



UniCredit Tiriatic Bank S.A.

**Interim Condensed Consolidated
Financial Statements**

**For the six months period ended
30 June 2014**

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

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To the shareholders of,
UniCredit Tiriac 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 Tiriac Bank S.A. (the 'Bank') and its subsidiaries: UniCredit Consumer Financing S.A., UniCredit Leasing Romania SA, UniCredit Leasing Corporation IFN S.A, ALLIB Leasing SRL, Debo Leasing IFN SA and UniCredit Insurance Broker SRL as of 30 June 2014 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 SRL
Bucharest, Romania
July 23, 2014

**Interim condensed consolidated statement of comprehensive income
for the six months period ended 30 June 2014**

	Note	Six months period ended 30 June 2014 RON	Six months period ended 30 June 2013 RON
Interest income	6	696,426,989	693,906,803
Interest expense	6	(280,417,521)	(300,325,501)
Net interest income		416,009,468	393,581,302
Fee and commission income		176,909,890	168,081,431
Fee and commission expense		(34,170,138)	(25,425,584)
Net fee and commission income		142,739,752	142,655,847
Net income from trading and other financial instruments at fair value through profit and loss	7	124,555,896	146,244,231
Net gains /(losses) on disposal of financial assets and liabilities not measured at fair value through profit or loss		63,602,647	(2,341,579)
Dividends and similar income		186,271	1,054,315
Other operating income		7,435,959	1,922,731
Operating income		754,529,993	683,116,847
Personnel expenses	8	(167,960,416)	(154,536,437)
Depreciation and amortization		(40,247,720)	(39,302,758)
Other administrative costs	9	(159,223,348)	(144,548,356)
Other net operating expense		(7,359,801)	(1,232,324)
Operating expenses		(374,791,285)	(339,619,875)
Net operating result		379,738,708	343,496,972
Net impairment losses on financial assets	10	(263,668,509)	(192,380,005)
Net provision (charge) / releases	21	26,381,503	(11,917,964)
Net loss on investments in associates		(351,447)	(657,155)
Profit before taxation		142,100,255	138,541,848
Income tax	11	(20,768,820)	71,035,157
Net profit for the period		121,331,435	209,577,005
Attributable to:			
Equity holders of the parent		106,716,647	205,399,007
Non-controlling interests		14,614,788	4,177,998
Net profit for the period		121,331,435	209,577,005

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


**Interim condensed consolidated statement of comprehensive) income
for the six months period ended 30 June 2014 (continued)**

Note	Six months period ended 30 June 2014 RON	Six months period ended 30 June 2013 RON
Items that will not be reclassified to profit or loss		
Revaluation surplus on property and equipment (net of deferred tax)	37,311	40,836
Total items that will not be reclassified to profit or loss	37,311	40,836
Items that are or may be reclassified to profit or loss		
Net change in revaluation reserve for available- for-sale financial assets (net of deferred tax)	30,867,082	(24,058,512)
Net change in cash flow hedging reserve (net of deferred tax)	(10,190,009)	18,817,964
Total items that are or may be reclassified to profit or loss	20,677,073	(5,240,548)
Other comprehensive income for the period, net of income tax	20,714,384	(5,199,712)
Total comprehensive income for the period	142,045,819	204,377,293
Attributable to:		
Equity holders of the parent	127,431,031	200,199,295
Non-controlling interests	14,614,788	4,177,998
Total comprehensive income for the period	142,045,819	204,377,293

The interim condensed consolidated financial statements were approved by the Supervisory Board on July 23, 2014 and were signed on its behalf by:


Mr. Rasvan Catalin Radu
Executive President




Mrs. Mihaela Alina Lupu
Chief Financial Officer

**interim condensed consolidated statement of financial position
for the six months period ended 30 June 2014**

	Note	30 June 2014 <i>RON</i>	31 December 2013 <i>RON</i>
ASSETS			
Cash and cash equivalents	12	3,100,705,913	5,235,422,569
Financial assets held for trading		825,648	-
Derivative assets at fair value through profit and loss	13	96,848,311	75,614,112
Derivative assets designated as hedging instruments	13	35,461,071	13,606,582
Fair value changes of the hedged items in portfolio hedge		702,934	859,908
Loans and advances to banks		433,019,133	378,166,622
Loans and advances to customers	14	17,084,673,226	16,867,193,505
Net lease receivables	15	2,426,386,233	-
Investment securities, available-for-sale	16	4,839,918,702	5,402,692,661
Equity investments, available-for-sale		5,029,092	2,683,310
Investment in associate		-	823,800
Property and equipment		228,500,487	224,043,931
Intangible assets		125,985,463	126,566,889
Current tax asset		-	32,100,976
Deferred tax assets		87,946,462	61,700,916
Other assets		430,683,227	95,997,318
Total assets		28,896,685,902	28,517,473,099
LIABILITIES			
Derivative liabilities at fair value through profit and loss	13	92,192,327	91,322,302
Derivative liabilities designated as hedging instruments	13	70,694,079	62,878,808
Deposits from banks	17	3,355,037,501	3,670,345,104
Loans from banks and other financial institutions	18	7,768,969,409	5,261,207,277
Deposits from customers	19	12,750,788,787	15,120,823,928
Debt securities issued		549,972,825	549,912,266
Subordinated liabilities	20	594,367,580	503,874,631
Provisions	21	196,776,876	227,239,331
Current tax liabilities		3,420,812	-
Deferred tax liabilities		20,145,405	16,552,261
Other liabilities		434,600,929	147,397,184
Total liabilities		25,836,966,530	25,651,553,092



**Interim condensed consolidated statement of financial position
for the six months period ended 30 June 2014 (continued)**

	Note	30 June 2014 <i>RON</i>	31 December 2013 <i>RON</i>
EQUITY			
Share capital		1,101,604,066	1,101,604,066
Revaluation reserve on property and equipment		15,003,377	14,966,066
Cash flow hedging reserve		(41,791,820)	(31,601,811)
Reserve on available-for-sale financial assets		72,244,539	41,377,457
Other reserves		213,573,522	213,573,522
Retained earnings		1,619,859,289	1,461,433,847
Total equity		2,980,492,973	2,801,353,147
Non-controlling interests		79,226,399	64,566,860
Total Group equity		3,059,719,372	2,865,920,007
Total liabilities and equity		28,896,685,902	28,517,473,099

The interim condensed consolidated financial statements were approved by the Supervisory Board on July 23, 2014 and were signed on its behalf by:



Mr. Rasyan Catalin Radu
Executive President




Mrs. Mihaela Alina Lupa
Chief Financial Officer

Interim condensed consolidated statement of changes in shareholders' equity for the six months period ended 30 June 2014

<i>In RON</i>	Share capital	Reserve on available for sale financial assets	Cash flow hedging Reserve	Revaluation of property and equipment	Other reserves	Retained earnings	Total	Non-Controlling Interest	Total
Balance at 31 December 2013	1,101,604,066	41,377,457	(31,601,811)	14,966,066	213,573,522	1,461,433,847	2,801,353,147	64,566,860	2,865,920,007
Consolidation adjustments related to acquisition of subsidiaries	-	-	-	-	-	51,708,795	51,708,795	44,751	51,753,546
Total comprehensive income for the period	-	-	-	-	-	106,716,647	106,716,647	14,614,788	121,331,435
Other comprehensive income, net of income tax	-	-	-	37,311	-	-	37,311	-	37,311
Revaluation surplus	-	-	-	37,311	-	-	37,311	-	37,311
Net change in available-for-sale financial assets, net of tax	-	30,867,082	-	-	-	-	30,867,082	-	30,867,082
Net change in cash flow hedging reserve, net of tax	-	-	(10,190,009)	-	-	-	(10,190,009)	-	(10,190,009)
Total other comprehensive income for the period	-	30,867,082	(10,190,009)	37,311	-	-	20,714,384	-	20,714,384
Total comprehensive income for the period	-	30,867,082	(10,190,009)	37,311	-	106,716,647	127,431,031	14,614,788	142,045,819
Balance at 30 June 2014	1,101,604,066	72,244,539	(41,791,820)	15,003,377	213,573,522	1,619,859,289	2,980,492,973	79,226,399	3,059,719,372

The interim condensed consolidated financial statements were approved by the Supervisory Board on July 23, 2014 and were signed on its behalf by:

Mr. Rasvan Catalin Radu
Executive President

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 changes in shareholders' equity for the six months period ended 30 June 2013

<i>in RON</i>	Share capital	Reserve on available for sale financial assets	Cash flow hedging Reserve	Revaluation of property and equipment	Other reserves	Retained earnings	Total	Non-Controlling Interest	Total
Balance at 31 December 2012	1,101,604,066	28,381,699	(66,746,097)	16,203,878	213,573,522	1,402,072,430	2,695,089,498	-	2,695,089,498
Consolidation adjustments related to acquisition of subsidiaries	-	-	-	-	-	(28,354,935)	(28,354,935)	57,835,222	29,480,287
Total comprehensive income for the period	-	-	-	-	-	205,399,007	205,399,007	4,177,998	209,577,005
Other comprehensive income, net of income tax	-	-	-	40,836	-	-	40,836	-	40,836
Revaluation surplus	-	-	-	-	-	-	-	-	-
Net change in available-for-sale financial assets, net of tax	-	(24,058,512)	-	-	-	-	(24,058,512)	-	(24,058,512)
Net change in cash flow hedging reserve, net of tax	-	-	18,817,964	-	-	-	18,817,964	-	18,817,964
Total other comprehensive income	-	(24,058,512)	18,817,964	40,836	-	-	(5,199,712)	-	(5,199,712)
Total comprehensive income for the period	-	(24,058,512)	18,817,964	40,836	-	205,399,007	200,199,295	4,177,998	204,377,293
Balance at 30 June 2013	1,101,604,066	4,323,187	(47,928,133)	16,244,714	213,573,522	1,579,116,502	2,866,933,858	62,013,220	2,928,947,078

The interim condensed consolidated financial statements were approved by the Supervisory Board on July 23, 2014 and were signed on its behalf by:

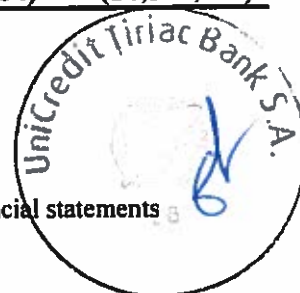
Mr. Răsvan Catalina Radu
Executive President

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 2014**

<i>In RON</i>	Note	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Operating activities			
Profit before taxation		142,100,255	138,541,848
Adjustments for non-cash items:			
Depreciation and amortization		38,025,580	34,248,927
Net impairment losses on financial assets	10	263,668,509	192,380,005
Change in fair value of derivatives at fair value through profit or loss		(20,355,155)	33,366,977
Other items for which the cash effects are investing or financing		(117,729,639)	(1,178,009)
Other non-cash items		(84,280,976)	7,616,256
Operating profit before changes in operating assets and liabilities		221,428,574	404,976,004
Change in operating assets:			
Increase in financial assets held for trading		(825,648)	-
(Increase) / Decrease in investment securities available-for-sale		542,025,135	(710,926,194)
(Increase) / Decrease in loans and advances to banks		(58,714,577)	(57,820,509)
Increase in loans and advances to customers		(327,476,056)	(71,758,292)
Increase in lease investment		(100,332,489)	-
(Increase) / Decrease in other assets		(44,978,637)	25,318,712
Change in operating liabilities:			
Increase / (Decrease) in deposits from banks		(314,489,200)	480,995,412
Increase / (Decrease) in deposits from customers		(1,933,846,962)	(888,511,066)
Decrease in other liabilities		48,381,727	(8,627,724)
Income tax paid		(11,214,550)	(30,495,160)
Cash flows used in operating activities		(1,980,042,683)	(856,848,817)
Investing activities			
Acquisition of property and equipment		(18,021,201)	(8,207,003)
Proceeds from sale of property and equipment		-	123,689
Acquisition of subsidiaries		(70,167,641)	(6,194,696)
Cash acquired from business combination		1,889,517	-
Dividends received		186,271	114,742
Cash flows used in investing activities		(86,113,054)	(14,163,268)



**Interim condensed consolidated statement of cash flows
for the six months period ended 30 June 2014 (continued)**

<i>In RON</i>	Note	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Financing activities			
Proceeds from issue of debt securities		-	549,133,454
Repayments of loans from financial institutions		(246,720,587)	(1,215,635,617)
Drawdowns from loans from financial institutions		178,159,668	369,189,394
Cash flows generated used in financing activities		(68,560,919)	(297,312,769)
Net decrease in cash and cash equivalents		(2,134,716,656)	(1,168,324,854)
Cash and cash equivalents at 1 January		5,235,422,569	4,429,652,624
Cash and cash equivalents at 30 June		3,100,705,913	3,261,327,770
Cash flow from operating activities include:			
		30 June 2014	30 June 2013
Interest received		626,353,649	681,515,390
Interest paid		297,817,481	237,385,338
Analysis of cash and cash equivalents			
<i>In RON</i>		30 June 2014	30 June 2013
Cash and cash equivalents comprise:			
Cash (including cash in ATMs)		320,365,675	213,047,367
Current balances with other banks		52,962,701	100,603,007
Balances with National Bank of Romania		2,296,894,842	1,698,670,597
Short term money market placements		430,482,695	1,249,006,799
Cash and cash equivalents in the cash flow statement		3,100,705,913	3,261,327,770

The interim condensed consolidated financial statements were approved by the Supervisory Board on July 23, 2014 and were signed on its behalf by:

Mr. Rasvan Catalin Radu
Executive President

Mrs. Mihaela Alina Lupu
Chief Financial Officer

**Notes to the interim condensed consolidated financial statements
for the six months period ended 30 June 2014**

1. REPORTING ENTITY

The 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 Romania SA (“UCLRO”), UniCredit Leasing Corporation IFN S.A (“UCLC”), ALLIB Leasing SRL (“ALLIB”), Debo Leasing IFN SA (“DEBO”) and UniCredit Insurance Broker SRL (“UCIB”).

UniCredit Tiriac Bank S.A. (the “Bank”), 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 Tiriac Bank S.A. is controlled by UniCredit Bank Austria AG and the ultimate parent is UniCredit SpA (Italy).

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 50.1% controlling interest in UCFIN starting with 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% controlling interest.

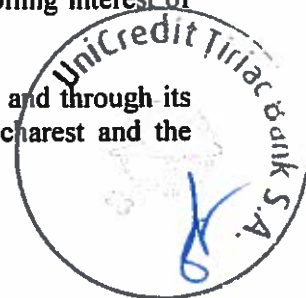
UniCredit Leasing Romania SA, having its registered office and head office in 23-25 Ghetarilor Street, 2nd floor, District 1, Bucharest, Romania, has provided lease services to legal entities and individuals. UCLRO has become a subsidiary of the Bank starting with April 2014 when the Bank obtained 99.99% controlling interest.

Allib Rom S.R.L., having its current registered office in 23-25 Ghetarilor Street, 1st floor, 1st district, Bucharest, Romania, is a real estate finance lease entity, in which the Bank has an indirect controlling interest of 99.94% starting with April 2014 through 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, in which the Bank has an indirect controlling interest of 99.94% starting with April 2014 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 99.95% starting with June 2014 through UCLC.

The Group operates at 30 June 2014 through the Head Office located in Bucharest and through its network of 187 branches and agencies (31 December 2013: 188) located in Bucharest and the country.



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (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 2013.

b) Functional and presentation currency

The 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 2014	31 December 2013	change
Euro (EUR)	1: RON 4.3870	1: RON 4.4847	(2.18)%
US Dollar (USD)	1: RON 3.2138	1: RON 3.2551	(1.27)%

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, 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 2013. 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.

a) Basis of consolidation

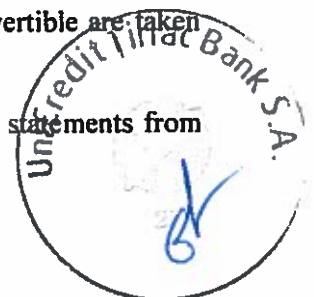
Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee if and only if the investor has all of the following elements:

- power over the investee, the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

Acquisitions of entities under common control

Following the implementation of the Leasing Reorganisation Project of the Holding at Romania level, the Bank has acquired in April 2014 a controlling interest of 99.90% in UCLC and respectively of 99.98% in UCLRO. At that moment, UCLC had a direct controlling interest of 99.98% in DEBO and of 99.98% in ALLIB. Starting with June 2014, UCLC obtained the direct controlling interest over UCIB of 100%.

Financial information of these subsidiaries at acquisition date is presented in the table below:

Subsidiary	Total Assets	Total Equity	Operating income	Net Profit /(Loss)
<i>In RON</i>				
UCLC	2,882,934,716	3,846,506	14,826,679	(1,757,233)
UCLRO	127,894,892	79,626,031	1,125,185	650,859
ALLIB	8,374,137	1,521,837	137,019	76,900
DEBO	24,881,643	2,278,857	135,879	52,560
UCIB	87,833,740	81,094,904	9,992,067	7,284,264

These acquisitions have been accounted for prospectively using book value accounting as all these entities are under common control of UniCredit SpA as ultimate parent, from the date when obtained the control over these subsidiaries (UCLRO, UCLC, ALLIB, DEBO, UCIB). The comparative figures presented in these interim condensed consolidated financial statements include only the Bank and its subsidiary UCFIN, as have been presented in the Consolidated Financial Statements as of 31 December 2013 and interim condensed consolidated financial statements as of 30 June 2013.

The Group elected to measure non-controlling interest at its proportionate share of the recognised amount of the identifiable net assets at the acquisition date.

Transactions eliminated on consolidation

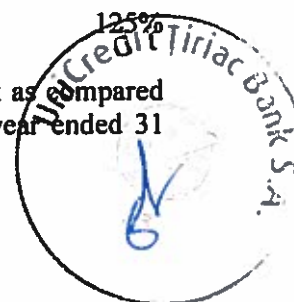
Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealized gains arising from transactions with associates are eliminated against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

4. FINANCIAL RISK MANAGEMENT

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

Ratio	30 June 2014	31 December 2013
Loans / Deposits ratio	174%	125%

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 December 2013.



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
5. USE OF ESTIMATES AND JUDGMENTS

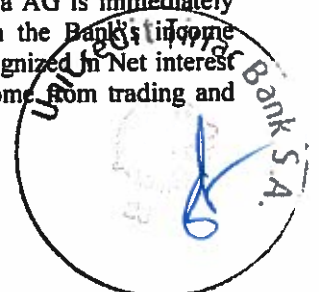
The preparation of these interim condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing the interim condensed 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 December 2013.

6. NET INTEREST INCOME

<i>In RON</i>	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Interest and similar income		
Interest and similar income arising from:		
Loans and advances to customers*	535,986,370	556,078,757
Net lease receivables	39,053,046	-
Treasury bills and bonds	89,602,206	100,253,740
Current accounts and placements with banks	19,684,539	14,411,971
Others (including derivatives) **	12,100,828	23,162,335
Total interest and similar income	696,426,989	693,906,803
Interest expense and similar charges		
Interest expense and similar charges arising from:		
Deposits from customers	111,479,411	151,593,196
Loans from banks and other financial institutions	110,277,771	113,632,462
Deposits from banks	23,639,344	27,156,335
Repurchase agreements	3	5,281,361
Interest related to the bonds issued	17,475,674	287,558
Others (including derivatives)	17,545,318	2,374,589
Total interest expense and similar charges	280,417,521	300,325,501
Net interest income	416,009,468	393,581,302

* Included in interest income for a total amount of RON 34,237,229 (30 June 2013: RON 31,028,202) 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.

** The Bank's financing in RON from the parent company UniCredit Bank Austria AG is immediately swapped into EUR. The related interest effect of these swap transactions on the Bank's income statement amounting to RON 7,323,511 (30 June 2013: RON 28,677,959) is recognized in Net interest income while the effect of exchange rate revaluation is recognized in Net income from trading and other financial instruments at fair value through profit and loss.



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (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 2014	Six months period ended 30 June 2013
Net gains from foreign exchange operations (including FX derivatives)	104,279,569	134,068,968
Net income from trading bonds	2,604,881	833,839
Net gains from interest derivatives	17,671,446	11,341,424
Net income from trading and other financial instruments at fair value through profit and loss	124,555,896	146,244,231

8. PERSONNEL EXPENSES

<i>In RON</i>	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Wages and salaries other employees' benefits	128,953,487	118,196,478
Social security charges	37,492,741	34,563,658
Equity settled share-based payments costs *	885,896	1,419,613
Other costs	628,292	356,688
Total	167,960,416	154,536,437

- * The Group has in place incentive plans for its senior management, consisting in stock options and performance shares which provide that UniCredit SpA ("the Parent") shares will be settled to the grantees. The cost of this scheme is incurred by the Group and not by its Parent, and as a consequence it is recognized as an employee benefit expense.

The Group number of employees at 30 June 2014 was 3,333 (31 December 2013: 3,169).



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)

9. OTHER ADMINISTRATIVE COSTS

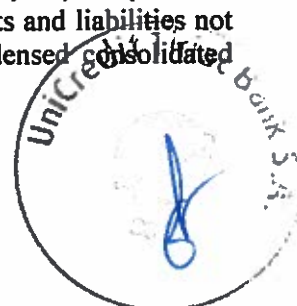
<i>In RON</i>	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Office space expenses (rental, maintenance, other)	53,455,959	51,841,852
IT services	36,041,495	32,920,754
Other taxes and duties	22,731,449	16,528,008
Communication expenses	10,673,795	10,479,437
Advertising and promotional expenses	13,245,327	9,594,002
Consultancy, legal and other professional services	4,395,068	4,626,334
Materials and consumables	4,946,503	4,230,356
Personnel training and recruiting	2,300,982	1,275,694
Insurance expenses	1,535,351	1,485,194
Other	9,897,419	11,566,725
Total	159,223,348	144,548,356

10. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

<i>In RON</i>	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Net charge of impairment losses for loans and advances to customers *	250,371,180	215,181,119
Net provision charges for lease receivables	10,971,825	-
Loans written-off	2,302,124	253,341
Recoveries from loans previously written-off	(7,140)	(22,075,587)
Net provisions releases for investments in associates	(296,948)	-
Net charge / (releases) of impairment losses for other financial assets	327,468	(978,868)
Total	263,668,509	192,380,005

* Net charge of impairment losses for loans and advances to customers includes an amount of RON 16,457,516 (30 June 2013: 34,595,422 RON) representing the release of interest revenue correction on impaired loans.

Net losses from sale of loans and advances to customers in amount of RON 1,546,138 (30 June 2013: RON 52,355,569) is presented in "Net gains on disposal of financial assets and liabilities not measured at fair value through profit or loss" while in previous interim condensed consolidated financial statements was presented in "Net impairment loss on financial assets".



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
11. TAXATION

<i>In RON</i>	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Direct taxes at 16% (2013: 16%) of taxable profits determined in accordance with Romanian law	18,761,333	5,385,227
Correction of current income tax arising from previous years	-	596,183
Deferred tax (income) / expense	2,007,487	(77,016,567)
Total tax (income) / expense	20,768,820	(71,035,157)

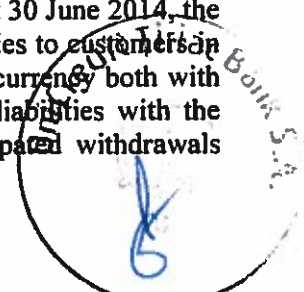
Reconciliation of profit before tax to income tax expense in consolidated the income statement

<i>In RON</i>	Six months period ended 30 June 2014	Six months period ended 30 June 2013
Profit before tax	142,100,255	138,541,848
Tax using the domestic corporation tax rate of 16% (2013: 16%)	22,736,041	22,166,696
Effect of non-deductible expenses	198,680	10,464,691
Effect of non-taxable revenues	(4,173,388)	(24,653,156)
Effect of other temporary differences including differences related to previous fiscal losses	2,007,487	(79,013,388)
Total tax (income) / expense	20,768,820	(71,035,157)

12. CASH AND CASH EQUIVALENTS

<i>In RON</i>	30 June 2014	31 December 2013
Balances with National Bank of Romania	2,296,894,842	4,199,744,807
Short term Money Market placements	430,482,695	459,543,818
Cash (including cash in ATMs)	320,365,675	429,733,732
Current balances with other banks	52,962,701	146,400,212
Total	3,100,705,913	5,235,422,569

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 2014, the minimum reserve level was settled as 12% (31 December 2013: 15%) for liabilities to customers in RON and 18% (31 December 2013: 20%) 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 2014 (continued)

13. DERIVATIVE ASSETS AND LIABILITIES HELD AT FAIR VALUE THROUGH PROFIT AND LOSS AND DERIVATIVE ASSETS AND LIABILITIES USED FOR HEDGING

The derivative assets and liabilities held at fair value through profit and loss at 30 June 2014 may be summarized as follows:

<i>In RON</i>	Notional	Present value	
		Assets	Liabilities
<i>Foreign currency derivatives</i>			
Forward contracts	1,776,168,760	9,407,941	3,708,491
Purchased Options	378,821,884	3,739,174	-
Sold Options	362,919,757	-	3,659,188
Total foreign currency derivatives	2,517,910,401	13,147,115	7,367,679
<i>Interest rates derivatives</i>			
Interest Rate Swap	1,524,550,747	51,042,257	52,194,874
Purchased Options	1,072,009,030	32,658,939	-
Sold Options	1,072,009,030	-	32,629,774
Total interest rate derivatives	3,668,568,807	83,701,196	84,824,648
Total	6,186,479,208	96,848,311	92,192,327

The derivative assets and liabilities held at fair value through profit and loss at 31 December 2013 may be summarized as follows:

<i>In RON</i>	Notional	Present value	
		Assets	Liabilities
<i>Foreign currency derivatives</i>			
Forward contracts	2,411,599,971	5,043,130	5,016,099
Purchased Options	233,047,323	453,029	-
Sold Options	205,109,573	-	449,529
Total foreign currency derivatives	2,849,756,867	5,496,159	5,465,628
<i>Interest rates derivatives</i>			
Interest Rate Swap	2,084,619,636	39,137,551	55,164,619
Purchased Options	1,229,552,455	30,980,402	-
Sold Options	1,229,531,695	-	30,692,055
Total interest rate derivatives	4,543,703,786	70,117,953	85,856,674
Total	7,393,460,653	75,614,112	91,322,302

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)

The fair values of derivative financial instruments designated as hedging instruments at 30 June 2014 may be summarized as follows:

<i>In RON</i>	Notional	Present value	
		Assets	Liabilities
<i>Cash flow hedge</i>			
Interest rate swap	434,351,591	452,347	69,413,996
Cross currency swap	2,046,122,684	35,008,724	579,961
Total Cash flow hedge	2,480,474,275	35,461,071	69,993,957
<i>Fair value hedge</i>			
Interest rate swap	16,873,070	-	700,122
Total fair value hedge	16,873,070	-	700,122
Total	2,497,347,345	35,461,071	70,694,079

The fair values of derivative financial instruments designated as hedging instruments at 31 December 2013 may be summarized as follows:

<i>In RON</i>	Notional	Present value	
		Assets	Liabilities
<i>Cash flow hedge</i>			
Interest rate swap	485,697,799	-	59,700,038
Cross currency swap	471,790,440	13,606,582	2,338,795
Total Cash flow hedge	957,488,239	13,606,582	62,038,833
<i>Fair value hedge</i>			
Interest rate swap	21,436,756	-	839,975
Total fair value hedge	21,436,756	-	839,975
Total	978,924,995	13,606,582	62,878,808



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (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>	30 June 2014	31 December 2013
Mortgages	6,988,975,697	7,261,730,501
Corporate loans	3,681,038,791	3,188,743,383
Revolving credit lines	2,150,313,156	1,936,416,592
Credit cards and personal loans	1,592,783,291	1,721,639,287
Factoring	405,647,042	573,488,141
Impaired assets	4,239,214,579	4,090,613,867
Loans and advances to customers before provisions	19,057,972,556	18,772,631,771
Less provision for impairment losses on loans	(1,973,299,330)	(1,905,438,266)
Net loans and advances to customers	17,084,673,226	16,867,193,505

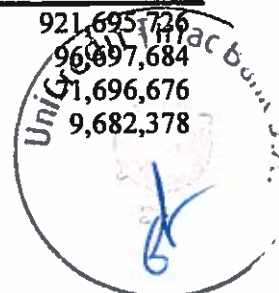
The Group monitors concentrations of credit risk by sector of activity, client segment, products, ratings, geographical area on a quarterly basis. An analysis of concentrations of credit risk by industry at the reporting date is shown below:

<i>In RON</i>	30 June 2014	31 December 2013
Private entities (including individuals)	5,314,420,233	5,555,215,977
Manufacturing	3,162,906,427	3,106,852,238
Wholesale and retail trade	2,887,311,489	2,778,878,695
Real estate activities	1,624,120,200	1,440,104,086
Construction	819,329,468	800,849,646
Agriculture, forestry and fishing	548,489,758	501,708,838
Transport and storage	529,652,692	543,953,273
Public administration and defence, compulsory social security	497,144,778	544,131,393
Electricity, gas, steam and air conditioning supply	489,986,506	438,632,398
Information and communication	321,764,561	268,783,114
Professional, scientific and technical activities	296,639,345	231,817,585
Water supply	153,159,720	186,094,730
Financial and insurance activities	131,041,274	162,827,293
Accommodation and food service activities	123,955,727	124,883,175
Administrative and support service activities	47,754,733	61,818,416
Mining and quarrying	34,703,046	25,738,444
Human health services and social work activities	21,268,912	18,947,189
Education	16,947,333	13,102,309
Arts, entertainment and recreation	1,835,643	7,466,096
Other services	62,241,381	55,388,610
Total	17,084,673,226	16,867,193,505

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (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>2014</u>	<u>2013</u>
Specific allowances for impairment		
Balance at 1 January	1,807,209,769	1,269,853,418
Net impairment charge for the period	217,324,169	262,118,663
Foreign currency exchange effect	(33,822,355)	(8,948,547)
Release of allowance for impairment of loans written-off and loans sold	(141,824,940)	(144,493,501)
Balance at 30 June	1,848,886,643	1,378,530,033
Collective allowances for impairment		
Balance at 1 January	98,228,497	132,099,275
Net impairment charge / (release) for the period	49,504,527	(12,342,122)
Foreign currency exchange effect	(39,843)	218,531
Release of allowance for impairment of loans written-off and loans sold	(23,280,494)	-
Balance at 30 June	124,412,687	119,975,684
Total opening balance	1,905,438,266	1,401,952,693
Total closing balance	1,973,299,330	1,498,505,717
Exposure to credit risk		
<i>In RON</i>	<u>30 June 2014</u>	<u>31 December 2013</u>
Individually significant impaired loans		
Grade 9	2,769,990,491	2,594,748,554
Grade 10	777,287,784	725,926,279
Gross amount	3,547,278,275	3,320,674,833
Allowance for impairment	(1,492,897,669)	(1,393,777,865)
Carrying amount	2,054,380,606	1,926,896,968
Fair value of collateral		
Property	1,208,675,720	921,695,726
Goods	104,411,068	96,897,684
Assignment of receivables	66,543,453	71,696,676
Other collateral*	18,662,704	9,682,378



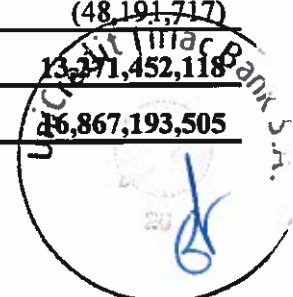
Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
14. LOANS AND ADVANCES TO CUSTOMERS (continued)
Exposure to credit risk (continued)

<i>In RON</i>	30 June 2014	31 December 2013
Other impaired loans		
Grade 8	409,097,567	449,690,596
Grade 9	3,961,340	59,358,512
Grade 10	276,052,460	255,190,005
Other impaired**	2,824,936	5,699,921
Gross amount	691,936,303	769,939,034
Allowance for impairment	(355,988,974)	(413,431,904)
Carrying amount	335,947,329	356,507,130
Fair value of collateral	341,317,428	336,910,472
Property	306,961,527	311,362,040
Goods	9,323,467	5,994,946
Assignment of receivables	7,672,461	1,501,276
Other collateral*	17,359,973	18,052,210

* Other collateral includes cash and financial risk insurance.

** Loans classified as Past Due, Restructured, Doubtful or Non-performing loans with rating different from 8, 9, 10.

<i>In RON</i>	30 June 2014	31 December 2013
Past due but not impaired		
Grade 1 - 7	1,294,607,936	964,238,844
Less than 90 overdue days	1,287,846,086	957,403,066
More than 90 overdue days	6,761,850	6,835,778
Grade 8	341,443,160	398,135,225
Less than 90 overdue days	325,333,672	381,258,121
More than 90 overdue days	16,109,488	16,877,104
Gross amount	1,636,051,096	1,362,374,069
Allowance for impairment	(45,307,116)	(50,036,780)
Carrying amount	1,590,743,980	1,312,337,289
Neither past due nor impaired		
Grade 1 - 7	12,988,462,983	12,942,203,251
Grade 8	194,243,899	377,440,584
Gross amount	13,182,706,882	13,319,643,835
Allowance for impairment	(79,105,571)	(48,191,717)
Carrying amount	13,103,601,311	13,271,452,118
Total carrying amount	17,084,673,226	16,867,193,505



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
15. NET LEASE RECEIVABLES

<i>In RON</i>	30 June 2014	31 December 2013
Gross investment in finance leases receivable		
Less than one year	1,549,247,632	-
Between one and five years	1,116,051,454	-
More than five years	462,353,434	-
Total gross investment in finance leases receivable	3,127,652,520	-
Unearned finance income	(368,387,862)	-
Investment in finance leases, net of unearned income	2,759,264,658	-
Less impairment allowance	(332,878,425)	-
Net investment in finance leases	2,426,386,233	-
Less than one year	1,195,850,889	-
Between one and five years	869,506,735	-
More than five years	361,028,609	-
Total net investment in finance leases	2,426,386,233	-

The lease receivables portfolio is consolidated starting with April 2014 when the leasing companies: UCLC, UCLRO, DEBO and ALLIB became subsidiaries of the Group.

16. INVESTMENT SECURITIES, AVAILABLE-FOR-SALE

As at 30 June 2014, 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 4,839,918,702 (31 December 2013: RON 5,402,692,661).

As at 30 June 2014, the Group pledged investment securities available-for-sale are in amount of RON 121,553,456 (31 December 2013: RON 161,598,375).

The Group transferred to profit or loss during first half year of 2014 an amount of RON 63,109,265 (30 June 2013: 49,916,184) representing net gain from disposal of available-for-sale investment securities. Net change in fair value booked in other comprehensive income was an increase of RON 26,362,739 before tax (30 June 2013: RON 78,557,269), respective RON 22,144,700 net of tax (30 June 2013: RON 65,988,106 net of tax).



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
17. DEPOSITS FROM BANKS

<i>In RON</i>	30 June 2014	31 December 2013
Term deposits	1,929,841,163	3,210,812,937
Sight deposits	1,178,267,304	362,325,452
Amounts in transit	246,929,034	97,206,715
Total	3,355,037,501	3,670,345,104

18. LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

<i>In RON</i>	30 June 2014	31 December 2013
Commercial Banks	7,377,811,332	4,874,195,562
International financial institutions	377,145,238	371,271,806
Multilateral development banks	10,913,267	15,739,909
Ministry of Finance	3,099,572	-
Total	7,768,969,409	5,261,207,277

As at 30 June 2014, the final maturity of loans varies from July 2014 to January 2028.

19. DEPOSITS FROM CUSTOMERS

<i>In RON</i>	30 June 2014	31 December 2013
Payable on demand	6,731,996,218	7,084,813,695
Term deposits	5,199,183,131	7,213,012,016
Collateral deposits	738,357,504	766,247,115
Amounts in transit	81,189,277	56,718,530
Certificates of deposits	62,657	32,572
Total	12,750,788,787	15,120,823,928

20. SUBORDINATED LIABILITIES

<i>In RON</i>	30 June 2014	31 December 2013
UniCredit Bank Austria AG (i)	528,438,340	436,478,383
UniCredit Bank Ireland PLC (ii)	65,929,240	67,396,296
Total	594,367,580	503,874,631

Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
20. SUBORDINATED LIABILITIES (continued)

At 30 June 2014, the following agreements were outstanding:

(i) Subordinated loans from UniCredit Bank Austria AG are as follows:

- two facilities borrowed by the Bank in amount of EUR 48,500,000 EUR and respectively RON 215,730,000 in total amount of RON equivalent 428,499,500 principal, (31 December 2013: two facilities in amount of EUR 48,500,000 EUR and respectively RON 215,730,000 in total amount of RON equivalent 433,237,950 principal);
- one facility borrowed by UCLC in amount of EUR 22,000,000 EUR (RON equivalent 96,514,000 principal).

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

(ii) UniCredit Ireland: subordinated loan facility in amount of EUR 15,000,000 in total amount of RON equivalent 65,805,000, (31 December 2013: subordinated loan facility in amount of EUR 15,000,000 in total amount of RON 67,270,500).

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

21. PROVISIONS

<i>In RON</i>	30 June 2014	31 December 2013
Provision for financial guarantees	188,518,235	207,130,272
Provision for off-balance commitments and contingencies	4,302,373	14,673,526
Provision for legal disputes	2,907,108	4,386,373
Other provisions	1,049,160	1,049,160
Total	196,776,876	227,239,331

The movements in provisions could be summarized as follows:

<i>In RON</i>	2014	2013
Balance at 1 January	227,239,331	290,759,311
Provision from business combination	388,164	-
Provision set up during the period	20,719,106	137,354,196
Provision used during the period	-	(100,713,282)
Provision reversed during the period	(47,100,609)	(125,436,232)
FX effect related to off-balance exposure (financial guarantees and commitments)	(4,469,116)	2,204,373
Balance at 30 June	196,776,876	204,168,366

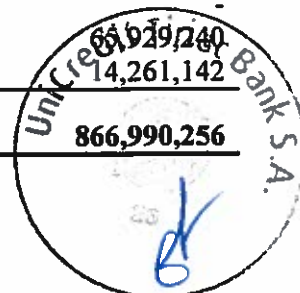


Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
22. RELATED PARTY TRANSACTIONS

The Group entered into a number of banking transactions with UniCredit S.p.A and with members of the UniCredit Group (UniCredit Bank Austria AG, HVB Bank, Istraturist UMAG, UniCredit Produzioni Accentrate, Bulbank A.D., UniCredito Italiano Ireland, Bank Pekao, Kocbank, Yapi Kredi) in the normal course of business. These transactions were carried out on commercial terms and conditions and at market rate.

<i>In RON</i>	30 June 2014		
	Parent Company	Associates	Other related parties
Interest income	9,855,654	-	4,389,172
Interest expense	(135,647,659)	-	(23,780,739)
Interest related effect of Swap transactions regarding refinancing lines with UniCredit Group Companies	7,323,511	-	-
Fee and commission income	16,063,439	-	2,432,868
Fee and commission expense	(290,403)	-	(3,131)
Other operating income	4,130,817	-	2,368,014
Operating expenses	(568,393)	-	(24,999,007)
Net income / (expense)	(99,133,034)	-	(39,592,823)

<i>In RON</i>	30 June 2014		
	Parent Company	Associates	Other related parties
Derivative assets at fair value through profit or loss	546,226	-	11,160,261
Derivatives assets designated as hedging instruments	9,094,017	-	26,367,054
Loans and advances to banks	462,172,761	-	30,719,998
Loans to customers	-	-	26,530,731
Other assets	4,391,532	-	8,455,409
Outstanding receivables	476,204,536	-	103,233,453
Derivative liabilities at fair value through profit or loss	6,238,947	-	78,279,893
Derivatives liabilities designated as hedging instruments	-	-	69,993,959
Current accounts	29,691,257	-	32,660,600
Deposit attracted	2,333,028,891	-	214,032,942
Loans received	6,965,310,596	-	391,832,480
Debts securities issued	20,608,982	-	-
Subordinated liabilities	431,699,945	-	66,929,240
Other liabilities	7,668,465	-	14,261,142
Outstanding payables	9,794,247,083	-	866,990,256



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
22. RELATED PARTY TRANSACTIONS (continued)

<i>In RON</i>	30 June 2013		
	Parent Company	Associates	Other related parties
Interest income	755,893	522,521	31,044,233
Interest expense	(128,813,280)	(3,230,037)	(16,005,621)
Interest related effect of Swap transactions regarding refinancing lines with UniCredit Group Companies	28,677,059	-	-
Fee and commission income	19,553,838	133,586	906,234
Fee and commission expense	(778,781)	-	(28,992)
Other operating income	3,878,050	-	1,671,206
Operating expenses	(1,125,368)	-	(21,002,153)
Net income / (expense)	(77,852,589)	(2,573,930)	(3,415,093)

<i>In RON</i>	31 December 2013		
	Parent Company	Associates	Other related parties
Derivative assets at fair value through profit or loss	-	-	6,740,827
Derivatives assets designated as hedging instruments	3,404,031	-	10,202,551
Loans and advances to banks	577,440,615	-	14,856,297
Loans to customers	-	38,370,458	31,827,413
Other assets	7,702,847	-	14,317,037
Outstanding receivables	588,547,493	38,370,458	77,944,125
Derivative liabilities at fair value through profit or loss	2,571,509	-	82,732,297
Derivatives liabilities designated as hedging instruments	-	-	62,038,833
Current accounts	18,549,769	2,233,982	43,780,087
Deposit attracted	3,033,798,220	224,475,735	174,099,210
Loans received	4,518,858,978	-	355,295,106
Debts securities issued	20,608,025	-	-
Subordinated liabilities	436,478,335	-	67,396,296
Other liabilities	8,303,921	20,347	10,570,746
Outstanding payables	8,039,168,757	226,730,064	795,912,575



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
22. RELATED PARTY TRANSACTIONS (Continued)
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:

<i>In RON</i>	30 June 2014	31 December 2013
Loans granted	1,442,934	601,461
Current accounts and deposits	4,888,640	4,974,619

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

<i>In RON</i>	30 June 2014	30 June 2013
Key management compensation		
Gross salaries	7,407,600	5,802,093

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 share option program.

23. 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 2014	31 December 2013
Financial guarantees given	4,214,718,969	4,956,358,330
Commercial guarantees given	88,233,461	49,530,094
Irrevocable commitments	1,338,235,866	1,285,690,511
Total	5,641,188,296	6,295,558,935



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)

23. COMMITMENTS AND CONTINGENCIES (continued)

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 2014 is EUR 354,624,624, and CHF 3,540,157 (31 December 2013: EUR 524,859,081 and CHF 3,540,157).

The Group concluded with UniCredit Bank Austria AG a series of novation contracts through which loan contracts initially concluded by the Group with Romanian companies were transferred to UniCredit Bank Austria AG in exchange for full reimbursement of borrowers' due to the Group. According to these novation contracts the Group is still engaged as security agent and payment agent until the borrower will repay his debt. For each of these novation contracts there is a risk participation agreement by which the Group is obliged to indemnify UniCredit Bank Austria AG.

The novation contracts concluded with UniCredit Bank Austria AG relates to one entity and their total value is EUR 46,000,000 (31 December 2013: EUR 40,077,826).

According to the contracts presented in the paragraphs above the Group pays any amount collected from the borrowers to UniCredit Bank Austria AG.

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 Group 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.

As at 30 June 2014 the Group was involved in several litigations for which the possible total claims estimated by the Group's lawyers amounted to RON 16,491,888 (31 December 2013: RON 15,742,753). The Group, based upon legal advice, has assessed that a provision amounting to RON 102,305 as at 30 June 2014 (31 December 2013: RON 2,424,424) is necessary to be booked for these claims.



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
24. 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 2014:

<i>In RON</i>	Level 1	Level 2	Level 3	Total Fair value	Total Book value
Assets measured at amortized cost					
Cash and cash balances ¹	-	-	3,101,864,399	3,101,864,399	3,100,705,913
Loans and advances to banks ¹	-	-	435,100,788	435,100,788	433,019,133
Loans and advances to customers ¹	-	-	17,942,531,861	17,942,531,861	17,084,673,226
Net Lease receivables ¹	-	-	2,426,386,233	2,426,386,233	2,426,386,233
Total assets measured at amortized cost	-	-	23,905,883,281	23,905,883,281	23,044,784,505
Assets measured at fair value					
Trading assets					
Financial assets held for trading ³	825,648	-	-	825,648	825,648
Derivative assets at fair value through profit and loss ²	-	93,905,592	2,942,719	96,848,311	96,848,311
Derivatives financial instruments designated as hedging instruments ²	-	452,347	35,008,724	35,461,071	35,461,071
Total trading assets	825,648	94,357,939	37,951,443	133,135,030	133,135,030
Available-for-sale-assets					
Investment securities, available-for-sale ³	2,065,591,876	871,854,191	1,902,472,635	4,839,918,702	4,839,918,702
Equity investments, available-for-sale ⁴	-	-	5,029,092	5,029,092	5,029,092
Total available-for-sale assets	2,065,591,876	871,854,191	1,907,501,727	4,844,947,794	4,844,947,794

1 Fair value of loans is determined on discounted cash flows using market interest rates and credit spreads.

2 Fair value for derivatives products are based on market parameters and groups' internal models.

3 Fair value of bonds is determined on OTC market prices.



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)

24. FINANCIAL INSTRUMENTS - FAIR VALUE HIERARCHY (continued)

<i>In RON</i>	Level 1	Level 2	Level 3	Total Fair value	Total Book value
Liability measured at amortized cost					
Deposits from banks ⁵	-	-	3,320,570,538	3,320,570,538	3,355,037,501
Loans from banks and other financial institutions ⁵	-	-	7,681,745,314	7,681,745,314	7,768,969,409
Deposits from customers ⁵	-	-	12,790,971,775	12,790,971,775	12,750,788,787
Debt securities issued ⁶	-	-	595,842,825	595,842,825	549,972,825
Total liabilities measured at amortized cost	-	-	24,389,130,452	24,389,130,452	24,424,768,522
Trading liabilities					
Derivative liabilities at fair value through profit and loss ²	-	88,054,933	4,137,394	92,192,327	92,192,327
Derivatives financial instruments designated as hedging instruments ²	-	69,413,996	1,280,083	70,694,079	70,694,079
Total trading liabilities	-	157,468,929	5,417,477	162,886,406	162,886,406

4 For the unquoted equity instruments where their fair value cannot be reliably estimated, are measured at cost.

5 Fair value of deposits is determined on discounted cash flows using market interest rates and credit spreads.

6 Fair value of debt securities issued is determined on discounted cash flows using market interest rates.



Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)
24. FINANCIAL INSTRUMENTS - FAIR VALUE HIERARCHY (continued)

The table below presents the fair value of financial instruments measured at amortized 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 2013:

<i>In RON</i>	Level 1	Level 2	Level 3	Total Fair value	Total Book value
Assets measured at amortized cost					
Cash and cash balances	-	-	5,235,422,569	5,235,422,569	5,235,422,569
Loans and advances to banks ¹	-	-	378,163,621	378,163,621	378,166,622
Loans and advances to customers ¹	-	-	17,074,145,384	17,074,145,384	16,867,193,505
Investments in associates ²	-	-	823,800	823,800	823,800
Total assets measured at amortized cost	-	-	22,688,555,374	22,688,555,374	22,481,606,496
Assets measured at fair value					
Trading assets					
Derivative assets at fair value through profit and loss ³	-	75,208,710	405,402	75,614,112	75,614,112
Derivatives financial instruments designated as hedging instruments ³	-	-	13,606,582	13,606,582	13,606,582
Total trading assets	-	75,208,710	14,011,984	89,220,694	89,220,694
Available-for-sale assets					
Investment securities, available-for-sale ⁴	3,297,526,356	2,094,834,575	10,331,730	5,402,692,661	5,402,692,661
Equity investments, available-for-sale ⁵	-	-	2,683,310	2,683,310	2,683,310
Total available-for-sale assets	3,297,526,356	2,094,834,575	13,015,040	5,405,375,971	5,405,375,971

1 Fair value of loans is determined on discounted cash flows using market interest rates and credit spreads.

2 Fair value is approximated by the percentage held of net assets as of the latest financial statements available; if not available, cost is used instead while the equity method is considered to be a reasonable approximation for associates.

3 Fair value for derivatives financial instruments are based on market parameters and groups' internal models.

4 Fair value of bonds is determined on OTC market prices.

5 For the unquoted equity instruments where their fair value cannot be reliably estimated, are measured at cost





Notes to the interim condensed consolidated financial statements for the six months period ended 30 June 2014 (continued)


24. FINANCIAL INSTRUMENTS - FAIR VALUE HIERARCHY (continued)


<i>In RON</i>				Total	
	Level 1	Level 2	Level 3	Fair value	Total Book value
Financial liability measured at amortized cost					
Deposits from banks ⁶	-	-	3,583,696,498	3,583,696,498	3,670,345,104
Loans from banks and other financial institutions ⁶	-	-	5,159,179,573	5,159,179,573	5,261,207,277
Deposits from customers ⁶	-	-	15,231,626,742	15,231,626,742	15,120,823,928
Debt securities issued ⁷	-	-	562,175,310	562,175,310	549,912,266
Total liabilities measured at amortized cost	-	-	24,536,678,123	24,536,678,123	24,602,288,575
Financial liability measured at fair value					
Trading liabilities					
Derivative liabilities at fair value through profit and loss ³	-	90,375,088	947,214	91,322,302	91,322,302
Derivatives financial instruments designated as hedging instruments ³	-	60,540,013	2,338,795	62,878,808	62,878,808
Total trading liabilities	-	150,915,101	3,286,009	154,201,110	154,201,110

⁶ Fair values of deposits are based on discounted cash flows using market interest rates and credit spreads.

⁷ Fair value of debt securities issued is determined on discounted cash flows using market interest rates.

The interim condensed consolidated financial statements were approved by the Supervisory Board on July 23, 2014 and were signed on its behalf by:


Mr. Rasvan Catalin Radu
 Executive President


Mrs. Mihaela Alina Lupu
 Chief Financial Officer

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