

Yearly Report For the year ended at 31st of December 2014

This yearly report is prepared in accordance with CNVM Regulation no.1/2006.

Date of Report: 4 March 2015

Name of the legal entity:	UniCredit Tiriac Bank S.A.
Corporate address:	Romania, Bucharest, no. 1F, Expozitiei Bd., 1st District
Corporate Contact Details:	Tel +40 21 200 2000; Website: www.unicredit-tiriac.ro Email: office@unicredittiriac.ro
Trade Register Registration Number:	J40/7706/1991
Sole Registration Code:	RO361536
Bank Register No:	RB-PJR - 40 - 011/1999
Operator of personal data nb. ANSPDCP	10964
Subscribed and paid-up share capital:	RON 379,075,291.20
The regulated capital market on which the issued bonds are traded:	Bursa de Valori Bucuresti (BVB) - Bucharest Stock Exchange (www.bvb.ro)
Main characteristics of the bonds issued by UniCredit Tiriac Bank S.A.:	55,000 corporate bonds having a nominal value of RON 10,000/bond, market symbol UCT18 (ISIN ROUCTBDBC014). (http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCT18)

UniCredit Tiriac Bank S.A.

Bulevardul Expozitiei nr. 1F,
Sector 1, Bucuresti

Banca membra a UniCredit Group, societate administrata in sistem dualist, cu sediu in Romania, Bucuresti, Bulevardul Expozitiei nr. 1F, sector 1, inregistrata in Registrul Comertului sub nr. J40/7706/1991, in Registrul Bancar sub nr. RB-





1. BANK'S BUSINESS ANALYSIS

1.1. Analysis of the Bank's business and main strategic aspects regarding the business development

1.1. a) Main business presentation

UniCredit Tiriac Bank S.A. (the "Bank") has its current registered office at 1F, Expozitiei Boulevard, District 1, Bucharest, Romania and 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 provides retail and commercial banking services in Romanian Lei ("RON") and foreign currency for individuals and legal entities.

1.1. b) Incorporation date

UniCredit Tiriac Bank S.A. is a joint stock company incorporated in 1991, registered with the Trade Register Bucharest under number J40/7706/1991, sole registration number (CUI) 361536, registered with the Banking Register under number RB-PJR-40-011/18.02.1999 (http://www.bnro.ro/files/d/RegistreBNR/InstitCredit/ban1_raport.html).

1.1. c) Description of merger or significant reorganization of the Bank, its subsidiaries or controlled entities, during the financial year

In the first semester, the UCT's Group completed the project for reorganization of the leasing activity at local level by taking control of the majority of leasing entities operating in Romania: direct control over UniCredit Leasing Corporation and UniCredit Leasing Romania and indirect control over ALLIB Leasing, Debo Leasing, UniCredit Insurance Broker through its subsidiary UniCredit Leasing Corporation.

Consequently, as of 31 December 2014, UniCredit Tiriac Group (the "Group") consists of UniCredit Tiriac Bank S.A. (the "Bank") as parent company and its subsidiaries, UniCredit Consumer Financing IFN S.A. ("UCFIN"), UniCredit Leasing Corporation IFN S.A. ("UCLC"), UniCredit Leasing Romania SA ("UCLRO"), ALLIB Leasing SRL ("ALLIB"), Debo Leasing IFN SA ("DEBO") and UniCredit Insurance Broker SRL ("UCIB").

The consolidated financial statements for the year ended 31 December 2014 comprise the Bank and its subsidiaries mentioned above, while the comparative information as of 31 December 2013 represents the financial information of the Group consisting of the Bank and its subsidiary UCFIN.

The businesses of the subsidiaries and the percentage stake of the Bank in its subsidiaries are presented in the consolidated financial statements prepared in accordance with IFRS as endorsed by EU for the financial year ended at 31 December 2014.

*Please see Note **Reporting entity** presented in the notes to the consolidated financial statements for the year ended 31 December 2014.*

1.1. d) Description of acquisitions and disposals of assets

In the second semester, UCT's Group finalized the takeover of the Corporate portfolio from The Royal Bank of Scotland plc, Edinburgh, Romanian Branch ("RBS Romania"), representing a client portfolio of over 314 medium and large private companies, local and international, as well public and financial institutions and which consists of total assets of approx. EUR 90mn and of deposits and current accounts of approx. EUR 160mn.

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1.1. e) Description of main results of the Bank's activity

In 2014, UniCredit Tiriac Bank Group, consisting of UniCredit Tiriac Bank and its subsidiaries, focused its attention and resources on consolidation of market positions, risk management, growth and sound development of its business aiming meanwhile at the safeguarding of the Bank's assets and capital, value added creation for customers, society and shareholders through enhancement of the quality of products and services, strong management of credit, market and operational risks and internal controls fully aligned with statutory and UniCredit Group regulations and best international practices.

The main achievements of the Grup for the 6 months of 2014 were summarized below:

- Active management of liquidity to ensure an appropriate funding by price and by structure as well as by maturity;
- Maintaining a sound capital position and adequate solvency ratio aligned with local and international requirements;
- UniCredit Tiriac Bank has continued to finance Romanian economy being involved in large corporate financing deals: Transelectrica, municipalities, Azomures, Cargus, etc.
- UniCredit Tiriac Bank has continued to balance sheet clean up process through the write-off of the non-performing loans;
- UniCredit Leasing has maintained its leader position, and UniCredit Consumer Financing has continued to support actively the retail consumer loans business.

The external auditor of the Bank, Deloitte Audit SRL, has audited the separate and consolidated financial statements for the year ended at 31 December 2014 in accordance with International Standards on Audit („ISA”). The audit opinion states that the separate and consolidated financial statements give a true and fair view on the financial position, financial performance and cash flows of the Bank and respectively of the Group in accordance with International Financial Reporting Standards as endorsed by European Union.

The audit results are presented in the external auditor Deloitte Audit SRL report attached to the separate, respectively to consolidated financial statements.

1.1.1. Analysis of the Bank's business and main strategic aspects regarding the business development

The 2014 results, based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards as endorsed by European Union (NBR Order no.27/2010 regarding the approval of IFRS endorsed by EU with further amendments and updates) are presented below:

a) Gross profit, before Income tax:	RON 178.4 mio
b) Net profit for the year:	RON 143.7 mio
c) Net profit attributable to parent's shareholders:	RON 118.1 mio
d) Turnover:	RON 2,202.6 mio
e) Total assets:	RON 32,364.4 mio
f) Solvency ratio:	13,4%
g) Return on equity (ROE):	4,7%
h) Market share based on total assets:	7,87% (at individual level in the local banking sector)
i) Liquidity ratio:	between 2.12 and 23.59 (in RON equivalent computed in accordance with NBR Regulation no. 25/2011).

1.1.2. Technical evaluation of the Group respectively of the Bank

Description of the main products and/or services provided in respect of:

a) Main markets for each product or services and distribution methods

As at 31 December 2014, the Group carried out its activity:

- through Bank having 183 outlets (in 2013: 188 outlets);
- through UCFIN subsidiary having 58 working points in 2014 (in 2013: 58 working points);
- through UCLC subsidiary having 12 working points in 2014 (in 2013: 12 working points), operating in Romania.

The entire services range, both banking services and those provided by the Group subsidiaries, are offered to corporate and retail customers through the distribution network of UniCredit Tiriac Bank, respectively through its subsidiaries, network uniquely identified by Bank's logo and its subsidiaries logos outlining being member of the UniCredit Group.

b) Main markets for each product or services and distribution methods

The weight of each product or service category in the total income and turnover:

- of the Group are presented in the *Note 42 Operating segments* disclosed in the Notes to the consolidated financial statements for the year ended 31 december 2014;
- of the Bank are presented in the *Note 42 Operating segments* disclosed in the Notes to the separated financial statements for the year ended 31 december 2014.

c) New products for which a significant volume of assets will be required in the following financial year as well as the development status of these products

This aspects is not significant at the Group, respectively at the Bank's level.

1.1.3. Evaluation of the materials procurement activity (local sources, imports) of the Group, respectively of the Bank

This aspects is not significant at the Group, respectively at the Bank's level.

1.1.4. Evaluation of the sale activity of the Group, respectively of the Bank

a) Description of the competition, market share of Bank's products/services and its competitors

UniCredit Tiriac Bank is an universal bank that provides services for retail (individuals and SMEs) as well as for companies. These services include opening bank accounts, domesti and foreign payments, foreign currency exchanges, short, medium and long term financing,etc. UniCredit Consumer Financing provides retail consumer loans for individuals. Group is also present in Romania through leasing entities which provides leases to retail and corporate customers.



In 2014, Bank has continued to finance actively the Romanian economy and to grow on strategic segments: + 13.1% on Corporate, +7.8% on SME

The Bank together with retail consumer lending business (UCFIN) have recorded an increase in the market share for the loans granted by 0.8% (from 8.1% as of December 2013 to 8.9% as of December 2014), due to acquisition of RBS corporate customers portfolio as well as due to organic growth of corporate lending transactions.

b) Description of any significant dependency on a customer or group of customers of which loss can negatively impact the revenues of the Bank

Not applicable.

1.1.5. Appraisal of the Banks' respectively Group's personnel and related aspects

a) Presentation of the number of employees and their training level as well as the trade union relevance within the work force of the Bank

UniCredit Tiriac Bank had 2,932 employees as of 31 December 2014.

In respect of the employees training, 91% have university degree while 9% have a high-school degree. The Bank is preoccupied continuously to train and develop professionally its employees, organising courses for improving the technical knowledge as well as competences specific to banking activity.

In respect of the trade union aspect, 24% of the employees are members of the Trade Union and 76% are not members.

Please see Chapter 5 Research and development activity, section „Learning & Development” presented in the following attached reports:

- *Management board's consolidated report for the financial year ended 31 December 2014 for the Group;*
- *Management board's consolidated report for the financial year ended 31 December 2014 for the Bank.*

b) Description of the relationships between manager and employees and any other related conflictual aspects

There are subordination relationships between employees and their managers, formally managed through performance evaluation system performed twice per year.

Meanwhile, within the organization, professional training courses have been held for development of the managerial competences of managers, which aimed mainly at aspects related to employees' motivation, providing feedback, efficient management and organisation of teams, as well as activities regarding the improvement of performance and employees productivity, motivation, their commitment and cooperation, as well as these aspects between managers and employees.

1.1.6. Appraisal of the issuer activity on the environment

There are no (existing or future) litigations regarding the breach of environment protection legislation.

Please see Chapter 13 13. Protection of the environment presented in the following attached reports:

- *Management board's consolidated report for the financial year ended 31 December 2014 for the Group;*
- *Management board's consolidated report for the financial year ended 31 December 2014 for the Bank.*

1.1.7. Appraisal of the research and development activity. Presentation of the expenses in the current financial year and of the estimated ones for the next year for the research and development activity

Please see **Chapter 5 Research and development activity** presented in the following attached reports:

- Management board's consolidated report for the financial year ended 31 December 2014 for the Group;
- Management board's consolidated report for the financial year ended 31 December 2014 for the Bank.

1.1.8. Appraisal of the Bank's activity regarding the risk management

Presentation of the Bank's and respectively Group's exposures to price risk, credit risk, liquidity risk and cash flow risk and disclosure of the policies and objectives regarding risk management are detailed in the **Chapter 7 Risk management** presented in the following attached reports:

- Management board's consolidated report for the financial year ended 31 December 2014 for the Group;
- Management board's consolidated report for the financial year ended 31 December 2014 for the Bank.

1.1.9. Estimations regarding the activity of the Bank

a) Presentation of main events, factors of uncertainty that can affect the Bank's liquidity compared to previous year

The National Bank of Romania ("NBR") continued the easing trend during 2014 in the light of the lower inflation (0.8% at the end of 2014) and decreasing inflationary expectations due to supply-side shocks, especially the significant drop of fuel prices globally and lower food prices following the Russian ban on European imports. The NBR reduced the monetary policy rate by a cumulated 1.25 % throughout the year to 2.75%.

At the same time, it cut the minimum reserve requirements to 10% for RON-denominated liabilities and to 14% for FCY-denominated liabilities (from 15% and 20%, respectively), releasing liquidity of around RON 13.3bn in the interbank market. NBR has cut the key rate by 0.5pp by February 2015.

In the context of some recovery of new lending, the banks' balance sheet clean-up led to a 3.4%yoy contraction in the credit stock in 2014. In contrast, bank deposits accumulated sharply (+7.8%yoy) following higher government spending towards year-end, thus boosting interbank liquidity and resulting in a loan-to-depo ratio of 91.4% at the end of 2014 (from 104.6% in 2013).

The volatility of the exchange rate and of the capital flows with impact on liquidity might be triggered by intensifying external uncertainties, namely the Greek debt problems, the policy divergence between the ECB and the Fed and the Russia-Ukraine conflict.

There have been no aspects factors which have affected or might affect the Group's liquidity compared to the reporting period of previous year.

The Group has not been in the situation to not meet its financial obligations during the respective reporting period.

b) Presentation and analysis of the effects on the financial position of the Group regarding the capital expenditures, current or in advanced, compared to those related to the same reporting period of the previous year

Tangible and intangible assets were in amount of RON 369.9 mio as of 31 December 2014 compared to RON 350.6 mio (31 December 2013), representing a small decrease by 5.5% due mainly to acquisition of list of customers as a result of the completion of corporate portfolio purchase from RBS Romania.

c) Presentation and analysis of the events, transactions, economic changes which significantly affect the operational income

The business transactions related to 2014 have been properly and correctly recorded in the Group's ledgers, based on the appropriate legal evidence and documents. All the law requirements regarding the organization and running of the accounting activity have been met, respecting all accounting principles, rules and accounting methods provided by the applicable laws and regulations.

The data presented for 2014, have taken into account the organization and management of the accounting activity in accordance with the Law no 82 / 1991, republished and with further amendments and updates, NBR Order 27/16.12.2010 , with further updates and amendments.

All the state budget liabilities have properly booked and paid in accordance with local regulations in force.



2. TANGIBLE ASSETS OF THE BANK

2.1. Description of the location and characteristics of production capacities owned by the Bank

As of 31 December 2014, the Bank owned the following buildings in which it is performing its activity through its branches: Bucuresti („Bucur Obor”, „Marasesti”, „Panduri”, „Traian”, „Nicolae Titulescu”, „Magheru”, branches), Braila, Buzau, Calafat, Cluj-Napoca, Constanta, Craiova, Focsani, Lugoj, Oradea, Piatra Neamt, Pitesti, Satu Mare, etc.. The remaining buildings in which the Group runs its activities are rented.

2.2. Description and wearing of the assets owned by the Bank

Net tangible assets were in amount of Ron 224 mio as of 31 December 2014, out of which 57% represents land and buildings.

The details regarding the breakdown and structure of the tangible assets:

- of the Group are presented in the *Note 26 Property and equipment* disclosed in the Notes to the consolidated financial statements for the year ended 31 december 2014;
- of the Bank are presented in the *Note 42 Property and equipment* disclosed in the Notes to the separated financial statements for the year ended 31 december 2014.

2.3. Description of the potential issues regarding the ownership title on the tangible assets

Not applicable.

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3. CAPITAL MARKET FOR THE BONDS ISSUED BY THE BANK/GROUP

3.1. Description of the market in Romania and other countries on where the issued bonds are traded

In June 2013, the Group issued 55,000 medium term bonds denominated in RON on Bucharest Stock Exchange having the following characteristics: symbol UCT18, ISIN ROUCTBDBC014, nominal value of RON 10,000 / bond, a fixed interest of 6.35% per annum, interest coupon half-yearly payable and redemption date on 15th of June 2018. Out of 10 interest coupons of the bonds issue, there have been paid 3 coupons to the bond holders. Information regarding these bonds are presented on the Bucharest Stock Exchange website

(<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCT18>).

3.2. Description of Bank's policy regarding dividends

In order to strengthen the capital of the Bank, as it had done in the previous years, the Management Board have proposed to the General Meeting of Shareholders to reinvest fully the profit for 2014.

3.3. Description of the any activities of the Bank in respect of the purchasing of its own shares

Not applicable.

3.4. In case the Bank has subsidiaries, providing the number and nominal value of shares issued by the Bank that are owned by subsidiaries

Not applicable.

3.5. In case the reporting entity has issued bonds and/or other securities, description of the way the entities settle the obligations to the holders of those securities

The coupon payments are made in accordance with the provisions of the Chapter „**Bonds terms and conditions**”, paragraph 9 **Payments** in the „**BONDS ISSUE PROSPECTUS**” published on the Bank's website (<http://www.unicredit-tiriac.ro/data/files/Prospect%20oferta%20obligatiuni.pdf>).

4. BANK'S MANAGEMENT

On 17th of April 2008, General Meeting of Shareholders adopted the dual tier governance system, through which the management of UniCredit Tiriac Bank SA is ensured by the Management Board, respectively by Supervisory Board, Management Board members not being able to be in the same time members of the Supervisory Board.

4.1. Presentation of the Supervisory Board members as of 31 December 2014

Supervisory Board of UniCredit Tiriac Bank as of 31 December 2014 consisted of:

1. Corneliu Dan PASCARIU, President of Supervisory Board
2. Petru Ion Vaduva
3. Leonard Alexandru Leca
4. Heinz Meidlinger
5. Gianfranco Bisagni
6. Gianni Franco Papa
7. Francesco Giordano
8. Paolo Tripodi
9. Stefano Cotini
10. Susanne Malibas

4.2. Presentation of the Management Board members as of 31 December 2014

Management Board of UniCredit Tiriac Bank as of 31 December 2014 consisted of:

1. Catalin Rasvan Radu, Romanian citizen, born on 12.02.1966, Executive President (CEO), President of Management Board.
2. Niccoló Ubertalli, Italian citizen, born on 02.03.1973, Prime-Vicepresident (Deputy CEO), Executive Vicepresident (Deputy CEO), Member of Management Board.
3. Daniela Margareta Bodirca, Romanian citizen, born on 28.04.1976, Executive Vicepresident, Member of Management Board.
4. Septimiu Postelnicu, Romanian citizen, born on 27.03.1977, Executive Vicepresident, Member of Management Board.
5. Alina Marinela Dragan, Romanian citizen, born on 17.09.1978, Executive Vicepresident, Member of Management Board.
6. Marco Giuseppe Esposito, Italian citizen, born on 07.10.1959, Executive Vicepresident, Member of Management Board.
7. Mihaela Alina Lupu, Romanian citizen, born on 08.11.1975, Executive Vicepresident, Member of Management Board.

4.3. For all the persons mentioned at 4.1. and 4.2., description of the eventual litigations or administrative procedures in which they have been involved in the last 5 years, regarding their activity within the issuer, as well as those related to person capacity to meet his/her responsibilities within the issuer

There have been no litigations or administrative procedures for the persons of the Bank's management in the last 5 years up to now.



5. FINANCIAL ACCOUNTING STATUS

5.1. Assets, Liabilities, Equity

The structure and the evolution of the main categories of assets, liabilities and equity of the Group are presented below:

<i>In RON</i>	31-Dec-2014	31-Dec-2013*	2014/2013 Variance
Assets			
Cash and cash equivalents	4,355,627,566	5,235,422,569	-16.8%
Financial assets at fair value through profit or loss	256,170,739	75,614,112	238.8%
Derivatives assets designated as hedging instruments	12,433,477	13,606,582	-8.6%
Fair value changes of the hedged items in portfolio hedge	550,694	859,908	-36.0%
Loans and advances to banks	534,259,738	378,166,622	41.3%
Loans and advances to customers	18,075,870,864	16,867,193,505	7.2%
Net lease receivables	2,445,023,397	-	n.a.
Investment securities, available for sale	5,948,499,011	5,405,375,971	10.0%
Investments in associates	-	823,800	-100.0%
Property and equipment	223,946,409	224,043,931	0.0%
Intangible assets	145,965,564	126,566,889	15.3%
Current tax asset	21,330,327	32,100,976	-33.6%
Deferred tax asset	53,974,538	45,148,655	19.5%
Other assets	289,808,438	95,997,318	201.9%
Non-current assets and disposal groups classified as held for sale	923,771	-	n.a.
Total assets	32,364,384,533	28,500,920,838	13.6%
Liabilities			
Derivative liabilities at fair value through profit or loss	114,778,678	91,322,302	25.7%
Derivatives liabilities designated as hedging instruments	95,420,025	62,878,808	51.8%
Deposits from banks	3,596,087,426	3,670,345,104	-2.0%
Loans from banks and other financial institutions	8,101,282,753	5,261,207,277	54.0%
Deposits from customers	15,888,033,085	15,120,823,928	5.1%
Debt securities issued	550,317,133	549,912,266	0.1%
Subordinated liabilities	386,494,077	503,874,631	-23.3%
Provisions	212,790,611	227,239,331	-6.4%
Current tax liabilities	3,635,321	-	n.a.
Other liabilities	335,568,096	147,397,184	127.7%
Total liabilities	29,284,407,205	25,635,000,831	14.2%
Equity			
Share capital	1,101,604,066	1,101,604,066	0.0%
Share premium	55	55	0.0%
Reserve on available for sale financial assets	94,919,980	41,377,457	129.4%
Cash flow hedging reserve	-62,830,271	-31,601,811	98.8%
Revaluation reserve on property and equipment	10,751,615	14,966,066	-28.2%
Other reserves	240,534,612	240,534,612	0.0%
Retained earnings	1,604,671,803	1,434,472,702	11.9%
Total equity	2,989,651,860	2,801,353,147	6.7%
Non-controlling interest	90,325,468	64,566,860	39.9%
Total Group Equity	3,079,977,328	2,865,920,007	7.5%
Total liabilities and equity	32,364,384,533	28,500,920,838	13.6%

**) the comparative figures for 2013 do not include those for leasing entities (UCLC, UCLRO, DEBO, ALLIB, UCIB) acquired in 2014*



5.2. Assets, Liabilities, Equity

At the end of 2014, total assets were RON 32,364.4 mio, compared to RON 28,500.9 mio as of 31 December 2013 (increase by 13.6%).

The main significant increase of assets were for the following categories:

- **Cash and cash equivalents:** decrease by RON 879.8 mio (16.8%) from RON 5,235.4 mio as at 31 December 2013 to RON 4,355.6 mio as at 31 December 2014.
- **Loans and advances to customers:** increase by RON 1,208.7 mio (7.2%) from RON 16,867.2 mio in December 2013 to RON 18,075.9 mio in December 2014. The non-performing loans with 90 days overdue are 22.7% of the loan portfolio as at 31 December 2014 (31 December 2013: 25.1%). The structure of loan portfolio consists of 74.2% for legal entities and 25.8% for individuals (31 December 2013: 79% for corporate and 21% for individuals).
The credit risk provisions increased at RON 2,291.4mio. (31 December 2013: RON 1,905.4 mio).
- **Investment securities, available-for-sale:** Increase by RON 543.1 mio (10%) from RON 5,405.5 mio in December 2013 to RON 5,948.5mio in December 2014, increase that includes the equity investments in amount of RON 5mio (31 December 2013: RON 2.6mio).
- **Investments in associates:** The Bank has held a 20% equity stake in UniCredit Leasing Corporation IFN S.A. until 1st of April 2014 when it has become a subsidiary of the Bank, when it has been included in the accounting and prudential consolidation perimeter.

The main significant increase of liabilities were for the following categories:

- **Loans from banks and other financial institutions:** Increase by RON 2,840.1 mio (54%) from RON 5,261.2 mio (31 December 2013) to RON 8,101.2mio (31 December 2014).
- **Deposits from customers:** Increase by RON 767.2 mio (5%) from RON 15,120 mio (31 December 2013) to RON 15,888 mio (31 December 2014).
- **Derivative liabilities designated as hedging instruments:** increase by RON 23.5mio (51.8%) from RON 62.8 mio (31 December 2013) to RON 95.4 mio due to the hedging transactions made in accordance with IFRS hedging accounting policies.



5.3. Income statement

Income statement for the 6 months period for 2013 and 2014 is presented below:

<i>In RON</i>	2014	2013	2014/2013 Variance
Interest income	1,390,318,710	1,385,310,855	0.4%
Interest expense	-524,280,021	-604,140,099	-13.2%
Interest related effect of swap transactions related to refinancing lines with UniCredit Group companies	12,167,903	39,815,610	-69.4%
Net interest income	878,206,592	820,986,366	7.0%
Fee and commission income	365,420,240	353,241,319	3.4%
Fee and commission expense	-72,184,483	-64,075,702	12.7%
Net fee and commission income	293,235,757	289,165,617	1.4%
Net income from trading and other financial instruments at fair value through profit or loss	253,915,961	286,300,036	-11.3%
Fair value adjustments in hedge accounting	3,261,295	-1,809,063	-280.3%
Net income on disposals of financial assets and liabilities which are not at fair value through profit or loss	103,307,704	42,106,404	145.3%
Dividends and similar incomes	1,036,974	1,053,815	-1.6%
Other operating income	6,447,202	3,367,537	91.5%
Operating income	1,539,411,485	1,441,170,712	6.8%
Personnel expenses	-352,843,743	-323,799,550	9.0%
Depreciation and impairment of tangible assets	-39,330,632	-45,251,683	-13.1%
Amortisation and impairment of tangible assets	-36,164,023	-30,863,784	17.2%
Other administrative costs	-327,886,402	-321,172,112	2.1%
Other operating costs	-23,553,768	-18,086,114	30.2%
Operating expenses	-779,778,568	-739,173,243	5.5%
Net operating income	759,632,917	701,997,469	8.2%
Net impairment losses on financial assets	-601,531,740	-676,680,639	-11.1%
Net provision charges	-3,121,780	-16,219,844	-80.8%
Profit / (Loss) on associate investments at equity method	-351,447	-3,595,476	-90.2%
Net gains from other investment activities	23,796,317	-	n.a.
Profit before taxation	178,424,267	5,501,510	3143.2%
Income tax	-34,654,678	88,901,008	-139.0%
Net profit for the year	143,769,589	94,402,518	52.3%
Attributable to:			
Equity holders of the parent	118,055,732	87,670,880	34.7%
Non-controlling interests	25,713,857	6,731,638	282.0%

The Net profit attributable to equity holders of the parent (Group) for the year ended at 31 December 2014 is RON 118.1 mio, higher by 34.7% than that for the previous year (RON 87.7 mio).

The total operational income were RON 1,539.4 mio as at 31 December 2014, higher than that for the period ended at 31 December 2013 in amount of RON 1,441.2 mio, recording an increase of 6.8%. greater than that of 5.5% for total operational expenses (that increased from RON 739.2 mio in 2013 to RON 779.8mio in 2014). As at 31 December 2014, the cost/income ratio, one of the main indicator closely monitored by the Management, was 50% smaller that that of 51.3% recorded as that of 31 December 2013.



5.4. Cash flows

The structure of cash flows is summarized by the statement of cash flows:

<i>In RON</i>	2014	2013	2014/2013 variance
Profit before taxation	178,424,267	5,501,510	3,143.2%
Adjustments for non-cash items:			
Depreciation and amortisation and impairment on tangible and intangible assets	75,494,655	76,115,467	-0.8%
Net impairment losses on financial assets	601,531,740	676,680,639	-11.1%
Change in fair value of derivatives at fair value through profit or loss	(6,218,848)	31,110,349	-120.0%
Other items for which the cash effects are investing or financing	22,980,322	(1,203,145)	-2,010.0%
Other non-cash items	205,343,396	170,660,496	20.3%
Operating profit before changes in operating assets and liabilities	1,077,555,532	958,865,316	12.4%
Change in operating assets:	(2,738,410,807)	(2,737,314,681)	0.0%
Change in operating liabilities:	1,044,140,080	2,571,427,249	-59.4%
Cash flows from / (used in) operating activities	(616,715,177)	792,977,884	-177.8%
Cash flows used in investing activities	(144,624,368)	(57,667,369)	150.8%
Cash flows from financing activities	(118,455,458)	70,459,430	-268.1%
Net increase in cash and cash equivalents	(879,795,003)	805,769,945	-209.2%
Cash and cash equivalents at 1 January	5,235,422,569	4,429,652,624	18.2%
Cash and cash equivalents at 31 December	4,355,627,566	5,235,422,569	-16.8%
Cash flow from operating activities include:	2,014	2,013	2014/2013 variance
Interest received	1,443,492,759	1,384,792,419	4.2%
Interest paid	559,480,573	521,147,509	7.4%

The liquidity ratio in RON equivalent calculated in accordance with NBR Regulation 25/2011 was between 1.15 and 23.33 (depending on the residual maturity of the assets and the liabilities) in 2014 (2013: between 1.24 and 16.77).

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6. CHANGES WHICH IMPACT THE SHAREHOLDERS EQUITY AND MANAGEMENT OF THE GROUP

6.1. Description of the cases where the entity has not respected its financial obligations during the respective reporting period:

- Not applicable.

6.2. Description of any change of the rights of the holders of the securities issued by the Group:

- Not applicable.

6.3. Changes in the Group governing bodies:

- There have been no changes in the governing bodies of the Group in 2014.

7. ANNEXES

There are attached to the present report the following attached documents:

7.1. List of Bank's subsidiaries and its controlled entities

The list of subsidiaries and of entities controlled by the Bank as of 31 December 2014 is presented in the Annex 1.

7.2. Related parties lists

The list of related parties is presented in the Annex 2.

7.3. Financial statements and auditor report

Separate and consolidated Financial Statements as of 31 December 2014 prepared in accordance with IFRS as endorsed by European Union, audited by external independent auditor Deloitte Audit SRL.

7.4. Compliance statement

Statement of the Directorate Members who has assumed the responsibility for the preparation of the consolidated financial statements for the financial year.

Rasvan Catalin Radu
Executive President



Mihaela Alina Lupu
Executive Vicepresident

