183)	32,080	64,068	63,861
Total Operating income	305,558	718,957	275,507	75,720	149,589	1,525,331
Operating expenses	(59,220)	(173,755)	(95,275)	(17,174)	(80,995)	(426,419)
Personnel expenses	(46,030)	(202,853)	(83,972)	(11,215)	(9,664)	(353,734)
Net provisioning for impairment allowance on financial assets	20,254	(44,964)	(7,748)	(574)	2,318	(30,714)
Share of gain from associates and joint ventures	-	-	-	-	521	521
Profit before tax	220,562	297,385	88,512	46,757	61,769	714,985
Income taxes	-	-	-	-	(118,633)	(118,633)
Profit after tax	220,562	297,385	88,512	46,757	(56,864)	596,352

*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

43.SEGMENTS CONSOLIDATION (continued)

Group	2021					Total unit
	Corporate Customers	Private Individuals	SME	Treasury Division	Others	
<i>In RON thousand</i>						
Total Assets before impairment allowance on loans and advances to customers at amortised cost	12,705,209	17,662,122	3,513,199	22,089,805	5,244,146	61,214,481
Impairment allowance on loans and advances to customers at amortised cost	(329,684)	(838,591)	(200,552)	(281)	(11,912)	(1,381,020)
Total Assets	12,375,525	16,823,531	3,312,647	22,089,524	5,232,234	59,833,461
Total Liabilities	9,882,197	29,555,488	8,686,846	3,542,282	2,811,849	54,478,662
Equity	-	-	-	-	5,354,799	5,354,799
Net interest income	339,575	1,016,443	276,702	23,728	137,922	1,794,370
Net commission income	107,479	265,818	177,712	25,058	(252)	575,815
Net trading income	53,978	173,769	64,819	66,295	645	359,506
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	41	(13,390)	(126)	(174)	297	(13,352)
Gains or (-) losses from hedge accounting, net	-	-	-	(1,911)	-	(1,911)
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	2,694	(1)	2,693
Other net operating income*	(29,427)	(51,179)	(4,063)	116,465	(3,588)	28,208
Total Operating income	471,646	1,391,461	515,044	232,155	135,023	2,745,329
Operating expenses	(97,076)	(548,655)	(166,459)	(19,704)	(117,813)	(949,707)
Personnel expenses	(80,856)	(385,138)	(141,344)	(20,947)	(14,577)	(642,862)
Net provisioning for impairment allowance on financial assets	(3,006)	(85,524)	(20,764)	(2,043)	3,200	(108,137)
Share of gain from associates and joint ventures	-	-	-	-	2,824	2,824
Profit before tax	290,708	372,144	186,477	189,461	8,657	1,047,447
Income taxes	-	-	-	-	(228,895)	(228,895)
Profit after tax	290,708	372,144	186,477	189,461	(220,238)	818,552

*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

43. SEGMENTS CONSOLIDATION (continued)

Bank

In RON thousand	2022					Total unit
	Corporate Customers	Private Individuals	SME	Treasury Division	Others	
Total Assets before impairment allowance on loans and advances to customers at amortised cost	15,922,468	18,169,313	3,228,517	18,526,425	5,829,191	61,675,914
Impairment allowance on loans and advances to customers at amortised cost	(301,170)	(773,288)	(182,127)	(333)	(7,971)	(1,264,889)
Total Assets	15,621,298	17,396,025	3,046,390	18,526,092	5,821,220	60,411,025
Total Liabilities	9,322,451	29,579,333	8,026,731	3,605,213	3,966,910	54,500,638
Equity	-	-	-	-	5,910,387	5,910,387
Net interest income	225,159	544,898	148,790	47,511	85,160	1,051,518
Net commission income	55,725	104,495	78,383	11,339	1,780	251,722
Net trading income	32,136	95,309	38,678	(17,980)	376	148,519
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	(181)	(28,062)	(886)	-	(1,612)	(30,741)
Gains or (-) losses from hedge accounting, net	-	-	-	487	-	487
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
Other net operating income *	(14,120)	(13,344)	(4,616)	32,080	89,995	89,995
Total Operating income	298,719	703,296	260,349	73,437	175,699	1,511,500
Operating expenses	(57,652)	(170,228)	(91,842)	(17,080)	(78,632)	(415,434)
Personnel expenses	(43,515)	(198,561)	(78,446)	(11,148)	(5,699)	(337,369)
Net provisioning for impairment allowance on financial assets	20,399	(44,948)	(8,063)	(574)	(8,452)	(41,638)
Profit before tax	217,951	289,559	81,998	44,635	82,916	717,059
Income taxes	-	-	-	-	(114,897)	(114,897)
Profit after tax	217,951	289,559	81,998	44,635	(31,981)	602,162

*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR
THE PERIOD ENDED
30 JUNE 2022


43. SEGMENTS CONSOLIDATION (continued)
Bank

	2021					Total unit
	Corporate Customers	Private Individuals	SME	Treasury Division	Others	
<i>In RON thousand</i>						
Total Assets before impairment allowance on loans and advances to customers at amortised cost	12,246,926	17,617,977	2,904,133	21,814,332	5,913,821	60,497,189
Impairment allowance on loans and advances to customers at amortised cost	(313,902)	(838,505)	(176,218)	(281)	(10,858)	(1,339,764)
Total Assets	11,933,024	16,779,472	2,727,915	21,814,051	5,902,963	59,157,425
Total Liabilities	9,874,427	29,468,023	8,677,300	2,602,894	3,335,866	53,958,510
Equity	-	-	-	-	5,198,915	5,198,915
Net interest income	330,174	1,013,547	257,730	14,713	138,397	1,754,561
Net commission income	104,531	227,223	168,434	25,219	371	525,778
Net trading income	53,978	173,769	64,819	67,173	646	360,385
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	41	(13,390)	(126)	-	297	(13,178)
Gains or (-) losses from hedge accounting, net	-	-	-	(1,911)	-	(1,911)
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	2,693	-	2,693
Other net operating income *	(29,792)	(29,839)	(7,258)	116,465	(1,072)	48,504
Total Operating income	458,932	1,371,310	483,599	224,352	138,639	2,676,832
Operating expenses	(94,490)	(541,178)	(158,989)	(19,529)	(56,522)	(870,708)
Personnel expenses	(76,805)	(376,701)	(130,634)	(20,824)	(8,825)	(613,789)
Net provisioning for impairment allowance on financial assets	(1,587)	(85,662)	(25,806)	(2,043)	(68,465)	(183,563)
Profit before tax	286,050	367,769	168,170	181,956	4,827	1,008,772
Income taxes	-	-	-	-	(220,312)	(220,312)
Profit after tax	286,050	367,769	168,170	181,956	(215,485)	788,460