UniCredit Bank

PILLAR III DISCLOSURE REPORT

Report reference date: 30 June, 2019

Disclosure Report as of June 30, 2019

CONTENT

1. OVERVIEW ON DISCLOSURES

The Report is prepared in accordance with National Bank of Romania Regulation no. 5/2013 regarding prudential requirements for credit institutions, Regulation no. 575/2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institution and investment companies and amending Regulation (UE) no.648/2012.

The disclosed information is compliant with the Guideline EBA/GL/2016/11 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 and with the dedicated Guidelines issued by European Banking Authority and Basel Committee:

- Regulation (EU) No 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council Text;

- Regulation (EU) 2295/2017 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets;

- Regulation (EU) 200/2016, laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council;

- EBA /GL/2014/14 Guideline on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013;

- Basel Committee Pillar 3. Requirements Disclosures- Consolidated and Updated March 2017;

- EBA/GL/2015/22 Guideline on sound remuneration policies;

- EBA/GL/2017/01 Guideline on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013.
- Revisions to leverage ratio disclosure requirements June 2019 - Basel Committee on Banking Supervision
- Pillar 3 disclosure requirements-updated framework December 2019 - Basel Committee on Banking Supervision

The document is available in electronic format at www.unicredit.ro, area Financial Reports, Basel II-Pillar III Disclosure, following:

https://www.unicredit.ro/en/institutional/the-bank/financial-reports.html#baseliipillariiidisclosure

The quantitative data are presented on consolidated basis, except those flagged at individual level, in RON equivalent, except those flagged in other currencies.

As the UniCredit Bank Romania has been identified as “Other Systemically Important credit Institution (O-SII)” from Romania, the Bank will provide the users with quarterly frequency a relevant bucket of information.

The Pillar III Report is approved by the Supervisory Board of UniCredit Bank Romania.

When assessing the disclosure requirements in accordance with Regulation (UE) No 575/2013 and EBA/GL/2016/11 Guideline regarding the disclosure requirements as the 8th part of Regulation (UE) No. 575/2013, the Bank considers the following requirements as not applicable:

Area	Regulation (EU) no 575/2013 article reference	Disclosure template	Reason for not disclosure
Use of Internal Market Risk Models	455	EU MR2-A – Market risk under the IMA (Internal Modal Approach)	UniCredit Bank does not apply an internal model approach for the calculation of market risk capital requirements
	445 & 455	EU MR2-B – RWA flow statements of market risk exposures under the IMA	UniCredit Bank does not apply an internal model approach for the calculation of market risk capital requirements
	445 & 455	EU MRB – Qualitative disclosure requirements for institutions using the IMA	UniCredit Bank does not apply an internal model approach for the calculation of market risk capital requirements
	445 & 455	EU MR3 – IMA values for trading portfolios	UniCredit Bank does not apply an internal model approach for the calculation of market risk capital requirements
	445 & 455	EU MR4 – Comparison of VaR estimates with gains/losses	UniCredit Bank does not apply an internal model approach for the calculation of market risk capital requirements
Capital requirements	438	EU INS1 – Non-deducted participations in insurance undertakings	As at June 30, 2019, UniCredit Bank does not have participations in insurance undertakings
Exposure to counterparty credit risk	439	EU CCR8 – Exposures to CCPs	As at June 30, 2019, UniCredit Bank does not have exposures to CCPs
		EU CCR6 – Credit derivatives exposures	As at June 30, 2019, UniCredit Bank does not have credit derivatives exposures
Use of credit risk mitigation techniques	453	EU CR7 – IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques	As at June 30, 2019, UniCredit Bank does use credit derivatives used as CRM techniques
Indicators of global systemic importance	441		UniCredit Bank has not been identified as global systemically important institutions (G-SIIs)
Securitizations		SEC1 – Securitization exposures in the banking book	UniCredit Bank doesn't perform securitization transactions
		SEC2 – Securitization exposures in the trading book	UniCredit Bank doesn't perform securitization transactions
		SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	UniCredit Bank doesn't perform securitization transactions
		SEC4 – Securitization exposures in the banking book and associated capital requirements – bank acting as investor	UniCredit Bank doesn't perform securitization transactions

2. SCOPE OF APPLICATION

2.1 Relevant scope of consolidation

The institution subject to disclosure is **UniCredit Bank SA.** ("the Bank"), the report includes Bank information and also information regarding the entities integrated in the consolidated prudential perimeter of UniCredit Bank.

The institution to which is applied transparency and publishing requirement is UniCredit Bank S.A., the report includes information related to the Bank but also related to the entities included into the scope of consolidation of UniCredit Bank.

Starting with August 2015, UniCredit Bank S.A. (the "Bank") is the new brand name of formerly UniCredit Tiriac Bank SA that was established as a Romanian commercial bank on 1 June 2007 upon the merger by acquisition of the former UniCredit Romania S.A. (the absorbed bank) by Banca Comerciala HVB Tiriac S.A. (the absorbing bank) and is licensed by the National Bank of Romania ("NBR") to conduct banking activities.

The Bank's current registered office is 1F, Expozitiei Boulevard, District 1, Bucharest, Romania.

UniCredit Bank S.A. is controlled by UniCredit SpA (Italy), with registered office in Milano (Mi), Italia Piazza Gae Aulenti 3 Cap 20154 Tower A.

The Bank provides retail and commercial banking services in Romanian Lei ("RON") and in foreign currency for individuals and legal entities. These include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium and long term facilities, retail loans, bank guarantees, letter of credits and documentary collections, derivative financial instruments.

UniCredit Bank Group is exercising direct and indirect control over the following subsidiaries:

- UniCredit Consumer Financing IFN S.A., having its current registered office at 23-25 Ghetarilor street, 1st and 3rd floor, District 1, Bucharest, Romania, provides consumer finance loans to individual clients. The Bank has a shareholding of 50.1% in UCFIN since January 2013.

- UniCredit Leasing Corporation IFN S.A.("UCLC"), having its current registered office at 23-25 Ghetarilor Street, 1st, 2nd and 4th floor, District 1, Bucharest, Romania, provides financial lease services to corporate clients and individuals. UCLC, previously associate entity, has become a subsidiary of the Bank starting with April 2014 the Bank having direct and indirect controlling interest (through UCFIN) by 99.977% (Bank indirect controlling interest as of June 30 2019 being of 0.022% and direct control by 99.955%)

- Debo Leasing IFN S.A., having its current registered office in 23-25 Ghetarilor Street, 2nd floor, 1st district, Bucharest, Romania, is a real estate finance lease entity, become Bank branch in February 2014. As of June 30 2019 the Bank have indirect control interest of 99.970% out of 99.963% through UCLC and 0.0069% through UCFIN. in which the Bank has an indirect controlling interest of 99.97% (31 December 2017: 99.97%) through UCLC.

2.2. Entities deducted from Own Funds

According to Regulation no. 575/2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institutions and investment companies, the holdings in Common Equity Tier 1 (CET1) that are classified as significant investments should be deducted from own funds if the CET1-threshold for deduction is exceeded.

As at 30 June 2019, UniCredit Bank doesn't hold at individual level significant investments in financial entities which were not deducted from own funds according to the Article 48 from CRR.

2.3 Entities added to RWA

As at 30 June 2019, the significant investments in financial entities are shown at the individual level with a risk weight of 370% as they are not deducted from own funds, but are included in the consolidated perimeter.

2.4 Substantial or legal impediments that hinder the rapid transfer of capital resources within the Group

At UniCredit Group level, an integrated analysis is done to identify the significant risks. The processes for management, monitoring and reporting of risks are formalized in the Group regulations, aligned and integrated at the local group at UniCredit Bank SA level. In accordance with the rules regarding the analysis process, calibration, approval, adoption, implementation, monitoring and reporting of the Group regulations, UniCredit Bank SA has the responsibility of sending the applicable regulation to its subsidiaries, in order to be analyzed, approved/adopted and implemented. Subsequently, UniCredit Bank SA assesses and decides the applicability at the subsidiaries level taking into account the nature, dimension and complexity of their activities.

In order to ensure the control over implementation of the Group requirements at level of direct controlled entities, there is a frequent reporting process regarding the status of local implementation under the Internal Control Committee of UniCredit Bank SA.

The main potential impediments regarding the rapid transfer of capital resources are addressed below:

2.4.1 The impact of legal status of subsidiaries regarding the prompt transfer of funds and/or debt reimbursement

UniCredit Consumer Finance IFN SA

UniCredit Bank SA (UCB) controls UniCredit Consumer Financing (UCFin) through majority of voting rights held (50.1%), which implies the approval of development plan and strategy of UCFIN in accordance with Bank and UniCredit Group's strategy.

The control exercised over UCFIN is strengthened by the fact that UCB appoints 4 out of 5 members of UCFIN Supervisory Board in accordance with UCFIN Articles of Association („AoA" or Constitutive Act). In Accordance with AoA, the UCFIN Supervisory Board has the authority to check the Board Member's activity in respect of the implementation of the Bank's strategy, aligned with those of UniCredit Group.

As result, there is no impediment which could adversely impact the prompt transfer of funds from UCFIN to UCB and/or the UCFIN capacity for fast reimbursement of debts to UCB.

UniCredit Leasing Corporation IFN SA

UniCredit Bank SA (UCB) controls UniCredit Leasing Corporation IFN S.A. (UCLC) through majority of voting rights held (99.955%), which implies the approval of development plan and strategy of UCLC in accordance with Bank and UniCredit Group's strategy.

The control exercised over UCLC is strengthened by the fact that UCB appoints all 5 members of UCLC Supervisory Board in accordance with UCLC Articles of Association („AoA" or Constitutive Act). In Accordance with AoA, the UCLC Supervisory Board has the authority to check the Board Member's activity in respect of the implementation of the Bank's strategy, aligned with those of UniCredit Group.

As a result, there is no impediment which could adversely impact the prompt transfer of funds from UCLC to UCB and/or the UCLC capacity for fast reimbursement of debts to UCB.

Constitutive documents of UCFIN and UCLC do not includes limits or restrictions related to the own funds transfer and/or debts reimbursments.

2.4.2. Assessment of the other interests, different from those (controlling interests) of UCB and of their impact. UCB capacity to ask for the funds transfers or debt reimbursements

No other interests were identified except the UCB controlling interests as the control is defined in the Articles of Associations of the 2 subsidiaries.

Meanwhile, we mention that the financing agreements concluded between UCB and their subsidiaries contain contractual clauses regarding the situations where repayments in advance can appear and where collateral guarantees are in place, where all actual and future cash amounts are pledged in the bank's favour. (credit balances in the bank accounts open at UCB).

2.4.3 Potential unfavorable fiscal impact for UCB or its subsidiaries in case of funds transfer or debt reimbursement

At UniCredit Bank SA level there is no adverse fiscal impact as a result of the potential prompt transfer of funds or debt repayment in advance in accordance with the Fiscal Code provisions in force starting with 1st of January 2017.

At subsidiaries level, in hypothethical case of share capital distribution, there is no effect that could generate a fiscal impact.

2.4.4 Eventual prejudices could result from the business strategies of subsidiaries regarding the prompt transfer of funds and/or debt reimbursement

The Budget for 2019 and the financial plan for the next 3 years of UCB and its subsidiaries outline the intention of ongoing business activity and to support for the implementation of the subsidiaries strategies. In normal conditions of ongoing business activity, there has not been forecasted any prompt transfer of funds and/or debt repayments in advance in the financial plans.

2.4.5 Analysis of the impact of contractual relationships between the subsidiaries and UCB/other third parties regarding the prompt transfer of funds and/or debts repayment

The contractual relationships between UCB and its subsidiaries are approved and monitored in accordance with the provisions of Articles of Association of subsidiaries and internal procedures which regulates the competencies levels for approval set up by managements and their shareholders.

Taking into account the shareholders structure, there is no negative risk that could impact the contractual business relationships of subsidiaries.

2.4.6 The historical and forecast flows of funds between UCB and its subsidiaries with potential impact on capacity of prompt transfer of funds and/or debt reimbursement

The loan agreements concluded by UniCredit Bank with its subsidiaries include the calculation of penalty interest in case the loans' payments obligations are not met. The penalty interest is applied at the maturity date, until the full payment date and it is applied to outstanding amount. There have been no cases in the past of penalty interest being applied for the credit lines granted to subsidiaries of UCB.

Meanwhile, we have to mention that, in accordance with the provisions of article 26 of NBR Regulation no.5/2013, UCB, as parent credit institution, takes into account and balance the interests of its subsidiaries and analyzes them continuously in the way those interests contributes to the objectives and interests of UCB Group and respectively of UniCredit Group, taken together as one objective/interest, on a long term basis.

2.4.7 Intragroup Liquidity Transfers

Intra-group liquidity transfers are subject to restrictions due to legal and regulatory constraints.

With reference to regulatory requirements, it should be noted that UniCredit Bank is subject to rules provided by The Regulation (EU) No 575/2013 on "prudential requirements for credit institutions and investment firms".

3. OWN FUNDS AND KEY METRICS

3.1 Regulatory capital - summary reconciliation and changes over time

Starting with January 2014, Romanian Banking System is applying the Basel III norms, in accordance with Regulation no. 575/2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institutions and investment companies, amended by Regulation (UE) no.648 / 2012 and by Regulation no. 5/2013 regarding prudential requirements for credit institutions issued by National Bank of Romania and Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013 laying down implementing technical standards with regard to the disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council.

The prudential requirements define the eligibility criteria for capital instruments which shall be included in Own Funds – Common Equity Tier 1 Capital, Additional Tier 1 Capital or Own Funds – Tier 2 Capital, as detailed below:

Capital instruments qualify as equity instruments Level 1 basic eligibility if the conditions listed below are fulfilled:

- Instruments are issued directly by the institution with the prior approval of shareholders' institution or, where permitted under applicable national legislation governing body of the institution;
- Instruments are paid, and their purchase is not funded directly or indirectly by the institution; are classified as equity within the meaning of applicable accounting framework;
- Instruments are presented clearly and distinctly in the balance sheet area in the financial statements of the institution;
- Instruments are perpetual
- The instruments meet the following conditions in terms of distributions:
    - No preferential treatment in terms of distribution order to perform distributions, including in relation to other instruments Tier 1 instruments and the conditions governing the instruments do not provide preferential rights to making distributions;
    - Distributions to holders of the instruments may be made only items that can be distributed;
    - The conditions governing the instruments do not include a cap or other restriction on the maximum level of distributions;
    - The level of distributions is not determined based on the purchase price of the instruments at issue.
    - The conditions governing the instruments do not include any obligation for the institution to make distributions to their owners, and the institution is not otherwise subject to such obligations;
    - Failure distributions is not an event of default for the institution;
    - Annual distributions do not impose restrictions on the institution.

Capital instruments qualify as equity instruments Level 2 if the conditions for eligibility listed below are fulfilled:

- Subordinated loans are obtained and fully paid;
- Subordinated loans are not issued by a subsidiary or an associate;

- Providing subordinated loans is not funded directly or indirectly by the institution; the principal debt subordinated loans under the provisions governing subordinated loans, is entirely subordinated to the claims of all unsubordinated creditors;
- Subordinated loans have an original maturity of at least five years;
- Provisions governing, subordinated loans do not include any incentive for their principal amount to be refunded or, if applicable, returned by the institution before maturity;
- Subordinated loans can be recognized in the category of Tier 2 items if in the opinion of the National Bank of Romania meet the eligibility conditions listed above.

The main characteristics of the Level 1 Capital Instruments are detailed below:

Capital Instruments Level 1		
1	**Issuer**	**UniCredit Bank Romania**
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	n/a
3	Governing law(s) of the instrument	Law-no.31/1990
	Regulatory treatment	
4	Transitional CRR rules	CET1
5	Post-transitional CRR rules	CET1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	ordinary shares
8	Amount recognized in regulatory capital (in RON thousands)	1,177,748,253
	Currency of issue	RON
9	Nominal amount of instrument - in currency of issue	9.3
10	Accounting classification	shareholder's equity
12	Original maturity date	no maturity
13	Perpetual or dated	perpetual
14	Issuer call subject to prior supervisory approval	no
15	Optional call date, contingent call dates and redemption amount (s. 9b)	-
16	Subsequent call dates, if applicable	-
	Coupons / dividends	
17	Fixed or floating dividend/coupon	floating
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	no
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	discretionary
21	Existence of step up or other incentive to redeem	no
22	Noncumulative or cumulative	non-cumulative
23	Convertible or non-convertible	no
24	If convertible, conversion trigger(s)	-
25	If convertible, fully or partially	-
26	If convertible, conversion rate	-
27	If convertible, mandatory or optional conversion	-
28	If convertible, specify instrument type convertible into	-
29	If convertible, specify issuer of instrument it converts into	-
30	Write-down features	no
31	If write-down, write-down trigger(s)	-
32	If write-down, full or partial	-
33	If write-down, permanent or temporary	-
34	If temporary write-down, description of write-up mechanism	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	subordinated
36	Non-compliant transitioned features	no
37	If yes, specify non-compliant features	-

Tier 2 - Capital Instruments features			
1	Issuer	UniCredit SPA	UniCredit SPA
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	n/a	n/a
3	Governing law(s) of the instrument	Government Emergency Ordinance no.99/2006	Government Emergency Ordinance no.99/2006
	Regulatory treatment		
4	Transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	solo and consolidated	solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	subordinated loan	subordinated loan
8	Amount recognised in regulatory capital (in RON)	48,500,000	120,000,000
	Currency of issue	EUR	EUR
9	Nominal amount of instrument (agregate) - in currency of issue	48,500,000	120,000,000
9a	Issue price	48,500,000	120,000,000
9b	Redemption price - in currency of issue	48,500,000	120,000,000
10	Accounting classification	liabilities at amortised cost	liabilities at amortised cost
11	Original date of issuance	27/07/2017	29/12/2017
12	Perpetual or dated	dated	dated
13	Original maturity date	27/07/2027	29/12/2027
14	Issuer call subject to prior supervisory approval	yes	yes
15	Optional call date, contingent call dates and redemption amount (s. 9b)	27/07/2022	27/07/2022
16	Subsequent call dates, if applicable	n/a	n/a
	Coupons / dividends		
17	Fixed or floating dividend/coupon	floating	floating
18	Coupon rate and any related index	4.5%+3M EURIBOR	3.88%+3M EURIBOR
19	Existence of a dividend stopper	n/a	n/a
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	n/a	n/a
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	n/a	n/a
21	Existence of step up or other incentive to redeem	n/a	n/a
22	Noncumulative or cumulative	n/a	n/a
23	Convertible or non-convertible	no	no
24	If convertible, conversion trigger(s)	n/a	n/a
25	If convertible, fully or partially	n/a	n/a
26	If convertible, conversion rate	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a
30	Write-down features	no	no
31	If write-down, write-down trigger(s)		
32	If write-down, full or partial		
33	If write-down, permanent or temporary		
34	If temporary write-down, description of write-up mechanism		
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	to all other non-subordinated liabilities	to all other non-subordinated liabilities
36	Non-compliant transitioned features	no	no
37	If yes, specify non-compliant features	-	-

The contractual terms and conditions of the Level 2 Own Funds –Subordinated Loans, according to Art. 437, point 1, C are presented below:

No. cr.	Counterparty	Currency	Amount (principal)	Balance (30.06.2019)	Starting date	Maturity Date	Update interest frequency	Clauses	Payments
1	UniCredit SPA	EUR	48,500,000	229,652,350	27-Jul-17	27-Jul-27	3 months	without anticipated reimbursement	one
2	UniCredit SPA	EUR	120,000,000	568,212,000	29-Dec-17	29-Dec-27	3 months	without anticipated reimbursement	one
Total			**168,500,000**	**797,864,350**					

When IFRS9 standard was implemented, the Group decided not to apply the transitional treatment of expected credit losses.

The structure of the Own Funds (individual and consolidated) as at 30 June 2019 is presented below:

30-Jun-19				
Reference Annex IV	**Item**	**Group**	**Bank**	**Reference for reconciliation with balance sheet**
	Own Funds			
1	Capital instruments and the related share premium accounts	1,799,428,752	1,799,428,752	c+d
	of which: ordinary shares	1,177,748,253	1,177,748,253	c
2	Retained earnings	2,400,226,685	2,213,741,251	i-j
3	Accumulated other comprehensive income (and any other reserves, included unrealized gains and losses)	244,486,122	244,486,122	e+f+g+h
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	4,444,141,559	4,257,656,125	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments	10,139,231	10,139,231	a+b+k
8	Intangible assets (net of related tax liability)	161,078,867	149,727,640	
11	Fair value reserves related to gains or losses on cash flow hedges	-52,152,277	-52,152,277	
12	(-) IRB shortfall of credit risk adjustments to expected losses	81,733,534	85,250,087	
25b	Foreseeable tax charges relating to CET1 items	10,654,179	10,654,179	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	211,453,534	203,618,860	
29	Common Equity Tier 1 (CET1) capital	4,232,688,025	4,054,037,265	
	Additional Tier 1 (AT1) capital: instruments			
36	Additional Tier 1 (AT1) capital before regulatory adjustments			
	Additional Tier 1 (AT1) capital: regulatory adjustments			
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital			
44	Additional Tier 1 (AT1) capital			
45	**Tier 1 capital (T1 = CET1 + AT1)**	**4,232,688,025**	**4,054,037,265**	
	Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	797,864,350	797,864,350	
51	Tier 2 (T2) capital before regulatory adjustment	797,864,350	797,864,350	
	Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital			
58	**Tier 2 (T2) capital**	**797,864,350**	**797,864,350**	
59	**Total capital (TC = T1 + T2)**	**5,030,552,375**	**4,851,901,615**	
60	**Total risk-weighted assets**	**28,737,579,925**	**22,685,413,366**	
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount	14.73%	17.87%	
62	Tier 1 (as a percentage of total risk exposure amount	14.73%	17.87%	
63	Total capital (as a percentage of total risk exposure amount	17.51%	21.39%	
64	Institution specific buffer requirement	3,50%	2,50%	
65	Capital conservation buffer requirement	2,50%	2,50%	
66	Countercyclical buffer requirement			
67	Systemic risk buffer requirement			
67a	Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1,00%		

a) G-SII buffer and O-SII buffer;

b) G-SII buffer, O-SII buffer and, according with art. 288, buffer for systemic risk

Art.277-If a credit institution at individual or sub -consolidated level makes the object of O-SII buffer and systemic risk buffer, according to the Art.288 , the buffer with the highest value is used.

The reconciliation of the elements from Own Funds with the Financial Statements is presented below:

In RON thousands	Group	Bank	Reference
	30.06.2019	30.06.2019	
Assets			
Cash and cash equivalents*	9,443,695	9,443,621	
Financial assets at fair value through profit or loss	280,024	280,024	
Derivatives assets designated as hedging instruments	-	-	
Loans and advances to customers at amortized cost	24,780,691	21,134,888	
Net Lease receivables	3,153,547	-	
Loans and advances to banks at amortized cost	364,072	364,072	
Other financial assets at amortized cost*	161,087	118,560	
Financial assets at fair value through other comprehensive income	7,193,453	7,191,107	
Investments in subsidiaries	-	143,116	
Right of use assets	176,820	161,470	
Property and equipment	177,285	175,335	
Intangible assets	166,462	155,112	a
Current tax assets	-	-	
Deferred tax assets	126,800	69,005	
of which: Deferred tax regarding Intangible Assets	(5,072)	(5,072)	b
of which: Other Intangible Assets	(312)	(312)	k
Other assets	180,693	62,501	
Non-current assets classified as held for sale	32,693	-	
Total assets	**46,237,322**	**39,298,811**	
Liabilities	-	-	
Financial liabilities at fair value through profit or loss	92,973	92,973	
Derivatives liabilities designated as hedging instruments	114,077	114,077	
Financial liabilities at amortized cost:	-	-	
Deposits from banks	1,339,706	1,339,706	
Loans from banks and other financial institutions at amortized cost	7,428,090	889,718	
Deposits from clients	29,410,217	29,636,377	
Debt securities issued	621,280	621,280	
Subordinated liabilities	904,044	799,872	
Lease Liabilities	162,423	157,470	
Other financial liabilities at amortized cost	757,980	701,543	
Current tax liabilities	40,907	30,334	
Deferred tax liabilities	-	-	
Provisions	206,785	197,935	
Other non-financial liabilities	240,233	158,567	
Total liabilities	**41,318,715**	**34,739,852**	
Shareholders' equity	-	-	
Share capital	1,177,748	1,177,748	c
Share premium	621,680	621,680	d
Cash flow hedge reserve	(52,152)	(52,152)	e
Reserve on financial assets at fair value through other comprehensive income	(11,491)	(11,491)	f
Revaluation reserve on property and equipment	9,840	9,840	g
Other reserves	298,289	298,289	h
Retained earnings	2,752,406	2,515,045	i
of which: Profit	352,180	301,304	j
Total equity for parent company	4,796,320	4,558,959	
Non-controlling interest	122,287	-	
Total Equity	**4,918,607**	**4,558,959**	
Total liabilities and equity	**46,237,322**	**39,298,811**	

3.2 Summary of Key Prudential Metrics

		30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	4,232,688,025	4,200,331,494	4,171,575,004	3,982,709,142	3,910,162,278
1a	Fully loaded ECL accounting model					
2	Tier 1	4,232,688,025	4,200,331,494	4,171,575,004	3,982,709,142	3,910,162,278
2a	Fully loaded accounting model Tier 1					
3	Total capital	5,030,552,375	5,002,863,294	4,957,442,154	4,768,542,592	4,695,557,628
3a	Fully loaded ECL accounting model total capital					
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	28,737,579,925	28,117,215,504	28,458,911,738	28,033,862,368	27,328,175,598
4a	Total risk-weighted assets (pre-floor)	28,737,579,925	28,117,215,504	28,458,911,738	28,033,862,368	27,328,175,598
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	14.73%	14.94%	14.66%	14.21%	14.31%
5a	Fully loaded ECL accounting model CET1 (%)					
5b	CET1 ratio (%) (pre-floor ratio)					
6	Tier 1 ratio (%)	14.73%	14.94%	14.66%	14.21%	14.31%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
6b	Tier 1 ratio (%) (pre-floor ratio)					
7	Total capital ratio (%)	17.51%	17.79%	17.42%	17.01%	17.18%
7a	Fully loaded ECL accounting model total capital ratio (%)					
7b	Total capital ratio (%) (pre-floor ratio)					
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	1.87%	1.87%	1.87%
9	Countercyclical buffer requirement (%)					
10	Bank O-SIB additional requirements (%)	1.00%	1.00%	1.00%	1.00%	1.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	3.50%	3.50%	2.87%	2.87%	2.87%
12	CET1 available after meeting the bank's minimum capital requirements (%)	10.23%	10.44%	10.16%	9.71%	9.81%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	50,252,623,825	50,050,474,726	52,371,283,957	51,202,073,669	50,104,860,672
14	Basel III leverage ratio (%) (row 2/row 13)	8.42%	8.39%	7.97%	7.78%	7.80%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	8.42%	8.39%	7.97%	7.78%	7.80%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	8.42%	8.39%	7.97%	7.78%	7.80%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	8.42%	8.39%	7.97%	7.78%	7.80%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	8.42%	8.39%	7.97%	7.78%	7.80%
Liquidity Coverage Ratio						
15	Total HQLA	13,850,650,346	14,692,915,049	15,231,462,230	12,925,680,605	6,677,134,879
16	Total net cash outflow	9,140,475,462	9,192,395,856	9,472,995,928	9,278,100,723	4,571,448,746
17	LCR ratio (%)	151.53%	159.84%	160.79%	139.31%	146.06%
Net Stable Funding Ratio						
18	Total available stable funding	34,253,891,727	33,154,282,046	35,289,226,952	33,805,525,436	33,560,999,244
19	Total required stable funding	22,124,678,921	21,820,310,924	23,629,251,629	23,842,931,492	22,896,151,930
20	NSFR ratio (%)	154.82%	151.94%	149.35%	141.78%	146.58%

4. OWN FUNDS REQUIREMENTS

4.1 General comment

Capital Adequacy Assessment

During 2019 first half, within the Bank it was continued the sustained process for completing the internal methodological framework with specific regulations, mainly as regards to ICAAP general framework, stress tests, setting and monitoring of risk appetite, capital management rules, rules regarding the new risks identified by the Bank as significant.

The Internal Capital Adequacy Assessment Process was performed in accordance with National Bank of Romania Regulation no 5/2013, with subsequent amendments and changes, representing an independent assessment of the current and future internal capital, related to the risks the bank is facing and in line with the Bank's strategy. That is to say that UCB assesses the balance between the assumed risk and the available capital consistently with the strategy and assumed objectives, respectively the internal capital and the available financial resources.

The internal capital is represented by the sum of the economic capitals calculated for each risk: credit risk, market risk, operational risk, business risk, financial investments risk, and Real estate investments risk based on internal models (ex. CVaR, VaR etc).

The ultimate mission of the capital adequacy is to ensure that it forms an integral part of day-to-day management and decision-making processes such as: embedding risk management measures and the capital needed in strategic planning, introduction of risk analysis in strategic planning and budgetary processes.

Thus, the Bank develops and manages its risk management processes, respectively implements processes and tools to assess the level of internal capital adequate to support each type of risk, including those risks not captured by the total capital requirement (i.e. Pillar I risks), within the scope of an assessment of the Bank's Legal current and future exposure, taking account its strategies and developments in its business environment.

Necessary regulated own funds requirements at consolidated level

For calculating the regulatory capital requirements for credit risk, the Bank applies the Foundation Internal Rating Based Approach, according to Regulation no. 575/2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institutions and investment companies and amending Regulation (UE) no. 648/2012 of the Commission for establishing technical standards for reporting for supervisory purposes and by Regulation no. 5/2013 regarding prudential requirements for credit institutions issued by National Bank of Romania (due to the joint approval received from Bank of Italy, FMA and National Bank of Romania) for the following segments of clients: corporate (except for real estate clients and specialized financing), multinational companies, banks, sovereigns and central banks and securities industries. For the rest of the portfolio, the Bank continued to use the standardized approach.

For calculating the regulatory capital requirements for market risk, the Bank uses the Standardized Approach, while, for operational risk, it is used advanced approach in accordance the above mentioned regulations. All tasks related to the calculation and monitoring of capital requirements are performed by specialized units of Finance Division and Risk Division of the Bank.

For complying with capital adequacy requirements established by Emergency Ordinance 99/2006, the Bank is actively involved in an evaluation process of capital requirements, for sustaining current and future activity, which implies the following processes:

- Budgeting
- Monitoring and analysis
- Stress testing
- Forecasting

EU OV1 – Overview of RWAs

		Group			Bank	
		RWA		Capital Requirements	RWA	Capital Requirements
		30.06.219	31.03.2019	30.06.219	30.06.219	30.06.219
1	**Credit risk (excluding CCR)**	**26,161,740,249**	**25,695,927,127**	**2,092,939,220**	**20,829,838,190**	**1,666,387,055**
2	Of which the standardized approach	11,426,925,276	11,350,168,494	914,154,022	5,553,378,923	444,270,314
3	Of which the foundation IRB (FIRB) approach	14,734,814,973	14,345,758,633	1,178,785,198	15,276,459,267	1,222,116,741
4	Of which the advanced IRB (AIRB) approach	-	-	-	-	-
5	Of which equity IRB under the simple risk-weighted approach or the IMA	155,228,608	144,793,926	12,418,289	684,756,636	54,780,531
6	**CCR**	**190,340,782**	**188,767,951**	**15,227,263**	**190,340,782**	**15,227,263**
7	Of which mark to market	140,184,172	134,636,826	11,214,734	140,184,172	11,214,734
8	Of which original exposure	-	-	-	-	-
9	Of which the standardized approach	-	-	-	-	-
10	Of which internal model method (IMM)	42,319,553	43,775,365	3,385,564	42,319,553	3,385,564
11	Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-	-	-
12	Of which CVA	7,837,058	10,355,760	626,965	7,837,058	626,965
13	Settlement risk	-	-	-	-	-
14	Securitization exposures in the banking book (after the cap)	-	-	-	-	-
15	Of which IRB approach	-	-	-	-	-
16	Of which IRB supervisory formula approach (SFA)	-	-	-	-	-
17	Of which internal assessment approach (IAA)	-	-	-	-	-
18	Of which standardized approach	-	-	-	-	-
19	**Market risk**	**48,953,452**	**113,013,556**	**3,916,276**	**48,953,452**	**3,916,276**
20	Of which the standardized approach	48,953,452	113,013,556	3,916,276	48,953,452	3,916,276
21	Of which IMA	-	-	-	-	-
22	Large exposures	-	-	-	-	-
23	**Operational risk**	**2,336,545,443**	**2,119,506,870**	**186,923,635**	**1,616,280,942**	**129,302,475**
24	Of which basic indicator approach	720,264,501	720,264,501	57,621,160	-	-
25	Of which standardized approach	-	-	-	-	-
26	Of which advanced measurement approach	1,616,280,942	1,399,242,369	129,302,475	1,616,280,942	129,302,475
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-	-	-
28	Floor adjustment	-	-	-	-	-
29	**Total**	**28,737,579,925**	**28,117,215,504**	**2,299,006,394**	**22,685,413,366**	**1,814,833,069**

Line "Of which the foundation IRB approach" does not contain CCR exposures 42,319,553 RON (presented on the row "Of which market to market").

4.2 Capital Strengthening

From the bank's perspective, Tier 1 capital is the core measure of its financial health and is assessed from the view of its capacity to absorb losses without ceasing business operations. Under Basel III, the minimum tier 1 capital ratio is 6%, which is calculated by dividing the bank's tier 1 capital by its total risk-weighted assets.

As of June 2019, the bank did not hold additional Tier 1 instruments, therefore Core Tier 1 ratio was calculated at the level of tier 1 ratio, with a consolidated level of 17.87% (14.73% at Group level), significantly higher than the minimum regulatory requirement.

EU CR10 – IRB (specialized lending and equities)

The template presents quantitative information regarding the capital instruments exposures using standardised approach.

Specialised lending							
Regulatory categories	**Remaining maturity**	**On- balance-sheet amount**	**Off-balance-sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected losses**
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years			70%			
	Equal to or more than 2.5 years			90%			
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years			115%			
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	Less than 2.5 years						
	Equal to or more than 2.5 years						
Equities under the simple risk-weighted approach							
Type		**On- balance-sheet amount**		**Risk weight**	**Exposure amount**	**RWAs**	**Expected losses**
Private equity exposures				190%			
Exchange-traded equity exposures				290%			
Other equity exposures		41,953,678	0	370%	41,953,678	155,228,608	12,418,289
Total		**41,953,678**	**0**		**41,953,678**	**155,228,608**	**12,418,289**

4.3 Risk Management and business model - RWA segmentation

One of the Bank's strategic objectives was the development of a sound risk culture extended both at management level and at the level of all business units with risk management responsibilities, by determining firm-wide views on acceptable relationships between the risks and profitability at a Bank's overall level and for each significant activity in order to ensure sustainability of sound and prudent operations.

UniCredit Bank targeted a balanced asset in order to diminish the exposures that have a high risk associated. Also, the Bank performed processes for RWA optimization.

4.4. Capital surcharges & buffers

Regulation no. 5/2013 issued by National Bank of Romania includes specific provisions for capital buffers that may be applicable on top of minimum capital requirements. The following buffers were imposed by the National Bank of Romania through Order no 12/ 2015, Order no 9/2018 and Order no 8/2018.

Capital requirements - Pillar I	30.06.2019	
Capital conservation buffer	2.50%	
Countercyclical capital buffer	0.00%	
O-SII buffer	1.00%	only at sub-consolidated level
Systemic risk buffer	0.00%	only at sub-consolidated level, starting with 30.06.2018
Combined buffer requirement	**2.50%**	only at individual level
	3.50%	at sub-consolidated level

Additionally, College of Supervisors of European Central Bank (ECB), in line with the local Supervisory Review and Evaluation Process (SREP) assessment carried out by the National Bank of Romania, decided that UniCredit Bank S.A. shall maintain a solvency ratio above 10.37% at individual level and 9.79% at sub-consolidated level.

Solvency ratio - minimum requirements including Pillar I & II buffers	30.06.2019		
	NBR Supervisory Report - SREP	Capital buffers in force starting with 30.06.2018	TOTAL - in force starting with 30.06.2018
- individual level			
CET 1 ratio	5.83%	2.500%	8.33%
Tier 1 ratio	7.77%		10.27%
Total capital ratio	10.37%		12.87%
'-sub-consolidated level			
CET 1 ratio	5.51%	3.500%	9.01%
Tier 1 ratio	7.34%		10.84%
Total capital ratio	9.79%		13.29%

Other Systemically Important Institutions buffer

As per National Bank of Romania Order no.9/2018, UniCredit Bank was identified as O-SII (Other Systemically Important Institutions) by the NBR (National Bank of Romania) and consequently, an O-SII buffer of 1% of the total risk weighted exposure, calculated as per art. 92(3) of NBR Regulation no. 575/ 2013 on prudential requirements for credit institutions had to be maintained by the bank at sub-consolidated level, starting with 01.01.2019.

Capital conservation buffer

During the first semester of 2019, UniCredit Bank had to maintain a capital conservation buffer of 2.5% of the total risk weighted exposure, calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013, at both individual and sub-consolidated level.

Countercyclical capital buffer

As per National Bank of Romania Order no.12/2015, during the first half of 2019, UniCredit Bank had to maintain a countercyclical capital buffer of 0% of the total risk weighted exposure, calculated as per art. 92(3) of NBR Regulation no. 575/2013 on prudential requirements for credit institutions.

Systemic risk buffer

As per National Bank of Romania Notification on the additional capital requirements referring to systemic risk buffer applicable starting 1 January 2019, based on Order no. 8/2018, UniCredit Bank has to maintain, at sub-consolidated level, a systemic risk buffer of 1% of the total risk weighted exposure, calculated as per art. 92(3) of Regulation no. 575/2013 on prudential requirement for credit institutions. This buffer is applicable starting with 01.01.2019, with semi-annual review.

As per article 277 of NBR Regulation no 5/2013, “where a credit institution, at individual or sub-consolidated level, is subject to an O-SII buffer and a systemic risk buffer, the higher of the two shall apply”, thus the capital requirement for structural buffers is determined as the maximum level of the other systemically important institutions (O-SII) buffer and the systemic risk buffer (SRB).

Therefore, in the case of UCB, the maximum combined requirement for the systemic risk buffer and O-SII buffer, at consolidated level, is 1%, in force for 01.01.2019 – 30.06.2019 period.

4.5 Capital planning- targeted level of capital

As per Regulation 575/2013, the Minimum Capital Requirement is set to 8% of Risk Weighted Assets.

Based on common decision European Central Bank and National Bank of Romania (SREP process), UniCredit Bank must at all times satisfy the total capital ratio (solvency ratio) of 10.37% at individual level and 9.79% at sub-consolidated level.

The total minimum capital requirement (including Pillar I and Pillar II buffers) is 12.87% at individual level and 13.29% at sub-consolidated level.

4.6 RWA calculation method and models

The bank calculates RWA according to the stipulations of Regulation EU no 575/2013 of the European Parliament and of the Council, using the following approaches:

Standardized Approach:

Risk-weighted exposure amount is calculated using Fixed Regulatory Risk Weights (RW) and depends on the obligor type (Corporate/ Retail) and external rating (if available).

Internal Rating Base (IRB) Approach:

Risk-weighted exposure is calculated by using Calculated Risk Weights (RW) based on internally built credit risk parameters: Probability of default (PD), Loss given default (LGD), Exposure at default (EAD), M (Maturity).

In Internal Rating Base approach, Capital Reserve is adequate to the specific risk profile of the portfolio.

4.7 RWA changes overtime

In July 2012, the Bank has obtained the joint approval of Bank of Italy, Financial Market Authority and National Bank of Romania to use the Foundation – Internal Rating Based approach for the calculation of minimum capital requirements for the following client segments: corporate clients (except for real estate clients and specialized financing), multinational companies, banks, sovereigns and central bank and securities industries clients.

Further, for the rest of the portfolio, the Bank continued to apply the Standardized approach.

5. CREDIT RISK

5.1 Strategies, policies and processes for credit risk management

Credit risk strategy is established by all the Bank's activities that present a significant exposure to credit risk. The Bank's credit risk strategy is reviewed periodically, but at least once a year and whenever significant changes occur in risk assessment factors, and is approved by the Bank's management structure. The credit risk strategy reflects the tolerance to risk and the profitability level which the Bank intends to achieve in the conditions of the exposure to the assumed risks.

The Bank assesses the credit risk in all activities affected by this kind of risk, no matter if the results of the respective activities are reflected in the balance sheet or off balance sheet.

The Bank has established risk management processes and has tools in order to identify, measure, monitor and control the credit risk.

The Bank's credit risk management policy promotes a set of coherent principles and practices, oriented towards the following main directions:

- Establishment of a framework and adequate parameters of credit risk;
- Promotion and operation of a healthy and solid credit granting process;
- Promotion and maintenance of an adequate process for credit administration, measurement and monitoring;
- Permanent control over the quality of the loan portfolio.

The credit risk management is performed taking into consideration the credits both at individual level and at whole portfolio level and includes the consideration of the qualitative and quantitative aspects related to risks.

Credit risk management is realized by limiting credit risk exposures setting limits established in accordance with general strategy of the Bank (limits established by sectors of activity, zones / geographical areas, counterparty categories, type of products, residence, country and currency, etc.). These limits are monitored and periodically reported to relevant committees.

The Bank is exposed in particular to credit risk in credit granting activity, this being the most common type of risk the Bank is confronted with.

The most important activity generating risk is financing, but any other banking activity can potentially generate credit risk (off balance commitments and debts, deposits constitution and other transaction on inter-banking market, hedging on stock/interbank market, etc.)

The Bank has a credit risk management process that takes into account its risk appetite, risk profile and market and macroeconomic conditions. This process includes policies and processes to identify, measure, evaluate, monitor, report, control and mitigate credit risk - including counterparty credit risk and potential future exposure, policies and processes aiming to capture the material risks inherent in individual products or transactions.

Credit risk includes risk derived from credit granting activity and from other transactions initiated for Bank clients, such as: issuance of LGs, opening / confirmation of LC's, availing, discounting of trade instruments presented by the clients, investments in stocks and other financial assets, other facilities granted to clients.

5.2 Credit risk profile and concentrations

EU CR1-A – Credit quality of exposures by exposure class and instrument

The template presents the credit quality for the balance sheet and for off balance sheet exposures.

The template does not contain CCR exposures (standardized approach 40,154,831, IRB approach 176,277,810) and SFT (IRB approach 5,764,669,732).

		Gross carrying values		Specific credit risk adjustment (c)	General credit risk adjustment (d)	Accumulated write-offs (e)	Credit risk adjustment charges of the period (f)	Net values
		Defaulted exposures (a)	Non-defaulted exposures (b)					(a+b-c-d)
1	Central governments or central banks	259,432,279	1,181,446,209	240,365,789	-	-	22,598,078	1,200,512,699
2	Institutions	-	2,301,902,134	1,389,576	-	-	647,447	2,300,512,558
3	Corporates	1,032,120,086	20,851,651,149	797,162,313	-	392,186,661	382,778,060	21,086,608,922
4	Of which: Specialized lending	-	-	-	-	-	-	-
5	Of which: SMEs	730,785,873	9,652,162,877	609,561,673	-	332,286,019	246,862,618	9,773,387,077
6	Retail	-	-	-	-	-	-	-
7	Secured by real estate property	-	-	-	-	-	-	-
8	SMEs	-	-	-	-	-	-	-
9	Non-SMEs	-	-	-	-	-	-	-
10	Qualifying revolving	-	-	-	-	-	-	-
11	Other retail	-	-	-	-	-	-	-
12	SMEs	-	-	-	-	-	-	-
13	Non-SMEs	-	-	-	-	-	-	-
14	Equity	-	41,953,678	-	-	-	-	41,953,678
15	Total IRB approach	1,291,552,365	24,376,953,170	1,038,917,678	-	392,186,661	406,023,584	24,629,587,857
16	Central governments or central banks	-	8,372,898,396	4,722,904	-	-	3,003,227	8,368,175,492
17	Regional governments or local authorities	-	296,215,559	866,191	-	-	365,400	295,349,368
18	Public sector entities	-	-	-	-	-	-	-
19	Multilateral development banks	-	-	-	-	-	-	-
20	International organizations	-	-	-	-	-	-	-
21	Institutions	5,162	4,687,511	15,054	-	-	-	4,677,619
22	Corporates	455,097,409	4,560,099,347	371,690,446	-	12,634,992	7,538,813	4,643,506,310

23	Of which: SMEs	397,834,344	3,451,713,979	313,400,081	-	-	6,760,672	3,536,148,242
24	Retail	521,159,652	8,100,170,544	540,687,729	-	31,371,428	16,509,103	8,080,642,467
25	Of which: SMEs	265,307,391	4,090,416,979	238,409,066	-	-	6,989,789	4,117,315,304
26	Secured by mortgages on immovable property	153,746,007	5,099,035,117	69,369,225	-	-	7,026,045	5,183,411,900
27	Of which: SMEs	94,661,754	612,786,426	51,632,893	-	-	1,186,348	655,815,287
28	Exposures in default	1,130,008,230	-	764,863,701	-	696,491,093	85,512,007	365,144,529
29	Items associated with particularly high risk	17,268,939	65,270,145	15,211,340	-	-	1,444,717	67,327,744
30	Covered bonds	-	-	-	-	-	-	-
31	Claims on institutions and corporates with a short-term credit assessment	-	435,741	-	-	-	-	435,741
32	Collective investments undertakings	-	-	-	-	-	-	-
33	Equity exposures	-	2,345,998	-	-	-	-	2,345,998
34	Other exposures	-	213,618,309	-	-	-	-	213,618,309
35	Total standardized approach	1,147,277,169	26,714,776,667	1,002,562,888	-	740,497,513	121,399,314	26,859,490,948
36	**Total**	**2,438,829,534**	**51,091,729,837**	**2,041,480,566**	**-**	**1,132,684,174**	**527,422,898**	**51,489,078,805**
37	Of which: Loans	2,238,037,125	30,355,727,879	1,884,847,248	-	-	353,025,638	30,708,917,755
38	Of which: Debt securities	-	7,185,257,453	-	-	-	-	7,185,257,453
39	Of which: Off- balance-sheet exposures	200,792,410	13,235,030,335	156,633,319	-	-	174,397,260	13,279,189,426

Differences between CR1-A and CR3 tables come from the distinctive ways of presenting of the titles accounting values in COREP vs FINREP. In COREP we have the titles at the fair values with zero provisions as they are not recognized in prudential scope.

Accumulated write off are reported till the final cease of all banks rights ( ) or till debts recovering. Thus, as long as banks rights still exists the write offs are still presented even the loans is fully derecognized and no recovery measure is made.

EU CR1-B – Credit quality of exposures by industry or counterparty types

The template presents the credit quality for balance sheet and for off balance sheet by industry or counterparty types. The template does not contain CCR exposures (standardized approach 40,154,831, IRB approach 176,277,810) and SFT (IRB approach 5,764,669,732).

		Gross carrying values of		Specific credit risk adjustment (c)	General credit risk adjustment (d)	Accumulated write-offs (e)	Credit risk adjustment charges of the period (f)	Net values
		Defaulted exposures (a)	Non-defaulted exposures (b)					(a+b-c-d)
1	Agriculture, forestry and fishing	41,693,590	1,884,696,387	38,331,940	-	22,227,361	14,962,164	1,888,058,037
2	Mining and quarrying	23,883,823	162,982,081	10,898,013	-	405,223	574,314	175,967,891
3	Manufacturing	596,037,539	7,728,870,659	405,954,707	-	369,345,782	210,816,841	7,918,953,491
4	Electricity, gas, steam and air conditioning supply	155,639,016	1,833,965,174	110,350,530	-	-	27,954,575	1,879,253,660
5	Water supply	41,267,872	208,337,211	25,502,131	-	2,653,802	10,527,329	224,102,952
6	Construction	338,812,774	1,963,914,616	262,877,301	-	64,389,451	91,572,624	2,039,850,089
7	Wholesale and retail trade	256,342,716	8,522,368,371	217,253,943	-	238,041,192	52,084,813	8,561,457,144
8	Transport and storage	65,876,199	1,968,726,124	57,825,186	-	6,972,471	3,917,843	1,976,777,137
9	Accommodation and food service activities	11,908,249	293,918,626	7,797,290	-	2,477,840	3,162,137	298,029,585
10	Information and communication	36,648,687	1,044,759,017	36,249,767	-	1,117,438	12,365,591	1,045,157,937
11	Financial services and insurances	31,012,774	6,041,971,165	78,443,370	-	42,373,036	4,041,734	5,994,540,569
12	Real Estate	62,589,167	2,041,170,383	51,831,229	-	10,713,427	12,698,555	2,051,928,321
13	Professional, scientific and technical activities	66,270,469	785,745,273	55,084,167	-	9,820,386	12,998,296	796,931,574
14	Administrative and support service activities	3,988,804	388,451,094	3,551,285	-	9,220,971	803,800	388,888,612
15	Public administration and defense, compulsory social security	259,432,279	7,445,348,563	240,697,960	-	-	22,686,796	7,464,082,882
16	Education	234,274	18,817,861	143,872	-	64,057	90,721	18,908,263
17	Human health services and social work activities	13,296,410	162,889,702	11,237,093	-	4,474,227	6,159,939	164,949,019
18	Arts, entertainment and recreation	8,869,471	38,420,661	8,660,417	-	17,737	589,575	38,629,715
19	Other services	5,986,399	121,157,750	4,633,043	-	173,626,952	680,212	122,511,105
20	Households	418,699,502	8,295,547,791	413,678,484	-	174,742,821	38,735,039	8,300,568,809
21	Extraterritorial activities	-	-	-	-	-	-	0
22	Other activities	339,520	139,671,329	478,838	-	-	-	139,532,010
23	**Total**	**2,438,829,534**	**51,091,729,837**	**2,041,480,566**	-	**1,132,684,174**	**527,422,898**	**51,489,078,805**

EU CR1-C – Credit quality of exposures by geography

The template presents the credit quality for balance sheet and for off balance sheet by geography.

The template does not contain CCR exposures (standardized approach 40,154,831, IRB approach 176,277,810) and SFT (IRB approach 5,764,669,732).

		Gross carrying values of		Specific credit risk adjustment (c)	General credit risk adjustment (d)	Accumulated write-offs (e)	Credit risk adjustment charges of the period (f)	Net values
		Defaulted expo sures (a)	Non-defaulted exposures (b)					(a+b-c-d)
1	United Arab Emirates	-	457,965	871	-	-	-	457,094
2	Argentina	-	23,676	-	-	-	-	23,676
3	Austria	1,088,315	222,892,644	1,107,511	-	429,717	87,822	222,873,448
4	Australia	-	68,000	237	-	-	158	67,763
5	Belgium	-	265,538	253	-	-	251	265,285
6	Bulgaria	-	7,493,128	2,991	-	-	1,830	7,490,137
7	Canada	-	2,111,519	589	-	-	93	2,110,930
8	Congo	-	22	-	-	-	-	22
9	Switzerland	-	56,384,923	4,726	-	-	3,445	56,380,197
10	China	-	48,504,373	2,197	-	-	2,190	48,502,176
11	Cyprus	3,694,681	9	3,694,681	-	93,696,229	464,597	9
12	Czech Republic	3,268	23,172,640	2,091	-	-	2,088	23,173,817
13	Germany	12,941	376,813,327	231,088	-	-	198,018	376,595,179
14	Denmark	-	146,723	14	-	-	13	146,710
15	Spain	449	94,927,074	10,741	-	-	9,578	94,916,782
16	Finland	-	10,396,620	2,359	-	-	2,359	10,394,261
17	France	857	60,034,111	18,127	-	-	16,838	60,016,841
18	United Kingdom	-	38,287,319	17,690	-	-	2,761	38,269,629
19	Greece	-	73	1	-	-	-	72
20	Hong Kong	-	-	-	-	-	-	-
21	Hungary	-	25,997,000	19,868	-	-	9,346	25,977,131
22	Indonesia	-	8,000	7	-	-	-	7,993
23	Ireland	-	16,438,538	717	-	-	525	16,437,821
24	Israel	-	6,357,024	1,144	-	-	746	6,355,880
25	India	-	756,865	117	-	-	117	756,748
26	British Indian Ocean Territory	8,491	-	8,491	-	-	877	-
27	Italy	45,541	405,864,416	275,596	-	698,435	237,042	405,634,361
28	Japan	-	3,276,478	1,161	-	-	422	3,275,317
29	Kuwait	-	5	-	-	-	-	5
30	Lebanon	48,734	1,201,052	27,021	-	-	25,943	1,222,766
31	Luxemburg	-	8,745,551	738	-	-	487	8,744,814
32	Monaco	-	1,114,827	1,807	-	-	1,806	1,113,020
33	Moldova Republic	-	473,658	2,097	-	-	2,095	471,560
34	Mongolia	-	13	-	-	-	-	13
35	Malta	-	1,879,120	-	-	-	-	1,879,120
36	Mexico	-	549,419	87	-	-	87	549,332
37	Nigeria	-	158,022	2,983	-	-	1,656	155,040
38	Nederland	-	85,352,953	9,986	-	-	7,857	85,342,967
39	Norway	-	12,000	29	-	-	29	11,971
40	Pakistan	-	52,500	104	-	-	51	52,396

41	Poland	-	827,325	351	-	-	274	826,974
42	Portugal	-	2,212,013	1,527	-	-	751	2,210,486
43	Reunion	-	2,696	7	-	-	-	2,689
44	Romania	2,433,913,544	49,133,823,316	2,035,835,018	-	1,037,859,511	526,157,072	49,531,901,842
45	Russian Federation	-	4,515,175	2,660	-	-	2,639	4,512,515
46	Sweden	-	14	1	-	-	-	14
47	Slovenia	-	97,963,147	68,305	-	-	68,305	97,894,842
48	Slovakia	-	520,291	109	-	-	36	520,181
49	Tunisia	-	170,507	339	-	-	339	170,168
50	Turkey	12,714	39,394,686	59,042	-	282	48,205	39,348,358
51	Minor peripheral islands of the United States	-	5	-	-	-	-	5
52	United Stated	-	300,898,840	22,971	-	-	22,037	300,875,869
53	Vietnam	-	10,893,472	42,108	-	-	42,108	10,851,364
54	South Africa	-	291,229	9	-	-	-	291,220
	Total	**2,438,829,534**	**51,091,729,837**	**2,041,480,566**	-	**1,132,684,174**	**527,422,898**	**51,489,078,805**

5.3 Credit risk impaired/NLPs (non-performing loans) policies

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future CF of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment.

At the end of each reporting period the Bank evaluates whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Non performing exposures means the cases in which, due to deterioration of the economic and financial situation of the borrower, they are neither capable, nor worthy of being restructured. Included in this category are also those companies whose business is about to end (e.g.: voluntary liquidation or similar situations).

Non-performing exposures (NPE) are considered the exposures which satisfy either or both of the following criteria:

(a) material exposures which are *more than 90 days past-due;*

(b) the debtor is assessed as *unlikely to pay its credit obligations* in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

Replaced exposure is the loan facility for which the Bank modifies the initial contractual terms and conditions following of financial and economical deterioration (i.e. payment terms, interest decrease etc).

Any replacement operation of an exposure granted to a debtor that is facing or about to face financial difficulties in meeting its financial commitments represents a concession granted to the borrower (**forbearance**), which would not have been granted if the debtor had not been in financial difficulties. Both conditions - the concession of a measure in favor of the debtor and the assessment of its financial difficulty - have to be met for an exposure in order to be considered as forborne.

EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities – Bank (individual)

The below template presents the changes in the stock of defaulted and impaired loans and debt securities.

		Gross carrying value defaulted exposures
1	**Opening balance (01.01.2019)**	**2,576,224,810**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	451,685,566
3	Returned to non-defaulted status	(93,405,497)
4	Amounts written off	(385,807,135)
5	Other changes	(115,473,772)
6	**Closing balance (30.06.2019)**	**2,433,223,971**

UE CR5 – Standardised approach

The template presents the split of the balance sheet and of the off balance sheet elements by asset class and by risk weighetd assets according to the standardised approach in thousands RON.

The columns “Without Rating” concerns the exposures for which a credit assessment performed by an ECAI Institution is not available and weigheted risk are applied according to the articles 113-134 CRR. “Other”column highlight assets having 25% risk weight (Central goverments or central bank class).

		Risk Weight																Total	Of which unrated
	Exposure classes	0%	2 %	4 %	10 %	20%	35%	50%	70 %	75%	100%	150%	250%	370 %	1250 %	Other	Deduct		
1	Central governments or central banks	8,435,713	-	-	-	-	-	-	-	-	-	-	57,796	-	-	79,155	-	8,572,664	
2	Regional government or local authorities	-	-	-	-	207,247	-	-	-	-	70,909	-	-	-	-	-	-	278,156	
3	Public sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Multilateral development banks	105,673	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,673	
5	International Organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Institutions	-	-	-	-	-	-	38,355	-	-	1,300	-	-	-	-	-	-	39,655	
7	Corporates	-	-	-	-	-	-	11,364	-	-	3,925,738	-	-	-	-	-	-	3,937,102	
8	Retail	-	-	-	-	-	-	-	-	6,982,194	-	-	-	-	-	-	-	6,982,194	
9	Secured by mortgages on immovable property	-	-	-	-	-	4,750,319	-	-	-	260,516	-	-	-	-	-	-	5,010,835	
10	Exposures in default	-	-	-	-	-	-	-	-	-	270,721	75,883	-	-	-	-	-	346,604	
11	Exposures associate d with particularly high risk	-	-	-	-	-	-	-	-	-	-	67,328	-	-	-	-	-	67,328	
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	436	-	-	-	-	-	-	436	
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Equity	-	-	-	-	-	-	-	-	-	2,346	-	-	-	-	-	-	2,346	
16	Other items	2	-	-	-	-	-	-	-	-	213,617	-	-	-	-	-	-	213,619	
17	**Total**	**8,541,388**	**-**	**-**	**-**	**207,247**	**4,750,319**	**49,719**	**-**	**6,982,194**	**4,745,583**	**143,211**	**57,796**	**-**	**-**	**79,155**	**-**	**25,556,612**	

EU CR1-E – Non-performing and forborne exposures

The template presents gross accounting values, the impairment and the provisions for the credit portfolio of the performing and non-performing exposure or restructured exposures and the collateral and guarantees received for non-performing and restructured exposures.

		Gross carrying values of performing and non-performing exposures						
					Of which non-performing			
		Accounting value of performing and non-performing	Of which performing but past due > 30 days and <=90 days	Of which performing forborne	Of which non-performing	Of which defaulted	Of which impaired	Of which forborne
010	Debt securities	7,197,726,904	-	-	-	-	-	-
020	Loans and advances	38,532,004,239	303,910,024	492,903,756	2,187,979,538	2,187,979,520	2,187,979,520	1,005,005,058
030	Off-balance-sheet exposures	13,435,822,743	1,112,267	121,033,583	200,792,410	200,792,410	200,792,410	138,618,675
	Total	**59,165,553,886**	**305,022,291**	**613,937,339**	**2,388,771,948**	**2,388,771,948**	**2,388,771,948**	**1,143,623,733**

EU CR1-E – Non-performing and forborne exposures (continue)

		Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		On performing exposures		On non-performing exposures			
		On performing exposures	Of which forborne	Of which non-performing	Of which forborne	On non-performing exposures	Of which forborne exposures
010	Debt securities	(12,469,451)	-	-	-	-	-
020	Loans and advances	(254,974,009)	(15,352,375)	(1,653,604,221)	(745,202,325)	363,311,259	219,153,948
030	Off-balance-sheet exposures	(24,012,290)	(1,199,376.00)	(132,621,029)	(97,189,187)	34,197,033	15,144,129
	Total	**(291,455,750)**	**(16,551,751)**	**(1,786,225,250)**	**(842,391,512)**	**397,508,292**	**234,298,077**

EU CR2-A – Changes in the stock of general and specific credit risk adjustments

The template presents the changes in an institution's stock of general and specific credit risk adjustments held against loans and debt securities that are under Stage 3.

		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
1	**Opening balance (01.01.2019)**	**(1,863,925,955)**	-
2	Increases due to amounts set aside for estimated loan losses during the period	(99,123,768)	-
3	Decreases due to amounts reversed for estimated loan losses during the period	(13,115,374)	-
4	Decreases due to amounts taken against accumulated credit risk adjustments	469,534,304	-
5	Transfers between credit risk adjustments	(171,019,155)	-
6	Impact of exchange rate differences	(17,320,188)	-
7	Business combinations, including acquisitions and disposals of subsidiaries	-	-
8	Other adjustments	41,365,914	-
9	**Closing balance (30.06.2019)**	**(1,653,604,221)**	-
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	23,837,839	-
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	91,057	-

EU CR1-D – Ageing of past-due exposures

The template presents an ageing analysis of accounting on-balance-sheet gross book value past-due exposures regardless of their impairment status, split by maturity and instruments.

		Gross carrying values						
		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Total
1	Loans	2,101,525,219	197,498,420	197,039,128	177,104,436	70,933,653	794,193,677	**3,538,294,533**
2	Debt securities	-	-	-	-	-	-	-
3	**Total exposures**	**2,101,525,219**	**197,498,420**	**197,039,128**	**177,104,436**	**70,933,653**	**794,193,677**	**3,538,294,533**

5.4 Risk Weighted Asset (RWA) – Internal Ratings Based (IRB) by internal rating grade

EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

The below template presents the exposure classes according to PD grades. Participations exposures totaling 41,953,678 RON not included.

Exposure class	Average	Original on-balance- sheet gross exposures	Off- balance-sheet exposures pre-CCF	Average CCF	EAD post CRM and post CCF	Average PD	Number of obligors
Central Governments or Central Bank							
	0.00 to <0.15	-	444,010	0.50	222,005	-	1
	0.15 to <0.25	-	-	-	0	-	-
	0.25 to <0.50	1,181,002,198	-	1.00	1,181,002,198	0.00	3
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-
	100.00 (Default)	259,432,279	-	1.00	259,432,279	1.00	1
	Subtotal	**1,440,434,477**	**444,010**	**0.83**	**1,440,656,482**	**0.50**	**5**
Institutions							
	0.00 to <0.15	396,227,511	1,203,125,947	0.63	1,008,146,643	0.00	59
	0.15 to <0.25	7,947,715	62,014,080	0.52	36,287,880	0.00	7
	0.25 to <0.50	34,509,175	100,065,608	1.53	205,541,731	0.00	19
	0.50 to <0.75	-	15,132,464	0.48	7,258,451	0.01	4
	0.75 to <2.50	394,680,585	87,209,267	0.89	427,720,337	0.01	18
	2.50 to <10.00	-	848,194	1.10	929,901	0.06	1
	10.00 to <100.00	141,587	-	1.00	141,587	0.32	1
	100.00 (Default)	-	-	-	-	-	-
	Subtotal	**833,506,573**	**1,468,395,561**	**0.73**	**1,686,026,530**	**0.06**	**109**
Retail - IMM							
	0.00 to <0.15	36,594,672	88,346,351	0.46	56,887,348	0.00	18
	0.15 to <0.25	36,920,801	14,341,919	0.72	36,980,397	0.00	6
	0.25 to <0.50	96,660,829	201,182,912	0.52	154,848,609	0.00	83
	0.50 to <0.75	139,857,604	209,511,645	0.57	199,940,974	0.01	134
	0.75 to <2.50	3,126,876,884	1,909,147,842	0.69	3,459,944,792	0.02	1,570
	2.50 to <10.00	2,594,932,736	1,074,097,558	0.76	2,771,660,628	0.05	1,359
	10.00 to <100.00	91,379,185	32,311,939	0.66	81,444,207	0.15	74
	100.00 (Default)	583,138,430	147,647,443	0.84	613,314,205	1.00	231
	Subtotal	**6,706,361,142**	**3,676,587,608**	**0.71**	**7,375,021,161**	**0.15**	**3,475**
Corporate - others							
	0.00 to <0.15	210,429,777	2,199,288,229	0.34	816,354,160	0.00	136
	0.15 to <0.25	272,718,564	292,892,582	0.55	308,386,919	0.00	30
	0.25 to <0.50	401,931,498	1,362,485,189	0.47	825,050,350	0.00	119
	0.50 to <0.75	399,224,562	592,392,480	0.57	560,860,347	0.01	47
	0.75 to <2.50	3,000,836,498	1,212,956,151	0.75	3,149,656,832	0.02	306
	2.50 to <10.00	736,110,274	387,153,919	0.68	765,131,890	0.05	170
	10.00 to <100.00	67,830,854	63,237,697	0.69	90,454,860	0.16	10
	100.00 (Default)	258,487,915	42,846,298	0.87	261,193,942	1.00	33
	Subtotal	**5,347,569,941**	**6,153,252,544**	**0.59**	**6,777,089,301**	**0.15**	**851**
Total (all portfolio)		**14,327,872,133**	**11,298,679,724**	**0.67**	**17,278,793,474**	**0.22**	**4,440**

EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range (continued)

Exposure class	Average	Average LGD	Average maturity	RWAs	RWA density	EL	Value adjust-ments and provisions
Central Governments or Central Bank							
	0.00 to <0.15	0.45	912.50	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-
	0.25 to <0.50	0.45	912.50	625,957,696	0.53	1,355,838	(524,601)
	0.50 to <0.75	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-
	100.00 (Default)	0.45	912.50	-	-	116,744,525	(239,841,188)
	Subtotal	**0.45**	**912.50**	**625,957,696**	**0.43**	**118,100,363**	**(240,365,789)**
Institutions							
	0.00 to <0.15	0.36	801.14	368,212,620	0.37	436,640	(308,441)
	0.15 to <0.25	0.45	912.50	16,929,690	0.47	32,353	(23,924)
	0.25 to <0.50	0.38	822.43	87,888,228	0.43	206,148	(56,341)
	0.50 to <0.75	0.37	912.50	4,696,944	0.65	15,525	(5,665)
	0.75 to <2.50	0.42	912.50	464,895,821	1.09	2,508,494	(993,146)
	2.50 to <10.00	0.23	912.50	1,783,042	1.92	26,026	(2,059)
	10.00 to <100.00	0.45	912.50	372,893	2.63	20,142	-
	100.00 (Default)	-	-	-	-	-	-
	Subtotal	**0.38**	**883.72**	**944,779,238**	**0.56**	**3,245,327**	**(1,389,576)**
Retail - SME							
	0.00 to <0.15	0.30	912.50	14,312,398	0.25	22,301	(150,693)
	0.15 to <0.25	0.45	912.50	16,174,092	0.44	29,846	(48,083)
	0.25 to <0.50	0.44	912.50	76,614,603	0.49	274,792	(256,072)
	0.50 to <0.75	0.43	912.50	126,757,027	0.63	580,722	(212,669)
	0.75 to <2.50	0.42	912.50	3,028,657,586	0.88	25,316,394	(6,861,108)
	2.50 to <10.00	0.41	912.50	3,037,423,040	1.10	48,781,718	(13,840,804)
	10.00 to <100.00	0.42	912.50	113,259,947	1.39	3,856,788	(848,639)
	100.00 (Default)	0.44	912.50	-	-	269,818,830	(587,343,604)
	Subtotal	**0.42**	**912.50**	**6,413,198,692**	**0.87**	**348,681,391**	**(609,561,673)**
Corporate - other							
	0.00 to <0.15	0.45	912.50	236,038,535	0.29	326,902	(1,523,266)
	0.15 to <0.25	0.38	912.50	116,605,562	0.38	219,653	(2,450,185)
	0.25 to <0.50	0.44	912.50	507,014,635	0.61	1,224,155	(2,543,813)
	0.50 to <0.75	0.42	912.50	443,843,441	0.79	1,567,579	(1,067,181)
	0.75 to <2.50	0.43	912.50	3,401,781,255	1.08	21,326,530	(7,960,172)
	2.50 to <10.00	0.40	912.50	1,047,963,626	1.37	11,783,305	(3,629,943)
	10.00 to <100.00	0.15	912.50	177,480,734	1.96	4,013,158	(106,634)
	100.00 (Default)	0.44	912.50	-	-	116,179,090	(168,319,447)
	Subtotal	**0.39**	**912.50**	**5,930,727,789**	**0.88**	**156,640,371**	**(187,600,640)**
Total (all portfolio)		**0.41**	**905.31**	**13,914,663,415**	**0.81**	**626,667,452**	**(1,038,917,678)**

EU CCR4 – IRB approach – CCR exposures by portfolio and PD scale

The template presents relevant parameters used for the calculation of CCR capital requirements for IRB models.

	PD scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Financial institutions								
	0,00 to <0,15	-	-	-	-	-	-	-
	0,15 to <0,25	-	-	-	-	-	-	-
	0,25 to <0,50	-	-	-	-	-	-	-
	0,50 to <0,75	-	-	-	-	-	-	-
	0,75 to <2,50	-	-	-	-	-	-	-
	2,50 to <10,00	-	-	-	-	-	-	-
	10,00 to <100,00	-	-	-	-	-	-	-
	100,00 (Default)	-	-	-	-	-	-	-
	Subtotal	**-**	**-**	**-**	-	**-**	**-**	**-**
Corporate-Other		-	-	-	-	-	-	-
	0,00 to <0,15	24,692,855	0.0173	46	0.4500	912.5000	**22,865,265**	0.9260
	0,15 to <0,25	-	-	-	-	-	-	-
	0,25 to <0,50	-	-	-	-	-	-	-
	0,50 to <0,75	-	-	-	-	-	-	-
	0,75 to <2,50	-	-	-	-	-	-	-
	2,50 to <10,00	-	-	-	-	-	-	-
	10,00 to <100,00	-	-	-	-	-	-	-
	100,00 (Default)	-	-	-	-	-	-	-
	Subtotal	**24,692,855**	**0.0173**	**46**	**0.4500**	**912.5000**	**22,865,265**	**0.9260**
Retail-SME		-	-	-	-	-	-	-
	0,00 to <0,15	15,257,713	0.0586	95	0.4500	912.5000	14,719,991	0.9648
	0,15 to <0,25	-	-	-	-	-	-	-
	0,25 to <0,50	-	-	-	-	-	-	-
	0,50 to <0,75	-	-	-	-	-	-	-
	0,75 to <2,50	-	-	-	-	-	-	-
	2,50 to <10,00	-	-	-	-	-	-	-
	10,00 to <100,00	-	-	-	-	-	-	-
	100,00 (Default)	-	-	-	-	-	-	-
	Subtotal	**15,257,713**	**0.0586**	**95**	**0.4500**	**912.5000**	**14,719,991**	**0.9648**
Institutions		-	-	-	-	-	-	-
	0,00 to <0,15	136,327,242	0.0013	15	0.4500	912.5000	62,565,676	0.4589
	0,15 to <0,25	-	-	-	-	-	-	-
	0,25 to <0,50	-	-	-	-	-	-	-
	0,50 to <0,75	-	-	-	-	-	-	-
	0,75 to <2,50	-	-	-	-	-	-	-
	2,50 to <10,00	-	-	-	-	-	-	-
	10,00 to <100,00	-	-	-	-	-	-	-
	100,00 (Default)	-	-	-	-	-	-	-
	Subtotal	**136,327,242**	**0.0013**	**15**	**0.4500**	**912.5000**	**62,565,676**	**0.4589**
Total		**176,277,810**	**0.0257**	**156**	**0.4500**	**912.5000**	**100,150,932**	**0.5681**

EU CR8 – RWA flow statements of credit risk exposures under the IRB approach (Individual)

The template presents a flow statement explaining variations in the credit RWAs of exposures for which the risk-weighted amount is determined in accordance with IRB approach.

The table does not contain CCR exposures in amount of 42,319,553 RON, SFT in amount of 100,150,932 RON, titles in amount of 684,756,636 RON and other assets in amount of 668,791,230 RON.

		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period 31.12.2018**	**14,188,363,620**	**1,135,069,090**
2	Asset size	251,804,662	20,144,373
3	Asset quality	(340,627,720)	(27,250,218)
4	Model updates	-	-
5	Methodology and policy	-	-
6	Acquisitions and disposals	(200,974,977)	(16,077,998)
7	Foreign exchange movements	21,155,813	1,692,465
8	Other	3,190,003	255,200
9	**RWAs as at the end of the reporting period 30.06.2019**	**13,922,911,401**	**1,113,832,91**

EU CR4 – Standardized approach – Credit risk exposure and CRM effects

	Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	8,341,157,329	27,018,163	8,559,154,663	13,509,082	164,279,194	1.92%
2	Regional government or local authorities	248,837,235	46,512,132	248,837,235	29,318,973	112,358,316	40.39%
3	Public sector entities	-	-	-	-	-	0.00%
4	Multilateral development banks	-	-	94,918,878	10,753,899	-	0.00%
5	International organizations	-	-	-	-	-	0.00%
6	Institutions	1,599,804	3,077,815	38,479,673	1,175,214	19,926,305	50.25%
7	Corporates	3,639,996,080	867,182,699	3,571,567,489	325,878,299	3,802,767,805	97.57%
8	Retail	6,858,384,850	1,097,367,484	6,630,421,760	351,286,176	4,733,897,681	67.80%
9	Secured by mortgages on immovable property	5,001,036,511	78,448,523	5,001,036,511	9,797,929	1,891,772,181	37.75%
10	Exposures in default	357,926,226	7,218,303	344,187,266	2,405,036	384,533,799	110.95%
11	Exposures associated with particularly high risk	67,327,744	-	67,327,744	-	100,991,616	150.00%
12	Covered bonds	-	-	-	-	-	0.00%
13	Institutions and corporates with a short-term credit assessment	435,741	-	435,741	-	435,675	99.98%
14	Collective investment undertakings	-	-	-	-	-	0.00%
15	Equity	2,345,998	-	2,345,998	-	2,345,998	100.00%
16	Other items	213,618,309	-	213,618,309	-	213,616,703	100.00%
17	**Total**	**24,732,665,827**	**2,126,825,119**	**24,772,331,267**	**744,124,608**	**11,426,925,276**	**44.78%**

EU CR3 – CRM techniques – Overview

The template presents the net accounting exposures of the Bank split by guaranteed and not guaranteed .

The guaranteed exposures are those exposures which have at least one mechanism of risk mitigation (real guarantees, financial guarantess, financial credit derivates) associated to those exposures.

	Instruments	Total exposures - Carrying amount	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secur ed by collateral	Exposures secu red by financial guarantees	Exposures secured by credit derivatives
1	Total loans	36,623,426,009	13,019,059,908	23,604,366,101	20,160,051,753	3,444,314,348	-
2	Total debt securities	7,185,257,453	7,185,257,453	-	-	-	-
3	**Total exposures**	**43,808,683,462**	**20,204,317,361**	**23,604,366,101**	**20,160,051,753**	**3,444,314,348**	**-**
4	Of which defaulted	534,375,300	130,431,019	403,944,281	313,881,206	90,063,075	-

6. EXPOSURE TO COUNTERPARTY RISK

6.1 Limits on exposures, policies for assessing counterparty credit risk and guarantee risk, management of wrong - way risk etc.

Counterparty credit risk is measured and monitored by an independent risk management unit using an internal model based on historical simulation.

Counterparty credit risk is classified into two categories:

- Pre-settlement risk - counterparty risk in connection with treasury transactions in which the counterparty defaults after entering into the transaction and remains in default until the settlement date and the transaction must be replaced at less favorable market conditions;
- Settlement risk - counterparty risk under treasury transactions in which the Bank performs a transaction (payment) on the settlement day, while the counterparty has not met its obligations yet.

Counterparty risk monitoring is based on a system of limits for individual counterparties and product groups (spot, derivatives, money market, securities and repo).

The Bank does not hold credit derivatives hedges.

6.2 Positive fair value of financial and credit derivatives, collateral held, value of CCF etc.

Details regarding the fair value of derivatives, notional value of trading contracts and notional value of hedging contracts that are taken into account in own funds requirements at consolidated level, are presented below:

EU CCR1 – Analysis of CCR exposure by approach

		Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWA
1	Mark to market		104,330,296	112,102,347			216,432,643	140,184,172
2	Original exposure							-
3	Standardized approach							-
4	IMM (for derivatives and SFTs)							42,319,553
5	Of which securities financing transactions							-
6	Of which derivatives and long settlement transactions							-
7	Of which from contractual cross-product netting							-
8	Financial collateral simple method (for SFTs)							-
9	Financial collateral comprehensive method (for SFTs)							-
10	VaR for SFTs							-
11	**Total**							**182,503,725**

EU CCR2 – CVA capital charge

		Exposure value	RWAs
1	Total portfolios subject to the advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) SVaR component (including the 3× multiplier)		-
4	All portfolios subject to the standardized method	105,980,354	7,837,058
EU4	Based on the original exposure method	-	-
5	**Total subject to the CVA capital charge**	**105,980,354**	**7,837,058**

EU CCR5-A – Impact of netting and collateral held on exposure values

		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives	-	-	-	-	-
2	SFTs	5,764,125,654	-	-	5,764,125,654	-
3	Cross-product netting	-	-	-	-	-
4	**Total**	**5,764,125,654**	**-**	**-**	**5,764,125,654**	-

EU CCR5-B – Composition of collateral for exposures to CCR

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
SFT	-	-	-	-	5,764,125,654	-
Total	**-**	**-**	**-**	**-**	**5,764,125,654**	-

EU CCR3-Standardised approach – CCR exposures by regulatory portfolio and risk

		RWA											Total	Of which unrated
	Exposure classes	**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**		
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Corporates	-	-	-	-	-	-	-	-	39,668,459	-	-	39,668,459	-
8	Retail	-	-	-	-	-	-	-	486,373	-	-	-	486,373	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**486,373**	**39,668,459**	**-**	**-**	**40,154,832**	**-**

EU CCR7 – RWA flow statements of CCR exposures under the IMM

The template presents the quarterly changes in the CCR RWAs determined under the IMM for CCR.

During the second quarter of 2019, the exposures regarding the counterparty credit risk decreased by 380 billion RON comparing with the previous quarter, generating a RWA decrease of 1.4 billion RON disclosed in "Assets' size" position.

		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period (31.03.2019)**	43,775,365	3,502,029
2	Assets' size	(1,455,812)	(116,465)
3	Credit quality of counterparties	-	-
4	Model updates (IMM only)	-	-
5	Methodology and policy (IMM only)	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	-	-
9	**RWAs as at the end of the current reporting period (30.06.2019)**	**42,319,553**	**3,385,564**

7. MARKET RISK

In UniCredit Bank, Market Risk management function is organized at centralized level in the Risk Division – Market Risk department.

According to Regulation no.5/2013 on prudential requirements for credit institutions, the following definitions are presented:

- Market risk is the risk of incurring on-balance and off-balance sheet losses due to adverse market movements in prices (such as, for example, the share prices, the interest rates, the foreign-exchange rates)
- Interest rate risk is the current or future risk of negative impact on profits and capital as a consequence of certain adverse changes of the interest rates
- Liquidity risk is the current or future risk of negative impact on profits and capital, determined by the credit institution's inability to meet its liabilities when they become due

7.1 RWA calculation method and models

For calculating the RWA for market risk, the Bank applies the Standardized Approach, according to Regulation no. 575/ 2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institutions and investment companies.

EU MR1 – Market risk under the standardized approach

		RWAs	Capital requirements
	Outright products		
1	Interest rate risk (general and specific)	48,953,452	3,916,276
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	-	-
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**48,953,452**	**3,916,276**

7.2 Risk Management organization

Generally, a bank's market risks are due to price fluctuations or other market risk factors affecting the value of positions on its own books, both trading book and banking book, i.e. those arising from transactions and strategic investment decisions.

UniCredit Bank produces detailed reports on business trends and related risks on a daily basis, forwarding market risk documentation to local management, local authorities and relevant structures in the Group.

The relevant structures at Group level lay down strategic guidelines for taking on market risks by calculating, depending on risk appetite and objectives of value creation in proportion to risks assumed, capital allocation for the Parent company and its subsidiaries.

The responsible structures at Group level propose limits and investment policies for the Group and its entities in harmony with the capital allocation process when the annual budget is drawn up. Group Asset and Liability Management unit, in coordination with other regional liquidity centers, manages strategic and operational activities, with the objective of ensuring a balanced asset position and the operating and financial sustainability of the Group's growth policies on the loans market, optimizing the exchange rate risk, interest rate risk and liquidity risk.

Market Risk Management activity is performed according to legal regulations in force in Romania, norms and regulations issued by the National Bank of Romania (NBR) and internal regulations of UniCredit Bank, while the application of these regulations is harmonized with the Group Rules of UniCredit.

8. EXCESSIVE LEVERAGE RISK

Description of Excessive Leverage Risk

Risk of excessive leverage represents the risk resulting from the Bank's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

The monitoring of risk of excessive leverage is realized based on specific instructions received from the Group and by taking into account the legal provisions in force.

Thus, the Leverage Ratio indicator, calculated according to instructions received from Group is included in the Risk Appetite Framework of the Bank. A system of limits comprising a Target level, a Trigger and a Limit is applied. Monitoring is done on a quarterly basis.

LrSum: Comparison between accounting assets and exposure for Leverage Effect calculation

LR1 template presents the reconciliation between the total exposure considerate for the computation of the Leverage reporting and the accounting amounts of the assets.

	LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure	**2019 Q2**	**2019 Q1**
1	Total consolidated assets as per published financial statements	46,237,328,383	46,265,428,926
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
6	Adjustments for regular way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustments for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	112,102,347	135,885,349
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	25,719,132	214,364
10	Adjustment for off balance sheet items (ie conversion to credit equivalent amounts of off balance sheet exposures)	4,130,425,595	3,898,451,699
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12	Other adjustments	(252,951,632)	(249,505,612)
13	**Leverage ratio exposure**	**50,252,623,825**	**50,050,474,726**

LRCom: Leverage Ratio Common Disclosure

LR2 template presents Leverage Ratio as at 30 June 2019 and the split of the main exposures according with CRR Art. 429 and 451.

	LR2: Leverage ratio common disclosure template	2019 Q2	2019 Q1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	40,368,872,433	40,052,682,825
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Basel III Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(252,951,632)	(249,505,612)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**40,115,920,801**	**39,803,177,213**
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	104,330,296	68,213,226
9	Add-on amounts for PFE associated with all derivatives transactions	112,102,347	135,885,349
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	**216,432,643**	**204,098,575**
Securities financing transactions			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	5,764,125,654	6,144,532,875
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	25,719,132	214,364
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**5,789,844,786**	**6,144,747,240**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	4,130,425,595	3,898,451,699
20	(Adjustments for conversion to credit equivalent amounts)	-	-
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet items (sum of rows 19 and 21)**	**4,130,425,595**	**3,898,451,699**
Capital and total exposures			
23	**Tier 1 capital**	**4,232,688,025**	**4,200,331,494**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**50,252,623,825**	**50,050,474,726**
Leverage ratio			
25	**Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**8.42%**	**8.39%**
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	8.42%	8.39%
26	**National minimum leverage ratio requirement**	3%	3%
27	**Applicable leverage buffers**	-	-
Disclosures of mean values			

28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	5,422,406,518.37	5,807,067,750.82
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	5,764,125,654	6,144,532,875
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	50,244,254,316	50,050,625,287
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	50,244,254,316	50,050,625,287
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.42%	8.39%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.42%	8.39%

Basel III stipulates the computation, the reporting and the disclosure of the Leverage Ratio and presents a requirement based on risks.

CRR Art. 429 defines the Leverage Ratio as the result of dividing the capital measurement indicator into the institution's total exposure measurement indicator. The indicator is expressed as a percentage between Tier 1 Own Funds and the total exposure calculated as the sum of the exposure value of all the assets and off-balance sheet items that have not been deducted from the Tier 1 Own Funds calculation.

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

	Items	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	40,368,872,433
EU-2	Trading book exposures	139,590,652
EU-3	Banking book exposures, of which:	40,229,281,779
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	9,770,472,162
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
EU-7	Institutions	834,362,071
EU-8	Secured by mortgages of immovable properties	5,001,036,511
EU-9	Retail exposures	6,858,384,850
EU-10	Corporate	14,827,473,755
EU-11	Exposures in default	592,914,300
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2,344,638,130

9. LIQUIDITY RISK

9.1 Liquidity

The liquidity risk is defined as the risk that the Bank may not be able to fulfill its expected or unexpected financial obligations, without affecting its daily operations or its financial condition.

Among the main potential generators of liquidity risk, UniCredit Bank distinguishes between:

- Liquidity Mismatch Risk/Refinancing Risk: the risk of a mismatch between either the amounts and/or the timing of cash inflows and outflows;
- Liquidity Contingency Risk: the risk that future events may require a materially larger amount of liquidity than the bank currently requires. This might be due to the loss of liabilities, requirements to fund new assets, difficulty in selling liquid assets or difficulty obtaining needed new liabilities in the case of a liquidity crisis.
- Market liquidity risk: the risk that the institution cannot easily unwind or offset specific exposures, such as investments held as liquidity reserves, without incurring a loss because of inadequate market depth or market disruptions;

The Bank's liquidity and funding strategy is centered on the following strategic principles and goals set in coherence with the risk appetite:

Strategic Principles

- Liquidity and funding management is based on clear and strict risk management principles set according to the Risk Appetite Framework (RAF).
- The definition of the desired liquidity profile is fully integrated within the Risk Appetite Framework, in order to drive the evolution of the lending activity consistently with the desired funding profile.
- The self-sufficiency funding strategy is based on a well-diversified funding base due to its commercial banking model, with priority given on the growth of local funding sources out of customer business with a variety of products (sight, savings, term deposits), as well as capital market transactions (e.g. medium- and long-term placements of own issues).
- The strict principle of self-sufficient funding ensures that the proceeds are used primarily for business development, enabling UCB and the Group to calculate funding costs according to own risk profile.
- All strategic goals must be in compliance with UniCredit Group Strategy and Regulatory requirements.

Strategic Goals

- Optimization of the liquidity profile in line with liquidity limits in place and local regulatory framework, maximizing cost savings without sacrificing funding diversification
- Self-sufficiency target fulfillment by achieving a sound commercial funding base and creating a foundation for full compliance with the relevant Risk Appetite Framework metrics

- Achievement of main KPIs for each year in accordance with the Risk Appetite Framework, designed as quantitative targets defined in the yearly Funding Plan for, among others, the Liquidity Coverage Ratio and the Funding Gap
- Achievement of the necessary resilience towards stress scenario through building sufficient stock of the Counter Balancing Capacity
- Exploring the advantage of cheaper sources like Covered Bond or Supranational Funding and evaluating the relevant maturities of medium/long term issuances
- Keeping the funding dependency on short term wholesale external funding to a reasonable level necessary for reciprocity
- Efficient management of the trading/investment book financing (mitigating the use of intragroup funding) in compliance with intragroup rules for bond investments, as well as market risk and credit risk limits.

Key Principles

Liquidity management is performed by UniCredit Bank in accordance with local binding laws and regulations and UniCredit Group Liquidity Management Framework. Clear and strict risk management principles are set according to the Bank's Risk Appetite Framework.

The main goal of Unicredit Bank's overall liquidity management is to keep the liquidity exposure at such a level that the Bank is able to honor its payment obligations on an on-going basis, but also during a crisis without jeopardizing its franchise value or its brand's name.

Roles and Responsibilities

A clear separation of duties and responsibilities is implemented in UniCredit Bank for an efficient and effective management of liquidity risk. Accordingly, the Bank keeps two governance layers:

- Managing Bodies acting as strategic decision-taking functions (as the Board of Directors, Supervisory Board, Assets and Liabilities Committee)
- Operational units acting as operative liquidity management functions, each being assigned different roles and responsibilities: Finance/ALM, Markets, Financial Risk.

In particular, ALM provides strategic planning, management and supervision of the Bank's overall liquidity position, whilst Markets ensures operational short-term liquidity management (up to 1 year). Market Risk has the responsibilities of independent controls and reporting of liquidity risk.

Risk Measurement and Reporting

Techniques for risk measurement

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a set of indicators: e.g. loan to deposit ratio, liquidity coverage ratio). This tool allows the measurement of liquidity risk over different time horizons and by currencies.

Liquidity Framework

UniCredit Bank's liquidity framework encompasses: short term liquidity risk management (operational liquidity, up to 1Y) and structural liquidity risk management (liquidity position over 1y).

- **Intraday liquidity management**,

The focus of intraday liquidity management is on actively managing the Bank's intraday liquidity obligations by timely meeting payments and keeping a sustainable intraday liquidity buffer.

- **Short-term liquidity risk management (operational liquidity):**

Short term liquidity management and reporting focuses on the Bank's liquidity profile from 1 day up to one year.

The aim of short term liquidity management is to maintain a sustainable equilibrium between cash inflows and cash outflows for the purpose of ensuring the normal operational continuity of the UniCredit bank's commercial business. The main activities for attaining such purpose are:

- Managing the access to the payment systems and of the cash payments (operational liquidity management)
- Monitoring the level of the liquidity reserves and the extent of their utilization over time, with the objective of maintaining the liquidity reserves at appropriate levels in order to meet potential outflows.

As indicator of the short term liquidity risk, apart from the Liquidity Coverage Ratio, UniCredit Bank adopted the Operative Maturity Ladder (OML) by currency, whose main components are the net contractual cash flows (in/outflows) affecting the cash position of Bank, thus impacting directly the "core liquidity" of the bank over pre-defined time buckets, and the Counterbalancing capacity.

- **Medium and long-term liquidity risk management (structural risk):**

Structural liquidity management aims at ensuring the financial stability of the balance sheet, with the objective of avoiding excessive and unexpected pressures on the funding requirements over the short term, whilst optimizing the funding sources and related costs. This is achieved maintenance of an adequate balance between the medium- long term and sticky assets and the respective stable sources of funding.

The main metric used to measure medium-long term liquidity risk is the Net Stable Funding Ratio, along with managerial structural liquidity ratios/gaps.

Liquidity Stress Testing

Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables.

UniCredit Bank performs regular liquidity stress tests in order to diagnose the Bank's liquidity risk. The main scenarios of potential liquidity crisis identified are:

- Name Crisis Scenario - defined as a factual or market-hypothesized problem specific to the Bank, expected to cause a substantial reduction in counterparty limits by rating-sensitive costumers and inter-bank markets and possible withdrawal of Sight and Saving Deposits
- Market Downturn Scenario - defined as a generally negative development in the market's environment (e.g. broad sector, market or economic events) causing an increased stretch on available liquidity
- Combined Scenario - highlights the interconnections that stem from the happening of both economic turmoil and Bank's specific issues

In particular the results of the stress tests are useful for:

- Assessing the adequacy of liquidity limits
- Assessing the right size of the counterbalancing capacity/liquidity buffer to withstand a given scenario within a defined timeframe
- Providing support to the development of the contingency plan.

Monitoring and Reporting

UniCredit Bank measures and manages liquidity based on monitoring system that envisages different types of restrictions – managerial and regulatory – embedded in risk metrics limits or warning/trigger levels.

In case of limit breach or warning level activation, Financial Risk function investigates the rationale of the events, triggering the proper escalation and reporting them to the relevant committees.

Regulatory reports refer to LCR (liquidity coverage ratio), NSFR (net stable funding ratio) and ALMM (additional liquidity monitoring metrics). In addition are the reports required by the national regulations.

The table below shows the detailed picture of the LCR as of 30 June 2019 (values in RON million):

		Standalone			Consolidated		
		Value	Coeff.	Adjusted Value	Value	Coeff.	Adjusted Value
C72							
Liquid Assets - HQLA							
Total	**10**	**13,857**		**13,851**	**13,857**		**13,851**
Level 1 assets	**20**	**13,812**		**13,812**	**13,812**		**13,812**
Cash	40	1,280	1.00	1,280	1,280	1.00	1,280
Withdrawable central bank reserves	50	89	1.00	89	89	1.00	89
Central government assets	70	12,443	1.00	12,443	12,443	1.00	12,443
Level 2 assets	**220**	**45**		**39**	**45**		**39**
Regional government / local authorities or Public Sector Entity assets	240	45	0,85	39	45	0,85	39
C73							
Outflows							
Total	**10**	**41,701**		**9,730**	**41,800**		**9,562**
Outflows from unsecured transactions / Deposits	20	41,701		9,730	41,800		9,562
Retail deposits	30	11,544		1,111	11,544		1,111
Higher outflows	50	3,286		545	3,286		545
category 1	60	2,238	0,15	336	2,238	0,15	336
category 2	70	1,048	0,2	210	1,048	0,2	210

stable deposits	80	5,208	0,05	260	5,208	0,05	260
other retail deposits	110	3,050	0,1	305	3,050	0,1	305
Operational deposits	120	-		-	-		-
Non-operational deposits	210	16,989		7,438	16,790		7,240
deposits by financial customers	230	1,447	1.00	1,447	1,248	1.00	1,248
deposits by other customers	240	15,542		5,992	15,542		5,992
covered by DGS	250	1,126	0,2	225	1,126	0,2	225
not covered by DGS	260	14,416	0,4	5,766	14,416	0,4	5,766
Additional outflows	270	10		10	10		10
outflows from derivatives	340	10	1.00	10	10	1.00	10
Committed facilities	460	1,670		129	2,008		163
credit facilities	470	1,670		129	2,008		163
to retail customers	480	767	0,05	38	767	0,05	38
to non-financial customers other than retail customers	490	902	0,1	90	1,239	0,1	124
to credit institutions	500	-		-	-		-
to regulated institutions other than credit institutions	540	2	0,4	1	2	0,4	1
Other products and services	720	10,860		467	10,813		463
undrawn loans and advances to wholesale counterparties	730	2,649	0.07	185	2,602	0.07	182
undrawn loans and advances to wholesale counterparties	740	20	0.12	2	20	0.12	2
mortgages that have been agreed but not yet drawn down	750	-		-	-		-
credit cards	760	51	0.00	-	51	0.00	-
overdrafts	770	3,361	0.03	101	3,361	0.03	101
trade finance off-balance sheet related products	860	3,557	0.05	178	3,556	0.05	178
others	870	1,222	0.00	-	1,222	0.00	-
Other liabilities	880	628		575	636		575
liabilities resulting from operating expenses	890	53	-	-	61	-	-
in the form of debt securities if not treated as retail deposits	900	11	1.00	11	11	1.00	11
others	910	564	1.00	564	564	1.00	564
Outflows From Secured Lending And Capital Market-Driven Transactions	920	-		-	-		-
Counterparty is central bank	930	-		-	-		-
Counterparty is non-central bank	1020	-		-	-		-
C74							
Inflows							
Total	**10**	**14,579**		**283**	**14,839**		**422**
Inflows from unsecured transactions/deposits	**20**	**8,815**		**261**	**9,075**		**400**
monies due from non-financial customers	30	151		76	393		197
monies due from financial customers	100	85		85	103		103
monies due from assets with an undefined contractual end date	200	8,478	0.00	-	8,478	0.00	-
inflows from derivatives	240	22	1.00	22	22	1.00	22
other inflows	260	78	1.00	78	78	1.00	78
Inflows from secured lending and capital market-driven transactions	**270**	**5,765**		**22**	**5,765**		**22**
collateral that qualifies as a liquid asset	280	5,765	-	22	5,765	-	22
collateral that does not qualify as a liquid asset	370	-	-	-	-	-	-
Liquidity Coverage Ratio				**146.61%**			**151.53%**

The high quality liquid assets reserve consists of coins and banknotes, withdraw able reserves held at the National Bank and securities issued by the Romanian government and local public authorities. In addition, the high quality assets also include securities received as collateral in reverse repo transactions.

Liquidity outflows are influenced mostly by the evolution of non-operational deposits of corporate and sovereign customers, which is also the main source of funding for the bank.

Liquidity inflows are composed mainly of maturing deposits held at financial institutions and of instalments from client loans. Unicredit Bank has a prudent approach regarding assets with an undefined contractual end date, applying a haircut of 0% to these amounts.

During 2nd quarter 2019, the significant currencies for LCR reporting were RON and EUR. From a currency mismatch point of view, during Q2 2019 there were some significant amounts in EUR reverse repo transactions, while the main funding sources are made up of deposits denominated mostly in the national currency from the retail and corporate customers, as well as deposits and credit facilities in EUR received from group entities and supranational institutions. The mentioned reverse repo transactions had short maturities, under 30 days, and were collateralised by high quality level 1 government bonds. The liquidity surplus in EUR has been partially generated by short term FX swaps using RON and other currencies which have structural long liquidity position (i.e. USD).

The following table presents, on a consolidated level, the LCR average in RON equiv. for the second semester of 2019. The number of observations for determining the average is 7, with figures coming from monthly reports from December 2018 and the 6 months of H1 21019.

LIQ1: Liquidity Coverage Ratio (LCR – consolidated)

		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		14,466,613,247
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	11,412,653,609	1,146,603,948
3	Stable deposits	4,851,527,009	242,576,350
4	Less stable deposits	6,561,126,600	904,027,598
5	Unsecured wholesale funding, of which:	16,263,191,244	7,647,997,511
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	16,251,769,817	7,646,365,879
8	Unsecured debt	11,421,427	1,631,632
9	Secured wholesale funding		219,676,789
10	Additional requirements, of which:	10,123,070	10,123,070
11	Outflows related to derivative exposures and other collateral requirements	10,123,070	10,123,070
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	1,975,006,627	158,996,027
14	Other contractual funding obligations	7,079,674,812	235,241,508
15	Other contingent funding obligations	572,239,806	525,924,664
16	**TOTAL CASH OUTFLOWS**		9,944,563,518
Cash inflows			
17	Secured lending (eg reverse repo)	5,791,411,965	3,275,686
18	Inflows from fully performing exposures	9,611,371,666	769,016,793
19	Other cash inflows	-	-
20	**TOTAL CASH INFLOWS**	15,402,783,631	772,292,479
			Total adjusted value
21	**Total HQLA**		**14,466,613,247**
22	**Total net cash outflows**		**9,172,271,038**
23	**Liquidity coverage ratio (%)**		**158.03%**

The evolution of the LCR indicator in 2018 on standalone level is presented in the table below:

Liquidity Coverage Ratio UCB - standalone (eq. RON)					
Date	Liquid assets	Outflows	Net Outflows	Inflows	Ratio
31-Jul-18	8,095,598,045	9,437,922,044	4,325,857,426	5,112,064,617	158.36%
31-Aug-18	7,761,062,332	9,428,080,631	5,573,734,932	3,854,345,698	201.36%
30-Sep-18	12,925,667,579	10,004,798,534	488,858,505	9,515,940,029	135.83%
31-Oct-18	13,086,092,479	9,469,646,011	404,043,163	9,065,602,848	144.35%
30-Nov-18	13,640,300,349	10,179,173,471	1,092,826,254	9,086,347,217	150.12%
31-Dec-18	15,231,448,698	10,271,614,668	395,344,688	9,876,269,980	154.22%
31-Jan-19	14,280,168,143	9,962,435,745	714,105,008	9,248,330,737	154.41%
28-Feb-19	14,574,576,102	10,814,774,189	1,167,479,703	9,647,294,486	151.07%
31-Mar-19	14,692,906,869	9,731,189,069	370,801,890	9,360,387,178	156.97%
30-Apr-19	14,671,594,168	9,942,786,955	1,268,417,040	8,674,369,915	169.14%
31-May-19	13,925,806,372	9,296,797,683	286,792,877	9,010,004,806	154.56%
30-Jun-19	13,850,644,081	9,730,070,079	282,868,861	9,447,201,219	146.61%

During H1 2019, the LCR level was compliant with the regulatory requirements of a minimum of 100%, as well as exceeding the internally targeted level by the bank which is above the regulated level. Furthermore, Unicredit Bank monitors the evolution of the indicator on a daily basis.

Regarding the evolution of liquid assets, there was a greater volatility of the reserves held at the National Bank compared to the previous year, during the Minimum Requirement Reserve maintenance period. The bank recorded an increase of reverse repo transactions with collateral of very high liquid quality assets.

Variations in the high quality assets reserve as shown in the LCR is explained mainly due to the alignment in the treatment of reverse repo transactions to the group policy in 2018. During H1 2019 higher temporary fluctuations of LCR ratio have been caused by the participation of the bank to open market auctions organised \by NBR (i.e. 1W depo).

The next table presents the NSFR summary as of June 2019. The amounts are in RON equivalent.

LIQ2: Net stable funding ratio (NSFR)

		Unweighted value by residual maturity				Weighted value
		No maturity	<6 months	6 months to <1 year	≥1 year	
Available stable funding (ASF) item						
1	Capital:	-	-	-	-	-
2	*Regulatory capital*	-	-	-	5,030,552,375	5,030,552,375
3	*Other capital instruments*	-	-	-	4,232,688,025	4,232,688,025
4	Retail deposits and deposits from small business customers:	-	-	-	797,864,350	797,864,350
5	*Stable deposits*	-	11,789,902,115	-	-	10,878,896,397
6	*Less stable deposits*	-	5,359,689,886	-	-	5,091,705,392
7	Wholesale funding:	-	6,430,212,228	-	-	5,787,191,005
8	*Operational deposits*	-	19,897,151,755	1,515,579,719	5,780,601,943	16,486,967,681
9	*Other wholesale funding*	-	-	-	-	-
10	Liabilities with matching interdependent assets	-	19,897,151,755	1,515,579,719	5,780,601,943	16,486,967,681

		Unweighted value by residual maturity				Weighted value
		No maturity	<6 months	6 months to <1 year	≥1 year	
11	Other liabilities:	-	27,850,947	122,967,454	1,911,472,896	1,857,475,274
12	*NSFR derivative liabilities*		23,879,755	5,592,039	112,685,330	
13	*All other liabilities and equity not included in the above categories*	-	3,971,192	117,375,416	1,798,787,566	1,857,475,274
14	**Total ASF**					**34,253,891,727**
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					880,935,567
16	Deposits held at other financial institutions for operational purposes	-	6,751,689,159	152,666,714	535,315,439	1,624,402,170
17	Performing loans and securities:		10,803,273,603	1,834,455,203	14,244,779,579	16,537,332,402
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	-	-	-	-
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	-	-	-	-
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
22	*Performing residential mortgages, of which:*	-	-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other liabilities:	-	1,477,514,441	497,832,605	1,054,748,665	2,981,616,403
27	*Physical traded commodities, including gold*	-				-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		41,724,454	6,728,184	26,670	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*	-	1,435,789,988	491,104,421	1,054,721,995	2,981,616,403
32	Off-balance sheet items		2,007,847,582	-	-	100,392,379
33	***Total RSF***					**22,124,678,921**
34	***Net Stable Funding Ratio (%)***					**154,82%**

During June 2018 – June 2019 period, UniCredit Bank maintained an adequate level of the NSFR, with an average for the last trimesters of 149,47%, stable funding covering the duration of long term assets,

The items requiring stable funding consisted of investments in securities, loans and credit lines, while stable funding was provided by items such as capital instruments, retail and corporate deposits, intragroup financing and facilities from supranational entities,

Risk Mitigation

The main liquidity mitigation factors for UniCredit Bank are:

- Planning and monitoring of the short-term and medium to long-term liquidity needs;
- An effective Contingency Liquidity Policy (CLP), including a Contingency Action Plan to be executed in case of market crisis
- A liquidity buffer to face unexpected outflows;
- Liquidity stress testing performed on a regular basis,
- A system of early warning indicators to anticipate increased risk or vulnerabilities in the liquidity position or potential funding needs,

Funding Plan

The Funding Plan plays a fundamental role in overall liquidity management, influencing both the short term and long term liquidity position, It includes the set of the medium long term instruments (with relevant amount, maturity, timing, cost) to be realized in order to cover the expected funding deriving from the planned evolution of the liquidity uses and, avoiding pressure on the short term and ensuring compliance with regulatory and managerial limits,

The Funding Plan is updated at least on a yearly basis and is aligned with the Financial Planning (Budgeting) process and the Risk Appetite Framework,

Contingency Liquidity Management

Contingency Liqudity Management has the objective of ensuring the availability of an effective organizational model in order to manage effectively the negative effects of a liquidity crisis situation, which is achieved through:

- setup of an extraordinary liquidity crisis governance model, linked to a set of early warning indicators, that can be activated in case of a crisis
- pre-definition of a set of available standby mitigating liquidity actions in order to be able to proceed timely
- consistent internal and external communication crisis,

A relevant part of the contingency liquidity management is the Contingency Funding Plan, which describes potential, but concrete actions the Bank can take in order to obtain additional funding in contingency situations and is complementary to the yearly Funding Plan, The measures foreseen are described in terms of a menu of actions together with sizes, instruments, and timing of execution aimed at improving the Bank's liquidity position during times of name or systemic crisis,

Early warning indicators

In order to identify emerging vulnerabilities in its liquidity risk position or potential funding needs, UniCredit Bank employs a set of early warning indicators linked to macroeconomic or market indicators and specific internal metrics, A specific activation mechanism is adopted in order to have sufficient time to inform senior management of a deteriorating situation and allow putting in place adequate actions aimed at restoring the business-as-usual state,

Concentration of funding and liquidity sources

At the end of June 2019 the customer deposits generated ~84% of the total liabilities (on standalone level), Of the total resources from non-banking customers, 39,5% were deposits from retail customers, The bank constantly decreased the contribution of sovereign, non-financial corporates and other financial customers in total liabilities,

With regard to counterparties, the main fund providers of the bank are other entities from UniCredit Group, consisting of medium and long term deposits and subordinated loans, International financial institutions (supra-nationals) and large non-financial corporates are present in the top of 10 counterparties which generate more than 1% of total liabilities,

9,2 Liquidity Buffer and Funding strategy

Liquidity Buffer

In order to avoid that short-term liquidity crunch or other unexpected events that might lead to potentially serious consequences, the Bank constantly maintains a liquidity reserve, This is a cushion represented by an ample amount of cash and other highly liquid assets to be promptly converted in cash (either through sale or collateralized funding) in case of ordinary or unexpected needs of liquidity, in accordance with regulatory and internal liquidity rules,

Stress testing (regulatory or internal stress scenarios) ensures that there is adequate liquidity both during normal economic cycles, as well as periods of sustained stress and that appropriate excess liquidity buffer is in place,

The major category in the Bank's liquidity buffer is represented by high quality bonds issued by the Government of Romania, eligible at Central Bank,

Liquidity and Funding strategy

UniCredit Bank reviews annualy its liquidity and funding strategy by considering the desired business model, the actual and expected macroeconomic/financial conditions and the funding capacity of the Bank, as well as the overall risk tolerance as reflected by the Risk Appetite Framework, The strategy is implemented in all management stages of liquidity and financing, from financial planning and monitoring to implementation and execution of the process,

The strategic principle of "self-sufficiency" governs the liquidity and funding strategy of the Bank, which targets to achieve a well-diversified funding base, with priority given on the growth of local funding sources out of customer business with a variety of products (sight, savings, term deposits), as well as medium- and long-term placements of own issues,

In accordance with this principle, the main strategic goals the liquidity and funding strategy encompasses are:

- optimization of the liquidity profile in line with liquidity limits in place and local regulatory framework;
- self-sufficiency target fulfillment by achieving a sound commercial funding base and creating a foundation for full compliance with the relevant Risk Appetite Framework metrics;

- achievement of main KPIs for each year in accordance with the Risk Appetite Framework, designed as quantitative targets defined in the yearly Funding Plan for, among others, the Liquidity Coverage Ratio and the Core Banking Book Funding Gap;
- achievement of the necessary resilience towards stress scenario through building sufficient stock of the Counter Balancing Capacity, as targeted in the yearly Funding Plan;
- exploring the advantage of cheaper sources like Covered Bond or Supranational Funding and evaluating the relevant maturities of medium/long term issuances;
- keeping the funding dependency on short term wholesale external funding to a reasonable level necessary for reciprocity,

The main tool through which the Bank implements its liquidity and funding strategy is the Funding Plan, Finance is responsible for the execution of the Funding Plan, accessing the markets for medium and long term funding, in order to increase Bank's self-sufficiency, exploit market opportunities and optimize the cost of funds,

ANNEX 1: UniCredit Bank SA Xls Templates

Covered area	Template id	Template Name	Link to
Regulatory capital	CC1	Composition of regulatory capital-Own Funds	Composition of capital'!A1
	CC2	Reconciliation of regulatory capital to Financial Statements	Capital vs FS reconciliation'!A1
	CCA	Main features of regulatory capital instruments	Capital instruments' features '!A1
		Features of tier 2 subordinated capital instruments	Tier 2 capital features '!A1
	KM1	Key metrics (at consolidated group level)	KM1!A1
Capital requirements	EU OV1	Overview of RWAs	EU OV1'!A1
	EU CR8	RWA flow statements of credit risk exposures under the IRB approach	EU CR8'!A1
	EU CR10	IRB (specialized lending and equities)	EU CR10'!A1
	EU CCR7	RWA flow statements of CCR exposures under the IMM	EU CCR7'!A1
Counterparty credit risk	EU CCR5-A	Impact of netting and collateral held on exposure values	EU CCR5-A'!A1
	EU CCR5-B	Composition of collateral for exposures to CCR	EU CCR5-B'!A1
	EU CCR1	Analysis of CCR exposure by approach	EU CCR1'!A1
	EU CCR2	CVA capital charge	EU CCR2'!A1
	EU CCR3	Standardized approach – CCR exposures by regulatory portfolio and risk	EU CCR3'!A1
Capital buffers		Capital buffers	Capital buffers'!A1
Credit risk adjustments	EU CR1-A	Credit quality of exposures by exposure class and instrument	EU CR1-A'!A1
	EU CR1-B	Credit quality of exposures by industry or counterparty types	EU CR1-B'!A1
	EU CR1-C	Credit quality of exposures by geography	EU CR1-C'!A1
	EU CR2-A	Changes in the stock of general and specific credit risk adjustments	EU CR2-A'!A1
	EU CR2-B	Changes in the stock of defaulted and impaired loans and debt securities	EU CR2-B'!A1
	EU CR1-D	Ageing of past-due exposures	EU CR1-D'!A1
	EU CR1-E	Non-performing and forborne exposures	EU CR1-E'!A1
	EU CR5	Standardized approach	EU CR5'!A1
Leverage	LRSum	Summary comparison of accounting assets vs leverage ratio exposure measure	LRSum!A1
	LRCom	Leverage ratio common disclosure template	LRCom!A1
	LR SPL	Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	LRSPL!A1
IRB Approach to credit risk	EU CR6	IRB approach – Credit risk exposures by exposure class and PD range	EU CR6'!A1
	EU CCR4	IRB approach – CCR exposures by portfolio and PD scale	EU CCR4'!A1
Credit risk mitigation techniques	EU CR3	CRM techniques – Overview	EU CR3'!A1
	EU CR4	Standardized approach – Credit risk exposure and CRM effects	EU CR4'!A1
Liquidity	LIQ1	Liquidity Coverage Ratio (LCR)	LIQ1!A1
	LIQ2	Net Stable Funding Ratio (NSFR)	LIQ2!A1
Market risk	EU MR1	Market risk under the standardized approach	EU MR1'!A1