



UniCredit Bank S.A.

**Interim Condensed Consolidated
Financial Statements**

**For the six months period ended
30 June 2016**

**Prepared in accordance with
IAS 34 "Interim Financial Reporting"**

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To the shareholders of,
UniCredit Bank S.A.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of UniCredit Bank S.A. (the 'Bank') and its subsidiaries: UniCredit Consumer Financing S.A., UniCredit Leasing Corporation IFN S.A, Debo Leasing IFN S.A. and UniCredit Insurance Broker S.R.L. as of June 30, 2016 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended. Management of the Bank is responsible for the preparation and fair presentation of these interim condensed consolidated financial information in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of the Bank is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

*For signature, please refer to
the original Romanian version.*

Deloitte Audit S.R.L.
Bucharest, Romania
July 22, 2016

**Interim condensed consolidated statement of comprehensive income
for the six months period ended 30 June 2016**

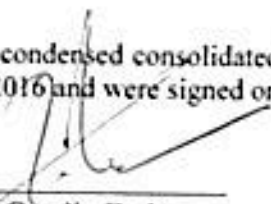
	Note	Six months period ended 30 June 2016 RON	Six months period ended 30 June 2015 RON
Interest income	6	645,146,159	640,374,386
Interest expense	6	(179,604,999)	(222,658,642)
Net interest income		465,541,160	417,715,744
Fee and commission income		196,860,912	181,092,902
Fee and commission expense		(36,753,455)	(38,029,831)
Net fee and commission income		160,107,457	143,063,071
Net income from trading and other financial instruments at fair value through profit or loss	7	115,753,628	124,268,933
Fair value adjustment in hedge accounting		3,320,461	(2,443,921)
Net income on disposal of financial assets and liabilities which are not at fair value through profit or loss		99,228,346	47,931,977
Dividends income		1,843,154	1,243,143
Other operating income		6,976,908	19,079,916
Operating income		852,771,114	750,858,863
Personnel expenses	8	(174,005,972)	(172,586,881)
Amortisation and impairment of tangible assets		(20,026,244)	(18,582,937)
Amortisation and impairment of intangible assets		(24,573,483)	(22,267,279)
Other administrative costs*	9	(174,738,552)	(183,597,095)
Other operating costs		(15,200,958)	(18,276,531)
Operating expenses		(408,545,209)	(415,310,723)
Net operating income		444,225,905	335,548,140
Net impairment losses on financial assets	10	(146,021,384)	(230,439,451)
Net provision releases/(charge)	21	(18,874,587)	3,155,400
Net gains/ (losses) from other investment activities		(274,513)	(2,750,085)
Profit before taxation*		279,055,421	105,514,004
Income tax	11	(53,066,771)	(18,263,398)
Net profit for the period*		225,988,650	87,250,606
Attributable to:			
Equity holders of the parent		213,697,744	79,462,374
Non-controlling interests		12,290,906	7,788,232
Net profit for the period		225,988,650	87,250,606

*The details of the comparatives restatement are presented at Note 9.

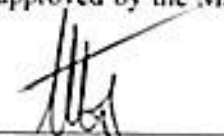
Interim condensed consolidated statement of comprehensive income
for the six months period ended 30 June 2016 (continued)

Note	Six months period ended 30 June 2016 RON	Six months period ended 30 June 2015 RON
Items that will not be reclassified to profit or loss		
Revaluation of properties (net of deferred tax)	26,831	4,191
Total items that will not be reclassified to profit or loss	26,831	4,191
Items that may be reclassified to profit or loss		
Net change in revaluation reserve for available for sale financial assets (net of deferred tax)	(45,528,669)	(76,573,372)
Net change in cash flow hedging reserve (net of deferred tax)	(12,615,407)	11,896,815
Total items that may be reclassified to profit or loss	(58,144,076)	(64,676,557)
Other comprehensive income for the year, net of tax	(58,117,245)	(64,672,366)
Total comprehensive income for the year	167,871,405	22,578,239
Attributable to:		
Equity holders of the parent	155,580,499	14,790,007
Non-controlling interests	12,290,906	7,788,232
Total comprehensive income for the period	167,871,405	22,578,239

The interim condensed consolidated financial statements were approved by the Management Board on July 19, 2016 and were signed on its behalf by:



Mr. Rasyan Catalin Radu
Chief Executive Officer



Mrs. Mihaela Alina Lupu
Chief Financial Officer

**Interim condensed consolidated statement of financial position
for the six months period ended 30 June 2016**

	Note	30 June 2016 RON	31 December 2015 RON
ASSETS			
Cash and cash equivalents	12	2,921,987,115	4,594,566,616
Financial assets at fair value through profit or loss	13	403,803,539	291,596,454
Derivatives assets designated as hedging instruments	13	20,378,449	16,477,513
Fair value changes of the hedged items in portfolio hedge	13	123,824	305,851
Loans and advances to banks		1,058,484,483	917,762,286
Loans and advances to customers	14	19,760,155,328	19,060,792,216
Net lease receivables	15	3,020,080,189	2,729,569,996
Investment securities, available for sale	16	6,043,200,409	6,362,088,047
Property and equipment		266,601,170	234,938,243
Intangible assets		149,883,264	156,244,574
Deferred tax assets		40,819,676	44,517,708
Other assets		147,419,127	157,967,866
Non-current assets and disposal groups classified as held for sale		960,323	960,324
Total assets		33,833,896,896	34,567,787,694
LIABILITIES			
Derivative liabilities at fair value through profit or loss	13	108,046,128	85,114,106
Derivatives liabilities designated as hedging instruments	13	124,339,355	82,170,287
Deposits from banks	17	3,137,793,243	4,748,273,443
Loans from banks and other financial institutions	18	6,759,467,492	7,250,081,729
Deposits from customers	19	19,067,287,459	17,858,756,073
Debt securities issued		550,745,456	550,659,161
Subordinated liabilities	20	322,355,620	322,072,940
Provisions	21	87,705,754	68,875,833
Current tax liabilities		13,428,331	18,682,913
Deferred tax liabilities		15,178,924	-
Other liabilities		239,063,689	231,459,682
Total liabilities		30,425,411,451	31,216,146,167

**Interim condensed consolidated statement of financial position
for the six months period ended 30 June 2016 (continued)**

	Note	30 June 2016 RON	31 December 2015 RON
EQUITY			
Share capital	22	1,101,604,066	1,101,604,066
Share premium		55	55
Revaluation reserve on property and equipment		10,871,740	10,844,909
Cash flow hedging reserve		(59,244,158)	(46,628,751)
Reserve on available for sale financial assets		35,262,708	80,791,377
Other reserves		240,534,612	240,534,612
Retained earnings		1,959,450,427	1,856,780,170
Total equity		3,288,479,450	3,243,926,438
Non-controlling interests		120,005,995	107,715,089
Total Group equity		3,408,485,445	3,351,641,527
Total liabilities and equity		33,833,896,896	34,567,787,694

The interim condensed consolidated financial statements were approved by the Management Board on July 19, 2016 and were signed on its behalf by:



Mr. Rasvan Catalin Radu
Chief Executive Officer



Mrs. Mihaela Alina Lupu
Chief Financial Officer

Interim condensed consolidated statement of changes in shareholders' equity for the six months period ended 30 June 2016

In AOV	Reserve on					Share premium	Retained earnings	Total	Non-Controlling Interest	Total
	Share capital	available for sale financial assets	Cash flow hedging reserve	Revaluation of properties	Other reserves					
Balance at 31 December 2015	1,101,604,066	80,791,377	(46,628,751)	10,844,909	240,534,612	55	1,856,780,170	3,243,926,438	107,715,089	3,351,641,527
Net profit for the period	-	-	-	-	-	-	213,697,744	213,697,744	12,290,906	225,988,650
Other comprehensive income, net of income tax										
Dividends paid during the period	-	-	-	-	-	-	(111,027,487)	(111,027,487)	-	(111,027,487)
Revaluation of properties, net of tax	-	-	-	26,831	-	-	-	26,831	-	26,831
Net change in available-for-sale financial assets, net of tax	-	(45,528,669)	-	-	-	-	-	(45,528,669)	-	(45,528,669)
Net change in cash flow hedging reserve, net of tax	-	-	(12,615,407)	-	-	-	-	(12,615,407)	-	(12,615,407)
Total other comprehensive income	-	(45,528,669)	(12,615,407)	26,831	-	-	(111,027,487)	(169,144,732)	-	(169,144,732)
Total comprehensive income for the period	-	(45,528,669)	(12,615,407)	26,831	-	-	102,670,257	44,553,012	12,290,906	56,843,918
Balance at 30 June 2016	1,101,604,066	35,262,708	(59,244,159)	10,871,740	240,534,612	55	1,959,450,427	3,288,479,450	120,005,995	3,408,485,445

The interim condensed consolidated financial statements were approved by the Management Board on July 19, 2016 and were signed on its behalf by:



Mr. Rasvan Catalin Radu
 Chief Executive Officer



Mrs. Mihaela Alina Lupu
 Chief Financial Officer

Interim condensed consolidated statement of changes in shareholders' equity for the six months period ended 30 June 2015

In RON	Reserve on		Cash flow hedging reserve	Revaluation of properties	Other reserves	Share premium	Retained earnings	Total	Non-Controlling Interest	Total
	Share capital	available for sale financial assets								
Balance at 31 December 2014	1,101,604,066	94,919,980	(62,830,271)	10,751,615	240,534,612	55	1,604,671,803	2,989,651,860	90,325,468	3,079,977,328
Consolidation adjustments related to merger of subsidiaries	-	-	-	-	-	-	11,213	11,213	(19,411)	(8,198)
Total comprehensive income for the period	-	-	-	-	-	-	79,462,373	79,462,373	7,788,232	87,250,605
Net profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of income tax	-	-	-	4,191	-	-	-	4,191	-	4,191
Revaluation of properties, net of tax	-	(76,573,372)	-	-	-	-	-	(76,573,372)	-	(76,573,372)
Net change in available-for-sale financial assets, net of tax	-	-	11,896,815	-	-	-	-	11,896,815	-	11,896,815
Net change in cash flow hedging reserve, net of tax	-	(76,573,372)	11,896,815	4,191	-	-	-	(64,672,366)	-	(64,672,366)
Total other comprehensive income	-	(76,573,372)	11,896,815	4,191	-	-	-	(64,672,366)	-	(64,672,366)
Total comprehensive income for the period	-	(76,573,372)	11,896,815	4,191	-	-	79,462,373	14,790,007	7,788,232	22,578,239
Balance at 30 June 2015	1,101,604,066	18,346,608	(50,933,456)	10,755,806	240,534,612	55	1,684,145,389	3,004,453,080	98,094,289	3,102,547,369

The interim condensed consolidated financial statements were approved by the Management Board on July 19, 2016 and were signed on its behalf by:


Mr. Rasvan Catalin Radu
 Chief Executive Officer


Mrs. Mihaela Alina Lupu
 Chief Financial Officer

Notes attached form an integral part of these interim condensed consolidated financial statements

**Interim condensed consolidated statement of cash flows
for the six months period ended 30 June 2016**

<i>In RON</i>	Note	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Operating activities			
Profit before taxation		279,055,421	105,514,004*
Adjustments for non-cash items:			
Amortization and impairment on tangible/intangible assets		44,599,727	40,850,216
Net impairment losses on financial assets	10	146,021,384	230,439,451
Change in fair value of derivatives at fair value through profit or loss		(7,192,703)	(6,016,196)
Other items for which the cash effects are investing or financing		7,401,908	(109,272,075)
Other non-cash items		122,102,726	18,479,326
Operating profit before changes in operating assets and liabilities		591,988,463	279,994,726
Change in operating assets:			
(Increase)/decrease in investment securities held for trading		(71,054,144)	39,487,506
Decrease in investment securities available for sale		219,324,356	251,795,116
(Increase) in loans and advances to banks		(206,251,968)	(79,131,804)
(Increase) in loans and advances to customers		(814,173,682)	(540,654,596)
(Increase)/decrease in lease receivable		(352,286,979)	217,305,771
(Increase) in other assets		(11,450,730)	(265,816,505)
Change in operating liabilities:			
Increase / (Decrease) in deposits from banks		(1,612,920,201)	812,098,803
Increase in deposits from customers		1,277,022,096	(1,769,164,755)
Decrease in other liabilities		11,455,460	(62,685,665)
Income tax paid		10,483,135	(8,965,774)
Cash flows used in operating activities		(957,864,194)	(1,125,737,177)
Investing activities			
Acquisition of property and equipment and intangible assets		(30,801,095)	(24,063,659)
Proceeds from sale of equity investments		45,225,829	739,017
Dividends received		1,843,154	1,243,143
Cash flows used in investing activities		16,267,888	(22,081,499)



**Interim condensed consolidated statement of cash flows
for the six months period ended 30 June 2016 (continued)**

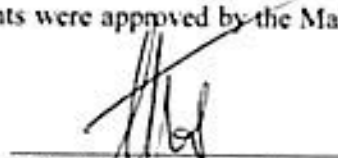
<i>In RON</i>	Note	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Financing activities			
Dividends paid		(107,021,634)	-
Repayments of loans from financial institutions		(1,157,942,104)	(848,045,945)
Drawdowns from loans from financial institutions		533,980,543	721,102,030
Cash flows used in financing activities		(730,983,195)	(126,943,915)
Net (decrease)/increase in cash and cash equivalents		(1,672,579,501)	(1,274,762,591)
Cash and cash equivalents at 1 January		4,594,566,616	4,355,627,566
Cash and cash equivalents at 30 June		2,921,987,115	3,080,864,975
Cash flow from operating activities include:		30 June 2016	30 June 2015
Interest received		700,922,555	714,617,016
Interest paid		144,217,173	186,803,376

* Details regarding restatement in Note 9

The interim condensed consolidated financial statements were approved by the Management Board on July 19, 2016 and were signed on its behalf by:



Mr. Rasvan Catalin Radu
Chief Executive Officer



Mrs. Mihaela Alina Lupu
Chief Financial Officer

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2016**

I. REPORTING ENTITY

The UniCredit Group (the "Group") consists of UniCredit 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"), Debo Leasing IFN SA ("DEBO") and UniCredit Insurance Broker SRL ("UCIB"). These consolidated financial statements comprise the Bank and its subsidiaries.

UniCredit Bank S.A. (the "Bank"), the new brand of formerly UniCredit Tiriac Bank SA until August 2015, having its current registered office at 1F, Expozitiei Boulevard, District 1, Bucharest, Romania 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 to conduct banking activities.

The Bank provides retail and commercial banking services in Romanian Lei ("RON") and foreign currency. 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.

UniCredit Bank S.A. is controlled by UniCredit Bank Austria AG and the ultimate parent is UniCredit SpA (Italy). The 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., 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 when the Bank obtained 99.95% direct and indirect controlling interest (direct controlling interest: 99.90%). The Bank's shareholding has changed to a direct and indirect controlling interest 99.98% as of 31 December 2015 (direct controlling interest: 99.96%), as a result of the merger of UCLC with UniCredit Leasing Romania SA ("UCLRO") finalized by June 2015, when UCLRO was absorbed by UCLC.
- 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, has become a subsidiary of the Bank starting with April 2014. The Bank has an indirect controlling interest of 99.97% (31 December 2015: 99.97%) through UCLC.
- UniCredit Insurance Broker S.R.L., having its current registered office in 23-25 Ghetarilor Street, 2nd floor, 1st district, Bucharest, Romania, intermediates insurance policies related to leasing activities to legal entities and individuals, in which the Bank has an indirect controlling interest of 99.98% (31 December 2015: 99.98%).

The following companies ceased to be Group's subsidiaries during 2015, as follows:

- UniCredit Leasing Romania SA ("UCLRO") has ceased to be subsidiary starting with June 2015 as a result of the merger process with UCLC, when UCLC fully absorbed UCLRO.
- Allib Rom SRL ceased to be subsidiary starting with August 2015 as a result of sale made by UCLC, its direct parent company to the lessee, based on the financial leasing contract terms.

As at 30 June 2016, the Group carried out its activity in Romania through Bank having 183 branches (31 December 2015: 184) located in Bucharest and the country.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (*continued*)

2. BASIS OF PREPARATION

a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 – *Interim Financial Reporting*. These financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Bank as at and for the year ended 31 December 2015.

b) Functional and presentation currency

The consolidated financial statements are presented in Romanian Lei ("RON"), which is the functional and presentation currency. Except as indicated, financial information presented in RON has been rounded to the nearest unit.

The exchange rates of major foreign currencies were:

Currencies	30 June 2016	31 December 2015	Change
Euro (EUR)	1: RON 4.5210	1: RON 4.5245	(0.08)%
US Dollar (USD)	1: RON 4.0624	1: RON 4.1477	(2.06)%

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Bank in its annual consolidated financial statements as at and for the year ended 31 December 2015. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period and specific disclosures are presented in the corresponding notes to the financial statements.

In this respect, please see the explanations at Note 9.

4. FINANCIAL RISK MANAGEMENT

The Group's liquidity indicator Loans/Deposits ratio is as follows:

Ratio	30 June 2016	31 December 2015
Loans / Deposits ratio	129%	135%

There were no significant changes to financial risk management policies of the Bank as compared with those presented in the annual IFRS consolidated financial statements for the year ended 31.12.2015.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing the interim condensed consolidated financial statements the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at for the year ended 31.12.2015.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (*continued*)

6. NET INTEREST INCOME

<i>In RON</i>	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Interest income		
Interest and similar income arising from:		
Loans and advances to customers*	462,511,297	456,824,980
Net lease receivables	73,275,889	75,558,384
Treasury bills and bonds	74,658,194	74,308,425
Current accounts and placements with banks	18,309,846	19,215,284
Others (including derivatives)	10,568,692	8,705,261
Hedging instruments	5,822,241	5,762,052
Total interest and similar income	645,146,159	640,374,386
Interest expense and similar charges		
Interest expense and similar charges arising from:		
Deposits from customers	28,842,708	52,054,295
Loans from banks and other financial institutions	94,954,093	113,393,284
Deposits from banks	21,634,319	21,803,614
Debt securities issued	17,549,213	17,489,997
Others (including derivatives)	7,558,033	10,160,529
Hedging instruments	9,066,576	6,768,051
Repurchase agreements	57	988,872
Total interest expense	179,604,999	222,658,642
Net interest income	465,541,160	417,715,744

*) Included in interest income for a total amount of RON 48,277,253 (30 June 2015: RON 20,557,352) related to interest income on impaired loans. Interest income and expenses for assets and liabilities other than those carried at fair value through profit or loss are calculated using the effective interest rate method.



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

7. NET INCOME FROM TRADING AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

<i>In RON</i>	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Net gains from foreign exchange operations (including FX derivatives)	122,778,247	117,297,307
Net gains/(losses) from interest derivatives	(18,133,544)	8,042,736
Net income from trading bonds	10,986,417	(1,027,064)
Net gains/(losses) from other derivatives	122,508	(44,046)
Net income from trading and other financial instruments at fair value through profit and loss	115,753,628	124,268,933

8. PERSONNEL EXPENSES

<i>In RON</i>	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Wages and salaries other employees' benefits	143,537,884	138,856,075
Social security charges	33,914,641	33,278,336
Other (income)/costs related to employees' benefits	(3,446,553)	452,470
Total	174,005,972	172,586,881

The Group number of employees at 30 June 2016 was 3,350 (31 December 2015: 3,348).

For the Management Board members, the performance measurement is calculated taking into account the variable remuneration component which include an adjustment for all current and potential risk types and also considers the cost of capital and required liquidity.

For Management Board members, at least 50% of variable remuneration consists in non-cash instruments and at least 40% of variable remuneration is deferred for a period of at least 3-5 years.

The remuneration policies and practices of the Group are also implemented at level of the directly controlled entities.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)
9. OTHER ADMINISTRATIVE COSTS

<i>In RON</i>	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Office space expenses (rental, maintenance, other)	50,617,972	56,850,506
IT services	37,556,355	36,413,954
Other taxes and duties*	31,310,164	47,307,498
Advertising and promotional expenses	15,410,057	11,977,416
Communication expenses	11,997,891	7,491,097
Materials and consumables	8,452,580	4,558,294
Consultancy, legal and other professional services	4,375,136	4,476,473
Personnel training and recruiting	2,146,243	2,737,904
Insurance expenses	1,585,011	1,499,872
Other	11,287,143	10,284,081
Total	174,738,552	183,597,095

*In the financial statements for the period ended at 30th of June 2015, the fee owed to Bank Deposits Guarantee Fund ("FGDB") related to financial year 2015 was allocated uniformly for the first 6 months of 2015 and as a consequence only 50% of its value was included in the profit or loss account at that reporting date. Subsequently, based on the discussions had within the banking sector, there have been developed clarifications regarding the recording of this fee fully at the moment when this obligation becomes due to FGDB. In conclusion, in order to present this levy existing as of 30th of June 2015 in accordance with the IFRIC 21 Levies requirements, the entire fee has been recognized into the profit or loss account for the period ended at 30 June 2015.

10. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

<i>In RON</i>	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Net provision (charges) for loans and advances to customers	131,805,521	214,782,219
Net provision (charges) for lease receivables	20,054,164	23,948,187
Loans written-off	4,803,791	283,933
Recoveries from loans previously written-off	(19,254,830)	(8,530,135)
Net provision (charges) for other financial assets	8,612,738	(44,753)
Total	146,021,384	230,439,451

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

11. INCOME TAX

<i>In RON</i>	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Direct taxes at 16% (2015: 16%) of taxable profits determined in accordance with Romanian law	22,731,121	10,519,485
Correction of current income tax arising from previous year	356,799	-
Deferred tax expense	29,978,851	7,743,913
Total income tax	53,066,771	18,263,398

Reconciliation of profit before tax to income tax expense in consolidated the income statement

<i>In RON</i>	Six months period ended 30 June 2016	Six months period ended 30 June 2015
Profit before tax	279,055,421	105,514,004
Taxation at statutory rate of 16%	44,648,867	16,882,240
Non-deductible expenses	7,770,084	8,688,870
Non-taxable revenues	(1,586,632)	(17,673,320)
Origination and reversal of temporary differences	3,361,924	11,470,565
Fiscal credit	(1,127,472)	(1,104,957)
Total tax (income) / expense	53,066,771	18,263,398

12. CASH AND CASH EQUIVALENTS

<i>In RON</i>	30 June 2016	31 December 2015
Balances with National Bank of Romania	1,702,035,477	3,677,913,781
Cash (including cash in ATMs)	702,053,078	697,899,736
Short term Money Market placements	405,680,431	165,633,495
Current balances with other banks	112,218,129	53,119,604
Total	2,921,987,115	4,594,566,616

The balance of current accounts with the National Bank of Romania represents the minimum reserve maintained in accordance with the National Bank of Romania requirements. As at 30 June 2016, the minimum reserve level was settled as 8% (31 December 2015: 8%) for liabilities to customers in RON and 12% (31 December 2015: 14%) for liabilities to customers in foreign currency both with residual maturity less than 2 years from the end of reporting period and for liabilities with the residual maturity greater than 2 years with reimbursement, transfer and anticipated withdrawals clause or 0% for all the other liabilities included in the calculation base.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (*continued*)

13. FINANCIAL ASSETS / LIABILITIES HELD FOR TRADING AND DERIVATIVES USED FOR HEDGING

(i) *Financial assets at fair value through profit or loss*

<i>In RON</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
Derivatives	118,659,020	88,492,496
Investment securities held for trading	285,144,519	203,103,958
Total	403,803,539	291,596,454

(ii) *Derivatives assets / liabilities*

The derivative assets and liabilities held at fair value through profit and loss at 30 June 2016 may be summarized as follows:

<i>In RON</i>	<u>Notional</u>	<u>Present value</u>	
		<u>Assets</u>	<u>Liabilities</u>
<i>Foreign currency derivatives</i>			
Forward contracts	4,317,457,252	25,989,286	20,661,986
Purchased Options	198,940,116	457,832	49,406
Sold Options	198,940,116	-	441,404
Total foreign currency derivatives	4,715,337,484	26,447,118	21,152,796
<i>Interest rates derivatives</i>			
Interest Rate Swaps	2,490,651,943	61,115,192	56,255,912
<i>out of which: economic hedge derivatives</i>	199,444,188	-	3,693,861
Purchased Options	758,641,558	29,259,096	-
Sold Options	758,641,558	-	29,109,861
Total interest rate derivatives	4,007,935,059	90,374,288	85,365,773
Other derivatives	783,035	1,837,614	1,527,559
Total	8,724,055,578	118,659,020	108,046,128



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 *(continued)*

13. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING AND DERIVATIVES USED FOR HEDGING *(continued)*

(ii) Derivatives assets / liabilities (continued)

The derivative assets and liabilities held at fair value through profit and loss at 31 December 2015 may be summarized as follows:

In RON

	Notional	Present value	
		Assets	Liabilities
<i>Foreign currency derivatives</i>			
Forward contracts	3,361,679,101	8,997,889	11,954,727
Purchased Options	117,604,940	770,874	31,021
Sold Options	113,438,571	-	754,682
Total foreign currency derivatives	3,592,722,612	9,768,763	12,740,430
<i>Interest rates derivatives</i>			
Interest Rate Swaps	2,800,873,798	49,138,044	43,124,619
<i>out of which: economic hedge derivatives</i>	<i>1,046,301,500</i>	<i>2,330,156</i>	<i>4,989,216</i>
Purchased Options	768,634,765	28,758,206	-
Sold Options	768,634,758	-	28,492,722
Total interest rate derivatives	4,338,143,321	77,896,250	71,617,341
Other derivatives	11,584,585	827,483	756,335
Total	7,942,450,518	88,492,496	85,114,106



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (*continued*)

13. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING AND DERIVATIVES USED FOR HEDGING (*continued*)

(ii) Derivatives assets / liabilities (continued)

The fair values of derivative financial instruments designated as hedging instruments at 30 June 2016 may be summarized as follows:

<i>In RON</i>	Notional	Present value	
		Assets	Liabilities
<i>Cash flow hedge</i>			
Interest rate swap	365,291,618	-	86,511,310
Cross currency swap	294,769,200	20,378,449	151,465
Total Cash flow hedge	660,060,818	20,378,449	86,662,775
<i>Fair value hedge (portfolio and micro hedge)</i>			
Interest rate swap	995,584,954	123,824	37,676,580
Total fair value hedge	995,584,954	123,824	37,676,580
Total	1,655,645,772	20,502,273	124,339,355

The fair values of derivative financial instruments designated as hedging instruments at 31 December 2015 may be summarized as follows:

<i>In RON</i>	Notional	Present value	
		Assets	Liabilities
<i>Cash flow hedge</i>			
Interest rate swap	407,746,333	-	81,900,959
Cross currency swap	294,997,400	16,477,513	-
Total Cash flow hedge	702,743,733	16,477,513	81,900,959
<i>Fair value hedge (portfolio hedge)</i>			
Interest rate swap	9,399,613	305,851	269,328
Total fair value hedge	9,399,613	305,851	269,328
Total	712,143,346	16,783,364	82,170,287

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (*continued*)

14. LOANS AND ADVANCES TO CUSTOMERS

The Group's commercial lending is concentrated on companies and individuals domiciled in Romania mainly. The breakdown of loan portfolio at balance sheet's date by type of loan was as follows:

<i>In RON</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
Mortgages	8,485,769,572	8,207,984,993
Corporate loans	3,954,653,134	5,215,752,534
Revolving credit lines	1,932,157,220	1,884,980,099
Credit cards and personal loans	440,217,949	1,547,597,465
Factoring	3,332,453,101	424,018,547
Impaired assets	3,042,442,230	3,582,592,005
Loans and advances to customers before provisions	<u>21,187,693,206</u>	<u>20,862,925,643</u>
Less provision for impairment losses on loans	<u>(1,427,537,878)</u>	<u>(1,802,133,427)</u>
Net loans and advances to customers	<u>19,760,155,328</u>	<u>19,060,792,216</u>

The Group monitors concentrations of credit risk by sector of activity, client segment, products, ratings, geographical area on a quarterly basis. An analysis of concentrations of credit risk by industry at the reporting date is shown below:

<i>In RON</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
Private entities (including individuals)	5,862,758,674	5,499,638,670
Manufacturing	4,559,491,567	4,637,647,107
Commerce – wholesale and retail	3,202,383,133	2,937,568,497
Real estate	1,205,971,187	1,340,398,806
Construction and civil engineering	739,550,223	732,927,836
Agriculture - forestry – fisheries	1,004,627,527	916,151,586
Transport and storage services	558,399,236	486,243,782
Public administration and defense; social security insurance	547,186,598	567,647,393
Production and supply of electricity, gas, steam and air conditioning	407,427,540	440,729,830
Professional, scientific and technical activities	395,826,413	394,150,628
Information and communication	456,391,461	448,991,795
Water supply	143,229,415	167,602,459
Financial and insurance institutions	374,465,831	130,401,289
Hotels and public commercial concern	103,381,333	101,993,043
Administrative and support service activities	104,982,790	98,814,906
Extractive industry	17,020,711	17,069,474
Education	13,212,568	16,438,241
Medical and social activities	26,194,003	29,159,465
Arts, entertainment and recreation	7,406,786	11,884,483
Other services	30,248,332	85,332,926
Total	<u>19,760,155,328</u>	<u>19,060,792,216</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 *(continued)*

14. LOANS AND ADVANCES TO CUSTOMERS *(continued)*

The movements in loan allowances for impairment may be summarized as follows:

<i>In RON</i>	<u>2016</u>	<u>2015</u>
Specific allowances for impairment		
Balance at 1 January	<u>1,681,298,157</u>	<u>1,873,776,906</u>
Net increases due to adjustments related to expected losses for loans	126,284,312	228,872,035
Transfer between adjustments and other adjustments *	(604,105)	(39,918,592)
Decreases due to the cancellations of impairment adjustments **	(541,804,229)	(414,677,826)
Unwinding effect on provisions	28,953,023	41,603,513
Balance at 30 June	<u>1,294,127,158</u>	<u>1,689,656,036</u>
Collective allowances for impairment		
Balance at 1 January	<u>120,852,795</u>	<u>115,295,326</u>
Net increases due to adjustments related to expected losses for loans	12,648,223	(14,089,816)
Transfer between adjustments and other adjustments *	(90,298)	14,699,280
Decreases due to the cancellations of impairment adjustments **	-	(14,757)
Balance at 30 June	<u>133,410,720</u>	<u>115,890,033</u>
Total opening balance	<u>1,802,150,952</u>	<u>1,989,072,232</u>
Total closing balance	<u>1,427,537,878</u>	<u>1,805,546,069</u>

* *Transfer between risk classification categories and FX adjustments*

** *Related to loans written off and sold*

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

14. LOANS AND ADVANCES TO CUSTOMERS (continued)

Exposure to credit risk

<i>In RON</i>	30 June 2016	31 December 2015
Individually significant impaired loans		
Grade 8-: Impaired	2,045,856,009	2,323,263,574
Grade 9: Impaired	138,722,817	205,282,955
Grade 10: Impaired	390,598,542	492,042,768
Gross amount	2,575,177,368	3,020,589,297
Allowance for impairment	(1,068,838,648)	(1,393,679,652)
Carrying amount	1,506,338,719	1,626,909,645
Fair value of collateral	1,126,785,797	1,156,177,451
Property	1,007,471,431	1,067,844,532
Goods	76,324,239	62,045,737
Assignment of receivables	15,915,800	9,062,865
Other collateral*	27,074,326	17,224,317
Other impaired loans		
Grade 8-: Impaired	278,889,557	348,399,908
Grade 9: Impaired	7,468,088	14,930,260
Grade 10 Impaired	180,902,659	198,672,502
Gross amount	467,260,304	562,002,670
Allowance for impairment	(225,288,512)	(287,618,504)
Carrying amount	241,971,792	274,384,166
Fair value of collateral	232,409,520	260,762,893
Property	201,610,676	231,739,528
Goods	7,794,952	6,479,399
Assignment of receivables	1,217,583	3,395,663
Other collateral*	21,786,309	19,148,303
Past due but not impaired		
Grade 1 – 7	880,270,566	836,523,334
Less than 90 overdue days	876,354,539	830,127,636
More than 90 overdue days	3,916,027	6,395,698
Grade 8	392,402,883	358,839,127
Less than 90 overdue days	375,046,681	344,474,643
More than 90 overdue days	17,356,202	14,364,484
Gross amount	1,272,673,449	1,195,362,461
Allowance for impairment	(44,812,478)	(43,337,809)
Carrying amount	1,227,860,971	1,152,024,652
Neither past due nor impaired		
Grade 1 – 7	16,554,474,378	15,731,845,032
Grade 8	318,107,710	353,126,183
Gross amount	16,872,582,088	16,084,971,215
Allowance for impairment	(88,598,242)	(77,497,462)
Carrying amount	16,783,983,846	16,007,473,753
Total carrying amount	19,760,155,328	19,060,792,216

* Other collateral includes cash and financial risk insurance.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

15. NET LEASE RECEIVABLES

<i>In RON</i>	30 June 2016	31 December 2015
Lease receivables up to one year, gross	1,925,368,835	1,673,573,493
Lease receivables from one to five years, gross	1,148,944,290	1,074,106,031
Lease receivables over five years, gross	255,072,988	307,316,739
Total lease receivables, gross	3,329,386,113	3,054,996,263
Total lease receivables, net of future interest	3,329,386,113	3,054,996,263
Impairment allowance for lease receivables	(309,305,924)	(325,426,267)
Total net lease receivables	3,020,080,189	2,729,569,996

Concentration of credit risk related to lease receivables

<i>In RON</i>	30 June 2016	31 December 2015
Transport and storage services	717,746,995	626,456,987
Manufacturing	419,008,999	398,965,433
Commerce – wholesale and retail	709,118,427	559,385,918
Production and supply of electricity, gas, steam and air conditioning	174,505,709	233,542,947
Construction and civil engineering	236,257,373	232,241,052
Agriculture - forestry – fisheries	182,408,873	166,220,664
Real estate	111,064,224	109,553,451
Professional, scientific and technical activities	122,390,893	112,265,588
Administrative and support service activities	97,007,389	75,299,539
Medical and social activities	61,739,145	45,187,574
Hotels and public commercial concern	44,844,271	42,082,017
Extractive industry	27,329,677	29,418,791
Information and communication	35,387,448	34,217,439
Water supply	27,995,550	25,615,444
Public administration, social security insurance	3,427,279	3,448,092
Financial and insurance institutions	6,164,502	9,884,625
Arts, entertainment and recreation	6,028,364	5,158,083
Education	3,915,992	3,021,856
Other services, private entities (including individuals)	33,739,079	17,604,496
Total	3,020,080,189	2,729,569,996

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

15. NET LEASE RECEIVABLES (continued)

The movements in finance lease allowances for impairment are summarized as follows

<i>In RON</i>	<u>2016</u>	<u>2015</u>
Specific allowances for impairment		
Balance at 1 January	311,636,969	274,927,394
Net increases due to adjustments related to expected losses for leases	15,305,721	37,650,517
Transfer between adjustments and other adjustments *	(241,072)	(527,515)
Decreases due to the cancellations of impairment adjustments **	(36,226,781)	-
Unwinding effect on provisions	(309,841)	(1,234,639)
Balance at 30 June	290,164,996	310,815,757
Collective allowances for impairment		
Balance at 1 January	13,881,122	11,676,238
Net increases due to adjustments related to expected losses for loans	5,279,645	1,602,097
Transfer between adjustments and other adjustments *	-	(23,034)
Decreases due to the cancellations of impairment adjustments **	(19,839)	(74,937)
Balance at 30 June	19,140,928	13,180,364
Total opening balance	325,518,091	286,528,695
Total closing balance	309,305,924	323,996,121

* Transfer between risk classification categories and FX adjustments

** Related to loans written off and sold



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)
15. NET LEASE RECEIVABLES (continued)
In RON

	<u>31 June 2016</u>	<u>31 December 2015</u>
Finance leases individually impaired		
Grade 8-: Impaired	114,754,701	137,338,022
Grade 9: Impaired	58,936,438	53,659,758
Grade 10: Impaired	240,410,958	296,487,790
Gross amount	414,102,096	487,485,570
Allowance for impairment	(257,258,045)	(270,973,954)
Carrying amount	156,844,051	216,511,616
Fair value of collateral	162,081,074	428,613,977
Property	122,573,767	384,039,979
Other collateral	39,507,307	44,573,998
Other impaired finance leases		
Grade 8-: Impaired	14,325,241	21,559,488
Grade 9: Impaired	8,383,398	8,435,119
Grade 10: Impaired	32,096,809	38,018,793
Gross amount	54,805,448	68,013,400
Allowance for impairment	(32,906,953)	(40,663,015)
Carrying amount	21,898,495	27,350,385
Fair value of collateral	19,743,286	56,486,868
Property	19,721,237	56,464,802
Other collateral	22,049	22,066
Finance lease Past due but not impaired		
Grade 1 -7:	629,992,146	653,203,955
Less than 90 overdue days	611,830,595	651,401,918
More than 90 overdue days	18,161,551	1,802,037
Grade 8:	1,044,778	2,703,212
Less than 90 overdue days	1,044,778	2,703,212
Gross amount	631,036,924	655,907,167
Allowance for impairment	(4,650,269)	(4,088,305)
Carrying amount	626,386,655	651,818,862
Finance lease neither past due nor impaired		
Grade 1 - 7	2,217,763,487	1,843,014,573
Grade 8	11,678,159	575,553
Gross amount	2,229,441,646	1,843,590,126
Allowance for impairment	(14,490,658)	(9,700,993)
Carrying amount	2,214,950,988	1,833,889,133
Total carrying amount	3,020,080,189	2,729,569,996



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (*continued*)

16. AVAILABLE-FOR-SALE

a) Investment securities available for sale

As at 30 June 2016, the Group included in investment securities, available for sale bonds, Romanian Government T-bills, bonds issued by the municipality of Bucharest and bonds issued by the Ministry of Public Finance in amount of RON 6,024,484,086 (31 December 2015: RON 6,311,832,887).

As at 30 June 2016, the investment securities available for sale are pledged in amount of RON 480,914,049 (31 December 2015: RON 508,515,105).

The Group transferred to profit or loss during 2016 an amount of 33,403,686 (June 2015: RON 48,723,682) representing net gain from disposal of available for sale investment securities. Net change in fair value booked in other comprehensive income was a decrease of RON 53,643,513 before tax (30 June 2015: RON 91,158,776), respective RON 45,060,551 net of tax (30 June 2015: RON 76,573,372).

b) Equity investments available for sale

The Group held the following unlisted equity investments, available for sale as at 30 June 2016:

30 June 2016	Nature of business	% interest held	Gross Carrying amount	Impairment	Net Carrying amount
UniCredit Leasing Fleet Management	Operational leasing	9.99	2,346,035	-	2,346,035
Transfond SA	Other financial services	8.04	1,164,862	-	1,164,862
Biroul de Credit SA	Financial services	6.80	645,525	-	645,525
Fondul Roman de Garantare a Creditorilor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10	1,786,564	960,253	826,311
Pioneer Asset Management S.A.I. SA	Other financial services	2.57	194,560	155,496	39,064
Casa de Compensare Bucuresti SA	Financial services	0.91	46,980	39,483	7,497
VISA Inc Series C Preferred Shares *)	Cards	0.07	13,687,029	-	13,687,029
Total			19,871,555	1,155,232	18,716,323

*) Following to the closing of the purchase of Visa Europe Limited ("Visa Europe") by Visa Inc. on 21st of June 2016, 3,868 VISA In Series C preferred shares were granted to the Bank in accordance with the terms and conditions of the respective transaction agreement.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

16. AVAILABLE-FOR-SALE (continued)

b) Equity investments available for sale (continued)

The Group held the following unlisted equity investments, available for sale as at 31 December 2015:

31 December 2015	Nature of business	% interest held	Gross Carrying amount	Impairment	Net Carrying amount
UniCredit Leasing Fleet Management	Operational leasing	9.99	2,346,035	-	2,346,035
Transfond SA	Other financial services	8.04	1,164,862	-	1,164,862
Biroul de Credit SA	Financial services	6.80	645,525	-	645,525
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10	1,786,564	960,253	826,311
Pioneer Asset Management S.A.I. SA	Other financial services	2.57	194,560	155,496	39,064
Casa de Compensare Bucuresti SA	Financial services	0.91	46,980	39,483	7,497
VISA Europe Limited*	Cards	0.01	45,225,866	-	45,225,866
Total			51,410,392	1,155,232	50,255,160

* The fair value of the VISA Europe Ltd share has been made based on the estimated proceeds consisting in cash and preferred shares to be received by the Bank from Visa Inc following to the transaction made publicly on 2nd November 2015 by Visa Inc. and Visa Europe Ltd.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (*continued*)

17. DEPOSITS FROM BANKS

<i>In RON</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
Term deposits	2,512,978,437	4,085,692,405
Sight deposits	290,652,293	538,674,162
Amounts in transit	334,162,513	123,906,876
Total	<u>3,137,793,243</u>	<u>4,748,273,443</u>

18. LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

<i>In RON</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
Commercial Banks	6,321,908,221	6,769,151,891
International financial institutions	404,546,282	440,473,153
Multilateral development banks	33,012,989	40,456,685
Total	<u>6,759,467,492</u>	<u>7,250,081,729</u>

As at 30 June 2016, the final maturity of loans varies from July 2016 to January 2028.

19. DEPOSITS FROM CUSTOMERS

<i>In RON</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
Payable on demand	12,540,090,063	11,728,435,707
Term deposits	5,595,118,476	5,255,830,674
Collateral deposits	885,489,950	828,847,807
Amounts in transit	46,458,595	45,523,769
Certificates of deposits	130,375	118,116
Total	<u>19,067,287,459</u>	<u>17,858,756,073</u>

20. SUBORDINATED LIABILITIES

<i>In RON</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
UniCredit Bank Austria AG	322,355,620	322,072,940
Total	<u>322,355,620</u>	<u>322,072,940</u>

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (*continued*)

20. SUBORDINATED LIABILITIES (*continued*)

At 30 June 2016, the following agreements were outstanding:

- (i) Subordinated loan from UniCredit Bank Austria AG in total amount of EUR 48,500,000 principal, maturing on July 2022 (31 December 2015: facility amount of EUR 48,500,000).
- (ii) Subordinated loan from UniCredit Bank Austria AG in total amount of EUR 22,000,000, indefinite maturity.

The repayment of outstanding principal and accrued interest of the above-mentioned loans is subordinated to all other obligations of the Bank.

21. PROVISIONS

<i>In RON</i>	30 June 2016	31 December 2015
Provision for financial guarantees	66,923,183	64,109,938
Provision for off-balance commitments and contingencies	8,954,439	1,206,763
Provision for legal disputes	10,072,867	1,680,499
Other provisions	1,755,265	1,878,633
Total	87,705,754	68,875,833

The movements in provisions could be summarized as follows:

<i>In RON</i>	2016	2015
Balance at 1 January	68,875,833	214,022,848
Provision set up during the period	27,620,940	10,269,106
Provision used during the period	-	(1,298,949)
Provision reversed during the period	(8,746,353)	(49,275,081)
FX effect related to off-balance exposure (financial guarantees and commitments)	(44,666)	(595,986)
Balance at 30 June	87,705,754	173,121,938

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)
22. ISSUED CAPITAL

The statutory share capital of the Bank as at 30 June 2016 is represented by 40,760,784 ordinary shares (31 December 2015: 40,760,784 ordinary shares) having a face value of RON 9.30 each. The shareholders of the Bank are as follows:

	<u>30 June 2016</u>
	%
UniCredit Bank Austria AG	97.4346
UniCredit Leasing Corporation IFN SA	0.0001
Other shareholders	<u>2.5653</u>
Total	<u>100.00</u>
	<u>31 December 2015</u>
	%
UniCredit Bank Austria AG	95.6185
Bank Austria – CEE BeteiligungsgmbH	0.0133
Arno Grundstücksverwaltungs Gesellschaft m.b.H	0.0133
Beteiligungsverwaltungsgesellschaft der Bank Austria Creditanstalt Leasing GmbH	0.0133
Bank Austria Creditanstalt Leasing GmbH	0.0133
UniCredit Leasing Corporation IFN SA	0.0001
Other shareholders	<u>4.3282</u>
Total	<u>100.00</u>

UniCredit Bank Austria has launched an offer to buy the shares held by minority shareholders of UniCredit Bank at the General Shareholders Meeting in April this year. As a result, a part of the minority shareholders has answered positively to this offer and this has led to an increase of the shareholding of UniCredit Bank Austria from 95.6185% to 97.4346%.

The share capital comprises of the following:

<i>In RON</i>	<u>30 June 2016</u>	<u>31 December 2015</u>
Statutory share capital	379,075,291	379,075,291
Effect of hyperinflation – IAS 29	<u>722,528,775</u>	<u>722,528,775</u>
Share capital under IFRS	<u>1,101,604,066</u>	<u>1,101,604,066</u>



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)
23. RELATED PARTY TRANSACTIONS

The Group entered into a number of banking transactions with UniCredit S.p.A and with members of the UniCredit Group in the normal course of business. These transactions were carried out on commercial terms and conditions and at market rate.

30 June 2016 <i>In RON</i>	Parent Company	Other related parties
Interest income	13,086,306	220,431
Interest expense	(96,896,117)	(23,180,430)
Fee and commission income	3,912,324	1,583,037
Fee and commission expense	(1,521,574)	(2,221,831)
Administrative costs	-	(23,674,267)
Net income / (expense)	(81,419,061)	(47,273,060)
30 June 2016 <i>In RON</i>	Parent Company	Other related parties
Derivative assets at fair value through profit or loss	-	10,090,918
Derivatives assets designated as hedging instruments	6,041,830	14,336,619
Current accounts and deposits to banks	1,110,017,619	23,242,833
Loans and advances to banks	-	5,368,855
Loans to customers	-	30,049,244
Other assets	9,804,128	13,436,967
Outstanding receivables	1,125,863,577	95,525,436
Derivative liabilities at fair value through profit or loss	7,521,725	91,301,415
Derivatives liabilities designated as hedging instruments	-	124,187,890
Current accounts	87,131,970	77,505,159
Deposit attracted	2,327,259,441	34,243,553
Loans received	5,967,167,351	127,494,549
Debts securities issued	20,637,934	-
Subordinated liabilities	322,407,238	-
Other liabilities	1,549,750	28,538,488
Outstanding payables	8,733,675,409	483,271,054

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

23. RELATED PARTY TRANSACTIONS (continued)

30 June 2015

In RON

	Parent Company	Other related parties
Interest income	14,298,608	4,012,001
Interest expense	(125,539,672)	(19,544,535)
Fee and commission income	5,914,454	2,432,508
Fee and commission expense	(1,768,917)	(2,984,319)
Other operating income	6,164,384	2,322,541
Operating expenses	-	(23,504,388)
Net income / (expense)	(100,931,143)	(37,266,192)

31 December 2015

In RON

	Parent Company	Other related parties
Derivative assets at fair value through profit or loss	-	4,132,040
Derivatives assets designated as hedging instruments	4,608,251	11,869,262
Current accounts and deposits to banks	822,355,218	4,733,957
Loans and advances to banks	-	583,671
Loans to customers	-	28,475,538
Other assets	14,793,303	31,567,110
Outstanding receivables	841,756,772	81,361,578
Derivative liabilities at fair value through profit or loss	5,295,967	70,840,912
Derivatives liabilities designated as hedging instruments	-	81,900,958
Current accounts	21,235,737	158,779,224
Deposit attracted	3,884,795,660	222,374,301
Loans received	6,369,246,050	148,842,100
Debts securities issued	20,634,701	-
Subordinated liabilities	322,127,286	-
Other liabilities	369,454	35,967,211
Outstanding payables	10,623,704,855	718,704,706

Transactions with key management personnel

A number of banking transactions are entered into with key management personnel (executive management, administrators of the Bank) in the normal course of business. These mainly include loans, current accounts and deposits. The volumes of related-party transactions are presented in the below tables:

In RON

	30 Jun 2016	31 December 2015
Loans	4,848,021	4,470,385
Current accounts and deposits	11,107,076	8,158,824
Interest and similar income	40,188	44,065
Interest expenses and similar charges	(15,290)	(32,394)

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 *(continued)*

23. RELATED PARTY TRANSACTIONS *(continued)*

Transactions with key management personnel *(continued)*

No provisions have been recognized in respect of loans given to related parties.

<i>In RON</i>	30 June 2016	30 June 2015
Key management compensation		
Gross salaries	5,294,046	5,203,534

In addition to their salaries, the Bank also provides non-cash benefits to directors and executive officers and they participate in the UniCredit Group's Incentive system. The Group Incentive System is fully aligned with relevant regulatory requirements and the UniCredit Group Compensation Policy.

24. COMMITMENTS AND CONTINGENCIES

At any time the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one month to one year.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to one year. Expirations are not concentrated in any period.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted.

<i>In RON</i>	30 June 2016	31 December 2015
Loan commitments	1,717,586,319	1,832,257,567
Letters of credit	192,522,945	147,785,582
Guarantees issued	4,005,226,936	3,839,743,984
Total	5,915,336,200	5,819,787,133

The Group acts as a security agent, payment agent and hedging agent for a series of loan contracts between UniCredit Bank Austria AG and other entities within UniCredit Group as lender and Romanian companies as borrowers. For each of these contracts there is a risk participation agreement by which the Group takes the obligation to pay to UniCredit Bank Austria AG any instalment that the borrowers failed to pay.

The total amount of such risk participation agreements in force as at 30 June 2016 is EUR 134,111,101, and CHF 1,770,079 (31 December 2015 is EUR 199,060,407 and CHF 1,770,079).

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 *(continued)*

24. COMMITMENTS AND CONTINGENCIES *(continued)*

As compensation for the financial guarantees assumed by the risk participation agreements and for providing security and payment agent services to UniCredit Bank Austria AG, the Bank receives the commissions paid by the borrowers plus a portion of the interest margin collected from the borrowers. The Group defers the commissions collected upfront from the risk participation agreements over the time period that remains until the maturity of the facilities.

The Bank concluded with UniCredit Bank Austria AG a series of novation contracts through which loan contracts initially concluded by UniCredit Bank Austria with Romanian companies were transferred to the Bank in exchange for full reimbursement of borrowers' exposure towards UniCredit Bank Austria AG. Subsequent to the signing of the novation contracts, the Group becomes lender of record while related the risk participation agreement is cancelled.

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

25. FINANCIAL INSTRUMENTS - FAIR VALUE HIERARCHY

The table below present the fair value of financial instruments measured at amortised cost, respectively at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised as of 30 June 2016:

<i>In RON</i>	Level 1	Level 2	Level 3	Total Fair value	Total Book value
Assets held for trading					
Financial assets at fair value through profit and loss	275,208,850	117,766,444	10,828,245	403,803,539	403,803,539
Derivatives financial instruments designated as hedging instruments	-	20,378,449	-	20,378,449	20,378,449
Fair value changes of the hedged items in portfolio hedge	-	123,824	-	123,824	123,824
Total trading assets	275,208,850	138,268,717	10,828,245	424,305,812	424,305,812
Available for sale assets					
Investment securities, available for sale	5,514,335,867	510,148,219	18,716,323	6,043,200,409	6,043,200,409
Total available for sale assets	5,514,335,867	510,148,219	18,716,323	6,043,200,409	6,043,200,409
Trading liabilities					
Financial liabilities at fair value through profit and loss	-	98,001,890	10,044,238	108,046,128	108,046,128
Derivatives financial instruments designated as hedging instruments	-	124,272,801	66,554	124,339,355	124,339,355
Total trading liabilities	-	222,274,691	10,110,792	232,385,483	232,385,483

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2016 (continued)

25. FINANCIAL INSTRUMENTS - FAIR VALUE HIERARCHY (continued)


The table below present the fair value of financial instruments measured at amortised cost, respectively at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 31 December 2015:


<i>In RON</i>	Level 1	Level 2	Level 3	Total Fair value	Total Book value
Assets held for trading					
Financial assets at fair value through profit and loss	197,229,594	92,164,765	2,202,095	291,596,454	291,596,454
Derivatives financial instruments designated as hedging instruments	-	-	16,477,513	16,477,513	16,477,513
Fair value changes of the hedged items in portfolio hedge	-	305,851	-	305,851	305,851
Total trading assets	197,229,594	92,470,616	18,679,608	308,379,818	308,379,818
Available for sale assets					
Investment securities, available for sale	4,988,723,318	1,323,109,569	50,255,160	6,362,088,047	6,362,088,047
Total available for sale assets	4,988,723,318	1,323,109,569	50,255,160	6,362,088,047	6,362,088,047
Trading liabilities					
Financial liabilities at fair value through profit and loss	-	84,176,577	937,529	85,114,106	85,114,106
Derivatives financial instruments designated as hedging instruments	-	82,170,287	-	82,170,287	82,170,287
Total trading liabilities	-	166,346,864	937,529	167,284,393	167,284,393

26. SUBSEQUENT EVENTS

There is no significant subsequent event after the end of reporting period.

The interim condensed consolidated financial statements were approved by the Management Board on July 19, 2016 and were signed on its behalf by:


Mr. Răsvan Catalin Radu
 Chief Executive Officer


Mrs. Mihaela Alina Lupu
 Chief Financial Officer



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