

Romania  
Credit Update

**UniCredit Tiriatic Bank**

**Ratings**

Security Class	Current Ratings
<b>Foreign Currency</b>	
Long-Term IDR	A-
Short-Term IDR	F2
<b>Individual Support Rating</b>	
Individual Support Rating	D 1
<b>Sovereign Risk</b>	
Foreign Long-Term IDR	BBB
Local Long-Term IDR	BBB+
Country Ceiling	A-

**Outlook**

Sovereign Foreign Long-Term IDR	Stable
Sovereign Local Long-Term IDR	Stable
Foreign Long-Term IDR	Stable
Individual	Evolving

**Financial Data**

UniCredit Tiriatic Bank	30 June 07	31 Dec 06
Total Assets (USDm)	4,874.0	3,434.8
Total Assets (RONm)	11,330.1	8,819.1
Total Equity (RONm)	1,489.5	1,060.9
Operating Profit (RONm)	185.9	256.2
Published Net Income (RONm)	156.4	213.2
Cost/Income (%)	43.88	52.43
Cost/Avg. Assets (%)	3.02	5.20
Operating ROAA (%)	3.11	4.28
Operating ROAE (%)	24.53	34.32
Total Regulatory Capital Ratio (%)	15.79	19.14

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**Rating Rationale**

- The Long-Term and Short-Term Issuer Default (IDR), and Support Ratings of UniCredit Tiriatic Bank (UCR Tiriatic), reflect the support it can expect to receive from its majority shareholder, Bank Austria Creditanstalt AG (BACA, rated 'A/Positive') and BACA's ultimate parent, UniCredito Italiano (UCI, rated 'A+/Positive').
- UCR Tiriatic was formed as a result of a sequence of mergers. UniCredit Romania (UCR) and Banca Comerciala HVB Tiriatic (HVB Tiriatic) merged in June 2007 to form UCR Tiriatic. Prior to this HVB Tiriatic had been created in 2006 from the merger of HVB Romania and Banca Comerciala Ion Tiriatic.
- The strong economic growth in Romania, together with the increased availability of banking products and higher disposable income has stimulated very rapid loan growth in the banking sector. The penetration of the banking system is still very low, providing opportunities for continued growth. However, gaining market share is challenging for the banks in an increasingly competitive market dominated by foreign banks, and there are risks from rapid expansion.
- Before the merger, HVB Tiriatic and UCR were ranked fourth and 11<sup>th</sup>, respectively and had a combined market share in total assets of 6.8% at end-2006. At end-Q307 UCR Tiriatic was the sixth-largest bank in Romania in terms of total assets with a market share of around 5% mainly as result of being focused on the integration from various mergers rather than on growth and also from increased competition.
- At the time of the merger, the bank had a total of 136 branches and agencies with no major overlaps. Management intends to increase the number of branches and agencies to 210 by end-2008 on the back of an accelerated growth programme for the branch network. UCR Tiriatic will continue to build on its expertise in corporate loans, leveraging each of the founding banks' strengths and it will increasingly focus on growth in retail and SME lending.

**Support**

In Fitch Ratings' opinion, there is an extremely high probability that support would be provided by the ultimate parent, UCI, should it be needed.

**Key Rating Drivers**

- A change in UCI's ability and/or willingness to support UCR Tiriatic could affect the latter's IDRs, Outlook and Support Ratings, although any upward movement in those ratings is currently limited by the Country Ceiling of Romania.
- As Fitch has not undertaken a full review of the merged bank, Rating Watch Evolving is maintained on Individual Rating.

**Profile**

UCR Tiriatic is 55.2% owned by BACA, which serves as UCI's management holding company in Central and Eastern Europe. UCI is the largest Italian bank by total assets, with assets of EUR823bn at end-2006. It strengthened its domestic franchise further through its October 2007 acquisition of Italy's Capitalia, following its acquisition of Bayerische Hypo- und Vereinsbank (HVB) in October 2005. UCI has a broad geographical presence in Europe.

**Balance Sheet Analysis**

**UNICREDIT TIRIAC BANK SA**

	31 Dec 2006				31 Dec 2005		31 Dec 2004		31 Dec 2003	
	Year End USDm Partial	Year End RONm Partial	As % of Assets Partial	Average RONm Partial	Year End RONm Original	As % of Assets Original	Year End RONm Original	As % of Assets Original	Year End RONm Restated	As % of Assets Restated
<b>A. LOANS</b>										
1. Loans and Advances < 3 months	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Loans and Advances 3 - 12 months	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	677.7	33.14
3. Loans and Advances > 1 year	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	538.7	26.35
4. Loan Impairment (to deduct from above)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	23.7	1.16
5. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	36.4	1.15	45.9	1.86	n.a.	-
6. Less: Loans from the Insurance Business	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>TOTAL A</b>	<b>1,944.3</b>	<b>4,992.3</b>	<b>56.61</b>	<b>3,319.9</b>	<b>1,647.4</b>	<b>52.18</b>	<b>1,342.4</b>	<b>54.54</b>	<b>1,192.7</b>	<b>58.33</b>
<b>B. OTHER EARNING ASSETS</b>										
1. Loans and Advances to Banks	342.1	878.5	9.96	475.1	71.6	2.27	286.9	11.66	507.3	24.81
2. Government Securities	100.8	258.7	2.93	130.9	3.1	0.10	46.0	1.87	5.4	0.26
3. Trading Assets	0.9	2.3	0.03	253.5	504.6	15.98	76.9	3.12	0.0	0.00
4. Derivatives	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Other Securities and Investments	0.0	0.0	0.00	4.1	8.1	0.26	8.4	0.34	0.0	0.00
6. Equity Investments	2.7	7.0	0.08	n.a.	n.a.	-	n.a.	-	7.8	0.38
7. Insurance	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>TOTAL B</b>	<b>446.5</b>	<b>1,146.5</b>	<b>13.00</b>	<b>867.0</b>	<b>587.4</b>	<b>18.61</b>	<b>418.2</b>	<b>16.99</b>	<b>520.5</b>	<b>25.46</b>
<b>C. TOTAL EARNING ASSETS (A+B)</b>	<b>2,390.9</b>	<b>6,138.8</b>	<b>69.61</b>	<b>4,186.8</b>	<b>2,234.8</b>	<b>70.79</b>	<b>1,760.6</b>	<b>71.53</b>	<b>1,713.2</b>	<b>83.79</b>
<b>D. TANGIBLE FIXED ASSETS</b>	<b>54.6</b>	<b>140.2</b>	<b>1.59</b>	<b>145.1</b>	<b>150.1</b>	<b>4.75</b>	<b>151.8</b>	<b>6.17</b>	<b>175.9</b>	<b>8.60</b>
<b>E. NON-EARNING ASSETS</b>										
1. Cash and Due from Banks	898.8	2,307.7	26.17	1,510.7	713.7	22.61	479.9	19.50	70.3	3.44
2. Other	90.5	232.4	2.64	145.5	58.5	1.85	69.1	2.81	85.3	4.17
<b>F. TOTAL ASSETS</b>	<b>3,434.8</b>	<b>8,819.1</b>	<b>100.00</b>	<b>5,988.1</b>	<b>3,157.1</b>	<b>100.00</b>	<b>2,461.4</b>	<b>100.00</b>	<b>2,044.7</b>	<b>100.00</b>
<b>G. DEPOSITS &amp; MONEY MARKET FUNDING</b>										
1. Due to Customers < 1 year	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	1,601.5	78.32
2. Due to Customers > 1 year	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Due to Customers, no breakdown	1,754.6	4,505.0	51.08	3,366.2	2,227.3	70.55	1,821.1	73.99	n.a.	-
4. Deposits from Banks	1,048.5	2,692.2	30.53	1,382.4	72.6	2.30	26.4	1.07	63.9	3.13
5. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>TOTAL G</b>	<b>2,803.1</b>	<b>7,197.2</b>	<b>81.61</b>	<b>4,748.6</b>	<b>2,299.9</b>	<b>72.85</b>	<b>1,847.5</b>	<b>75.06</b>	<b>1,665.4</b>	<b>81.45</b>
<b>H. OTHER LIABILITIES</b>										
1. Derivatives	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Trading Liabilities	11.6	29.8	0.34	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Insurance	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>TOTAL H</b>	<b>11.6</b>	<b>29.8</b>	<b>0.34</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>
<b>I. OTHER FUNDING</b>										
1. Long-term Borrowing	0.0	0.0	0.00	199.7	399.4	12.65	207.0	8.41	0.0	0.00
2. Subordinated Debt	127.2	326.5	3.70	n.a.	n.a.	-	n.a.	-	0.0	0.00
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>TOTAL I</b>	<b>127.2</b>	<b>326.5</b>	<b>3.70</b>	<b>363.0</b>	<b>399.4</b>	<b>12.65</b>	<b>207.0</b>	<b>8.41</b>	<b>0.0</b>	<b>0.00</b>
<b>J. NON-INTEREST BEARING</b>	<b>79.7</b>	<b>204.7</b>	<b>2.32</b>	<b>115.1</b>	<b>25.5</b>	<b>0.81</b>	<b>28.4</b>	<b>1.15</b>	<b>46.3</b>	<b>2.26</b>
<b>K. HYBRID CAPITAL</b>										
1. Hybrid capital accounted for as equity	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Hybrid Capital accounted for as debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	0.0	0.00
<b>L. TOTAL LIABILITIES</b>	<b>3,021.6</b>	<b>7,758.2</b>	<b>87.97</b>	<b>5,241.5</b>	<b>2,724.8</b>	<b>86.31</b>	<b>2,082.9</b>	<b>84.62</b>	<b>1,711.7</b>	<b>83.71</b>
<b>M. EQUITY</b>										
1. Common Equity	384.2	986.5	11.19	709.4	432.3	13.69	378.5	15.38	333.0	16.29
2. Minority Interest	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Revaluation Reserves	29.0	74.4	0.84	37.2	0.0	0.00	0.0	0.00	0.0	0.00
<b>TOTAL M</b>	<b>413.2</b>	<b>1,060.9</b>	<b>12.03</b>	<b>746.6</b>	<b>432.3</b>	<b>13.69</b>	<b>378.5</b>	<b>15.38</b>	<b>333.0</b>	<b>16.29</b>
<b>MEMO: CORE CAPITAL</b>	<b>384.2</b>	<b>986.5</b>	<b>11.19</b>	<b>709.4</b>	<b>432.3</b>	<b>13.69</b>	<b>378.5</b>	<b>15.38</b>	<b>333.0</b>	<b>16.29</b>
<b>MEMO: ELIGIBLE CAPITAL</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>
<b>N. TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,434.8</b>	<b>8,819.1</b>	<b>100.00</b>	<b>5,988.1</b>	<b>3,157.1</b>	<b>100.00</b>	<b>2,461.4</b>	<b>100.00</b>	<b>2,044.7</b>	<b>100.00</b>

Exchange Rate

USD1 = RON 2.5676

USD1 = RON 3.1078

USD1 = RON 2.9067

USD1 = RON 2.9067

**Income Statement Analysis  
UNICREDIT TIRIAC BANK SA**

	31 Dec 2006		31 Dec 2005		31 Dec 2004		31 Dec 2003	
	Income	As % of	Income	As % of	Income	As % of	Income	As % of
	Expenses RONm Partial	Total AV Earning Assts Partial	Expenses RONm Original	Total AV Earning Assts Original	Expenses RONm Original	Total AV Earning Assts Original	Expenses RONm Restated	Total AV Earning Assts Restated
1. Interest Income	658.8	15.74	270.1	13.52	303.9	17.50	245.1	16.28
2. Interest Expense	388.6	9.28	102.2	5.12	117.0	6.74	76.2	5.06
<b>3. NET INTEREST REVENUE</b>	<b>270.2</b>	<b>6.45</b>	<b>167.9</b>	<b>8.40</b>	<b>186.9</b>	<b>10.76</b>	<b>168.9</b>	<b>11.22</b>
4. Net Fees & Commissions	152.6	3.64	53.3	2.67	59.2	3.41	59.3	3.94
5. Net Insurance Revenue	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Operating Income	175.4	4.19	29.2	1.46	12.7	0.73	8.6	0.57
7. Personnel Expenses	n.a.	-	69.6	3.48	58.4	3.36	58.3	3.87
8. Other Operating Expenses	311.6	7.44	106.8	5.35	89.4	5.15	90.2	5.99
<b>9. PRE-IMPAIRMENT OPERATING PROFIT</b>	<b>286.6</b>	<b>6.85</b>	<b>74.0</b>	<b>3.70</b>	<b>111.0</b>	<b>6.39</b>	<b>88.3</b>	<b>5.87</b>
10. Loan Impairment Charge	-283.5	-6.77	13.9	0.70	31.4	1.81	10.4	0.69
11. Other Credit Impairment and Provisions	313.9	7.50	-1.4	-0.07	0.0	0.00	0.0	0.00
<b>12. OPERATING PROFIT</b>	<b>256.2</b>	<b>6.12</b>	<b>61.5</b>	<b>3.08</b>	<b>79.6</b>	<b>4.58</b>	<b>77.9</b>	<b>5.18</b>
13. Other Income and Expenses	n.a.	-	1.9	0.10	-14.8	-0.85	-32.3	-2.15
<b>14. PUBLISHED PRE-TAX PROFIT</b>	<b>256.2</b>	<b>6.12</b>	<b>63.4</b>	<b>3.17</b>	<b>64.8</b>	<b>3.73</b>	<b>45.6</b>	<b>3.03</b>
15. Taxes	43.0	1.03	9.7	0.49	18.7	1.08	-14.9	-0.99
16. Profit/(Loss) from Discontinued Operations	n.a.	-	n.a.	-	n.a.	-	n.a.	-
17. Change in Value of AFS investments	74.4	1.78	n.a.	-	n.a.	-	n.a.	-
18. Currency Translation Differences	n.a.	-	n.a.	-	n.a.	-	n.a.	-
19. Other Gains/(Losses) not in Published Net Income	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>20. FITCH COMPREHENSIVE INCOME</b>	<b>287.6</b>	<b>6.87</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>
21. Total Gains/(Losses) not in Published Net Income	74.4	1.78	n.a.	-	n.a.	-	n.a.	-
22. IFRS Dividends included in Fitch Interest Expense	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>23. PUBLISHED NET INCOME</b>	<b>213.2</b>	<b>5.09</b>	<b>53.7</b>	<b>2.69</b>	<b>46.1</b>	<b>2.65</b>	<b>60.5</b>	<b>4.02</b>

**Ratio Analysis  
UNICREDIT TIRIAC BANK SA**

		31 Dec 2006	31 Dec 2005	31 Dec 2004	31 Dec 2003
		Year End	Year End	Year End	Year End
		RONm Partial	RONm Original	RONm Original	RONm Restated
<b>I. PERFORMANCE</b>					
1. Net Interest Margin	%	6.45	8.40	10.15	11.22
2. Loan Yield	%	n.a.	15.87	19.04	n.a.
3. Cost of Funds	%	7.60	4.30	5.97	5.01
4. Costs/Average Assets	%	5.20	6.28	6.22	8.04
5. Costs/Income	%	52.43	70.45	57.11	62.71
6. Pre-impairment Operating ROAA	%	4.79	2.63	4.67	4.78
7. Operating ROAA	%	4.28	2.19	3.35	4.22
8. Pre-impairment Operating ROAE	%	38.39	18.25	29.52	31.45
9. Operating ROAE	%	34.32	15.17	21.17	27.74
<b>II. CAPITAL ADEQUACY</b>					
1. Internal Capital Generation	%	38.52	n.a.	n.a.	n.a.
2. Core Capital/Total Assets	%	11.19	13.69	15.38	16.29
3. Eligible Capital/Regulatory Weighted Risks	%	n.a.	n.a.	n.a.	n.a.
4. Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	n.a.	n.a.	n.a.	n.a.
5. Tier 1 Regulatory Capital Ratio	%	n.a.	n.a.	n.a.	22.14
6. Total Regulatory Capital Ratio	%	n.a.	n.a.	n.a.	22.14
7. Free Capital/Equity	%	83.17	61.37	54.48	41.62
<b>III. LIQUIDITY (year end)</b>					
1. Liquid Assets/Deposits & Money Mkt Funding	%	35.66	24.19	22.36	27.30
2. Loans/Deposits	%	110.82	73.96	73.71	74.47
<b>IV. ASSET QUALITY</b>					
1. Loan Impairment Charge/Gross Loans (av.)	%	-8.54	0.90	2.28	1.07
2. Total Credit Impairment/Pre-impairment Operating Profit	%	10.61	16.89	28.29	11.78
3. Loan Impairment/Gross Impaired Loans	%	n.a.	n.a.	n.a.	n.a.
4. Individual Loan Impairment/Gross Impaired Loans	%	n.a.	n.a.	n.a.	n.a.
5. Impaired Loans Gross / Loans Gross	%	n.a.	n.a.	n.a.	n.a.
6. Impaired Loans Net/Eligible Capital	%	n.a.	n.a.	n.a.	n.a.
7. Net Charge-offs/Gross Loans (av.)	%	n.a.	n.a.	n.a.	2.29