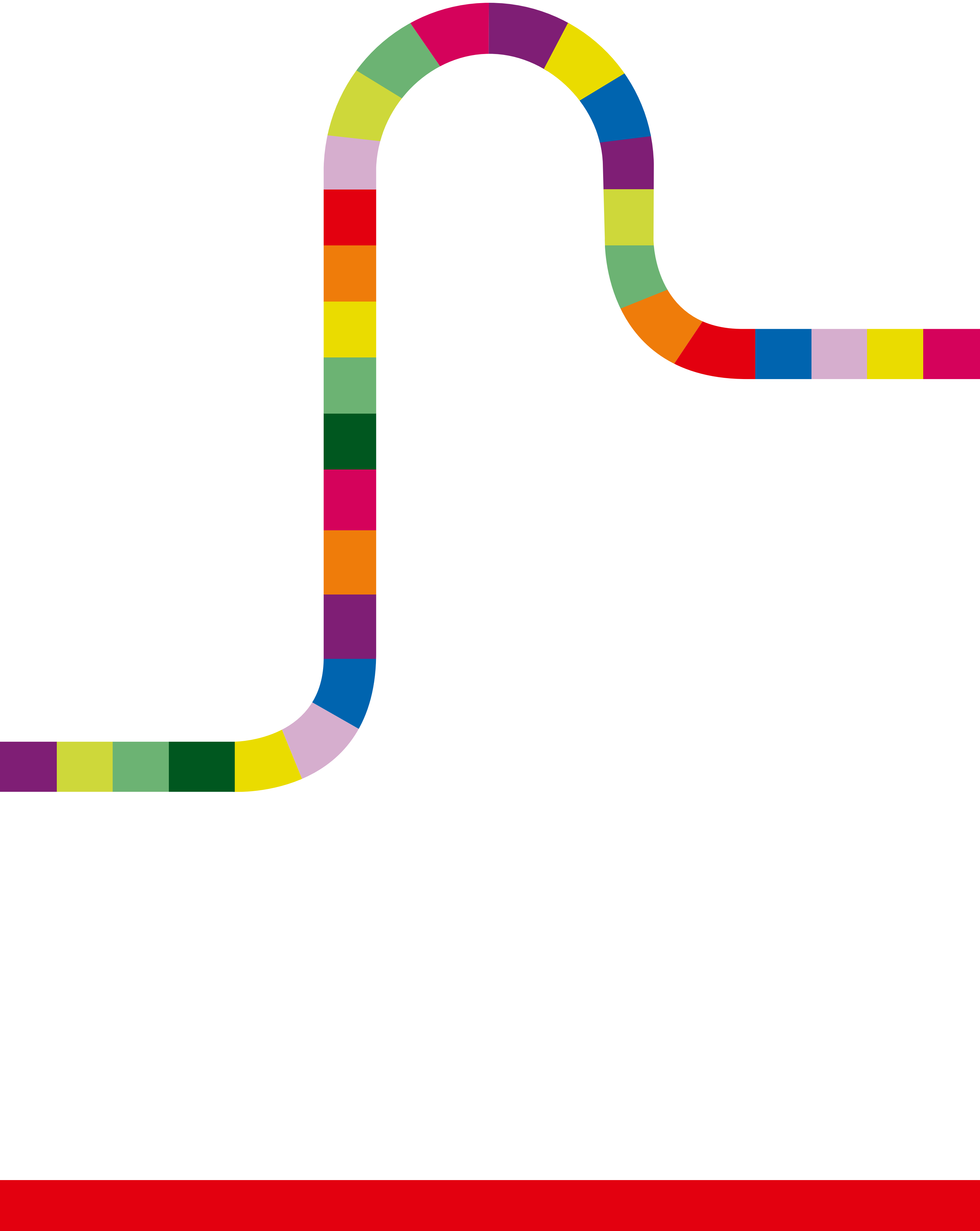
UniCredit Țiriac Bank

For whatever
life brings

2010 Annual Report



Everyone knows that life can be surprising. Many of these surprises are good things. Some are not so good. That is why people need their bank to be a reliable partner, helping them to deal with whatever life brings.

Because this year's report is inspired by real life, its graphics portray some of life's more pleasant aspects, as well as a few of its less enjoyable features. Thus, the images present a range of contrasts, and our cover offers up a kaleidoscope of moments drawn from daily life.

That is simply how life works. From the exciting to the ordinary, from the expected to the unanticipated, life is always changing and makes demands on all of us.

And UniCredit is here to lend a hand.

Our job is about more than offering products and managing transactions. It is about understanding the needs of our customers as individuals, families and enterprises.
Our goal is to deliver solutions for the everyday issues that people face. This means providing them with concrete answers – day by day, customer by customer, need by need.

2010 Annual Report

UniCredit Tiriac Bank at a Glance

Key figures

(Thousands of RON, unless otherwise stated)

	2010	2009	VARIANCE %
Net profit	171,218	328,681	-47.9%
Shareholder's equity (eop)	2,378,208	2,177,607	9.2%
Total assets (eop)	20,804,418	20,434,779	1.8%
Bank customer deposits (eop)	10,988,236	10,562,497	4.0%
Bank customer deposits (av.)	10,775,367	9,605,857	12.2%
Bank customer gross loans (eop)	13,590,629	12,045,417	12.8%
Bank customer gross loans (av.)	12,818,023	12,172,160	5.3%
Earnings per share (in RON)*	4.20	8.06	-47.9%

Income

Net interest income	915,220	641,999	42.6%
Net fee and commission income	232,655	246,310	-5.5%
Dividends income	1,967	1,931	1.9%
Net trading income**	196,381	359,532	-45.4%
Other operating income	17,007	13,024	30.6%
Operating Income	1,363,230	1,262,796	8.0%
Net operating income	778,861	667,982	16.6%

Expenses

Operating expenses	584,369	594,814	-1.8%
Staff costs	273,474	271,547	0.7%
Non-staff costs	247,045	249,490	-1.0%
Depreciation	54,057	51,100	5.8%
Other operating expenses	9,794	22,677	
Impairment losses and provisions	564,784	276,495	104.3%
Income tax expense	32,984	56,392	-41.5%

Ratios (%)

Return on average assets (ROA)	0.8	1.7	-0.9pp
Return on average equity (ROE)	7.5	16.5	-8.9pp
Leverage (eop)***	8.7	9.4	-0.6pp
Capital adequacy ratio***** (eop)	12.5	13.1	-0.6pp
Tier 1 capital ratio**** (eop)	10.8	10.9	-0.1pp
Risk weighted assets*****/Total assets ratio	68.6	72.1	-3.4pp
Non-performing loans/Gross loans	9.9	6.1	3.8pp
Loan/Deposit ratio******	123	115	8.0pp
Cost/Income ratio	42.5	46.1	-3.7pp
Cost of Risk ratio*******	294 bp	144 bp	150 bp

Resources (number) - (eop)

Bank Operating outlets	235	241	(6)
Employees	3,007	2,967	40

Foreign exchange rate at period-end (EUR/RON)	4.2848	4.2282	1.34%
Annual average foreign exchange rate (EUR/RON)	4.2098	4.2364	-0.63%

* Net profit / no. of shares
** Including - Net income on foreign exchange and on derivatives held at fair value
- Net gains on financial assets available for sale
*** Leverage is calculated as Total assets/ Shareholder's equity (eop)
**** Tier 1 Capital, Capital adequacy rate, RWA are shown as per NBR rules (RAS figures)
RWA is calculated according to NBR Basel II for 2009 and 2010 (including Credit Risk, Market Risk and Operational Risk)
In the calculation of Tier1 capital, respective Capital adequacy ratios, the 2009 own funds include the 2009 RAS profit, while 2010 own funds do not include the 2010 profit until approval of GSM. If 2010 profit was considered, the Capital adequacy ratio is 12.8% and the Tier1 capital ratio is 11.2%
***** Only the credit risk part of the RWA is considered
****** Gross Loans not including accruals and deferred commissions/Deposits not including accruals
******* Cost of Risk calculated as P&L Credit Risk divided by On + Off BS Exposures (eop) for which credit risk provisions are allocated

Counterparty credit rating

Foreign Currency Long-term IDR	BBB	Support rating	2
Foreign Currency Short-term IDR	F3	Outlooks	Stable
Individual rating	D		

Contents

For whatever life brings

STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD AND CEO

Dear Reader of this report,

It is our pleasure to present to your attention the 2010 annual report of UniCredit Tiriac Bank

2010 was a recessionary year for the Romanian economy and a year of consolidation for the economic entities. As a result of a sharp drop in capital inflow compared to pre-crisis years and further drop of domestic demand (2% in private consumption and 14% in grossed fixed capital formation) the economy marked another real GDP drop of 1.3% after a 7.1% plunge a year ago. This was reinforced by the budget consolidation measures undertaken by the Government in the middle of the year as a response to the structural fiscal deficit woes and the EU peripheral countries debt crisis burst-out. The external debt of the country slightly increased yet stayed at an acceptable level of near 90% of GDP while the public debt was kept below 40% of GDP. Growing external demand supported industrial output going up 4.1% year-on-year for the whole 2010, spurring some rebound of the corporate sector. Private consumption remained depressed, further negatively impacted by the austerity measures, high inflation and annual real drop in net wages (8% and 6.2% at the end of year respectively).

This dictated the monetary policy of the National Bank of Romania not easing ROBOR beyond 6.25%, supporting the Romanian Leu which stayed relatively stable in 2010 vs 2009. Interest rates in the financial market dropped driven by the lower benchmark rates and relatively high liquidity. The banking system revenues went down 2%, while loan loss provisions grew further by 13%, driving the bottom line to red. The credit risk ratio of the system (under local regulations) raised 20% at the end of the year. Real volumes growth remained subdued yet positive: 3.7% for loans and 4.7% for deposits. Loan growth was driven by corporate segment and residential mortgages (the latter stimulated by the Government guaranteed 'First House' programme), while deposits by higher private saving rate.

Within this context, UniCredit Tiriac Bank put its focus on credit risk management, selective business expansion, cost optimisation and quality of service. As a result the Bank registered a 17% growth in net operating income, including 8% increase in operating income and 2% drop in operating expenses. This allowed us to highly compensate the 2-time increase of the risk costs to 2.94%, ending the year with a net profit of RON 171 million, down 48% compared to last year. The ROE went down to 7.5% from 16.5% a year ago, yet at reasonable level given the overall international and local financial markets performance. The capital adequacy stood high at 12.5% (under statutory standards), well above the benchmark. Cost-to-Income ratio further improved to 42.5%.

Balance sheet total reached RON 20.8 billion (RON 23.8 billion on pro-forma consolidation basis) at the end of the year. Customer loan portfolio was up 13% year-on-year, driven by 20% growth in corporate and 17% in small business portfolios. Retail loan portfolio, including the one of the captive UCFin Consumer Financing, went up 8%, better than the market. Retail residential mortgage portfolio grew 13%. Customer deposits grew 4%, supported by 8% growth in corporate and 15% growth in small business deposits. Retail deposits surged 7% in line with the market while private banking ones were down 33%. Special emphasis was laid on process and service quality improvement leading to a sizeable reduction of service time and improvement of customer satisfaction level.

The outlook for 2011 is for a rebound of the economy to positive economic growth driven by the industrial sector on the supply side and the net export on the demand side. This would stimulate the corporate sector growth. The high expected inflation and further austerity measures would not allow for a recovery in private consumption. This would limit the demand for credit and keep the cost of risk still relatively high. We will focus on best exploiting the market opportunities and well positioning ourselves in the forthcoming upside cycle. The investment programme will continue building up a strong commercial banking franchise for the years to come.

Finally, I would like to express my gratitude to our customers and partners for their trust in us, and to our shareholders and employees for their support and commitment.

Răsvan Radu

Chairman of the Management Board and CEO
15 February 2011, Bucharest

MEMBERS OF THE MANAGEMENT BOARD DURING 2010

Cătălin Răsvan Radu
CEO and Executive President

Daniela Bodirca
Executive Vice - President, CRO

Stanislav Georgiev
Executive Vice - President, CFO

Alina Drăgan
Executive Vice - President
Human Resources

Starting with the date of the National Bank of Romania's approval issued on 06.08.2010

Septimiu Postelnicu
Executive Vice - President
Global Banking Services

Starting with the date of the National Bank of Romania's approval issued on 19.02.2010

Emanuele Butta
Executive Vice - President
Retail

Melih Mengu – Executive Vice - President until 01.04.2010
Gianfranco Bisagni – Executive Vice - President starting with the date of the National Bank of Romania's approval issued on 23.08.2010
Zoltan Major – Executive Vice - President until 29.10.2010

Note On 28.10.2010, the Supervisory Board appointed Mr. Emanuele Butta as Executive Vice-President, member of the Management Board, National Bank of Romania's approval – issued on 28.04.2011

MEMBERS OF THE SUPERVISORY BOARD DURING 2010

Dan Pascariu – Chairman of the Supervisory Board

Federico Ghizzoni

Carlo Vivaldi

Heinz Meidlinger

David O'Mahony – starting with the date of National Bank of Romania's approval issued June 3rd, 2010

Friederike Kotz

Carmine Ferraro

Petru Vaduva

Leonard Leca

Stelian Dragan – starting with the date of National Bank of Romania's approval issued April 15th, 2010 as temporary member of the Supervisory Board and June 3rd 2010 as definitive member of the Supervisory Board.

For whatever life brings

Strategy and Results

Highlights

UniCredit operates in 22 countries, with more than 162,000 employees and over 9,600 branches.

UniCredit benefits from a strong European identity, extensive international presence and broad customer base.

Its strategic position in Western and Eastern Europe gives the Group one of the region's highest market shares.

(currency amounts are shown in € million)

OPERATING INCOME	26,347
OPERATING PROFIT	10,864
NET PROFIT	1,323

SHAREHOLDERS' EQUITY	64,224
CORE TIER 1 RATIO	8.58%
TIER 1 RATIO	9.46%

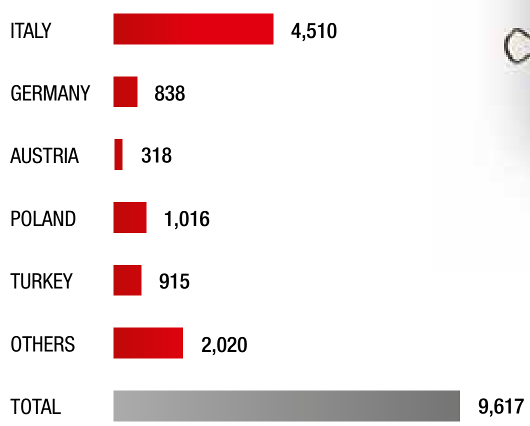
EMPLOYEES[1]	over 162,000
BRANCHES[2]	over 9,600
TOTAL ASSETS	929,488

1. Data as at December 31, 2010. FTE = "Full Time Equivalent": number of employees counted for the rate of presence. Figures include all employees of subsidiaries consolidated proportionately, such as Koç Financial Services Group employees.
2. Figures include all branches of subsidiaries consolidated proportionately, such as Koç Financial Services Group branches.

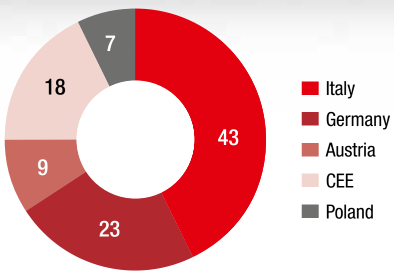
WHERE WE OPERATE

AUSTRIA
AZERBAIJAN
BOSNIA AND HERZEGOVINA
BULGARIA
CROATIA
CZECH REPUBLIC
ESTONIA
GERMANY
HUNGARY
ITALY
KAZAKHSTAN
KYRGYZSTAN
LATVIA
LITHUANIA
POLAND
ROMANIA
RUSSIA
SERBIA
SLOVAKIA
SLOVENIA
TURKEY
UKRAINE

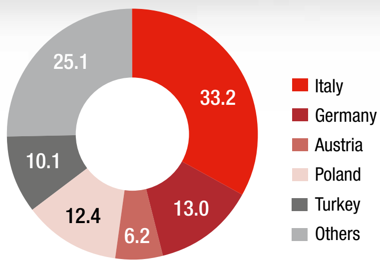
BRANCHES BY COUNTRY[2]



REVENUES BY REGION (%)



EMPLOYEES BY COUNTRY[1] (%)



Focus

AUSTRIA, GERMANY AND ITALY

UniCredit has a strategic position in Austria, Germany and Italy - three countries accounting for more than one-third of the GDP of all European Union economies combined. Together, they comprise one of the continent's wealthiest transnational regions.

GDP per capita in each of these countries is higher than the average for the European Union (EU) as a whole. In particular Germany ranks first in terms of GDP per capita among the four largest EU economies, surpassing France, the United Kingdom and Italy.

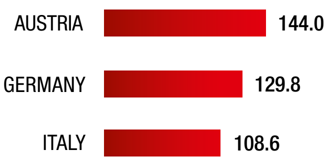
UniCredit has one of the largest banking networks in each of its three core Western European countries, providing access to 318 branches in Austria, 838 in Germany and 4,510 in Italy. Each of these countries is also closely linked to the growing economies of Central and Eastern Europe.

In terms of economic performance, all our core countries last year resumed positive growth after the unprecedented slowdown recorded in 2009. As a matter of fact, the emergence of the sovereign debt crisis in Greece, which had important spill-over effects on such other countries as Ireland, Spain and Portugal, did not materially affect growth prospects in our core countries. This is because, from a structural point of view, the three countries in which UniCredit operates have enjoyed over the last few years a more balanced growth model compared to the affected countries, with a very low level of private sector indebtedness and a more cautious handling of public finance.

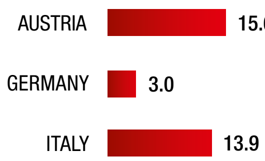
Real economic growth is expected to continue at an average annual rate of about 1.6 percent in Austria, 1.8 percent in Germany and 1.1 percent in Italy from 2011 to 2015, which would surpass the rates achieved over the previous five-year period.

Another favorable development is that domestic demand is becoming an increasingly important engine of economic development in this region. The result should be a more sustainable pattern of growth, no longer exclusively export driven.

GDP PER CAPITA[1]



MARKET SHARE[2] (%)



1. Nominal GDP per capita as at December 31, 2010 (EU27=100). Estimate of Nominal GDP per capita within the EU27 as at December 31, 2010 (last update March 10, 2011).
2. Market Share in terms of Total Customer Loans as at December 31, 2010.

Source: Eurostat, UniCredit Research.

CENTRAL AND EASTERN EUROPE

UniCredit is a market leader in Central and Eastern Europe (CEE), where it has a broad network of roughly 3,900 branches.

The Group's regional footprint is broad, with a direct presence in 19 countries where it ranks among the top five in 12 countries.* The CEE now accounts for 17.7 percent of the Group's revenues.

UniCredit has a long history in this dynamic region, which accounts for nearly half of all its employees. The Group is therefore well positioned to benefit from the process of economic convergence that has been generating higher living standards and a better business environment in these countries.

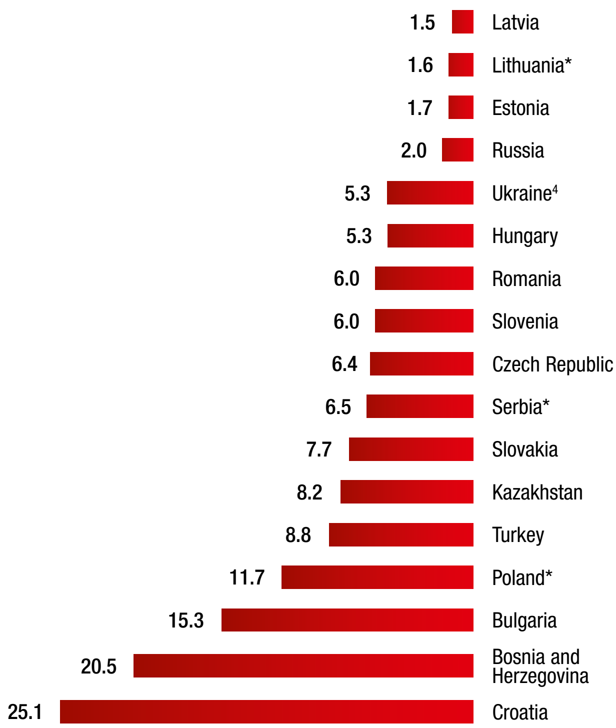
UniCredit's market position in the region provides its local banks with substantial competitive advantages, including the sharing of best practices, significant economies of scale, access to international markets and strong brand recognition. Furthermore, the Group's diversified portfolio in this region enables modular growth and increased market penetration for its global product factories.

After a challenging 2009, in 2010 CEE economies showed convincing signs of recovery, benefiting from stronger external demand and in some cases from a recovery in domestic demand. Among the EU members, Poland was a top performer. As the only EU country not to suffer a recession in 2009, it posted a GDP gain of almost 4 percent last year.

Overall, Turkey was the fifth-largest emerging market worldwide and the fastest-growing European economy in 2010, boasting a gain in real GDP in excess of 7 percent.

Russia benefited from higher oil prices and a strong sovereign balance sheet, which permitted the government to support domestic demand while increasing foreign investment in the latter part of the year. Only Romania and Croatia remained in recession in 2010. However, their more difficult circumstances were offset by reform and fiscal consolidation.

MARKET SHARE[3] (%)

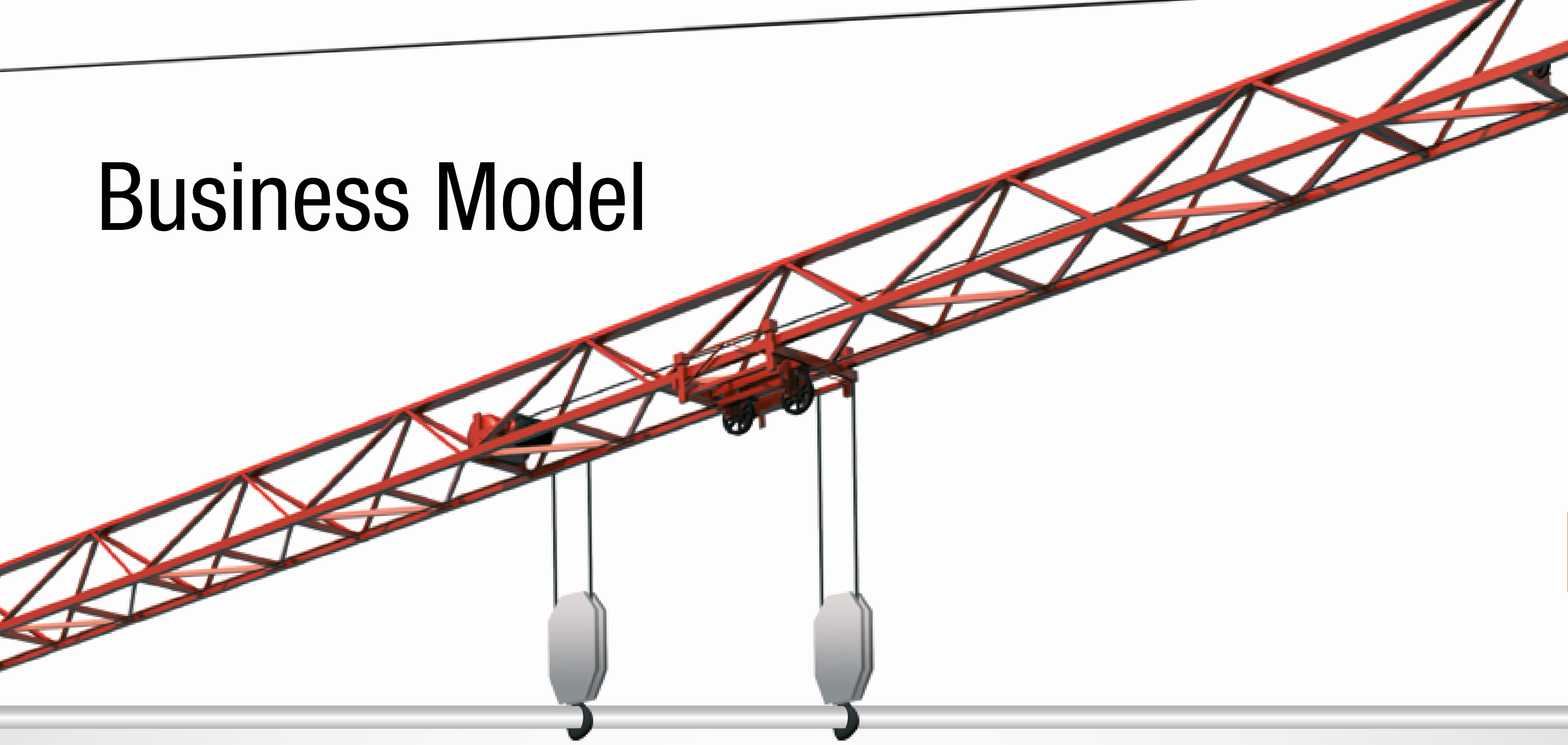


3. Market Share in terms of Total Assets as at December 31, 2010.
Market Share in Azerbaijan and Kyrgyzstan not available.
* as at September, 2010.

4. Pro-forma (Ukrsotsbank + UniCredit Bank Ukraine).

Source: UniCredit Research, UniCredit CEE Strategic Analysis.

Business Model



THIS MODEL FOCUSES ON FOUR PILLARS:

Customer-centricity

This is the focus of the Business Divisions - *Families & Small-Medium sized Enterprises, Corporate & Investment Banking, Private Banking and Central and Eastern Europe.* With their highly specialized services, they offer clear and simple solutions to all customer segments, thereby maximizing long-term value and generating customer satisfaction.

A multi-local approach

UniCredit combines an international distribution network with deep local roots and close ties to its customers by leveraging its global product lines, like Leasing and Factoring, its global service lines and the local expertise of UniCredit's people operating in local markets.

Global product lines

Each of the product lines is responsible for the centralized development of a complete portfolio of financial products and services suitable to the diverse needs of its customers.
These product lines generate added value for customer segments in all countries and regions by leveraging also the specialized skills and knowledge of the Group's product factories, such as Fineco Bank.

Global service lines

UniCredit's service lines provide a broad range of specialized internal services to the Group's commercial units and product factories such as information technologies, back-office activities, personnel administrative management, loan recovery, purchasing and real estate management.

Organizational structure

UniCredit's organization reflects its divisional business model and geographic scope.
To meet customers' needs, UniCredit is divided into **specialized Business Divisions,** as follows:

- Three divisions - *Families & Small-Medium sized Enterprises, Corporate & Investment Banking, Private Banking* - manage the activities intended for their respective customer segments. These include marketing, defining service models and developing products, as well as overseeing and coordinating some specific businesses.
- The *CEE* Division serves to align the activities in 19 countries of Central and Eastern Europe to a single, comprehensive business vision.

In line with the multi-local approach, responsibility for individual countries is lodged with leadership roles - such as the Country Chairman in the four main markets of Austria, Germany, Italy and Poland and the Country CEO in the six divisionalized CEE countries. Their task is to combine the Group's strategic business vision with that of their country.

Lastly, a range of support and control functions, called **Competence Lines,** oversee the guidance, coordination and control of UniCredit's activities and manage the related risks. These competence lines include Planning, Finance & Administration, Risk Management, Legal & Compliance, Internal Audit, Human Resources, Organization and Identity & Communications.

Our Mission

We UniCredit people are committed to generating value for our customers.

As a leading European bank, we are dedicated to the development of the communities in which we live, and to being a great place to work.

We aim for excellence and we consistently strive to be easy to deal with.

These commitments will allow us to create sustainable value for our shareholders.

Romanian Economy

2010 Overview of the economy

The picture of a prolonged recession has been materializing for Romania in 2010. The fiscal austerity measures enforced as of July, accentuated the negative output gap, due to the end of the inventory cycle and the still-depressed level of domestic demand with an overall -1.3% drop of the GDP in 2010. The decoupling of the Romanian economy from the regional and EU recovery is related to local factors. The very weak domestic demand has been hit by the tightening fiscal policy and austerity measures targeting the lower deficit. Moreover, the relatively high inflation driven by the VAT hike and international food-price shock leaves no more space for monetary policy to support the economy through lowering interest rates. Inflation has been marked by a one-off jump due to the VAT increase (+5pps) as of July 2010 and escalating food prices on the international market. The transmission coefficient of the VAT hike has been estimated at 60% by NBR, since the depressed demand slam on the brake for price hike. Due to the jump in headline inflation, real interest rates turned negative, interrupting the softening cicle of the monetary policy. Consequently, while in the first half of the year four consecutive cuts of overall 175 bps have been implemented, in the second part of the year, the monetary policy rate has been kept constant at the level of 6.25%. Meanwhile Romania's Current Account balance stayed stable at the comfortable level of 4.2% of GDP since the positive trade balance evolution has been counterbalanced by the lower remittances. Moreover, FDI coverage of the current account weakened at 50% with total FDI of EUR 2.6 bn. Nevertheless, it remained at a comfortable level of 4.3% of GDP. On the positive side, Romania's adjusted industrial output added 4.1% yoy in real terms in 2010.

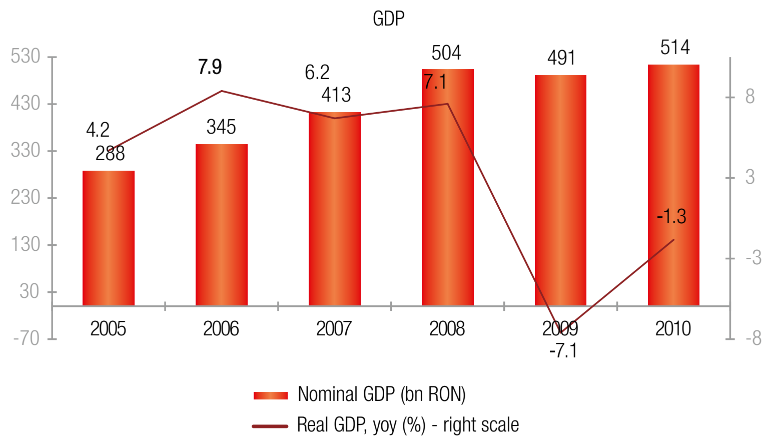
Selected economy indicators

	2010	2009	2008	2007	2006	2005	2004	2003	2002	09/08 %, PP. #
Nominal GDP (€ bln)	122	116	137	124	98	34	80	53	48	-15%
GDP per capita (€)	5,692	5,439	6,391	5,745	4,590	3,679	2,805	2,420	2,224	-15%
Real GDP growth (%)	1.2	7.1	7.1	6.2	7.9	4.2	8.5	5.2	5.1	-14.2
Infaltion (CPI) yoy. Dec	8.0	4.7	6.3	6.6	4.9	8.6	9.3	14.1	17.8	(1.60)
Infaltion (CPI) yoy. avg	6.1	5.6	7.3	4.8	6.6	9.0	11.9	15.3	22.5	(2.26)
Unemployment rate (%)	7.6	6.3	4.0	4.3	5.4	5.8	6.7	7.6	10.2	2.30
Exchange rate /€, eop	4.3	4.2	4.0	3.6	3.4	3.7	4.0	4.1	3.5	6%
Exchange rate /€, avg	4.2	4.2	3.7	3.3	3.5	3.6	4.1	3.8	3.1	15%
Intervention rate (Dec)	6.25	8.00	10.25	7.5	8.8	7.5	17.0	21.3		-2.25
Consolidated Gov. Balance / GDP(%)	-6.5	-7.4	-4.9	-2.3	-1.6	-0.8	-1.2	-2.2	-2.6	-2.5
Current account balance (€ mln)	-5,158	-4,913	-16,877	-16,677	-10,156	-6,888	-5,099	-9,060	-1,623	-71%
Current account/ GDP (%)	-4.2	-4.2	-12.3	-13.5	-10.4	-8.7	-8.4	-5.8	-3.3	8.1
FDI (€ mln)	2,596	3,550	9,024	7,185	8,723	5,237	5,183	1,346	1,212	-61%
FDI/GDP	2.1	3.1	6.6	5.8	8.9	6.6	8.5	3.7	2.5	-3.5
External Public debt (€ mln)	16,802	12,306	10,267	9,507	10,066	10,947	10,271	9,638	9,168	20%
External Public debt % of GDP	13.8	10.6	7.7	8.3	9.9	13.9	16.5	20.1	21.1	2.9
Internal Public Debt (€ mln)	26,043	19,949	15,438	11,599	7,637	4,386	3,633	2,799	3,328	29%
Trade Balance-Goods (€ mln)	-5,864	-6,871	-19,109	-17,822	-11,579	-7,806	-5,323	-3,955	-2,752	-64%
International Reserved (of BNR, € mln)	35,951	30,859	28,269	27,187	22,935	18,259	11,933	7,492	7,009	9%
Number of banks	42	42	43	41	38	39	39	38	39	-1

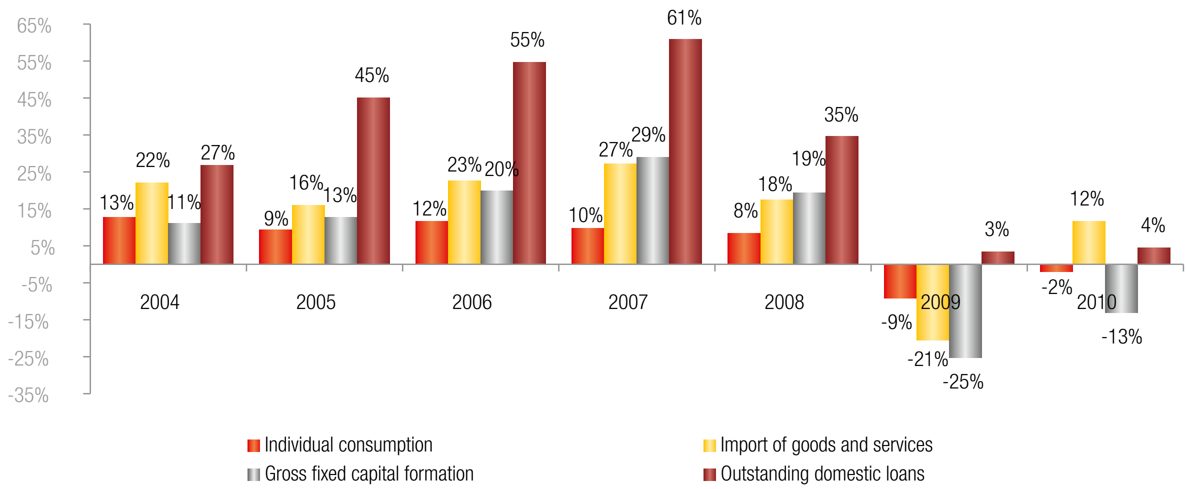
Source: Central Bank, Statistical Office and UniCredit Tiriac Bank Macroeconomic Research Department

Romanian Economy (Continued)

The government fiscal deficit in 2010 has narrowed by 8.6% yoy recording a consolidated budget deficit of RON 33.3 bn (6.5% of GDP), which is below the 6.8% target agreed with the IMF for 2010. There is also a commitment of the government for adoption of the necessary reforms in line with the IMF conditions for the disbursement. Thus, at the end of 2010, Romania has successfully tackled most of the preconditions set by the international lenders through the adoption of the 2011 budget, the implementation of the unitary wage law and the revised pension law as agreed between the IMF/EC mission and the authorities, together with the implementation of emergency ordinance 50 in such a way as to improve transparency without harming any of the two sides. The only exception was represented by the government arrears, for which Romania has received a new waiver.



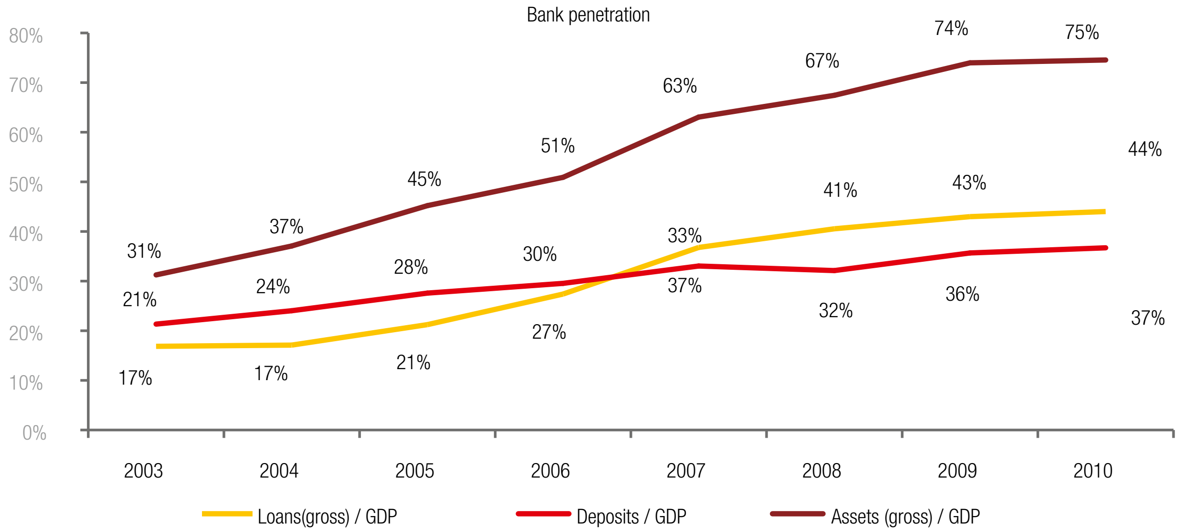
Annual growth of GDP demand-side components and outstanding customer loans growth



2010 Overview

The economic crisis was reflected first in a liquidity crunch, followed by rapidly multiplying credit quality problems, accompanied by a credit crunch. Beside the higher provisioning requirements, the lower revenue generation capacity has been impacting the Romanian banking system. Non-government loans ended the year 2010 with a 4.7% yoy increase while deposits' performed slightly better increasing by 5.8% yoy. Banking volume evolution overall confirms our expectation of corporate-based recovery, that reached 8.7% yoy in 2010, a significant improvement from the 1.8% yoy growth during 2009. On the other hand, both consumer loans (-11.8% yoy) and deposits of population (6.9% yoy) have been harmed by lower disposable income. In contrast, mortgage loans kept the relatively high growth rate (19.4% yoy) helped also by the guarantees offered by the government through the 'First Home' program.

However, the banking sector remained sound with a high solvency ratio of 14.66% (upon a statutory norm of 8%) despite the losses registered by the banking system in 2010. The implementation of cost-efficiency measures has been continued during 2010. Still, profitability has been strongly impacted by the provisioning of non-performing loans. The ratio of loans classified as doubtful and loss out of the total portfolio reached 20.4% at the end of the year, further increasing from the already high values registered at the end of 2009 (15.3%).



Outlook for 2011

Romanian economy is expected to register a positive growth after two years of recession but most likely will continue to underperform the region in 2011 with 1.7% compared to the regional average of 3.8% growth. Industry remains the main engine of the Romanian economic recovery supported by external demand. Moreover, Romania has started 2011 on a positive note, with improved investor sentiment, also reflected in a 0.7% appreciation during the first month of the year and improved amounts of government securities placed on the domestic market for all maturities. Moreover, the Romanian authorities started at the beginning of the 2011 to set the parameters of a new, precautionary agreement with the International Monetary Fund and the European Union. Such a deal would be definitely supportive for Romania in order to return to a healthy growth path through continuation of the fiscal consolidation and structural reforms.

A rebalancing of the macroeconomic model implies a changing banking model. Banking volume evolution during 2010 confirms expectation of corporate-based recovery that is expected to continue during 2011 with 9% yoy. On the other hand for both consumer loans and deposits of population, harmed by lower disposable income, we do not expect a significant change. In contrast, mortgage loans are expected to keep the relatively high growth rate (17% yoy in 2011) helped also by the 'First Home' program, dynamics which has been announced to continue in 2011 as well.

Banking sector profitability in Romania remains exposed to downside risks given the generally weak economic environment. The banking sector is, however, expected to post aggregate profits in 2011. Signs of levelling off in nonperforming loans' dynamics have gradually emerged during last year and we expect NPL peak levels to be reached during the first half of 2011. Given both the higher cost of funding and cost of country risk, there is a need for stronger focus on domestic funding, although access to external funding remains a competitive advantage. The penetration gap, which was the driver for retail lending growth in the past, is still in place on the mortgage side, while it remains less evident for consumer credit. On the corporate side, competition remains fierce, providing opportunities for those players who have enough risk appetite to diversify into new segments (small and medium companies as well as innovative businesses). Overall, in a less dynamically growing sector, efficiency and innovation emerge as crucial drivers for success.

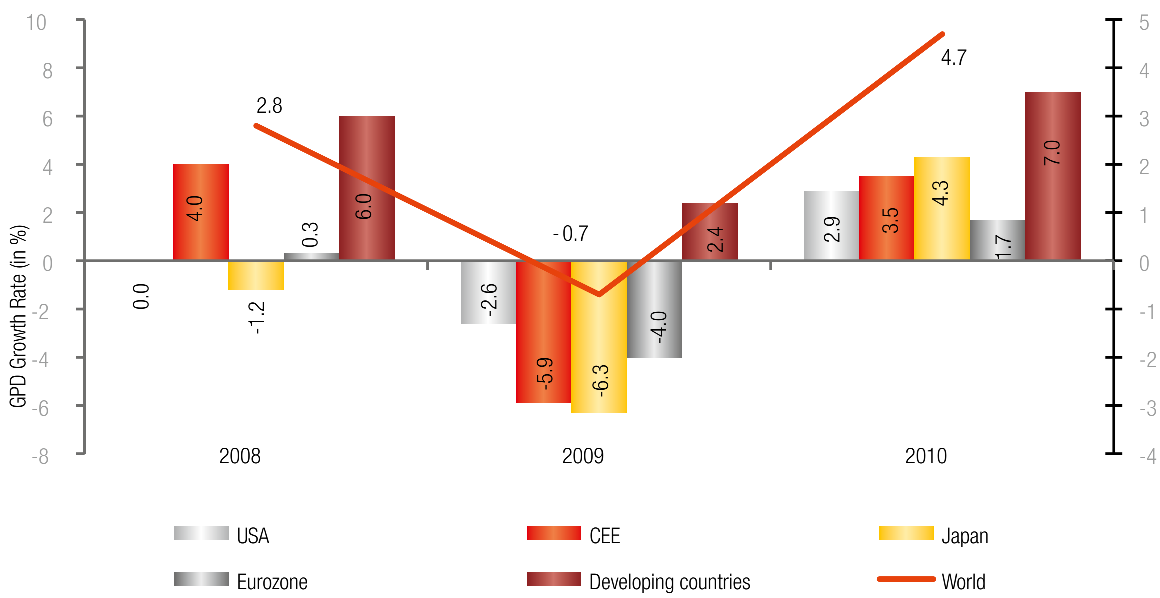
World Economy

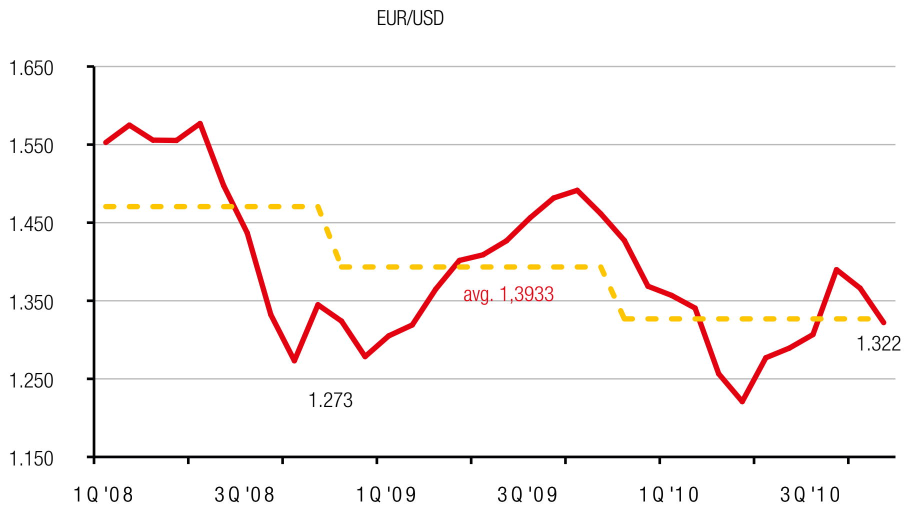
2010 Overview

Global economy is emerging from the deepest economic downturn in the post-World War II period helped by significant rise in manufacturing and global trade boosted by surge in inventories on the first stage and followed by fixed investment recovery. On the other hand, the low consumer confidence, high unemployment, stagnating income and deteriorated wealth of the population are holding back the recovery on a slower pace. The extent of global recovery differs significantly across region with developing countries and Japan in the lead (7% and 4.3% yoy, respectively). The US economy has recovered by 2.9% in 2010 while Euro area experienced a relatively lower increase in GDP of 1.7 % yoy. While investment has been supported by external demand, mainly coming from emerging Asian economies and Latin America, rebounding profit and normalising financial conditions, employment recovery has been lagging behind and real estate activity remained weak. Emerging Europe has been relatively stronger hit by the crisis and most of the economies are still struggling to return to pre-crisis levels of sustained growth. The CEE region registered 3.5% yoy growth in 2010. Overall, the world economy expanded by 4.7% yoy during 2010.

During 2010, the financial sector suffered the major setback since the escalating sovereign debt turmoil of some vulnerable euro area economies rattled the banking system as well. European financial markets have suffered tensions and banks have again found it difficult to raise funds. Stress on the sovereign debt markets of the peripheral countries, namely Greece, Ireland, Portugal, Spain and to a lesser extent Italy, poses a threat to the balance sheets of many banks in other European countries, which undermined confidence in the European banking sector as a whole. Nevertheless, the risk of systematic crises has been significantly reduced by the European Central Bank's Securities Markets Program and euro area government's European Stabilization Mechanism.

Real GDP growth - world





In 2010, central banks continued using a range of conventional and unconventional measures to ease the credit market conditions and to support the economy. Short term interest rates were kept low through provision of large quantity of excess reserves to the banking system ("quantitative easing"). Confidence and liquidity in some market has been fostered through the purchase of non-traditional financial assets ("qualitative easing"). The Fed has announced at the end 2010 the second round of quantitative easing (QE2), further expanding its balance sheet by USD 600bn through purchases of Treasuries until mid 2011. In the same time, the ECB delayed the exit strategy, announcing three more 3M Longer-term refinancing operations (LTROs) with full allotment in 1Q 2011.

The massively supportive monetary and fiscal policies have set the stage for a gradual economic recovery and brought about some improvement of conditions in the banking sector. Nevertheless, the fiscal stimulus measures have also resulted in a sharp deterioration of the fiscal outlook in the EMU, US and UK. In advanced economies, fiscal balance deteriorated by around 5 percent of GDP in 2009 and some slight improvement has been noticed during 2010 through revenue gains associated with recovery and cost reductions.

World Economy (Continued)

Outlook for 2011

The global economy is expected to continue its recovery during 2011 but it remains still fragile, most of the economies facing the need for strong policies to improve internal imbalances of public deficit and weak local demand. The main focus of macro policies is expected to be oriented towards straightening of household's balance sheets and reduction/stabilization of high public debts. Risk to the global recovery will remain related to the sovereign and banking vulnerabilities. Unemployment is expected to remain high and recovery long and vulnerable. Based on UniCredit Research forecasts for 2011, global economy is projected to grow by 4.4% yoy. The US economy is projected to accelerate its growth at 3.2% yoy, while the Euro area is estimated to increase by 1.6% yoy. Overall, financial market conditions in Europe are expected to remain supportive, and improving domestic demand prospects and investment fundamentals make recovery sustainable.

Stable evolution of oil and commodity prices is expected during 2011 continuing the upward trend. EUR-USD may still suffer from EU periphery tensions. EUR-USD dynamics should remain dependent on the interest rate differential between the EUR and the USD. The ECB forging ahead with its exit strategy and hiking before the Fed is the main driver behind the renewed EUR strength at the year-end.

Inflation is projected to stay relatively low amid continued excess capacity and high unemployment. Yet raising commodity prices could create tension. Monetary policy is expected to stay supportive for the economy, having in mind also that fiscal support is expected to diminish substantially in 2011. Moreover, fiscal adjustments are expected to start in 2011 in the face of still vulnerable sovereign debt market. Better financial sector policies will be crucial to support a sustainable recovery and not harming the private demand through consolidation. Moreover, the refinancing requirement during 2011 will be large. Based on IMF reports, Japan will need to issue a gross volume of government bills and bonds with a value that exceeds 40% of GDP, while in France, Italy and USA the value exceeds 20% of GDP. Moreover, for Spain, redemption in 2011 will amount to EUR 46 bn, while Portugal will need to finance EUR 10 bn of bond redemption, all concentrated in the first half of the year. In the euro area, such funding pressure might be transferred again to the euro area banking system while in the USA the banking system might further suffer from the deepening of real estate sector. Although government bond purchase will probably be the main line of defense against contagion fears, the central bank is expected to remove excess liquidity before the rate hike at a moderate pace. An aggressive hike of the Fed funds target rate is unlikely. Ongoing (medium-term) economic risks coupled with (core) inflation still in check seem to "guarantee" that Quantitative Easing 2 will be executed as planned. Consequently, the first hike of the target rate (currently at 0%-0.25%) is expected not before spring 2012. Nevertheless, after June 2011, once the Fed completes QE2 and ECB resumes its exit strategy, yields could rise more pronouncedly. Those emerging economies, whose recovery was relying on a large extend on external demand and foreign capital, will have to rebalance growth towards domestic sources. Structural reforms and improved macroeconomic policies will be needed to further raise of potential growth and employment by absorbing capital inflows in a more productive manner.

UniCredit Tiriac Bank activity review

Financial results

UniCredit Tiriac Bank's activity in 2010 was influenced by the overall economic environment, with important impact on the cost of risk. The bank reports a net profit of RON 171 million in 2010, down 48%. Net operating income is up 16.6% to RON 779 million.

Summary income statement* RON Millions

	2010	2009	VARIANCE (%)	VARIANCE (AMOUNT)
Net interest income	915.2	642.0	42.6	273.2
Net fees and commissions income	232.7	246.3	-5.5	-13.7
Dividends income	2.0	1.9	1.9	0.0
Net income on foreign exchange and on derivatives at fair value through profit or loss	184.9	350.7	-47.3	-165.9
Net gains on financial assets available for sale	11.5	8.8	30.8	2.7
Other operating income	17.0	13.0	30.6	4.0
OPERATING INCOME	**1,363.2**	**1,262.8**	**8.0**	**100.4**
Operating Expenses	-584.4	-594.8	-1.8	10.4
NET OPERATING INCOME	**778.9**	**668.0**	**16.6**	**110.9**

*Income statement is adjusted for analytical purpose.

Profitability dropped due to higher cost of risk but remained at a reasonable level considering the economic environment and compared to the market: Return-on-Asset was 0.8%, Return-on-Equity 7.5% and Earnings per Share RON 4.20. Efficiency further improved with Cost-to-Income ratio down 3.7 percentage points to 42.5%.

Operating income registered a 9.1% growth reaching RON 1,363 million. Net interest income reached RON 915 million or 67% of total operating income. It increased 43% in nominal terms, being influenced by the drop in external interest rates on deposits and by the increase in the securities interest income. Lending interest income, representing 74% of total interest income, dropped 7%. The Bank adopts a prudent approach in non-performing loan interest accrual.

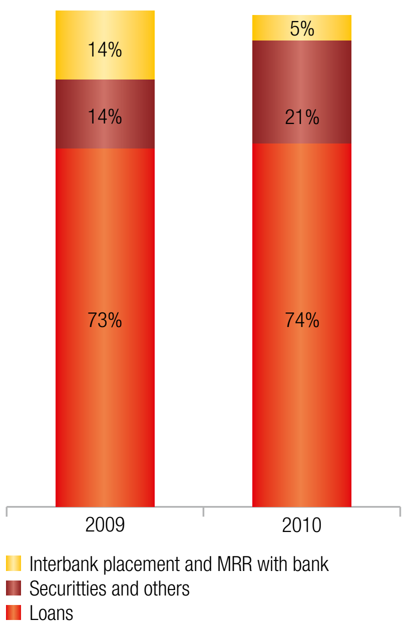
Interest income from inter-bank deposits and minimum reserves with the central bank accounted for 5% of total interest income, down 64% year-on-year due to drop in volumes of both inter-bank deposits and minimum reserves. Interest income from Treasury securities soared 40% due to the increase in securities portfolio. Interest expenses on deposits more than halved due to market drop in external interest rates. Lending and deposit spreads for the year as a whole decreased in line with the market trends. Average 1-month EURIBOR went down from 0.9% in 2009 to 0.6% in 2010 and the average 1-month ROBOR from 11.76% to 5.76%.

Fee income went down by 5.5% to 233 million, accounting for 17% of operating income. The drop is mainly attributable to the 36% fall in commissions from the risk participation on externalized loans due to the drop in rates and amounts. Loan administration fees went up, while payment transactions went down negatively affected by the economic recession.

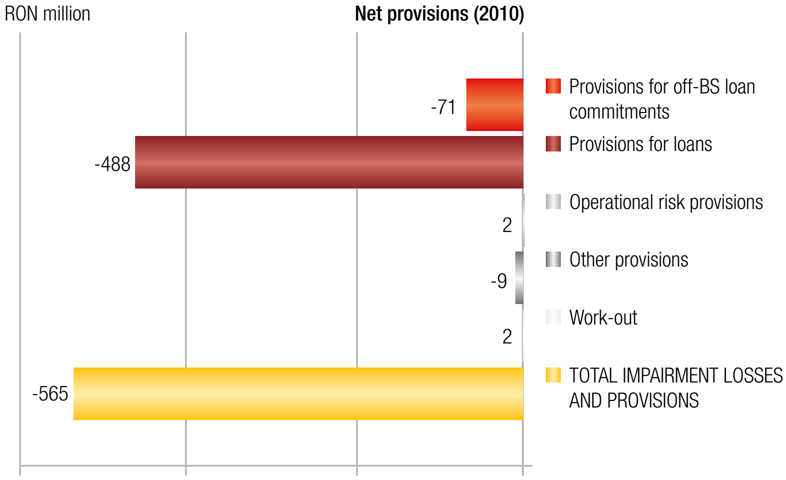
Total trading income went down to 15% of total operating income. Net income on foreign exchange and derivatives held at fair value dropped by 47% and reached RON 185 million in nominal terms. This reflects lower earnings on proprietary FX transaction and on derivatives. The bank operated in strict compliance with the related market risk statutory and UniCredit Group standards.

Operating costs reached RON 584 million, down 2% year-on-year, 42.5% of operating income. Personnel costs grew 0.7% to RON 274 million or 47% of total operating expenses. Other administrative costs were down 1%. In 2010 the branch network was optimized by closing 8 and opening 2 new branches.

Share in interest income



Net impairment losses on financial assets and provisions, mainly provisions on loans, grew two times to RON 565 million. The increase was mainly driven by provision charges on loans which reached RON 488 million (representing 359 basis points cost of risk) and by provision charges on off-balance sheet loan commitments (mainly externalized loans) which reached RON 71 million. The total cost related to credit risk (including on- and off-balance-sheet provision charges, write-offs and work-outs) is RON 562 million. UniCredit Tiriac Bank continued pursuing a strict and prudent risk provisioning policy, thus adequately covering potential risks.
Income tax is RON 33 million, down 41.5% year-on-year.



Balance sheet

The value of the balance sheet total reached RON 20.8 billion, up by 1.8% compared with the end of 2009. Interest-earning assets accounted for 96.4% of total assets.

Summary Balance Sheet*

RON Millions

	2010	2009	VARIANCE (%)	VARIANCE (AMOUNT)
Assets				
Cash and balances with Central Bank	2,968	4,502	(34.1)	(1,534)
Due from Banks (net)	734	1,047	(29.9)	(313)
Securities	3,891	2,913	33.6	978
Loans and Advances to customers (net)	12,661	11,450	10.6	1,211
Property, equipment and intangible assets	344	314	9.5	30
Other assets, net	206	209	(1.3)	(3)
Total assets	**20,804**	**20,435**	**1.8**	**370**

Liabilities and shareholders' equity				
Deposits from banks	3,229	2,269	42.3	960
Customer deposits	10,988	10,562	4.0	426
Long-term borrowings	3,756	5,047	(25.6)	(1,292)
Other liabilities	453	379	19.7	75
Total liabilities	**18,426**	**18,257**	**0.9**	**169**
Shareholders' equity	**2,378**	**2,178**	**9.2**	**201**
Total liabilities and shareholders' equity	**20,804**	**20,435**	**1.8**	**370**

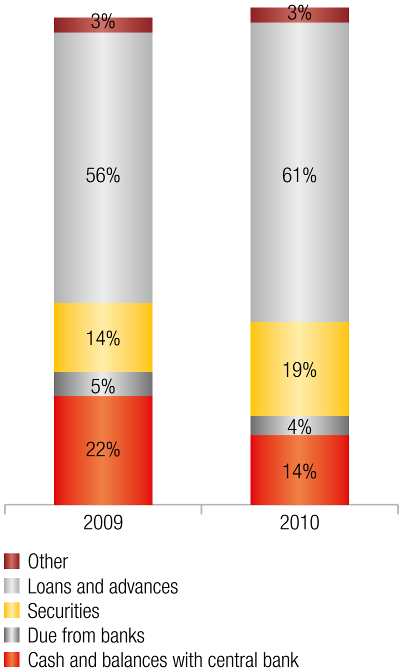
* Balance Sheet Structure from the financial statements is adjusted for analytical purpose.

UniCredit Tiriac Bank activity review (CONTINUED)

RON denominated assets accounted for 35% of total net assets at the end of the year, while the EUR denominated ones were 63% of total. The loan portfolio weight increased to 60.8% of total assets against 56% in the previous year, reaching RON 13.6 billion in gross terms (up 12.8% year-on-year). Securities portfolio increased by 33% to RON 3.9 billion mainly government securities, growing to 19% of assets. Cash and balances with the central bank decreased to RON 3 billion, 14% of total assets. The minimum reserve requirements remained high at 25% of the eligible foreign currency denominated deposits and 15% for the ones denominated in local currency. Intangible assets increased by 36% reflecting the impact of the ongoing development investments.

UniCredit Tiriac Bank owned shares in 17 companies at the end of 2010 with a total carrying value of these investments of RON 31 million. During the year, the bank participated in the share capital increase in UniCredit Consumer Financing IFN S.A. (increasing its shareholding stake from 35% to 46.06%) with RON 12.9 million and by RON 4.7 million in UniCredit Leasing Corporation IFN S.A. (keeping its shareholding stake at 20%). The Bank sold its participation in Romcard in 2010 with a capital gain of over RON 5 million.

Asset structure by instrument

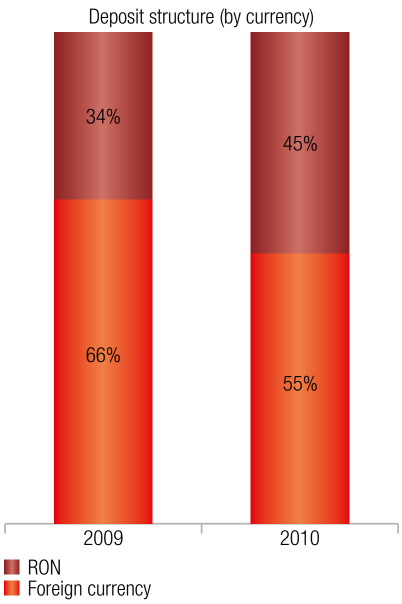


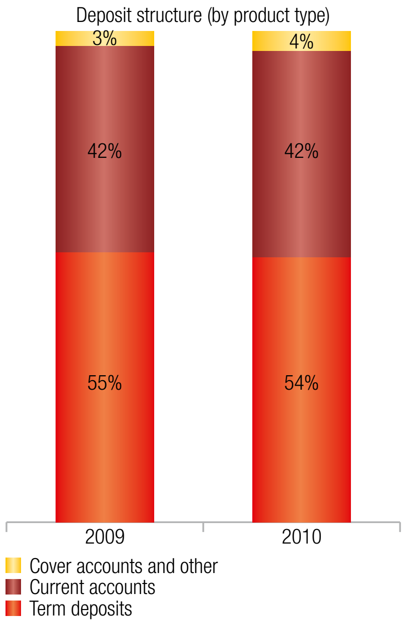
On the liability side, the Bank preserved its funding structure. Customer deposits increased 4% to RON 11 billion or 52.8% of total liabilities. Loan–to-deposit ratio was 123% at the end of 2010 (115% in 2009). Long term funding from the mother company remained stable.

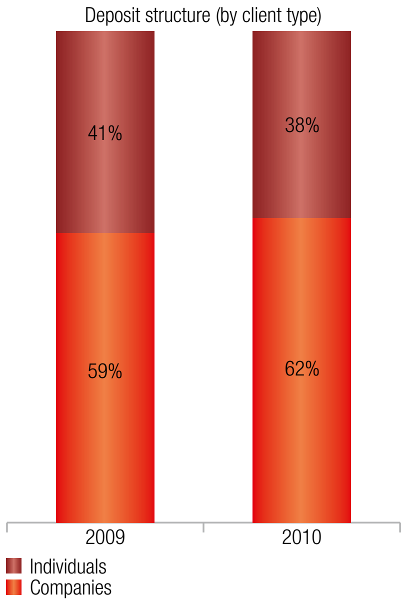
The Bank is strongly capitalized. Shareholders' equity amounted to RON 2,378 million, up 9.2% year-on-year. Leverage dropped to 8.7 at the end of 2010 from 9.4 a year earlier. Total capital adequacy ratio under statutory standards was 12.5% (12.8% including the profit for the period in own funds at the end of 2010 vs 13.1% in 2009), and Tier 1 ratio was 10.8% (11.2% including 2010 profit vs 10.9% in 2009). All indicators are above the regulatory norm.

Customer deposits

In 2010, customer deposits increased 4% and reached RON 11 billion. About 55% of all deposits are denominated in foreign currency, mainly in Eur.



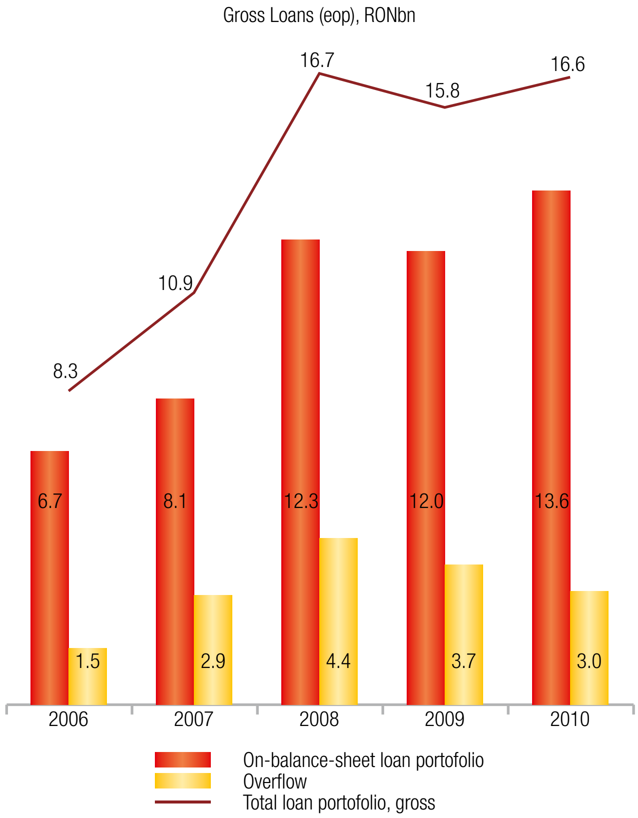




Companies' deposits increased 8% to RON 6.8 billion at the end of 2010, 62% of total. Deposits of individuals are down by 1.9% to RON 4.2 billion or 38.4% of total. Current accounts share in total deposits remained stable, 42% of total.

Bank loan portfolio

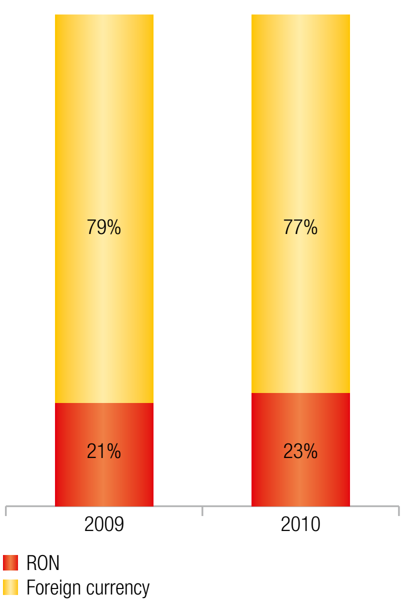
In 2010, the on-balance-sheet loan portfolio registered a nominal increase of 12.8% to RON 13.6 billion on a gross basis from RON 12 billion last year. Adding the outstanding externalized loans to UniCredit Bank Austria, for which UniCredit Tiriac Bank is a party through a risk participation agreement and administration, the total amount of the gross loan portfolio is RON 16.6 billion, up 5.2% from RON 15.8 billion a year earlier.



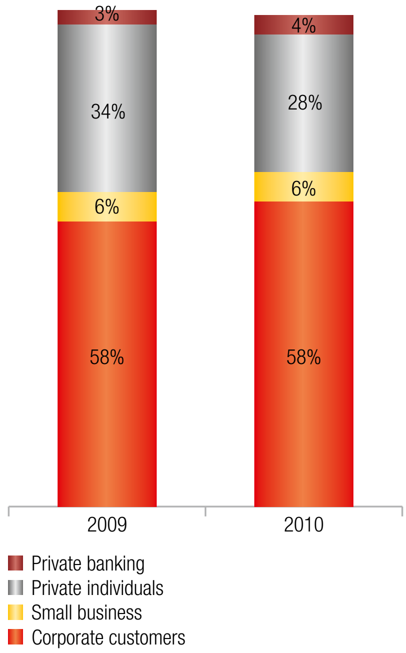
UniCredit Tiriac Bank activity review (Continued)

The structure of the portfolio stayed relatively stable, reflecting the commercial activities during the year. Corporate loans increased by 22% holding a 62% share in total portfolio. Loans to individuals fell by 2% in nominal terms reaching a 32% share in total loans (37% in 2009). Small business portfolio remained stable at 6% of total loans. The proportion of foreign currency loans decreased to 77% from 79% previous year. Investment loans and working capital loans held the highest portion of portfolio with 27% and 39% respectively. Mortgages and consumer loans (including also overdrafts, car loans and cards) represented overall 34% of total portfolio, with stable share in total loans. After opening of UniCredit Consumer Financing IFN S.A. (UCFin) at the end of 2008, the newly extended non-collateralized consumer loans were booked on UCFin accounts.

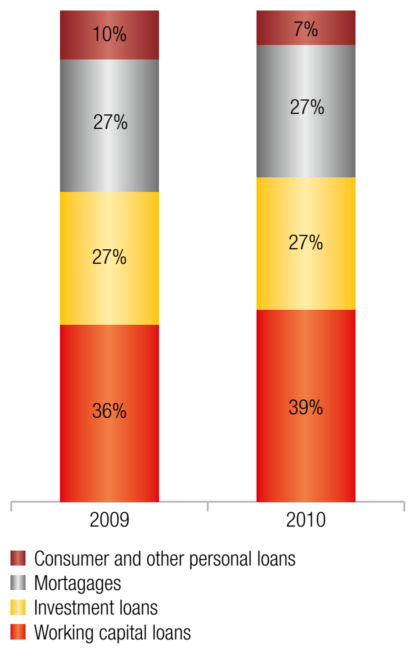
on-BS Loan portofolio structure (by currency)



on-BS Loan portofolio structure (by client type)



on-BS Loan portofolio structure (by product)



The industry structure of UCT loan portfolio was largely preserved with private individuals and commerce holding near 47% of total gross portfolio.

Net loan portfolio - Industry structure

RON Millions

	2010		2009	
	Amount	Share	Amount	Share
Private entities (incl. private individuals)	4,309	32%	4,385	36%
Commercial, recovery and repair services	2,194	16%	2,011	17%
Real estate	1,408	10%	1,091	9%
Construction and civil engeneering	629	5%	614	5%
Other seleable services	490	4%	304	3%
Energy products	415	3%	235	2%
Foodstuffs, beverages and tobacco-based products	578	4%	356	3%
Inland transport services	358	3%	332	3%
Other	3,209	24%	2,716	23%
Total	**13,591**	**100%**	**12,045**	**100%**

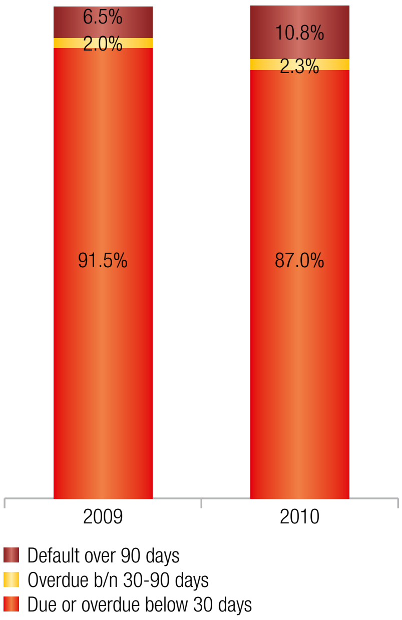
In line with the overall trend in the market and within the context of the recessionary environment, the asset quality continued to deteriorate in 2010, yet less than the banking system. Loans with over 90-day default reached 10.8% of total, up from 6.5% at end 2009. The segments with highest default rate are small business with 25.4% and Private Individuals with 11.9%.

During the year, the bank continued adopting prudent policy of loan loss provisioning. Total on-balance-sheet portfolio provision coverage as of December 2010 was 6.8%, covering 63% of loans with more than 90 days overdue.

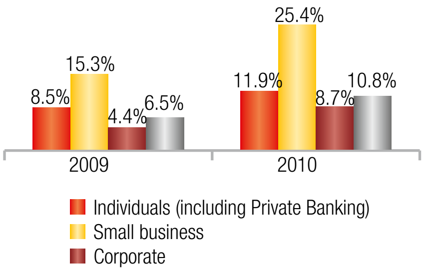
Outlook

Expecting Romanian economy to start rebounding in 2011, UniCredit Tiriac Bank plans to redirect focus on growth, balanced with prudent risk management. Keeping strong financials, enhancing market positioning, further improvement in customer satisfaction and investment in systems are some of the priorities in its strategy for strengthening its franchise in the Romanian market.

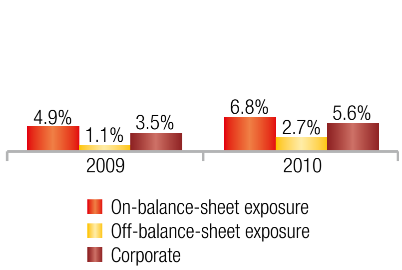
on-BS Loan portofolio quality
(by default)



on-BS Loan over 90-day default rate (by client type)



Loan provision coverage



UniCredit Tiriac Bank activity review

CONSOLIDATED FINANCIAL STANDING (Pro-Forma)

On pro-forma basis, fully consolidating UniCredit Leasing Corporation IFN S.A. and UniCredit Consumer Financing IFN S.A. on line-by-line basis, UniCredit Tiriac Bank registered growth both in volumes and operating income.
The consolidated revenues marked a growth of 11.6% to RON 1,539 million, mainly contributed by the commercial banking business. Net interest income was up 39.1% year-on-year and accounts for 70% of operating income. Net operating income was up 13.4% year-on-year to RON 842 million and net profit down 53.2% to RON 145 million respectively. Total comprehensive income for the year was down 49.2% to RON 174 million.

Summary Income Statement (RON Millions)*

RON Millions

	2010	2009	VARIANCE (%)	VARIANCE (AMOUNT)
Net interest income	1.071	770	39.1	301
Net fees and commissions income	248	258	-3.9	-10
Net income on fireign exchange and on derivatives at fair value through profit or loss	189	348	-45.7	-159
Other operating income	30	27	11.1	3
Operating Income	**1,539**	**1,403**	**9.7**	**136**
Operating Expenses	(-697)	(-662)	5.3	35
Net Operating Income	**842**	**742**	**13.4**	**100**
Net impairment loss on financial assets	(-594)	(-389)	52.6	-205
Impairment on tangible and intangible assets	(-3)	(-21)	-86.3	18
Net provision releases/(changes)	(-69)	33	-310.0	-102
Profit before tax	**176**	**365**	**-51.8**	**-189**
Income tax expenses	(-31)	(-56)	-45	25
Net profit for the year	**145**	**310**	**-53.2**	**-165**
Net change in revaluation reserve for AfS financial assets (net deferred taxes)	29	33	-11.0	-4
Total comprehensive income for year	**174**	**343**	**-49.2**	**-169**

*Income statement is adjusted for analytical purpose.

The consolidated total assets were up 1.7% to RON 23.8 billion at the end of 2010. Loans and advances to customers were RON 15.6 billion accounting for 66% of assets. Shareholders' equity was RON 2.4 billion, 10% of balance sheet total.

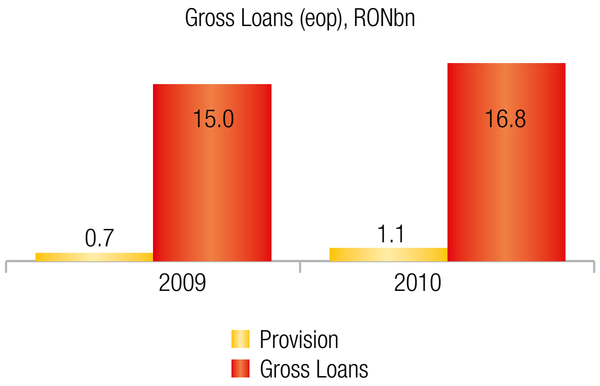
Summary Balance Sheet (RON Millions)*

RON Millions

	2010	2009	VARIANCE (%)	VARIANCE (AMOUNT)
Assets				
Cash and balances with Central Bank	2,968	4,502	-34.1	-1,534
Due from Banks (net)	731	1,047	-30.2	-316
Securities	3,866	2,896	33.5	970
Loans and Advances to customers (net)	15,627	14,281	9.4	1,346
Property, equipment and intangible assets	355	322	10.4	33
Other assets, net	280	373	-24.9	-93
Total assets	**23,828**	**23,421**	**1.7**	**407**
Liabilities and shareholders' equity				
Deposits from banks	3,229	2,269	50.1	1,078
Customer deposits	10,170	9,543	5.3	510
Long-term borrowings	7,467	8,944	-16.5	-1.477
Other liabilities	557	453	23.0	104
Total liabilities	**21,423**	**21,209**	**1.0**	**214**
Shareholders' equity	**2,405**	**2,212**	**8.7**	**193**
Total liabilities and shareholders' equity	**23,828**	**23,421**	**1.7**	**407**

*Balance sheet structure from the financial statements is adjusted for analytical purpose.

Gross loans and advances to customers increased by 11.9% to RON 16.8bn at end 2010. Loan provision coverage at the end of the year was 6.8%, up from 4.7% a year ago.



Overview of the business segments

Retail division

2010 was marked by a strong focus on customer satisfaction. Considering the economic environment, flexibility played a key role in granting loans and supporting clients with appropriate measures. One of the actions, unique in the market, was to transparently offer clients with variable interest rate loans the possibility to choose between a fixed interest rate and an interest linked to Euribor 6Months.

The new production on mortgage-backed loans increased by 139%, and we reached 3500 new loans. The consumer financing had a good evolution too, with an average of 80 cash loans per day.

Salary packages have been and still are in focus in 2010, and UniCredit Tiriac Bank acquired approximately 60,000 new clients reaching 193,000 salary packages at end of year. In 2011 the main focus was to create an appropriate model to welcome clients: on-boarding process, activation, cross-sell, and also retention through integrated programs in terms of current account package behaviors. Also special approaches will be developed based on client's profiles and expectations.

UniCredit Țiriac Bank launched the first affinity card in Romania, in partnership with UNICEF. Issued on the MasterCard platform, the card addresses all clients wanting to support the UNICEF initiative, Baby-Friendly Hospital, that creates rooming-in in the Romanian maternities and trains the medical staff to promote breast feeding. Without no charge for the client, UniCredit Țiriac Bank donates from its revenues 1% of the transaction value paid to traders by UNICEF affinity card. In addition, the bank will also transfer to UNICEF 50% of the annual fee of the UNICEF product package. UNICEF affinity card is available as credit and debit card, depending on the client's choice.

In 2010, retail revenues were RON 463 Million. Total Romanian Retail (including UCFin) reached RON 500 Million, up 4.7% YOY.

The survey on Customer Satisfaction revealed the impact of the bank's focus on customer care. The bank's TRI*M kept the level of 2009 while the market decreased with 5 points; TRI*M of UniCredit Țiriac Bank in 2010 was higher than market average (68 vs. 64), while in 2009 was 1 point below market (68 points in case of UniCredit vs. 69 points in case of the market). Segment results show SME clients +3 points above 2009 level and above the market average. On the SME clients, UniCredit Tiriac Bank ranks third as TRI*M level.

SME

In partnership with Metro Cash & Carry Romania, UniCredit Țiriac Bank launched the first co-branded card dedicated to legal entities at national level. The card is another instrument through which the bank actively delivers concrete answers and real benefits to its clients.
The bank is an active player in the European Funds field, too. Since launching the products dedicated to projects financed by European Funds, UniCredit Țiriac Bank granted banking facilities of over RON 360 million for almost 150 non-reimbursment projects. Approximately 22% of these represented Retail Division's banking facilities for 67 projects.

Multichannels

In 2010, the bank continued to develop alternative channels to interact with customers. The number of Retail Online Banking customers increased by 34% in 2010 compared to 2009. SMS banking increased 450% in terms of number of Info SMS contracts sold (2010 vs 2009).

UniCredit Țiriac Bank increased the total number of POS retail by 52% (2010 vs 2009). 2010 was a year of expansion for cash deposit machines from 8% to 12% out of the total existing ATM network, as well. In the Metro branches, 65% of the transactions were made through BNA.
The management activities on the public website increased the number of visitors by 23% (2010 vs 2009) and decreased the bounce rate from 77% to 40% (yoy).

While increasing the number of serviced customers by 19%, the Call Center team continued the efforts to improve quality of service, as revealed by the Mystery Calling results (increasing 88% as compared to 2009 and above market average). The Call Center also improved the answering times as follows: same day to answer emails with commercial offers and 24 hours to call potential customers for commercial offers (who applied on UCT website). The abandon rate decreased to 11% from 18% in 2009, while average waiting time diminished to 18 seconds vs. 20 seconds during the previous year.

Pioneer Investments

Since 2009, through the partnership of Pioneer Investments and UniCredit Țiriac Bank, the mutual funds portfolio offered to our clients was enriched with 10 international funds, in EUR and USD. The sales results in 2010 confirmed increasing clients' appetite for mutual funds investments: over EUR 14 million.

ERGO

2010 brought the partnership signed with ERGO Asigurari de Viata SA, part of ERGO Insurance Group – one of the biggest financial groups in Europe owned by Munich Re (99,69%). In May 2010, the product portfolio added "ERGO Life Invest", a Unit-linked product. In October and November, the focus was on ERGO Oportun, an Index-linked product, which registered important sales volumes (with a total of over EUR 2 million subscriptions in less than 8 weeks). The index attached to this life insurance with investment component is Standard & Poor's BRIC 40.

Affluent Service Model

If 2009 saw the implementation of a new Service Model dedicated to Affluent Clients, in 2010 we launched the first product to be exclusively dedicated to this segment: Personal Package. Apart from many banking benefits, this package includes a careful selection of non-banking benefits according to clients' preferences. The package encourages the use of bank's products and services, the client being rewarded by partial or total reimbursement of the package monthly fee, depending on the frequency and volume of transactions.

Retail Division in Figures

- Number of clients: 509.044 clients
- Loans Market Share December 2010: 4.7%
- Deposits Market Share December 2010: 3.0%
- Structure and size: mass – 424.557, affluent – 47.922, SME – 36.865

Challenges in 2010

- Changes in the regulatory environment for Retail lending (OUG 50);
- Governmental Austerity measures;

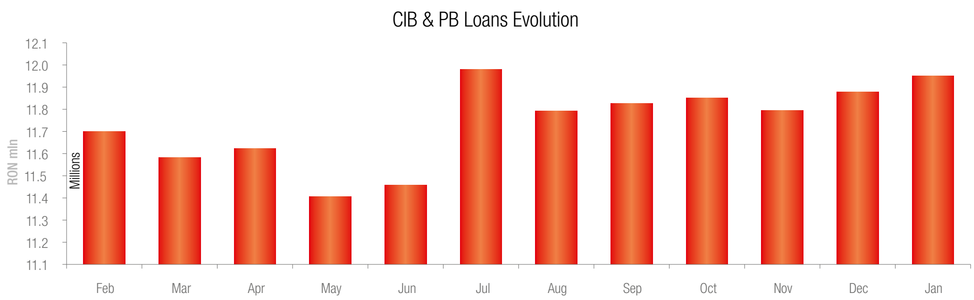
Overview of the business segments (CONTINUED)

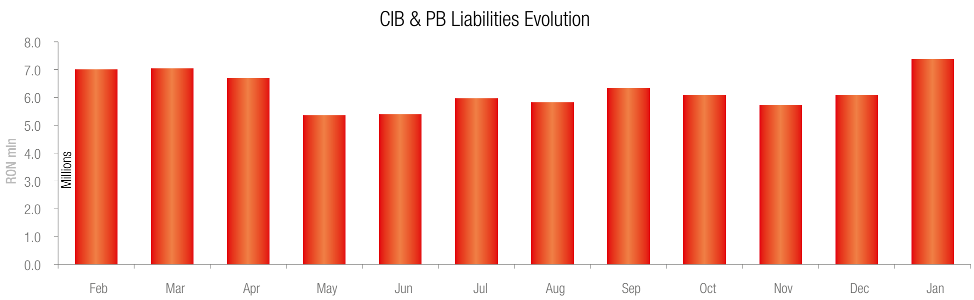
Corporate Investment Banking and Private Banking

2010 was full of challenges, as rules of the game seem to have changed more than once, yet Corporate, Investment Banking & Private Banking Division maintained a strong focus on customer needs, continuing to enhance its service model. The specialization of the Corporate Network per segment of customers was perfected in 2010, allowing the Relationship Managers to better understand customers' needs and address each of them more efficiently. The success of this initiative was rewarded by our customers who responded to the Customer Satisfaction Surveys carried on in 2010, placing UniCredit Tiriac Bank CIB&PB team in the top of their preferences (4 points above the market), despite obvious difficulties imposed by a lesser friendly economic environment.
In order to further mitigate the negative impact of the crisis on the corporate loan portfolio quality, a new department was created – Sensitive Portfolio Management – that identifies and manages exposures showing significant early warning signals.
By the end of 2010, the efficiency of this decision was confirmed. There were several success stories, through the new structured approach of the sensitive loan cases, both internally – through a higher process efficiency – and externally – working together with the client in search for an effective solution.
Overall, 2010 meant keeping an alert and continuous distributive focus towards maintaining customer centricity, optimizing the cost of risk and maintaining levels of Non Performing Loans under control, supporting the overall improvement of the lending process.

Key 2010 achievements

- UniCredit Tiriac successfully entered the second Petrom Syndication on the Romanian market. The total Syndicated amount was EUR 500 Mio, of which UniCredit Tiriac took a stake of EUR 75 Mio UniCredit Tiriac thus becoming Petrom's first local bank in terms of exposure.
- Structured Trade and Export Finance transaction: an Export Credit Agency covered credit facility amounting EUR 117.5 Mio granted for the financing of the Lower Olt Project developed by SC Hidroelectrica SA - the main power generator and technological ancillary services supplier in Romania using hydropower resources.
- The first reverse cross-border business: the expansion of a top company in the automotive industry in Germany, a factoring transaction for a top market player in construction industry. The success of the transaction was remarkable especially due to its complexity.





Large Corporate

2010 results reconfirmed the leading position of the banks Large Corporate team on the market.
Revenues increased 10% through a better focus on cross-selling and a larger presence in the country (through dedicated local Relationship Managers in most important Romanian cities).
2010 was a very innovative year also in terms of the product mix offered to the market: reverse factoring, specific agri-business project finance, tailor-made cross-border cash pooling solutions, alternative distribution channels for utilities' companies.

Mid Corporate

In 2010, UniCredit Tiriac was one of the most active banks in mid-market, being considered one of the important market makers.

Despite negative 2010 GDP in Romania, the Mid Corporate Department succeeded to grow 20% in gross revenues, as a result of the medium-term approach strategy, and by focusing on:
- a national selected target
- active promotion of EU funds and treasury products (both on asset and liability side).

Mid Corporate has increased product penetration, generating cross-selling with Global Transaction Banking, UniCredit Leasing and UniCredit Insurance Broker.

For the cross-selling with Retail Division, leveraging their support, Mid Corporate and Large Corporate presented to main clients an offer of tailor-made retail packages for staff, negotiating over 18,300 such packages in bundled deals.

External Customer Satisfaction results placed UniCredit Tiriac's Mid Corporate as one of the best performers in Romania.

International Customers

Meeting our International customers' expectations was our challenge in 2010 and will remain our daily priority.

By leveraging on UniCredit Group expertise and knowledge, International Clients and Cross Border Business Management department was able to provide accurate and customized solutions for our clients' needs.

Our active participation in International road shows, such as EastGate in Italy (6 events in a year) and local events spanning the complete range of banking lending and non-lending solutions, as well as the economy and market views and forecasts, recommended us as the first point of reference for foreign investors.

Global Transaction Banking (GTB) throughout its five product lines managed:

- Cash Management and e-Banking
- Trade Finance Sales
- Correspondent Banking and Transactional Sales
- Structured Trade and Export Finance
- Global Securities Services

GTB engaged in new product development and deployment, internal and external educational actions – including: active promotion through marketing campaigns and brochures, various client events, cross-selling campaigns for existing clients, actions targeted on achieving end-to-end service excellence.
Payment services offered proved to be, despite adverse market conditions, a reliable revenue generator, sharply increasing its importance in our operations.
Transactional services have become an indisputable necessity in order to properly serve our customers; hence specific solutions were established for our corporate clients, such as real-time liquidity monitoring, cash concentration or cross-border cash pooling, invoice collection solutions (cash at the counters, banknotes acceptors machines, ATMs, electronic payment orders), and also tailored schemes for the improvement of cash-flow efficiency.
By recognizing the value added of an integrated payments market, UniCredit Tiriac was among the first banks to adhere to SEPA Direct Debit schemes in 2010.

FINANCING & ADVISORY

During 2010, Financing & Advisory has achieved its objectives through the following functions:
- Structured Finance, including Specialized Lending, Loan Markets & Syndications and EU Funds Financing
- Factoring
- Real Estate Financing
- Advisory;

The Structured Finance business has successfully handled financing transactions with a cumulative amount 70 % higher than in 2009, focused primarily on the most resilient sectors during the general economic downturn (energy, pharmaceuticals, food & beverage, agribusiness) but also on sound transactions in other industry sectors.
The EU Funds Financing team focused on the market opportunities and through expertise and joint efforts with the Corporate Network managed to position UniCredit Tiriac Bank as one of the top players.
In 2010, the Factoring business of UniCredit Tiriac Bank consolidated its leading position on the Romanian market
The Real Estate Financing department continued the proactive management of the existing real estate loan portfolio, identifying and monitoring warning signals.

Private banking

The success of the new service model in Private Banking was reflected by the significant improvement of the results of the Customer Satisfaction Survey and the increase of our customer portfolio;

- 5 new Private Banking corners were opened in the main cities: Constanta, Iasi, Cluj, Timisoara, Brasov.
- Total amount of Investment products (mutual funds, government and corporate bonds, equities) increased vs 2009 almost 50%.
- a new application dedicated to Private banking Customers, was launched, offering the opportunity to invest in 5 types of portfolios which reflect the Group's strategy. The application is unique in the local market. Private banking started providing investment ideas and up-to-date market comments through a "Monthly Investment Note" delivered to customers
- The investment products offer was enlarged with a dedicated Private banking fund: High Yield Emerging Markets Bond Fund.

Markets

The Markets Department (Treasury Function) consolidated its position as one of the main players in the Interbank markets and further developed as a valuable solution provider for the Bank's customer's needs in terms of Financial Markets products and solutions.

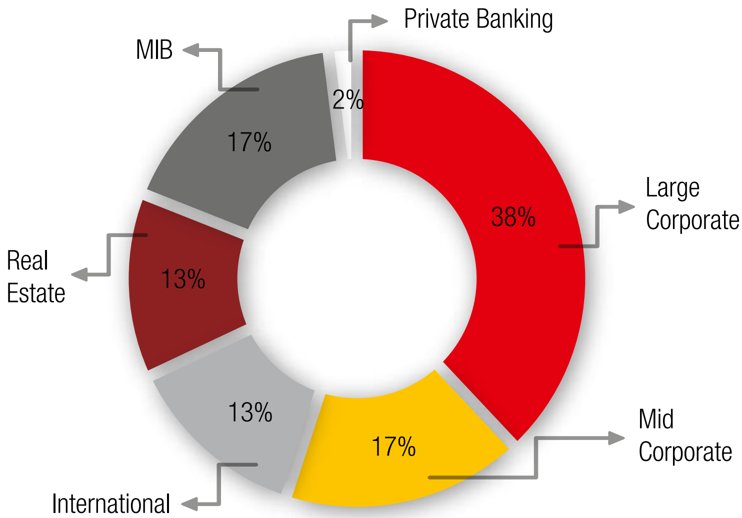
In the interbank markets conditions normalized in the year 2010 the after a hectic 2009.

We continued our customer service efforts in terms of defining and improving service channels and we focused on streamlining our local representations in the country as well as on developing our electronic trading platform in order to provide customers with an efficient and faster transactional tool.

In line with the increased customer focus on various financial risks in a challenging business environment, the bank continued to grant treasury lines in order for our customers to access hedging strategies.

Our efforts in the Sales and Trading activities resulted in outstanding financial results, increased customer satisfaction and expansion of the range of traded products, number of transactions and covered customers.

CIB&PB Division 2010 Actual Contributors



Risk Division

Throughout 2010, UniCredit Țiriac Bank increased the efforts to identify the risks at individual level (a transaction/debtor) and global level (portfolio) correctly. They translated into taking all necessary actions to enhance awareness and to understand both existing and new risks that can appear in time, as activity is in progress, as the macroeconomic environment is changing, as new products and new business relations are being developed.

Risk assessment benefited from updated procedures and policies (detailed stipulations on lending and portfolio monitoring) and from enhanced specialized tools for crediting. These have been developed and/ or implemented in order to better assess the risk of specific credit portfolios.

Also, the bank proceeded to significantly improve control procedures in order to reduce the controllable risks, while maintaining an optimum level of cost-effect ratio, and to take decisions as to reduce the financial impact that uncontrolled risks could have.

During 2010, the bank performed stress tests as a diagnostic tool in order to dimension its risk appetite. These tests have also been used as an anticipative tool within the internal capital adequacy assessment process. Additional improvements have been done to the methodology, mechanisms and systems used for the detection and prevention of fraud risk.

Last year, Bank of Italy authorized UniCredit Group to extend the application of the internal model for the capital requirement for operational risk (AMA) calculation to UniCredit Țiriac Bank.

In 2010, the management reviewed and approved the underlying policy, including the bank's risk tolerance and risk profile. The policy defines the interest rate, the foreign exchange and the liquidity risk limits applied to the Bank. The liquidity risk management approach starts at the intraday level: managing the daily payments queue, forecasting cash flows and factoring in our access to Central Bank intraday facilities. It then covers short term liquidity risk management dealing with access to secure and unsecured funding sources. Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our balance sheet. A contingency funding plan is constructed as part of liquidity management policy. The reporting system based on our cash flow provides daily liquidity risk information to local management and the Group. Interest rate reports are based on the reprising profile of our assets and liabilities. Value at Risk (VaR) is calculated on a daily basis at total balance sheet level, incorporating interest rate risk, foreign exchange risk and credit spread component.
Stress testing and scenario analysis play a central role in our risk management framework. This also incorporates an assessment of the liquidity and cash horizon, of the impact of different interest rates and FX rate shocks on the economic value.

Global Banking Services Division 2010

Aiming for excellence and striving to become a partner easy to deal with, in 2010 our focus was on 3 main factors:

- Client: simplicity and speed;
- Quality: through each daily activity, each internal and external interaction and by applying Group and Local compliance;
- Contribution: added value to shareholders through concrete solutions, innovation and collaboration 360º.

GBS (Global Banking Services Division) is fulfilling its mission to provide support to the network via several departments and units.

ICT DEPARTMENT

ICT Management department is responsabile for planning, budgeting, security & compliance monitoring, providers management; authorization, prioritization and registration of hardware and software purchases; management of IT suppliers and preferred IT-suppliers (e.g. UGIS - UniCredit Global Information Services), maintaining contract and invoice records; management and supervision of daily IT operations and related projects; analysis, prioritization, authorization and implementation of IT projects; ensuring security of data processed on bank's IT equipments; monitor and report on the SLAs (Service Level Agreements) signed with both the internal customers and with the external providers.

The department mission is carried out through the following functions, comprising 105 employees: **ICT Projects & Portfolio Management, ICT Infrastructure, ICT Applications, ICT Support Services, ICT Alternative Channels, ICT Provider Management and ICT Security.**

OPERATIONS DEPARTMENT

The Operations Department has the mission to ensure a good performance of centralized activities, as well as operational support to Branches and to all other divisions/departments in order for the customers' instructions to be carried out in due time and at the established levels of quality. The department is also responsable for monitoring all operational activities of the above that have been outsourced to providers in the Group or external ones.

This mission is carried out through the 7 (seven) departments and the 216 employees (end 2010): **Payments, Card Operations, Trade Finance Operations, Banking Operations Services, Treasury and Securities Services, Operations & Branches Support and Loan Administration.**

ORGANIZATION DEPARTMENT

The Organization department has the mission of ensuring overall responsibility for the Bank's organizational scheme, providing an overall overview on the project portfolio of the bank, defining methods, standards and guidelines within process management in alignment with Group Guidelines and standards, overall responsibility for the map of processes and the process modeling and re-engineering support, providing of procedures and support for issuing rules and their database administration. The department is also responsible for monitoring the non-Human Resource costs and investments, the effective operational expenditure process and identify and suggest ways in which potential savings can be done.

This mission is carried out through the following organizational structures, comprising 31 employees: Organizational Models / Sizing, Change and Process Management, Operational Organization, Cost Management, Data Governance & Quality Manager Function.

PROCUREMENT

This unit is made up of 7 employees and has the mission to fully exploit savings of scope and scale in purchasing goods and services. The department aim is to achieve the maximum of potential synergies across the Group, serving the internal customers with the best combination of saving, quality and time improvement at delivery.

REAL ESTATE FACILITY MANAGEMENT DEPARTMENT

The mission of the department is to:

- provide valuable facilities and asset management services;
- provide financial services related to the Bank's facilities, real estate and asset management services;
- provide valuable engineering and project portfolio management services for all of the Bank's premises / investments;
- co-ordinate the Group and the external providers that offer services related to the area of activity in a way that improves the effectiveness of our organization, allowing us to gain a competitive advantage through lower costs and increased productivity.

This mission is carried out through the 3 organizational structures, comprising 33 employees: **Commercial, Infrastructure and Technical.**

SECURITY

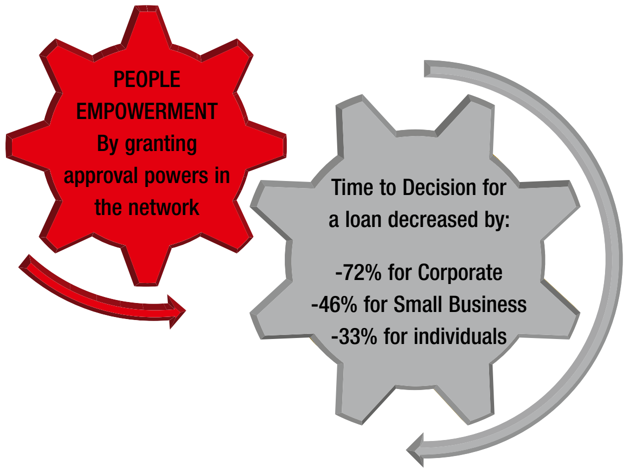
The scope of work in the Security Department (7 members) consist in: implementing authorized security measures and control and consultation competence in all the issues concerning the Bank's security. The department is also responsible with: coordinating the group and external providers that offer outsourced activities, insuring work safety conditions in compliance with the legal requirements, insuring fire prevention measures. Additionally, providing an adequate level of protection and security of the Bank's data assets is the main objective of Information Security. Business Continuity Management provides a framework for building organizational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.

Main Projects in 2010

A. Achieving Excellence in CEE Credit Processes

We focused on customer centricity in order to have a common credit process in all countries, and we started the Achieving Excellence Program as a pilot program in Romania that involved more than 101 people – CEE line representatives and more than 4 IT providers for IT tools.

Its implementation aimed to improve end to end credit process, enhance 7 IT applications within 2010 budget and train all key roles in credit process. The final outcome was strong people empowerment and "most important" KPI reduction.



The following aspects have been achieved:

- End to end credit process improvement for all the clients of UniCredit Ţiriac Bank (Retail & Corporate);
- 7 IT applications enhanced;
- Project costs accommodated within the 2010 budget;
- More than 700 relationship managers and 220 branch managers trained and assessed for approval authorities approval.

The project had multiple impacts on support activities from GBS mainly IT applications: APT – Application Processing Tool, QMS – Quality Management System, EzY lending, KPI Monitoring tool, GScoring and Lorobat.

B. 2010 budget execution and cost optimization initiatives

Cost saving project

Following the budget stretches at the Group level and the negative impact of the VAT increase from July, the GBS Division of UniCredit Ţiriac Bank has defined a set of measures in order to reach the new budget. The project carried out in the second half of 2010, covered seven major areas and the results exceeded the initial established targets. Also great impact for meeting the budget was the saving realized via electronic auctions organized by Procurement area.

C. Centralization and takeover of processing activities

The most important centralized activity is related to Garnishment – the management of blocked accounts based on Authorities' decisions as well as related payments, an activity with many legal and operational implications. It was taken over from Network into Operations Department in Head Office (Operations & Branches Support) where the process has been stabilized and made safe and efficient during 2010 by process optimization and new application. Other processing activities related to:

a. Loan Administration Department – this department has been taken over from the Risk Division within the Divisionalisation Project in order to increase efficiency in processing loans as a back office activity;

b. Cash optimization function has been taken over from the CFO (Chief Financial Officer) area. The new unit analyzes and monitors the cash level in order to increase profitability of cash management activity;

c. Centralization of opening accounts for Corporate Customers in Operations & Branches Support Department – this was an initiative within the BackOffice Efficiency project in the Group aimed to increase the sales resources in Branches on one side and the efficiency in these types of activities on the other side. The program continue with centralization of other activities (deposits, etc)

D. Security Projects

a. Physical security – improvements of the Head Offices, branches and offsite ATM (Automatic Teller Machine) security systems, consisting of installation of specific anti burglary alarm systems on all offsite ATMs (Automatic Teller Machines); IP video cameras in Head Offices; remote access control from the Security Office for 50 branches, etc.;

b. Information Security – we achieved the compliance with UniCredit Group Information Security Policies: we performed Assets Valuation for the ICT systems as first step for the Information Security Risk Assessment Review, continued the Information Security Awareness Program through awareness messages and posters, implemented Data Loss Prevention System together with ICT Security Management, defined and implemented security control measures according to Law 262 (Italy);

c. Business Continuity – we achieved the alignment to the UniCredit Group Business Continuity Methodology, performed the Business Impact Analyses for all the Bank's processes to identify the critical ones and defined the Business Continuity Strategy for critical processes. We developed the Crisis Management Plan and the Pandemic Management Plan for UniCredit Ţiriac Bank and we held Crisis Management workshops as a training and awareness session for Level 2 management.

Corporate Sustainability

2010 saw a most welcome growth in the CSR projects development, if we compare it with 2009, when most budgets reduced significantly while – on the background of an unstable financial environment – the problems encountered by the communities sharpened. The economic crisis, the high rate of unemployment and the cash-flow difficulties that many companies faced had an impact on the CSR strategies and reshaped them for most organizations. However, the market in 2010 showed slight signs of improvement and the investments in CSR regained in scope and value.

In this challenging context, UniCredit Țiriac Bank continued its CSR strategy. On one hand, it supported the projects started in the previous years, and on the other hand got involved in new projects. Their main aim was still to contribute to solving a series of social issues. Investments in CSR projects and sponsorship reached a total amount of RON 2.7 million in 2010.

The Corporate Social Responsibility strategy of 2010 was based on a 3-year philanthropic sponsorship plan, approved by the Management Board back in 2008. The strategic plan included 6 long-term related projects initiated in 2008 and also continued in 2009 and 2010 with notable results.

Gift Matching, a project which has been successfully implemented in the last 3 years, promoted the core values of corporate volunteering and involvement. The program had great results in 2010 mainly benefiting from the dedication of our colleagues who promoted the social causes they believe in. 29 philanthropic projects were encouraged by the bank and co-sponsored by UniCredit Foundation, within the framework of the regular Gift Matching campaign. The social causes were coordinated and financially supported by the employees and UNIDEA, matching individuals' donations with the contribution of the Group.

'10
GIFT MATCHING PROGRAM
UniCredit Foundation

Our support for causes able to make a difference in the community continued in 2010. This is why we continued to offer our support to Cicloteque, an environmental project aimed at reducing pollution in Bucharest and at encouraging its citizens to use bicycles as alternative means of transportation.

Cicloteque was launched in 2008 by opening the first bicycle rental center in Bucharest, thus offering the people in Capital the possibility to replace the car with a bicycle whenever possible. Owing to its popularity, in 2009 the center bought and offered a greater number of bicycles and 2010 saw a major step ahead for Cicloteque that opened two more rental centers in two parks of Bucharest.

Cicloteque has become the first bike sharing network in the country, making it possible for the customers to rent the bike from one park and leave it at any other rental center. Moreover, at the end of 2010 Cicloteque had become a self sustainable project, which is direct proof of the increasing popularity of bicycles growing over the past 3 years. UniCredit Țiriac Bank currently supports exclusively the opening of new centers, while the management of the existing ones and the investments in new bicycles are covered from the revenues of Cicloteque.

UniCredit Țiriac Bank also supported actively the cultural environment in 2010 and we became the main partner of Cruciada Culturii, a project aimed at promoting the authentic cultural values. All along the year, Cruciada Culturii hosted several outstanding events dedicated to classical music that the bank was part of.

PAVILION UNICREDIT, the first independent center for contemporary art and culture in Romania, was launched in February 2009 and became very rapidly a reference meeting point for the artistic Romanian community. In 2010, the bank continued to support the art center sheltered by a former bank branch, with impressive results. PAVILION UNICREDIT enriched its activity in 2010 by becoming the partner of "Bucharest Biennale 4" – the 4th edition of the International Contemporary Art Gallery, which meant an opportunity to host various exhibitions of high interest among Romanian and foreign artists.

In 2010, PAVILION UNICREDIT hosted a total of 30 events, among which exhibitions, debates, discursive events and projections. In the past year, the art center was visited by almost 58.000 people.

UniCredit Literary Debut Contest continued in 2010 with its third edition, as popular among unpublished writers as the previous two contests that took place in 2008 and 2009. The number of participants increased every year and in 2010 the number of contestants was even greater than in 2009. In 2010, a premiere was the set up of new standards aimed at increasing the quality of the literary output. Despite the new standards, which imposed a certain limit, the number of participants was still higher than the previous year, a clear proof of the increasing popularity of the competition.

Also, in order to contribute to the progress of the future writers, in 2010 the members of the jury offered feed-back for all the participants who took part in the competition. The winners enjoyed the additional opportunity of having their published volumes launched at the Gaudeamus International Book Fair.

In order to ensure the best combination of resources for this ample project, The Bank cooperated with different institutions.

One of the most notable CSR projects of UniCredit Țiriac Bank in 2010 was the launch of UNICEF Card, the first affinity card in Romania in partnership with UNICEF. The Bank donates UNICEF, from the bank's revenues, the amount representing 1% from the value for each transaction carried out with the affinity card at traders. The total amount gathered will be used for supporting the UNICEF initiative "Spital, prieten al copilului", namely offering help in building rooming-in facilities and training the medical staff.
Also, the bank ensures a guaranteed amount of money for each year of the project, thus making sure that hospitals will be equipped for offering the best conditions for newborns and their mothers.

This is a premiere for the Romanian market and actively involves the bank's clients in a CSR project developed by the bank. It is more than the usual CSR project, it's a promise made to the community for three years, based on a partnership between the bank and its clients. The name of the card, "The Card for Good Deeds", supports the educational component and clearly states its mission: a banking product becomes a social instrument.

The bank was involved in developing the local communities by promoting volunteering activities and contributing to the Gingko Biloba acclimatization in Romania: 800 trees were planted country-wide in parks and other green area and leisure locations throughout Romania by UniCredit Tiriac bank's volunteers.

We UniCredit people

Key Facts and Figures

- 3007 employees
- More than 500 new employees
- More than 1000 positions closed
- 7000 participations in training programs

The Human Resources department continued to run all regular activities in 2010 while adapting the policies to the challenging economic context and integrating the new competences promoted by UniCredit Group.

All areas of HR focused on giving the organization the needed support to achieve its objectives and implement its business strategy. To support the company's growth, our HR Business Partners created a strong partnership between HR and all the business divisions.

Learning & Development

One of our main objectives remained those related to people learning and development. Tailor-made programs were created for personal, professional and managerial development. We increased our focus on managerial positions and on high potential employees. Existing programs were expanded and deepened in terms of performance appraisal and development path while we created new instruments that contributed to advancing leadership and talent-based performance.

Our learning & training department and the School Branch continued their mission to help employees acquire and enhance skills, knowledge and abilities. The training activity focused on providing technical courses adapted to individual needs and on internal delivery of soft courses about sales skills, time management, communication, train the trainers, business presentation skills, etc. The population target involved all levels of employment, from the network and head office. Outstanding customer care focus was reinforced through an award-winning internal project aiming to increase awareness on the importance of developing a strong customer care behavior, with internal and external client impact.

The HR Shared Service Center - first point of contact for all HR operational related questions

A special concern was oriented to improving the activity efficiency by optimizing the HR processes and increasing their accessibility. A new service model was implemented at the middle of the year for about 3,000 employees within the bank aiming at smoothing the path to the HR-related information, products and processes. Its purpose is to centralize the HR services in order to obtain further synergies, through unitary governance, the standardization of processes, tools and behaviors and the harmonization of the different operating models. In the new model structure there are integrated communication channels that allow us to obtain specific support. These are an HR Portal comprising all the information and applications employees need in order to better manage their requests to HR, a unique phone number where the team of HR Generalists offer on-the-spot solutions depending on ares of interest and the HR Web Ticket – an online communication center between employees and the HR team effective in obtaining and providing various documents and information. The application is currently being used for requests on Personnel Administration, Payroll, Recruitment, Time Management, Compensation & Benefits, Learning Administration and Planning & Reporting.

HR SSC serves all UniCredit Group legal entities in Romania (e.g. UniCredit Leasing, UniCredit Business Partner, UniCredit Consumer Financing) and makes all our Romanian colleagues' life at work easier by simplifying the communication with the Human Resources Department and the access to an integrated package of products and services.

Employee Engagement

We continued to measure employee engagement across the organization. Since 2006 all employees have been invited to participate in the annual survey. In January 2010 more than 80% of the employees completed the survey, which is a record response rate. All eligible managers received the Survey results for their own business unit and were supported by HR to interpret and relate them to their own activity.

Reported areas of engagement included leadership, learning & development, clarity of goals and objectives, responsibility and performance management. They represent the base of some of the HR actions started in 2010 in order to help build a stimulating work environment with the support of our CEO and top management.

Awards & Recognition

UniCredit Țiriac Bank has received the ACCA Approved Employer Status from the Association of Chartered Certified Accountants (ACCA), one of the largest global professional accountancy bodies in the world. This title is proof that our company meets international standards in training and developing its employees.

Following the ACCA assessment, UniCredit Țiriac Bank was granted the "Trainee Development Stream Gold" and "Professional Development Stream" certificates. The "Trainee Development Stream Gold" certification recognizes the good practices in the provision of learning opportunities and support provided to the ACCA students employed by the bank that want to obtain an ACCA certification. The second certification obtained, "Professional Development Stream", is recognition of the fact that the bank provides to its ACCA-certified employees a sustained effort for their continuing professional development. These are among the most important benefits that the certification confers to the bank's employees (students and ACCA members): the reduction of the documentation necessary to attend the courses, an internal mentorship program dedicated to them and flexibility with regard to the training period for the 14 mandatory exams necessary to obtain the ACCA diploma.

UniCredit Țiriac Bank is among the few employers in the finance and banking sector to obtain the ACCA official recognition for sharing best practices in professional learning and development.

Performance and exceptional merit of our employees are officially recognized during periodic festivities held by members of our top management, business lines representatives and HR Business Partners. A special recognition award is honoring employees who overcame their daily tasks and involved in projects and initiatives with great impact for our bank, their ethic and business conduct being also an example.


For whatever life brings.

Financial Statements

Independent auditors’ report prepared in accordance with IFRSs

Statement of comprehensive income

for the year ended 31 December 2010

(RON)

	NOTE	31 DECEMBER 2010	31 DECEMBER 2009
Interest income		1,334,724,804	1,450,506,917
Interest expense		(578,112,378)	(1,297,012,609)
Interest related effect of swap transactions related to refinancing lines with Group companies*		158,607,848	488,504,876
Net interest income	**7**	**915,220,274**	**641,999,184**
Fee and commission income		276,536,736	286,913,764
Fee and commission expense		(43,881,697)	(40,604,040)
Net fee and commission income	**8**	**232,655,039**	**246,309,724**
Dividends income	9	1,967,047	1,930,763
Net income on foreign exchange and on derivatives held at fair value through profit and loss	10	184,872,051	350,733,464
Net gains on financial assets available for sale		11,509,010	8,798,821
Other operating income**	11	17,006,944	13,024,293
Operating income		**1,363,230,365**	**1,262,796,249**
Personnel expenses	12	(273,473,832)	(271,547,358)
Depreciation and amortisation	13	(54,056,700)	(51,100,412)
Other administrative costs	14	(247,044,812)	(249,489,741)
Other operating costs		(9,793,544)	(22,676,504)
Operating expenses		**(584,368,888)**	**(594,814,015)**
Net impairment losses on financial assets	15	(495,235,602)	(306,037,094)
Impairment on tangible and intangible assets		(264,496)	(3,699,285)
Net provision (charges)/release	16	(69,284,309)	33,240,902
Loss on investments in associates		(9,875,024)	(6,414,392)
Profit before taxation		**204,202,046**	**385,072,365**
Income tax expense	17	(32,983,925)	(56,391,852)
Net profit for the year		**171,218,121**	**328,680,513**
Other comprehensive income			
Net change in reevaluation reserve for available-for-sale financial assets (net of deferred tax)		29,382,623	32,943,570
Other comprehesive income for the year, net of income tax		**29,382,623**	**32,943,570**
Total comprehensive income for the year		**200,600,744**	**361,624,083**

* See note 7.
** In 2009 other operating income and other operating costs were presented net in "Net other operating result".

The financial statements were approved by the Management Board on 15 February 2011 and were signed on its behalf by:

Mr. Rasvan Radu
Chief Executive Officer

Mr. Stanislav Georgiev
Chief Financial Officer

The accompanying notes from pages 69 to 133 form an integral part of these financial statements.

Statement of financial position

at 31 December 2010

Assets

(RON)

	NOTE	31 DECEMBER 2010	31 DECEMBER 2009
Cash and cash equivalents	18	2,968,321,117	4,502,129,511
Derivative assets at fair value through profit or loss	19	86,296,659	144,242,853
Loans and advances to banks	20	734,471,531	1,047,317,005
Loans and advances to customers	21	12,660,662,423	11,449,826,008
Investment in associate	22	25,332,586	17,597,519
Investment securities, available-for-sale	23	3,853,099,398	2,883,625,003
Equity investments, available for sale	24	3,882,905	2,785,790
Investments securities, held to maturity	25	9,010,918	8,867,304
Property and equipment	26	247,934,328	243,786,645
Intangible assets	27	95,955,157	70,329,957
Current tax assets		21,003,764	-
Deferred tax assets	28	29,660,743	21,205,868
Non current assets classified as held for sale	29	-	465,483
Other assets	30	68,786,590	42,599,964
TOTAL ASSETS		**20,804,418,119**	**20,434,778,910**

Liabilities and equities

(RON)

	NOTE	31 DECEMBER 2010	31 DECEMBER 2009
LIABILITIES			
Derivative liabilities at fair value through profit or loss	19	75,502,634	88,081,376
Deposits from banks*	31	3,228,872,212	2,268,612,047
Loans from banks and other financial institutions	32	3,353,736,213	4,646,630,779
Deposits from customers*	33	10,988,236,400	10,562,496,958
Subordinated liabilities	34	401,990,194	400,768,929
Provisions	35	158,588,186	90,150,747
Current tax liabilities		-	8,104,045
Deferred tax liabilities	28	86,285,836	47,738,169
Other liabilities	36	132,998,672	144,588,832
TOTAL LIABILITIES		**18,426,210,347**	**18,257,171,882**
EQUITY			
Share capital	37	1,101,604,066	1,101,604,066
Retained earnings		1,063,567,161	892,349,040
Reserve on available for sale financial assets		(536,978)	(29,919,601)
Other reserves	38	213,573,523	213,573,523
TOTAL EQUITY		**2,378,207,772**	**2,177,607,028**
TOTAL LIABILITIES AND EQUITY		**20,804,418,119**	**20,434,778,910**

*Restatement as at 31 December 2009 for presentation purposes. Please refer to note 31.

The financial statements were approved by the Management Board on 15 February 2011 and were signed on its behalf by:

Mr. Rasvan Radu
Chief Executive Officer

Mr. Stanislav Georgiev
Chief Financial Officer

The accompanying notes from pages 69 to 133 form an integral part of these financial statements.

Statement of changes in shareholders' equity

at 31 December 2010

(RON)

	SHARE CAPITAL	RESERVE ON AVAILABLE FOR SALE FINANCIAL ASSETS	OTHER RESERVES	RETAINED EARNINGS*	TOTAL
Balance at 31 December 2009	**1,101,604,066**	**(29,919,601)**	**213,573,523**	**892,349,040**	**2,177,607,028**
Total comprehensive income for the period					
Net profit for the year	–	–	–	171,218,121	**171,218,121**
Other comprehensive income, net of income tax					
Net change in available-for-sale financial assets, net of tax	-	29,382,623	-	-	**29,382,623**
Total other comprehensive income	**–**	**29,382,623**	**–**	**–**	**29,382,623**
Total comprehensive income for the period	**–**	**29,382,623**	**–**	**171,218,121**	**200,600,744**
Balance at 31 December 2010	**1,101,604,066**	**(536,978)**	**213,573,523**	**1,063,567,161**	**2,378,207,772**

*) Retained earnings include merger premium based on statutory figures of RON 378,351,490 as at 31 December 2010 and as at 31 December 2009.

The accompanying notes from pages 69 to 133 form an integral part of these financial statements.

at 31 December 2009

(RON)

	SHARE CAPITAL	RESERVE ON AVAILABLE FOR SALE FINANCIAL ASSETS	OTHER RESERVES	RETAINED EARNINGS*	TOTAL
Balance at 31 December 2008	**1,101,604,066**	**(62,863,171)**	**213,573,523**	**563,668,527**	**1,815,982,945**
Total comprehensive income for the period					
Net profit for the year	–	–	–	328,680,513	**328,680,513**
Other comprehensive income, net of income tax					
Net change in available-for-sale financial assets, net of tax	–	32,943,570	–	–	**32,943,570**
Total other comprehensive income	**–**	**32,943,570**	–	–	**32,943,570**
Total comprehensive income for the period	**–**	**32,943,570**	**–**	**328,680,513**	**361,624,083**
Balance at 31 December 2009	**1,101,604,066**	**(29,919,601)**	**213,573,523**	**892,349,040**	**2,177,607,028**

*) Retained earnings include merger premium based on statutory figures of RON 378,351,490 as at 31 December 2009.

The accompanying notes from pages 69 to 133 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2010

(RON)

	NOTE	31 DECEMBER 2010	31 DECEMBER 2009
Operating activities			
Profit before taxation	17	204,202,046	385,072,365
Adjustments for non-cash items:			
Depreciation and amortisation and impairment on tangible and intangible assets	13	54,056,700	53,091,393
Net charge of provision for impairment on financial assets	15	491,782,512	312,848,492
Share of loss from investments in associates	22	9,875,025	6,414,392
Change in fair value of derivatives at fair value through profit or loss		45,367,453	(180,971,704)
Other items for which the cash effects are investing or financing		(20,900,769)	(3,922,078)
Other non–cash items		(49,414,626)	(91,067,427)
Operating profit before changes in operating assets and liabilities		**734,968,341**	**481,465,433**
Change in operating assets:			
Increase in investment securities available-for-sale		(904,449,404)	(2,183,327,231)
(Increase)/decrease in loans and advances to banks		(23,505,988)	169,818,989
(Increase)/decrease in loans and advances to customers		(1,664,981,727)	272,044,698
(Increase)/decrease in other assets		(26,900,448)	2,133,282
Change in operating liabilities:			
Increase in deposits from banks		959,671,496	641,255,563
Increase in deposits from customers		451,983,281	2,124,354,932
Increase in other liabilities		4,808,957	5,416,369
Income tax paid		(38,660,820)	(32,516,023)
Cash flows generated from operating activities		**(507,066,312)**	**1,480,646,012**
Investing activities			
Acquisition of property and equipment and intangible assets		(83,829,583)	(65,598,798)
Acquisition of equity investments		(18,707,206)	(18,410,960)
Proceeds from sale of equity investments		5,945,940	4,237,715
Dividends received	9	1,967,047	1,930,763
Cash flows used in investing activities		**(94,623,802)**	**(77,841,280)**

The accompanying notes from pages 69 to 133 form an integral part of these financial statements.

(RON)

	NOTE	31 DECEMBER 2010	31 DECEMBER 2009
Financing activities			
Payment of finance lease liability		(27,793)	(53,378)
Repayments of loans from financial institutions		(2,036,820,871)	(1,030,918,398)
Drawdowns from loans from financial institutions		768,057,000	989,900,757
Cash flows used in financing activities		**(1,268,791,664)**	**(41,071,019)**
Net (decrease)/ increase in cash and cash equivalents		(1,870,481,778)	1,361,733,713
Cash and cash equivalents at 1 January		**5,538,436,955**	**4,176,703,242**
Cash and cash equivalents at 31 December		**3,667,955,177**	**5,538,436,955**
Cash flow from operating activities include:			
Interest received		1,334,335,441	1,511,695,689
Interest paid		671,138,246	1,301,135,434

Analysis of cash and cash equivalents

(RON)

		31 DECEMBER 2010	31 DECEMBER 2009
Cash and cash equivalents comprise:			
Cash on hand and in ATM's	18	190,595,349	195,516,803
Current accounts held with banks	20	28,679,022	74,940,883
Current accounts held with the National Bank of Romania	18	2,777,725,768	4,306,612,708
Placements with NBR and other banks – less than 3 months		670,955,038	961,366,561
Cash and cash equivalents in the cash flow statement		**3,667,955,177**	**5,538,436,955**

The accompanying notes from pages 69 to 133 form an integral part of these financial statements.

Notes to the consolidated accounts

(1) Reporting entity

UniCredit Tiriac Bank S.A. (the “Bank”) 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.

At the date of mergers all three entities were controlled by UniCredit Bank Austria AG (former Bank Austria Creditanstalt AG incorporated in Austria) and the ultimate parent, UniCredit SpA (Italy).

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.

The associate company UniCredit Leasing Corporation IFN S.A. provides financial leasing services to corporate and individual clients, while UniCredit Consumer Financing IFN S.A. provides consumer finance loans to individual clients.

The Bank operates through the Head Office located in Bucharest and through its network of 235 branches and agencies (31 December 2009: 241) located in Bucharest and the country. The Bank employed at 31 December 2010 a number of 3,007 people (31 December 2009: 2,967).

The Bank’s current registered office is 23-25 Ghetarilor Street, District 1, Bucharest, Romania.

(2) Basis of preparation

a) Statement of compliance

At 31 December 2010, the financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union.
At 31 December 2009, the financial statements of the Bank have been prepared in accordance with IFRS. The IFRSs relevant for the Bank were the same as those endorsed by the European Union for both years, therefore there is no effect on the Bank's accounting policies from the change of framework applied.

Differences between IFRS as endorsed by European Union and statutory accounts
Such adjustments have been made to the statutory accounts as have been considered necessary to bring the financial statements in line, in all material respects, with IFRS.

The major changes from the statutory financial statements prepared under domestic law are:

- grouping of numerous detailed items into broader captions;
- restatement adjustments required in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies;
- recognition of the investments in associate applying the equity method in accordance with IAS 28, Investments in Associates;
- fair value and impairment adjustments required in accordance with IAS 39, Financial Instruments: Recognition and Measurement;
- adjustments to the income statement to place certain revenues and expenses on an accruals basis; and
- the necessary additional disclosure requirements, including IFRS 7 requirements.

b) Basis of measurement

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets and liabilities held at fair value through profit and loss and available-for-sale instruments, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Non-current assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

c) Functional and presentation currency

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

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements made by management in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 5.

(3) Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Bank.

In respect of comparative information, certain items from the financial statements as at 31 December 2009 have been reclassified to conform to current presentation.

a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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.

As at 31 December 2010, and respectively as at 31 December 2009, the Bank had no subsidiary as it had no power to govern the financial and operating policies of its equity investments.

Associates

Associates are those entities in which the Bank has significant influence, but no control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The financial statements include the Bank's share of the income and expenses of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Bank's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Bank has an obligation or has made payments on behalf of the investee.

The Bank holds a 20% investment in UniCredit Leasing Corporation IFN S.A., a company providing leasing services to local and external customers, respectively a 46,06% investment in UniCredit Consumer Financing IFN S.A., a company providing consumer financing loans for individual clients. The Bank has included the financial statements information of these associates in accordance with IAS 28, Investments in associates.

b) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated to RON at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to RON at foreign exchange rates ruling at the dates the fair value was determined.

The exchange rates of major foreign currencies were:

CURRENCIES	31 DECEMBER 2010	31 DECEMBER 2009	%
Euro (EUR)	1: RON 4.2848	1: RON 4.2282	1.34
US Dollar (USD)	1: RON 3.2045	1: RON 2.9361	9.14

c) Accounting for the effect of hyperinflation

Romania has previously experienced relatively high levels of inflation and was considered to be hyperinflationary as defined by IAS 29 “Financial Reporting in Hyperinflationary Economies” (“IAS 29”). IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the end of reporting period (i.e. non-monetary items are restated using a general price index from the date of acquisition or contribution). As the characteristics of the economic environment of Romania indicate that hyperinflation has ceased, effective from 1 January 2004 the Bank no longer applied the provisions of IAS 29.

Accordingly, the amounts expressed in the measuring unit current at 31 December 2003 are treated as the basis for the carrying amounts in these financial statements.

(3) Significant accounting policies (Continued)

d) Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Up to 31 December 2008, interest income and expenses for financial instruments were recognised in the income statement at amortised cost using the linear method. The linear amortisation method used to determine the amortised cost represented the management's best estimate for the value of the corresponding amortisation and the financial effect generated was not significantly different from that provided by using effective interest method.

Starting 2009, the Bank implemented the majority of the IT modules necessary for the interest income and expenses for financial instruments to be recognised in the income statement at amortised cost using the effective interest rate method.

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Bank. However when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized. Interest on arrears is recognized by the Bank when actually received.

e) Fee and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income arising on the financial services provided by the Bank, including account servicing fees, investment management fees, advisory fees and syndication fees are recognized in the income statement on the accrual basis, i.e. when the corresponding service is provided.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

f) Dividends

Dividend income is recognised in the income statement on the date that the dividend is declared. Income from equity investments and other non-fixed income investments is recognised as dividend income when it accrues. Dividends are treated as an appropriation of profit in the period they are declared and approved by the General Assembly of Shareholders. The only profit available for distribution is the profit for the year recorded in the Romanian statutory accounts, which differs from the profit in these financial statements, prepared in accordance with IFRS, due to the differences between the applicable Romanian Accounting Regulations and IFRS.

g) Net income on foreign exchange and on derivatives at fair value through profit and loss

This comprises gains less losses related to trading assets and liabilities and derivatives held for risk management, and includes all realised and unrealised fair value changes and foreign exchange differences.

h) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

i) Income tax expense

Income tax expense on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of reporting period, and any adjustment to tax payable in respect of prior periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.
The tax rate used to calculate the current and deferred tax position at 31 December 2010 is 16% (2009: 16%).

(3) Significant accounting policies (Continued)

j) Financial assets and liabilities

(i) Recognition

The Bank initially recognises loans and receivables, deposits, borrowings issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

(ii) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfer of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

The Bank entered into several transactions with UniCredit Bank Austria AG and other entities within UniCredit Group whereby:

- Either UniCredit Bank Austria AG directly financed some corporate customers, while the Bank undertook the role of agent or security agent and payment agent, or
- The Bank transferred to UniCredit Bank Austria AG by means of novation agreements the outstanding amount of certain loans already granted to Romanian corporate customers and also undertook the role of security agent and payment agent.

For each of the contracts concluded with UniCredit Bank Austria AG, there is a risk participation agreement by which the Bank is obliged to indemnify UniCredit Bank Austria AG against costs, loss or liability suffered by UniCredit Bank Austria AG in connection with the relevant contracts to the extent of an agreed percentage of the relevant amounts and up to a limit agreed on a case by case basis.
As the Bank has transferred the right to receive cash flows from the loans financed by UniCredit Bank Austria AG, has neither retained nor transferred all risks and rewards of ownership, nor has retained control, such loans are not recognized in the Bank's balance sheet (refer also to note 40).

(iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as the Bank's trading activity.

(iv) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(v) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all available factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The best evidence of fair value of financial instruments at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of the instrument is evidence by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Where a fair value cannot be reliably estimated, unquoted equity instruments that do not have a quoted market price in an active market are measured at cost and periodically tested for impairment.

(vi) Identification and measurement of impairment

The Bank assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized. If there is objective evidence that an impairment loss on a financial asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan, receivable or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the interest rate at the initial moment of the contract. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed either directly or by adjusting an allowance account. The amount of the reversal is recognized in profit or loss.

(3) Significant accounting policies (Continued)

Loans and advances to customers

The Bank uses based on its internal impairment assessment methodology amongst other factors the following main impairment indicators for loans to customers or groups of loans to customers:

(a) significant financial difficulty of the borrower determined in accordance with the Bank's internal rating system;
(b) a breach of contract, such as a default or delinquency in interest or principal payments of the borrowers (individually or in the same group of borrowers);
(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider such as the rescheduling of the interest or principal payments;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
(e) observable data indicating that there are economic or social conditions that can influence adversely the industry in which the borrower operates and that affect these borrowers.

The Bank first assesses whether objective evidence of impairment exists individually for loans to customers that are individually significant or collectively for loans that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the loans to customers in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans to customers that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The calculation of the present value of the estimated future cash flows of a collateralized loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Individual assessment

Based on the Bank's internal criteria an exposure may qualify as individually significant. The client whose risk profile is not, according to expert judgement, reflected by portfolio based parameters is individually significant. The individual impairment is determined on a case by case basis taking into account the estimated future cash flows.

The main criteria for determining whether a specific exposure is individually significant is a threshold estimated based on UniCredit Group experience or the specific risk profile (in terms of potential credit loss), but validated by the Bank depending on local economical environment. The threshold for determining whether a specific exposure is significant or not, is locally established at the amount of EUR 100,000.

The above-mentioned exposures are individually assessed and the Bank decides whether an objective evidence of impairment exists individually for these financial assets or not. If this is the case, these assets will be subject to provisions calculation based on individually determined future cash flows related to the transaction.

Where the provision estimated individually is zero, the asset is included into a group of financial assets with similar credit risk characteristics and assessed collectively for impairment.

Collective assessment

For the purpose of a collective evaluation of impairment, loans to customers are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

The criteria used to divide exposures into buckets are based on the Bank's rating system, expert judgement and experience of the Bank's employees (e.g. the Bank uses credit risk grading, past due status, product type).

Management considers that the characteristics chosen are the best estimate of similar credit risk characteristics relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For each type of exposure loss parameters were determined based on the UniCredit Bank Austria AG's and the Bank's historical experience and the expert judgement of the Bank's employees.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Available for sale financial assets

For financial assets classified as available-for-sale, when a decline in the fair value of an available-for-sale financial asset has been recognized directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in other comprehensive income shall be removed from other comprehensive income and recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is removed from other comprehensive income and recognized in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

(3) Significant accounting policies (Continued)

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

(vii) Designation at fair value through profit and loss

The Bank designates financial assets and liabilities at fair value through profit and loss when either:

- The assets and liabilities are managed, evaluated and reported internally on a fair value basis;
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

k) Cash and cash equivalents

Cash and cash equivalents comprise notes and coins on hand, balances held with central banks, and are carried at amortised cost in the statement of financial position.

Cash and cash equivalents are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

For the purposes of the statement of cash flows, cash and cash equivalents comprise: cash balances on hand, cash deposited with central banks, nostro accounts with banks, placements with banks with less than 90 days maturity.

l) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing it in the near term, holds as part of a portfolio that is managed together for short term or position taking, or are derivatives.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

The Bank does not have any trading instruments at 31 December 2010 and 31 December 2009 except for derivative assets and derivative liabilities incurred in transactions with customers and economically hedged with back-to-back transactions within UniCredit Group.

m) Derivatives instruments

Derivative financial instruments include currency and exchange rate options, interest rate swaps, currency swaps and forward transactions. The positive fair value of the derivatives is carried as asset and the negative fair value is carried as liability. The changes in the fair value of derivatives are included in the income statement.

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position. The treatment of changes in their fair value depends on their classification into the following categories:

(i) Other non-trading derivatives

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(ii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a “host contract”). The Bank accounts for embedded derivatives separately from the host contract when the host contract is not itself carried at fair value through profit or loss, and the characteristics of the embedded derivative are not clearly and closely related to the host contract. Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract.

n) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

o) Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity or available for sale.

(i) Held-to-maturity

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank’s management has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortized cost using the effective interest method. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity, the entire category would be reclassified as available for sale and for a two year period the Bank would not utilize the held to maturity classification. Held-to-maturity investments comprise debt securities.

(ii) Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available for sale investments are carried at fair value. Fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in profit or loss.

(3) Significant accounting policies (Continued)

p) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at their restated cost less accumulated depreciation value (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The Bank recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Bank and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives are as follows:

Buildings	
- property	2% - 3.66 % per year
- improvements (rentals)	6.67% - 100 % per year
Office equipment and furniture	3.33% - 50% per year
Motor vehicles	11.76 - 25% per year
Computer equipment	7.84% - 50% per year

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iv) Leased assets-lessee

Leases in terms of which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

q) Intangible assets

(i) Recognition

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programs are recognized as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

(ii) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimate useful life of software is 1 to 3 years.

r) Impairment of non-financial assets

The carrying amount of the Bank's assets, other than deferred tax assets, is reviewed at each reporting date to determine whether there is any objective indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The Bank reviews the carrying amount of land and buildings at each reporting date. For the items of land and buildings where there is any objective evidence of impairment, the Bank considered the greater of the net selling price and value in use as the recoverable amount.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

s) Deposits, borrowings from banks and subordinated liabilities

Deposits, borrowings from banks and subordinated liabilities are the Bank's sources of debt funding.

When the Bank sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as deposit, and the underlying asset continues to be recognized in the Bank's financial statements.

Deposits and borrowings such as loans from banks and other financial institutions are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs occurred. Borrowings and other liabilities evidenced by paper are subsequently stated at amortized cost.

(3) Significant accounting policies (Continued)

t) Provisions

A provision is recognised in the statement of financial position when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

u) Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are disclosed in the notes to the Financial Statements.

The Bank entered into the several transactions with UniCredit Bank Austria AG and other entities within UniCredit Group related to loans granted to non-banking customers financed by such entities within UniCredit Group (please refer to Note 3j(ii)). In accordance with risk participation agreements related to such loans, the Bank is required to indemnify UniCredit Bank Austria AG and UniCredit Group as set out in the Note 3j (ii).

Such financial guarantees are carried at the end of reporting period at the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, using an internal methodology consistent with the impairment assessment of loans and advances to customers (please refer to Note 3j)

v) Employee benefits

(i) Short term service benefits

Short-term employee benefits include wages, salaries, bonuses and social security contributions. Short-term employee benefits are recognised as expense when services are rendered. The Bank includes in short-term benefits the accruals for the employees' current year profit sharing payable within following months after the end of the year.

(ii) Defined contribution plans

The Bank, in the normal course of business makes payments to the Romanian State funds on behalf of its Romanian employees for pension, health care and unemployment benefit.

All employees of the Bank are members and are also legally obliged to make defined contributions (included in the social security contributions) to the Romanian State pension plan (a State defined contribution plan).

The Bank has made a provision for the following benefit: 2 gross salaries to be given at the retirement of employees. The employees who retire (irrespectively of the retirement type – age, medical, anticipated) are entitled to receive 2 gross employee's salaries in the retirement month.

(iii) Share - based payment transactions

The Bank 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 supported by the Bank and not by its Parent, and as a consequence it is recognised as an employee benefit expense.

At Bank level the expense is recognised against liability which is measured at fair value.

The fair value of stock options is determined using the Hull and White Evaluation Model. Measurement inputs include share price on measurement date, exercise price, volatility (historical daily average volatility for a period equal to the duration of the vesting period), exit rate (annual percentage of Stock Options forfeited due to termination), dividend yield (last four years average dividend-yield, according to the duration of the vesting period).

The economic value (fair value) of Performance Shares, representing UniCredit SpA free ordinary shares to be granted on the achievement of performance targets set at Group and Division level in the Strategic Plan approved by the Board of UniCredit SpA, is measured considering the share market price at the grant date less the present value of the future dividends related to the period from the grant date to the share settlement date. Input parameters are market price (arithmetic mean of the official market price of UniCredit SpA ordinary shares during the month preceding the granting Board resolution) and economic value of vesting conditions (present value of the future dividends related to the period from the grant date to the share settlement date).

(3) Significant accounting policies (Continued)

w) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements:

1. *Amendments to IAS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)* - The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The Bank is currently in the process of evaluating the potential effect of revised IAS 24 Related Party Disclosures on the disclosures in the financial statements.

2. *Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual period beginning on or after 1 January 2011)* - The amendment of IFRIC 14 addresses the accounting treatment for prepayments made when there is also a minimum funding requirements (MFR). Under the amendments, an entity is required to recognize certain prepayments as an asset on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which MFR payments would otherwise be required. The amendments to IFRIC 14 is not relevant to the Bank's financial statements as the Bank does not have any defined benefit plans with minimum funding requirements.

3. *Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual period beginning on or after 1 January 2011) - The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. The Bank has not yet completed its analysis of the impact of the amendments to the Standard.*

4. *Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual period beginning on or after 1 January 2011)* -
The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.
The Bank is currently in the process of evaluating the potential effect of these amendments on the disclosures in the financial statements.

5. *Improvements to IFRSs 2010 – IAS 34 Interim Financial Reporting (effective for annual period beginning on or after 1 January 2011)* - The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.

6. *IFRS 9 Financial Instruments (effective for annual period beginning on or after 1 January 2013).*

   Standard issued November 2009 (IFRS 9 2009):
   IFRS 9 (2009) is the first standard issued as part of a wider project to replace IAS 39.
   IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

   Standard issued October 2010 (IFRS 9 2010):
   IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009.
   It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.
   As at the date of these financial statements the European Commission has not endorsed IFRS 9.
   The Bank is currently in the process of evaluating the potential effect of IFRS 9 Financial Instruments on the financial statements.

(4) Financial risk management

a) Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

b) Risk management framework

The Supervisory Board has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Directorate implements the risk management strategy and policies. The Directorate has established the ALM Committee, the Risk Management Committee and the Credit Committee, which are responsible for developing and monitoring risk management policies in their specified areas. All these Committees report regularly to the Directorate on their activities.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with Unicredit Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

c) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities.

(i) Management of credit risk

The Directorate has delegated responsibility for the management of credit risk to its Credit Committee and Risk Committee. The Chief Risk Officer is the chairman of the Credit/Risk Committee. The Chief Risk Officer is the responsible for oversight of Credit Risk.

The functions of the Risk Management Committee:

- Defining the guidelines of local credit policies, classes of risks, sector of activity and geographic area, with the aim of minimizing the cost of credit risk and absorbed capital, within the given risk/return target;
- Ensuring risk analysis and monitoring, through the use of control instruments developed in accordance with the Bank Credit Policy and by applying the proper corrective actions;
- Applying granting and monitoring methods, processes and instruments (scoring and trend monitoring) defined by the Bank's with the participation of the Bank;
- Supporting the commercial functions in the definition of credit products/services offered to clients, as well as control over the performance and efficiency of the credit process;
- Revising continuously the credit procedures in compliance with the approved Credit Policy and the applicable regulations issued by the National Bank of Romania, as well as issuing the procedures for the new credit products.
- Assisting central and/or operational units on legal and regulatory aspects of credit granting, in cooperation with Legal Department for the matters of its competence.

The functions of the Credit Committee:

- Evaluating the creditworthiness of the clients, in compliance with the criteria and methods defined;
- Monitoring of the Bank's risk positions, in accordance with the methods defined in agreement with the Bank, verifying the results of actions undertaken on deteriorating positions and defining the necessary corrective actions;
- Defining watch list and non-performing loans, in compliance with the criteria defined by the Parent, suggesting necessary provisions and appropriate credit recovery activities;
- Managing the credit activity according to Credit Policy and ensuring the maintaining of sound standards of lending, monitoring and control the risk credit, the appropriate evaluation of new business opportunities and early identification and administering the bad loans;
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business units Credit Officers. Larger facilities require approval by Credit Risk Management (CRM), Head of CRM, Chief Risk Officer, Credit Committee, Directorate or the Supervisory Board as appropriate.
- Assuring integration with UniCredit Group credit policies;
- Defining limits by significant clusters like sector, area, concentration risk and product, given the Group risk appetite which has been defined, and cooperating with the CFO in strategic and operational planning and capital management/allocation processes in terms of credit risk;
- Defining operating policies and procedures on credit activities and related products.
- Regular audits of the Ban k's credit processes are undertaken by Internal Audit.

(4) Financial risk management (Continued)

(ii) Exposure to credit risk

Loans and advances to customers

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Individually impaired/Non performing loans		
Grade 9: Impaired	483,700,578	264,863,113
Grade 10: Impaired	346,002,124	117,890,253
Private individuals	190,553,601	106,054,434
Gross amount	1,020,256,303	488,807,800
Allowance for impairment	(467,598,759)	(204,387,794)
Carrying amount	**552,657,544**	**284,420,006**
Fair value of collateral	879,603,361	262,201,007
Property	754,936,200	167,779,075
Goods	70,549,577	54,423,395
Assignment of receivables	41,014,707	28,877,841
Other*	13,102,877	11,120,696
Past due but not individually impaired		
Grade 8-	167,741,470	140,149,954
Grade 9	25,699	2,958,938
Grade 10	46,019,799	2,211,297
Other impaired	2,241	63,115
Private individuals more than 90 overdue days	309,099,317	299,975,469
Gross amount	522,888,526	445,358,773
Allowance for impairment	(268,888,137)	(243,325,355)
Carrying amount	**254,000,389**	**202,033,418**
Neither past due nor individually impaired		
Grade 1 – 8	8,242,572,185	7,133,507,794
Private individuals less than 90 overdue days	3,804,912,283	3,977,743,002
Gross amount	12,047,484,468	11,111,250,796
Allowance for impairment	(193,479,978)	(147,878,212)
Carrying amount	**11,854,004,490**	**10,963,372,584**
Total carrying amount	**12,660,662,423**	**11,449,826,008**

* Other collateral includes cash and financial risk insurance.

Restructured loans are as follows:

Neither past due nor individually impaired	31 DECEMBER 2010	31 DECEMBER 2009
Grade 1 – 8	1,401,292,636	322,279,671
Private individuals less than 90 overdue days	523,107,592	409,347,838

The loans and advances to banks and investment securities were neither impaired nor past due.

Restructured loans are those that have been renegotiated due to deterioration in the borrower's financial position. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring for at least 6 months.

The Bank's overall risk exposure is disclosed according to the amount of identifiable impairment into 3 main categories: Individually impaired, Past due and not individually impaired and neither past due nor individually impaired according to the internal rating of the Bank and the past due status.

Impaired loans and securities
Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

Individually impaired exposures (non-performing loans) comprises significant private individuals which have at least one default event, as defined in the Bank's internal procedures, and corporate clients with Grade 9 or 10, as defined in the internal rating of the Bank; these two categories are individually assessed by the Bank.

For all of them, the collaterals are divided between property, goods, assignment of receivables and other. Other collateral includes pledge on stocks, machinery, cash and financial risk insurance.

Past due but not individually impaired loans
Loans and securities where contractual interest or principal payments are past due but the Bank believes that individual impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

Past due and not individually impaired loans includes all private individuals exposures which are more than 90 days overdue and corporate exposures with Grade 8-, 9 and 10 which are collectively assessed. Grade 9 and 10 are collectively assessed only for significant exposures: more than EUR 100,000.

Neither past due nor individually impaired
It includes all exposures not classified in the above categories. The loans in this category can be performing or watch.

Allowances for impairment
The Bank establishes an allowance for impairment losses based on the internal methodology as described in note 3 j (vi).

Write-off policy
The Bank writes off a loan (and any related allowances for impairment losses) when the Bank's Credit Department / Committee determines that the loans / securities are uncollectible. This determination is reached after considering relevant information and the appropriate documentation.
Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade:

(RON)

	GROSS AMOUNTS	NET AMOUNTS
31 December 2010		
Grade 9: Impaired	483,700,578	357,708,238
Grade 10: Impaired	346,002,124	117,293,366
Private Individuals	190,553,601	77,655,940
Total	**1,020,256,303**	**552,657,544**
31 December 2009		
Grade 9: Impaired	264,863,113	168,614,274
Grade 10: Impaired	117,890,253	53,509,422
Private Individuals	106,054,434	62,296,310
Total	**488,807,800**	**284,420,006**

(4) Financial risk management (CONTINUED)

Collateral

To a large degree, the Bank's exposure is in the form of traditional loans to non-financial companies and households. These loans may be secured by collateral (e.g., a mortgage on property or a charge over securities, movable property or receivables) or guarantees (usually provided by individuals or legal entities).

In general, guarantees are issued by entrepreneurs or shareholders (or their relatives) who own or have a stake in the companies receiving the secured lines of credit. Less frequent is the case of loans made to companies secured by guarantees issued by another company (which may or may not be a holding company) in the same business group, or by other credit institutions or insurance companies.

Any form of collateral serves only as additional security for the secured loan and as such is taken into account at the time the creditworthiness of the entity requesting the credit facility is assessed. In other words, this assessment mainly concentrates on determining whether the entity requesting the credit facility is able to meet its obligations autonomously regardless of whether additional collateral is provided (ability to repay).

In order to protect against fluctuations in the market value of assets assigned to the Bank as collateral, the value of the collateral should generally provide an adequate margin in excess of the current value of such assets, and this margin is properly adjusted as a function of the intrinsic characteristics of these assets.

When assessing collateral, special emphasis is placed on the enforceability of the collateral and its appropriateness. With regard to the former, as required by the BIS II Capital Accord the collateral obtained must be valid, effective and binding for the collateral provider, and it must be enforceable with respect to third parties in all jurisdictions, including in the event of the insolvency or receivership of the borrower and/or the collateral provider.

Due to the importance of this requirement, including for the purposes of mitigating the capital requirement for credit risk, the application procedure and related processes governing this area are particularly strict, to ensure that the documents obtained are completely in order from a formal and substantive standpoint.

With regard to appropriateness, security is said to be appropriate when it is qualitatively and quantitatively sufficient with respect to the amount and nature of the credit facility, provided there are no significant risk elements associated with the provider of security.

Concentration of credit risk

The Banks 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:

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Private entities (including individuals)	3,904,305,444	4,062,821,659
Commercial, recovery and repair services	2,037,610,419	1,921,565,405
Real estate	1,338,916,853	1,067,448,112
Other public entities	880,716,898	563,544,206
Construction and civil engineering	560,596,672	580,105,225
Foodstuffs, beverages and tobacco-based products	550,484,613	233,495,847
Other saleable services	464,439,366	294,688,940
Energy products	412,667,758	343,181,454
Inland transport services	344,031,612	318,588,378
Agriculture - forestry – fisheries	311,948,586	138,083,717
Metal products except cars and means of transport	254,046,721	245,060,418
Ores, ferrous and non-ferrous metals (except fissile and fertile ones)	232,554,659	296,816,438
Rubber and plastic products	222,942,684	212,836,710
Other industrial products	175,990,736	176,173,442
Financial companies	158,187,799	222,789,528
Transport-related services	116,902,421	77,395,801
Ores and non-metal ore products	110,932,264	127,174,084
Communications services	110,123,165	53,628,239
Paper, paper products, printing and publishing	94,276,522	70,043,928
Farming and industrial machinery	66,477,387	70,440,676
Chemicals	66,465,444	53,379,731
Textiles, leather and footwear and clothing products	64,389,846	66,058,050
Means of transport	63,490,478	62,457,717
Hotel and public commercial concern services	57,054,483	66,808,417
Office machines, data processing machines, precision	38,650,574	99,189,641
Sea and air transport services	22,459,019	26,050,245
Total	**12,660,662,423**	**11,449,826,008**

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Loans and advances to customers	12,660,662,423	11,449,826,008
Loan related commitments and contingencies	6,003,956,695	6,753,148,912
	18,664,619,118	**18,202,974,920**

The amounts reflected in the table above represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. The amounts of credit risk shown, therefore, greatly exceed expected losses, which are included in the allowance for doubtful loans.

(4) Financial risk management (Continued)

d) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulties in meeting obligations from its financial liabilities.
Liquidity risk has the following subtypes:

- Liquidity mismatch risk – depending on the maturity structure of the statement of financial position
- Liquidity contingency risk – arising due to unpredictable customer behaviour;
- Market liquidity risk – arising due to monetary market malfunctions generating the impossibility of selling liquid assets at market prices.

Management of liquidity risk

By its very nature, the liquidity risk is a systemic risk with a high contagion potential for the whole banking system. Therefore, in order to limit the potential damage caused by liquidity problems, the Bank is permanently assessing the broad macroeconomic conditions, with a special focus on data concerning the banking system. The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. Assets and Liabilities Management is the department responsible for managing liquidity risk, reporting directly to Assets and Liabilities Committee (ALCO) and CFO.

Management of liquidity risk is an optimization problem with two variables positively correlated (risk and return), as the liquid instruments have a lower return. For this reason, the Bank's approach is divided between short term liquidity and medium and long term liquidity management (structural liquidity).

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. A summary report of the daily positions, including any exceptions and remedial action taken, is submitted regularly to ALCO.

Regarding structural liquidity, the Bank pursues the following goals:

- Encouraging the attracting of long term customer deposits, by developing and promoting complex products with a higher value added;
- Close monitoring of loans-to-deposits ratio across all business lines, in order to maintain planned volumes of liquidity and an appropriate currency structure.
- Attracting long term funds from the UniCredit Bank Austria AG for financing a greater share of the assets;
- Development of relations with other companies within the UniCredit Bank Austria AG sub-holding, in order to attain mutual benefits from each company's specialization profile in sales activities (conveying to a diversification of funds), asset & liability management activities etc.
- Development of collaboration with international financial institutions and foreign banks with the purpose of obtaining long term finance.

Exposure to liquidity risk

Key measures used by the Bank for measuring liquidity risk are:

- the daily short-term liquidity report, in which, starting from maturities of inter-bank assets and liabilities, a daily liquidity profile is estimated for the coming 3 months. In addition to the interbank assets and liabilities, the bank considers also other potential short-term outflows coming from the commercial book (such as deposits, cash, and loan commitments). The limits checked in this report are the ones imposed by UniCredit Bank Austria AG, through the Bank short term liquidity strategy, and represent the arithmetical difference between inflows and outflows separately, by each major currency, and in total (for all currencies cumulated).
- the daily indicator on immediate liquidity. Every day, based on the statement of financial position data (static), a ratio between immediate assets and drawn sources is calculated. Immediate assets include: cash, current account with National Bank of Romania, nostro accounts, deposits with banks, T-bills not serving as collateral;
- daily projection of treasury cash-flows the next 30 days – represents an estimation of cash flows generated by treasury transactions.
- liquidity indicators by time buckets (similar computation to the indicator described above), as established by the Bank's lead regulator (National Bank of Romania) plus indicators set at UniCredit Bank Austria AG level (for example, we have to comply with structural liquidity limits required by the Group policy that are determined as total liquidity outflows divided by total inflows with minimum 1, 2, 3, 4 and respectively 5 years maturity. These limits are to be respected separately for all major currencies - domestic currency, RON, and the following foreign currencies: EUR, USD, CHF, GBP and JPY.
- other key indicators for the management of liquidity and funding needs as Liquid assets/ Total assets (%),Liquid assets / Deposits (%), Liquid assets / Deposits of top 30 deponents (%), Total funds raised from an economic group (clients)/ Total on balance-sheet liabilities (%), Loans outstanding / Client deposits (%),Immediate liabilities (below 1M) / Total liabilities (%); target and alert levels are set for each indicator.

Temporary excess liquidity of the banking book on each currency is generally invested short-term. For financing its asset expansion, the Bank uses mostly medium-term funding.

The ratio of net liquid assets to deposits to customers is 37.01 % as at 31 December 2010 (31 December 2009: 46.0 %.

An analysis of assets/liabilities by residual contractual maturity at the reporting date is shown below:

(RON)

	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY	TOTAL CONTRACTUAL AMOUNT	TOTAL CARRYING AMOUNT
31 December 2010							
Financial assets							
Cash and cash equivalents	2,968,321,117	–	–	–	–	**2,968,321,117**	**2,968,321,117**
Derivative assets held for risk management	23,169,260	16,477,934	14,269,776	32,379,689	–	**86,296,659**	**86,296,659**
Loans and advances to banks	734,471,531	–	–	–	–	**734,471,531**	**734,471,531**
Loans and advances to customers	2,423,061,976	3,837,942,269	3,533,500,425	3,002,422,583	–	**12,796,927,253**	**12,660,662,423**
Investments in associate	–	–	–	–	25,332,586	**25,332,586**	**25,332,586**
Investment securities, available for sale	1,075,046,085	1,848,253,931	781,412,936	148,386,446	–	**3,853,099,398**	**3,853,099,398**
Equity investments, available for sale	–	–	–	–	3,882,905	**3,882,905**	**3,882,905**
Investment securities, held-to-maturity	–	474,967	8,535,951	–	–	**9,010,918**	**9,010,918**
Total financial assets	**7,224,069,969**	**5,703,149,101**	**4,337,719,088**	**3,183,188,718**	**29,215,491**	**20,477,342,367**	**20,341,077,537**
Financial liabilities							
Derivative liabilities held for risk management	8,948,766	9,842,282	24,386,071	32,325,515	–	**75,502,634**	**75,502,634**
Loans & deposits from banks and subordinated liabilities	2,092,923,489	100,422,071	2,984,871,230	1,807,063,390	–	**6,985,280,180**	**6,984,598,619**
Deposits from customers	10,360,532,159	626,964,256	566,687	173,298	–	**10,988,236,400**	**10,988,236,400**
Total financial liabilities	**12,462,404,414**	**737,228,609**	**3,009,823,988**	**1,839,562,203**	**–**	**18,049,019,214**	**18,048,337,653**
Liquidity surplus/(shortfall)	**(5,238,334,445)**	**4,965,920,492**	**1,327,895,100**	**1,343,626,515**	**29,215,491**	**2,428,323,153**	**2,292,739,884**
Adjustment for investment securitiesavailable for refinancing*	2,778,053,313	(1,848,253,931)	(781,412,936)	(148,386,446)	–	**–**	**–**
Liquidity surplus/ (shortfall) adjusted	**(2,460,281,132)**	**3,117,666,561**	**546,482,164**	**1,195,240,069**	**29,215,491**	**2,428,323,153**	**2,292,739,884**

*As part of its liquidity management the Bank holds treasury bills and bonds available for refinancing in order to ensure quick access to funds, in case of increasing liquidity risk. A liquidity reserve must be maintained permanently in order to cover the short term liquidity needs during crisis conditions. The liquidity reserve is composed of cash and highly liquid assets even in crisis conditions that Bank can sell or pledge without affecting the market trust or to generate losses.

(RON)

	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY	GROSS NOMINAL INFLOW/(OUTFLOW)
31 December 2010						
Contingent assets & liabilities)**						
Irrevocable commitments given outflow	(1,189,037,097)	–	–	–	–	**(1,189,037,097)**
Irrevocable commitments taken inflow	856,960,000	–	–	–	–	**856,960,000**
Issued financial guarantees outflow	–	(4,814,919,598)	–	–	–	**(4,814,919,598)**
Future lease obligations outflow	–	(73,266,233)	(161,130,194)	(68,664,399)	–	**(303,060,826)**
Future interest on long-term borrowings outflow	(31,572,896)	(96,243,259)	(196,179,983)	(5,119,782)	–	**(329,115,920)**
Future interest on deposits from banks & customers outflow	(77,395,724)	(232,187,171)	(1,327,225,237)	–	–	**(1,636,808,132)**
Contingent assets& liabilities surplus/ (shortfall)	**(441,045,717)**	**(5,216,616,261)**	**(1,684,535,414)**	**(73,784,181)**	**–**	**(7,415,981,573)**

**The table disclosed above shows the undiscounted cash flows of the Bank, including financial guarantee contracts, and unrecognised loan commitments on the basis of their earliest possible contractual maturity, under a highly prudential approach. For issued financial guarantee contracts, the maximum amount of guarantee is allocated in the “3 Months to 1 Year” band.

(4) Financial risk management (Continued)

(RON)

	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY	TOTAL CONTRACTUAL AMOUNT	TOTAL CARRYING AMOUNT
31 December 2009							
Financial assets							
Cash and cash equivalents	4,502,129,511	–	–	–	–	**4,502,129,511**	**4,502,129,511**
Derivative assets held for risk management	78,540,148	5,960,070	31,847,451	27,895,184	–	**144,242,853**	**144,242,853**
Loans and advances to banks	1,038,981,960	5,001,711	3,333,334	–	–	**1,047,317,005**	**1,047,317,005**
Loans and advances to customers	4,278,520,596	1,411,915,849	3,224,696,681	2,668,033,712	–	**11,583,166,838**	**11,449,826,008**
Investments in associate	–	–	–	–	17,597,519	**17,597,519**	**17,597,519**
Investment securities, available for sale	332,013,277	1,865,230,788	546,797,880	139,583,058	–	**2,883,625,003**	**2,883,625,003**
Equity investments, available for sale	–	–	–	–	2,785,790	**2,785,790**	**2,785,790**
Investment securities, held-to-maturity	–	468,693	8,398,611	–	–	**8,867,304**	**8,867,304**
Total financial assets	**10,230,185,492**	**3,288,577,111**	**3,815,073,957**	**2,835,511,954**	**20,383,309**	**20,189,731,823**	**20,056,390,993**
Financial liabilities							
Derivative liabilities held for risk management	18,231,363	3,910,934	37,572,669	28,366,410	–	**88,081,376**	**88,081,376**
Loans & deposits from banks and subordinated liabilities	4,316,326,166	32,990,325	2,432,543,993	534,925,643	–	**7,316,786,127**	**7,316,011,755**
Deposits from customers	9,478,417,249	1,082,591,424	324,745	1,163,540	–	**10,562,496,958**	**10,562,496,958**
Total financial liabilities	**13,812,974,778**	**1,119,492,683**	**2,470,441,407**	**564,455,593**	**–**	**17,967,364,461**	**17,966,590,089**
Liquidity surplus/ (shortfall)	**(3,582,789,286)**	**2,169,084,428**	**1,344,632,550**	**2,271,056,361**	**20,383,309**	**2,222,367,362**	**2,089,800,904**
Adjustment for investment securities available for refinancing*	2,551,611,726	(1,865,230,788)	(546,797,880)	(139,583,058)	–	**–**	**–**
Liquidity surplus/ (shortfall) adjusted	**(1,031,177,560)**	**303,853,640**	**797,834,670**	**2,131,473,303**	**20,383,309**	**2,222,367,362**	**2,089,800,904**

*As part of its liquidity management the Bank holds treasury bills and bonds available for refinancing in order to ensure quick access to funds, in case of increasing liquidity risk.

(RON)

	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY	GROSS NOMINAL INFLOW/(OUTFLOW)
31 December 2010						
Contingent assets & liabilities)**						
Irrevocable commitments given outflow	(796,245,378)	–	–	–	–	**(796,245,378)**
Irrevocable commitments taken inflow	845,640,000	–	–	–	–	**845,640,000**
Issued financial guarantees outflow	–	(6,071,177,740)	–	–	–	**(6,071,177,740)**
Future lease obligations outflow	–	(69,942,905)	(178,494,071)	(84,821,456)	–	**(333,258,432)**
Future interest on borrowings outflow	(85,251,297)	(137,094,548)	(300,414,924)	(28,700,996)	–	**(551,461,765)**
Future interest on deposits from banks & customers outflow	(70,818,406)	(212,455,217)	(1,327,225,237)	–	–	**(1,610,498,860)**
Contingent assets& liabilities surplus/ (shortfall)	**(106,675,081)**	**(6,490,670,410)**	**(1,806,134,232)**	**(113,522,452)**	**–**	**(8,517,002,175)**

**The table disclosed above shows the undiscounted cash flows of the Bank, including financial guarantee contracts, and unrecognised loan commitments on the basis of their earliest possible contractual maturity, under a highly prudential approach. For issued financial guarantee contracts, the maximum amount of guarantee is allocated in the "3 Months to 1 Year" band

An analysis of notional amounts of derivative financial assets/liabilities by residual contractual maturity at the reporting date is shown below:

(RON)

	CARRYING AMOUNT	GROSS NOMINAL INFLOW / (OUTFLOW)	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS
31 December 2010							
Derivative assets	**86,296,659**	**82,110,260**	13,446,293	3,154,965	17,805,463	12,864,536	34,839,003
Outflow		(5,367,913,123)	(2,953,906,621)	(1,549,899,044)	(782,744,158)	(53,265,954)	(28,097,346)
Inflow		5,450,023,384	2,967,352,915	1,553,054,009	800,549,621	66,130,491	62,936,349
Derivative liabilities	**(75,502,634)**	**(71,316,236)**	(4,145,320)	141,799	(9,621,181)	(22,890,114)	(34,801,420)
Outflow		(1,896,480,211)	(941,518,251)	(226,540,170)	(584,898,102)	(80,625,123)	(62,898,565)
Inflow		1,825,163,975	937,372,931	226,681,969	575,276,921	57,735,009	28,097,145
31 December 2009							
Derivative assets	**144,242,853**	**132,297,500**	72,787,994	22,259,126	3,542,649	30,650,566	3,057,165
Outflow		(7,103,749,933)	(4,837,334,250)	(2,114,800,583)	(110,234,582)	(34,989,416)	(6,391,102)
Inflow		7,236,047,433	4,910,122,244	2,137,059,709	113,777,231	65,639,982	9,448,267
Derivative liabilities	**(88,081,376)**	**(76,136,023)**	(25,491,447)	(9,716,928)	(2,175,517)	(35,694,966)	(3,057,165)
Outflow		(2,527,819,139)	(922,749,128)	(1,381,837,358)	(119,459,029)	(94,325,356)	(9,448,268)
Inflow		2,451,683,116	897,257,681	1,372,120,430	117,283,512	58,630,390	6,391,103

(4) Financial risk management (Continued)

e) Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/ issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of market risks

Organizational structure
The Supervisory Board lays down strategic guidelines for taking on market risks by calculating, depending on the propensity to risk and objectives of value creation in proportion to risks assumed, capital allocation for all business segments, in compliance with UniCredit Group strategies.

The Risk Management Committee provides advice and recommendations in respect of decisions taken by the Chief Executive Officer and in drawing up proposals made by the Chief Executive Officer to the Directorate or the Supervisory Board with regards to the following:

- guidance as to the methods to be used to realize models for the measurement and monitoring of Bank risks;
- the Bank's risk policies (identification of risk, analysis of the level of propensity to risk, definition of capital allocation objectives and the limits for each type of risk, assignment of related functional responsibilities to the relevant departments and divisions);
- corrective action aimed at rebalancing the Bank's risk positions.

Overall authority for market risk is delegated in Assets and Liability Committee. The Market Risk unit ensures the measurement and monitoring of risks assumed in accordance with the guidelines set out by the UniCredit Bank Austria AG.

Asset and Liability Management unit, in coordination with Markets Trading manages strategic and operational ALM, with the objective of ensuring a balanced asset position and the operating and financial sustainability of the Bank's growth policies on the loans market, optimizing the Bank's exchange rate, interest rate and liquidity risk.

The Bank separates its exposure to market risk between trading and non trading portfolios. Trading portfolio is held by Markets Trading unit, and includes positions arising from market making and proprietary position taking, together with most financial assets that are managed on a fair value basis. Also all foreign exchange risk is transferred and sold down by Assets and Liability Management to the Markets Trading unit. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolios for risk management purposes.

Exposure to market risks – Value at Risk Tool
The principal tool used to measure and control market risk exposure is Value at Risk (VaR). VaR is the maximum estimated loss that will arise on the entire portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level).

The VaR model used by the Bank is based upon a 99 percentage confidence level and assumes a 1 day holding period. Use of a 1-day time-horizon makes it possible to make an immediate comparison between profits/losses realized.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:
- A 1 day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The Bank uses a VaR limit for total market risk; this limit is subject to review and approval by UniCredit Bank Austria AG and Bank ALCO. VaR is measured daily by a common system throughout the Bank; data is automatically upload from the core banking system and other front office systems.

A summary of the VaR position of the Bank at 31 December and during the period is as follows:

(RON)

	AT 31 DECEMBER	AVERAGE	MAXIMUM	MINIMUM
2010				
Foreign currency risk	13,980	106,099	495,805	3,698
Interest rate risk	1,204,645	1,302,332	3,170,519	540,726
Credit Spread Risk	2,477,214	1,763,320	3,001,731	618,405
Overall	2,422,400	2,294,826	3,898,964	1,101,482
2009				
Foreign currency risk	80,302	299,350	7,365,080	28,845
Interest rate risk	6,594,077	5,885,726	16,623,697	2,970,974
Overall	6,516,049	5,944,255	16,677,573	3,147,083

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit analyses. The Bank uses a range of stress tests to model the financial impact of a variety of exceptional market scenarios on the Bank's positions.

Foreign exchange (FX) Sensitivity analysis

The FX net open position limits are assigned by the Bank and are lower than the prudential limits imposed by the National Bank of Romania.

The limits are expressed in EUR equivalent and the exposure to the limits is monitored on a daily basis by Market Risk department.

The table shows the average usage of the limits during 2009 and 2010, which correlate also with the stable FX VaR figure.

Foreign exchange (FX) Open Position

CURRENCY	LIMITS (EUR EQUIVALENT)	AVERAGE USAGE 2009	LIMITS (EUR EQUIVALENT)	AVERAGE USAGE 2010
AUD	1,000,000	2.65%	1,000,000	2.39%
BGN	–	–	100,000	10.91%
CAD	1,000,000	2.95%	1,000,000	6.35%
CHF	1,000,000	4.12%	1,000,000	5.47%
CZK	100,000	16,89%	100,000	11.42%
DKK	1,000,000	1.29%	1,000,000	1.11%
EUR	40,000,000	22.20%	40,000,000	27.36%
GBP	1,000,000	7,42%	1,000,000	5.88%
HUF	250,000	15.84%	250,000	13.61%
JPY	1,000,000	4.69%	1,000,000	2.31%
NOK	1,000,000	2.14%	1,000,000	0.96%
PLN	100,000	18.76%	100,000	18.92%
RON	40,000,000	20.99%	40,000,000	27.00%
RUB	500,000	70.14%	500,000	65.08%
SEK	1,000,000	1.88%	1,000,000	1.26%
TRY	–	–	100,000	0.84%
USD	5,000,000	5.98%	5,000,000	7.34%

Exposure to market risks – Interest Rate Gap tool

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and it is assisted by Market Risk in its day to day monitoring activities.

(4) Financial risk management (CONTINUED)

A summary of the Bank's interest rate gap position on interest earnings assets and liabilities is as at 31 December 2010:

(RON)

31 DECEMBER 2010	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY	TOTAL CONTRACTUAL AMOUNT	TOTAL CARRYING AMOUNT
Cash and cash equivalents	2,968,321,117	–	–	–	–	**2,968,321,117**	**2,968,321,117**
Derivative assets held for risk management	23,169,817	16,539,737	14,207,417	32,379,688	–	**86,296,659**	**86,296,659**
Placements with banks	734,471,531	–	–	–	–	**734,471,531**	**734,471,531**
Loans and advances to customers	8,669,326,447	2,950,934,294	507,485,720	669,180,792	–	**12,796,927,253**	**12,660,662,423**
Investment securities, available for sale	1,075,046,085	1,848,253,931	781,412,936	148,386,446	–	**3,853,099,398**	**3,853,099,398**
Investment securities, held-to-maturity	–	474,967	8,535,951	–	–	**9,010,918**	**9,010,918**
Total	**13,470,334,997**	**4,816,202,929**	**1,311,642,024**	**849,946,926**	**–**	**20,448,126,876**	**20,311,862,046**
Derivative liabilities held for risk management	8,948,766	9,842,282	24,386,071	32,325,515	–	**75,502,634**	**75,502,634**
Loans and deposits from banks	6,805,278,272	180,001,908	–	–	–	**6,985,280,180**	**6,984,598,619**
Deposits from customers	10,360,542,158	626,989,750	566,724	137,768	–	**10,988,236,400**	**10,988,236,400**
Total	**17,174,769,196**	**816,833,940**	**24,952,795**	**32,463,283**	**–**	**18,049,019,214**	**18,048,337,653**
Interest sensitivity surplus / (shortfall)	**(3,704,434,199)**	**3,999,368,989**	**1,286,689,229**	**817,483,643**	**–**	**2,399,107,662**	**2,263,524,393**

A summary of the Bank's interest rate gap position on interest earnings assets and liabilities is as at 31 December 2009:

31 DECEMBER 2009	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	OVER 5 YEARS	NO FIXED MATURITY	TOTAL CONTRACTUAL AMOUNT	TOTAL CARRYING AMOUNT
Cash and cash equivalents	4,502,129,511	–	–	–	–	**4,502,129,511**	**4,502,129,511**
Derivative assets held for risk management	136,827,681	7,415,172	–	–	–	**144,242,853**	**144,242,853**
Placements with banks	1,038,981,961	8,335,044	–	–	–	**1,047,317,005**	**1,047,317,005**
Loans and advances to customers	10,245,027,393	906,048,476	338,773,296	93,317,673	–	**11,583,166,838**	**11,449,826,008**
Investment securities, available for sale	332,693,600	1,864,550,466	546,797,879	139,583,058	–	**2,883,625,003**	**2,883,625,003**
Investment securities, held-to-maturity	–	468,693	8,398,611	–	–	**8,867,304**	**8,867,304**
Total	**16,255,660,146**	**2,786,817,851**	**893,969,786**	**232,900,731**	**–**	**20,169,348,514**	**20,036,007,684**
Derivative liabilities held for risk management	76,937,517	5,934,274	5,209,585	–	–	**88,081,376**	**88,081,376**
Loans and deposits from banks	7,283,341,362	33,444,765	–	–	–	**7,316,786,127**	**7,316,011,755**
Deposits from customers	9,478,417,247	1,083,658,000	324,747	96,964	**–**	**10,562,496,958**	**10,562,496,958**
Total	**16,838,696,126**	**1,123,037,039**	**5,534,332**	**96,964**	**–**	**17,967,364,461**	**17,966,590,089**
Interest sensitivity surplus / (shortfall)	**(583,035,980)**	**1,663,780,812**	**888,435,454**	**232,803,767**	**–**	**2,201,984,053**	**2,069,417,595**

The following table shows the interest rates obtained or offered by the Bank as at 31 December 2010 for its interest-bearing assets and liabilities:

(RON)

	RON RANGE		EUR RANGE		USD RANGE	
	MIN	MAX	MIN	MAX	MIN	MAX
Assets						
Current accounts with the National Bank of Romania	1.57%	3.38%	0.96%	1.27%	0.46%	1.24%
Placements with banks	2.25%	12.00%	0.20%	2.75%	0.00%	1.50%
Investment securities	6.00%	13.00%	4.13%	8.50%	n/a	n/a
Loans and advances to customers	0.68%	36.04%	0.20%	20.06%	0.25%	16.96%
Liabilities						
Deposits from banks	2.00%	6.35%	1.00%	2.96%	0.40%	0.70%
Deposits from customers	0.10%	18.30%	0.10%	9.85%	0.10%	7.00%
Loans from banks	4.09%	5.63%	1.20%	3.06%	1.25%	1.25%

The following table shows the interest rates obtained or offered by the Bank as at 31 December 2009 for its interest-bearing assets and liabilities:

(RON)

	RON RANGE		EUR RANGE		USD RANGE	
	MIN	MAX	MIN	MAX	MIN	MAX
Assets						
Current accounts with the National Bank of Romania	3.36%	5.90%	1.26%	2.80%	0.89%	1.29%
Placements with banks	4.24%	19.00%	0.25%	4.40%	0.12%	1.90%
Investment securities	6.00%	18.00%	4.13%	8.50%	n/a	n/a
Loans and advances to customers	2.95%	60.00%	0.24%	18.95%	2.25%	16.95%
Liabilities						
Deposits from banks	3.00%	17.00%	0.10%	3.95%	0.10%	1.00%
Deposits from customers	0.10%	23.00%	0.10%	10.00%	0.10%	7.75%
Loans from banks	8.91%	16.41%	0.82%	5.46%	1.37%	4.23%

The interest rates related to the local currency and the major foreign currencies as at 31 December 2010 and 2009 were as follows:

(RON)

CURRENCIES	INTEREST RATE	31 DECEMBER 2010	31 DECEMBER 2009
RON	Robor 3 months	6.17%	10.65%
EUR	Euribor 3 months	1.01%	0.70%
EUR	Euribor 6 months	1.23%	0.99%
USD	Libor 6 months	0.46%	0.43%

(4) Financial risk management (Continued)

The amounts of assets and liabilities held in RON and in foreign currencies as at 31 December 2010 can be analysed as follows:

	RON	USD	EUR	OTHER	TOTAL
Financial assets					
Cash and cash equivalents	1,283,855,377	5,691,365	1,676,162,731	2,611,644	**2,968,321,117**
Derivative assets held for risk management	18,299,547	–	33,196,924	–	**51,496,471**
Loans and advances to banks	286,851,182	4,434,949	429,478,451	13,706,949	**734,471,531**
Loans and advances to customers	2,931,074,442	254,465,508	9,473,020,492	2,101,981	**12,660,662,423**
Investments in associate	25,332,586	–	–	–	**25,332,586**
Investment securities, available-for-sale	2,626,033,586	–	1,227,065,812	–	**3,853,099,398**
Equity investments, available for sale	3,369,275	–	513,630	–	**3,882,905**
Investment securities, held-to-maturity	–	–	9,010,918	–	**9,010,918**
Total financial assets	**7,174,815,994**	**264,591,822**	**12,848,448,958**	**18,420,574**	**20,306,277,348**
Financial liabilities					
Derivative liabilities held for risk management	26,651,320	–	33,091,691	–	**59,743,011**
Loans & deposits from banks and subordinated liabilities	3,843,727,441	120,543,269	3,014,546,710	5,781,199	**6,984,598,619**
Deposits from customers	4,990,797,139	577,044,868	5,387,309,344	33,085,049	**10,988,236,400**
Total financial liabilities	**8,861,175,900**	**697,588,137**	**8,434,947,745**	**38,866,248**	**18,032,578,030**
Net financial assets / (liabilities)	**(1,686,359,906)**	**(432,996,315)**	**4,413,501,213**	**(20,445,674)**	**2,273,699,318**
Derivatives at fair value through profit or loss (including SPOT)					
Cash Inflow	5,996,647,537	528,705,562	2,503,974,084	20,862,660	**9,050,189,843**
Cash Outflow	2,445,621,165	90,949,248	6,480,360,982	511,016	**9,017,442,411**
Net effect of derivatives at fair value through profit or loss	3,551,026,372	437,756,314	(3,976,386,898)	20,351,644	**32,747,432**
Net foreign currency position	1,864,666,466	4,759,999	437,114,315	(94,030)	**2,306,446,750**

The amounts of assets and liabilities held in RON and in foreign currencies as at 31 December 2009 can be analysed as follows:

	RON	USD	EUR	OTHER	TOTAL
Financial assets					
Cash and cash equivalents	2,251,455,190	5,680,892	2,242,660,259	2,333,170	**4,502,129,511**
Derivative assets held for risk management	83,824	46,838	62,028,551	84,663	**62,243,876**
Loans and advances to banks	819,655,482	28,000,383	173,572,828	26,088,312	**1,047,317,005**
Loans and advances to customers	2,350,479,036	230,934,963	8,847,645,308	20,766,701	**11,449,826,008**
Investments in associate	17,597,519	–	–	–	**17,597,519**
Investment securities, available-for-sale	2,004,897,953	–	878,727,050	–	**2,883,625,003**
Equity investments, available for sale	2,785,790	–	–	–	**2,785,790**
Investment securities, held-to-maturity	–	–	8,867,304	–	**8,867,304**
Total financial assets	**7,446,954,794**	**264,663,076**	**12,213,501,300**	**49,272,846**	**19,974,392,016**
Financial liabilities					
Derivative liabilities held for risk management	–	36,021	62,664,211	–	**62,700,232**
Loans & deposits from banks and subordinated liabilities	5,926,386,127	33,508,988	1,356,102,393	14,247	**7,316,011,755**
Deposits from customers	4,196,849,954	723,803,880	5,600,358,368	41,484,756	**10,562,496,958**
Total financial liabilities	**10,123,236,081**	**757,348,889**	**7,019,124,972**	**41,499,003**	**17,941,208,945**
Net financial assets / (liabilities)	**(2,676,281,287)**	**(492,685,813)**	**5,194,376,328**	**7,773,843**	**2,033,183,071**
Derivatives at fair value through profit or loss (including SPOT)					
Cash Inflow	8,456,112,901	511,879,257	3,928,467,188	19,761,999	**12,916,221,345**
Cash Outflow	3,957,661,750	7,402,669	8,860,036,919	10,432,569	**12,835,533,907**
Net effect of derivatives at fair value through profit or loss	4,498,451,151	504,476,588	(4,931,569,731)	9,329,430	**80,687,438**
Net foreign currency position	1,822,169,864	11,790,775	262,806,597	17,103,273	**2,113,870,509**

f) Taxation risk

The tax framework in Romania is subject of frequent changes (some of them resulting from the Romania's liabilities as an EU member state, others from the domestic fiscal policy) and often subject interpretations, which might be applied retroactively. For this reason government agencies empowered to carry out tax inspections seem to be exposed to interpretation of the law.

These changes have been implemented; however they are exposed to a fiscal audit for a period up to five years when the authorities might assess additional liabilities and related late-payment penalties.

Moreover, the merged banks have not been audited for the entire period of operation until the date of dissolution, and their duties may be subject to future inspections, any results of these being borne by the bank as a legal successor.

g) Operating environment

The expectation of a prolonged recession materialized for Romania in 2010. The fiscal austerity measures accentuated the negative output gap the still-depressed level of domestic demand. The decoupling of the Romanian economy from the regional and EU recovery is due to local factors. The very weak domestic demand has been hit by the tightening fiscal policy and austerity measures targeting the lower deficit. Moreover, the relatively high inflation driven by the VAT hike and international food-price shock leaves no more space for monetary policy to support the economy through lowering interest rates.

A rebalancing of the macroeconomic model implies a changing banking model. The economic crisis was reflected first in a liquidity crunch, followed by rapidly multiplying credit quality problems, accompanied by a credit crunch. Beside the higher provisioning requirements the lower revenues generation capacity has been impacting the Romanian banking system during 2010. Banking sector profitability in Romania remains exposed to downside risks given the relatively weak economic environment. The banking sector is, however, expected to post aggregate profits in 2011. Despite tightening banking margins, re-acceleration in bank revenues in the context of a strong focus on costs will be the key driver of the improved outlook. The borrowers of the Bank may also be affected by the lower liquidity situation which could in turn impact their ability to repay their outstanding loans. Deteriorating operating conditions for borrowers may also have an impact on the management cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has reflected revised estimates of expected future cash flows in its impairment assessment. Management believes all the necessary measures are taking to support the sustainability and growth of the Bank's business in the current circumstances by:

- preparing liquidity crisis strategy and establishing specific measures, together with the Parent Bank, to address potential liquidity crisis;
- establishing certain limits for the transactions with other banks, related to deposits and foreign currency exchange. The Bank deals with high ranked international banks following certain assessment criteria and strict internal rules, thus cautiously running the respective counterparty risk;
- constantly monitoring its liquidity position and over-dependence on specific funds;
- forecasting on short-term basis its net liquidity position;
- obtaining formal commitment from the major shareholder regarding the latter's continuous support of the Bank's operations in Romania;
- monitoring incoming and outgoing cash flows on daily basis and assessing the effects on its borrowers of the limited access to funding and the sustainability of growing businesses in Romania;
- examining terms and conditions of financing agreements and considering the implications of obligations imposed and risks identified such as approaching maturity dates or the implications of any terms or covenants that may have been breached or which may be breached in the foreseeable future.

(4) Financial risk management (Continued)

h) Capital management

Regulatory capital

Risk capital measurement and allocation mechanism

UniCredit developed an internal model for measuring capital requirements. The system for measuring operational risk capital exposure is based on internal loss data, external loss data (consortium and public data), and scenario generated loss data and risk indicators.

Capital at risk is calculated at a confidence level of 99.90% on the overall loss distribution for regulatory purposes and at a confidence level of 99.97% for economic capital purposes.

The internal model (AMA) has been formally approved by the Italian Supervisory Authority in March 2008.
In February 2010, the Bank of Italy (common decision with National Bank of Romania) authorized the UniCredit Group to extend the application of the internal model for the calculation of the capital requirement for operational risk to UniCredit Tiriac Bank.

The Bank's regulator, NBR (National Bank of Romania), sets and monitors capital requirements. In implementing current capital requirements NBR requires the Bank to maintain a prescribed ratio of total capital to total risk – weighted assets (8%).

The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, legal, statutory and other reserves, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes;
- Tier 2 capital, which includes qualifying subordinated liabilities, other long term debt, fair value reserves for fixed assets and other regulatory adjustments.

Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; qualifying term subordinated loan and preference shares capital may not exceed 50 percent of tier 1 capital.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that may be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

The Bank's regulatory capital position at 31 December was as follows:

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Tier 1 capital		
Ordinary share capital	379,075,291	379,075,291
Share premium	378,351,545	378,351,545
Retained earnings	1,118,251,003	884,703,991
Less intangible assets	(99,819,696)	(72,529,815)
Other regulatory adjustments (including equity investments)	(21,807,011)	(15,649,420)
Total	**1,754,051,132**	**1,553,951,592**
Tier 2 capital		
Revaluation reserve (fixed assets)	93,420,074	93,591,279
Qualifying subordinated liabilities	202,158,645	274,844,597
Other regulatory adjustments (equity investments)	(21,807,011)	(12,799,296)
Total	**273,771,708**	**355,636,580**
Total regulatory capital	**2,027,822,840**	**1,909,588,172**
Capital requirements for credit risk	1,142,457,997	1,178,572,881
Capital requirements for market risk	–	–
Capital requirements for operational risk	156,791,952	130,247,390
Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	**12.49%**	**11.67%**
Total tier 1 capital expressed as a percentage of risk-weighted assets	**10.80%**	**9.50%**

*) This calculation is based on statutory figures. Please refer to note 41 and 42 reconciliation profit and of equity reported under statutory accounts/IFRSs

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each business segment is determined as a percentage established by the Group of the risk weighted assets (in compliance with Banking Act Austria).

(5) Use of estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Key sources of estimation uncertainty

Allowances for loan losses

The Bank reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

The loan impairment assessment considers the visible effects on current market conditions on the individual / collective assessment of loans and advances to customers' impairment. The Bank has estimated the impairment loss provision for loans and advances to customers based on the internal methodology harmonized with Group policies and assessed that no further provision for impairment losses is required except as already provided for in the reporting package. Because of the inherent limitations related to the historical experience in obtaining cash flow information, in methodologies applied and to the uncertainties on the local financial markets regarding assets valuation and operating environment of the borrowers, that Bank's estimate could be revised after the date of the approval of the financial statements.

To the extent that the probability of default parameter for the collective assessment differs by +/-10 percent, the provision for impairment losses on loans for the Bank would be estimated RON 23,300 thousand higher (31 December 2009: RON 14,791 thousand) or RON 23,290 thousand lower (31 December 2009: RON 14,787 thousand).

To the extent that the degree of collateral recognition parameter for the collective assessment differs by +/-10 percent, the provision for impairment losses on loans for the Bank would be estimated RON 46,200 thousand higher (31 December 2009: RON 31,314 thousand) or RON 53,190 thousand lower (31 December 2009: RON 26,494 thousand).

Sensitivity analysis for available-for-sale

The fair value of available-for-sale financial assets is directly dependant on the market yield variable and its changes impact the financial position and the net assets of the Bank.

In case of the market yield varies by +/-10 percent, the negative reserve recorded as at 31 December 2010 on available for sale financial assets would vary as follows:

(RON)

	MARKET YIELD – 10%	MARKET YIELD + 10%
Available-for-sale denominated in RON	14,214,890	(16,498,536)
Available-for-sale denominated in EUR	12,846,315	(4,740,256)
Available-for-sale Total	**27,061,205**	**(21,238,792)**

In case of the market yield varies by +/-10 percent, the negative reserve recorded as at 31 December 2009 on available for sale financial assets would vary as follows:

(RON)

	MARKET YIELD – 10%	MARKET YIELD + 10%
Available-for-sale denominated in RON	(18,143,305)	(56,184,529)
Available-for-sale denominated in EUR	13,451,370	(3,320,750)
Available-for-sale Total	**(4,691,935)**	**(59,505,279)**

b) Critical accounting judgments in applying the Bank's accounting polices

Financial assets and liability classification

Determining fair values

The fair value of financial instruments that are not traded in an active market (for example, unlisted treasury securities and certificates of deposit) is determined by using valuation techniques. The Bank uses its judgment to select the valuation method and make assumptions that are mainly based on market conditions existing at each statement of financial position date.

In case of available for sale and respectively held-to-maturity financial assets, their classification in quoted and unquoted financial instruments is presented below:

(RON)

Financial assets			
31 December 2010	**Listed**	**Unlisted**	**Total**
Investment securities, available-for-sale	–	3,856,612,417	**3,856,612,417**
Equity investments, available for sale	–	3,882,905	**3,882,905**
Investment securities, held to maturity	–	9,561,828	**9,561,828**
31 December 2009	**Listed**	**Unlisted**	**Total**
Investment securities, available-for-sale	691,850	2,885,540,052	**2,886,231,902**
Equity investments, available for sale	–	2,785,790	**2,785,790**
Investment securities, held to maturity	–	9,664,113	**9,664,113**

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "derivative assets / liabilities held for risk management", the Bank has determined that it meets the description set out in accounting policy 3(m).
- In classifying financial assets as held-to-maturity, the Bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 3(o)(i).

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. An illustration of it is presented below:
    - FX Outright Forward and FX Swaps – the forward legs are revalued daily in Core 02- IT System at forward rates, which are computed as the sum of the NBR spot rate + swap points for the respective maturity bucket. For establishing the Swap points the information provided by Tullet Prebone on its Reuters/Bloomberg pages is used.
    - IR Options and IRS - are revalued daily in the Front Office System OPUS – consistent with the Group's revaluation. The revaluation performed in OPUS is input as of each end of month in Core02 IT System.
    - Available for sale financial instruments – the fair value is calculated using discounted cash flow techniques based on market observable inputs (i.e. bid quotations from banks, official published quotations).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category is for instruments that are valued based on unobservable assumptions. The Bank classified in Level 3 the following instruments:
    - FX Options - are revalued daily in the Front-office application software "Wall street" – consistent with the Group revaluation. The revaluation performed in Wall street System is input as of each end of month into Core02 IT System.

(5) Use of estimates and judgements (Continued)

The table below analyses financial instruments measured 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:

(RON)

31 December 2010	Level 1	Level 2	Level 3	Total
Trading assets				
Derivative assets at fair value through profit and loss	–	83,714,532	2,582,127	**86,296,659**
Investment securities	–	3,853,099,398	–	**3,853,099,398**
Equity investments, available for sale	–	–	3,882,905	**3,882,905**
Total trading assets	**–**	**3,936,813,930**	**6,465,032**	**3,943,278,962**
Trading liabilities				
Derivative liabilities at fair value through profit and loss	–	72,960,377	2,542,257	**75,502,634**
Total trading liabilities	**–**	**72,960,377**	**2,542,257**	**75,502,634**

(RON)

31 December 2009	Level 1	Level 2	Level 3	Total
Trading assets				
Derivative assets at fair value through profit and loss	–	144,159,029	83,824	**144,242,853**
Investment securities*	691,850	2,882,933,153	-	**2,883,625,003**
Equity investments, available for sale	–	–	2,785,790	**2,785,790**
Total trading assets	**691,850**	**3,027,092,182**	**2,869,614**	**3,030,653,646**
Trading liabilities				
Derivative liabilities at fair value through profit and loss	–	87,997,552	83,824	**88,081,376**
Total trading liabilities	**–**	**87,997,552**	**83,824**	**88,081,376**

Notes to the financial statement

(6) Accounting classification and fair value of financial assets/liabilities

The table below sets out the Group's carrying amounts of each class of financial assets and liabilities, and their fair values.

(RON)

31 DECEMBER 2010	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT	HELD-TO-MATURITY	LOANS AND RECEIVABLES	AVAILABLE-FOR-SALE	OTHER AMOUNTS	TOTAL CARRYING AMOUNT	FAIR VALUE
Cash and cash equivalents	19	–	–	2,968,321,117	–	–	2,968,321,117	2,968,321,117
Derivative assets held for risk management	20	86,296,659	–	–	–	–	86,296,659	86,296,659
Loans and advances to banks	21	–	–	734,471,531	–	–	734,471,531	734,471,531
Loans and advances to customers	22	–	–	12,660,662,423	–	–	12,660,662,423	12,511,001,694
Investment in associate	23	–	–	–	–	25,332,586	25,332,586	25,332,586
Equity investments, available for sale	26	–	–	–	3,853,099,398	3,882,905	3,856,982,303	3,856,982,303
Investment securities, held to maturity	26	–	9,010,918	–	–	–	9,010,918	9,010,918
		86,296,659	**9,010,918**	**16,363,455,071**	**3,853,099,398**	**29,215,491**	**20,341,077,537**	**20,191,416,808**
Derivative liabilities held for risk management	20	75,502,634	–	–	–	–	75,502,634	75,502,634
Deposits from banks	32	–	–	–	–	3,228,872,212	3,228,872,212	3,228,872,212
Loans from banks and other financial institutions, including subordinated liabilities	33	–	–	–	–	3,755,726,407	3,755,726,407	3,545,925,240
Deposits from customers	34	–	–	–	–	10,988,236,400	10,988,236,400	10,978,543,412
		75,502,634	**–**	**–**	**–**	**17,972,835,019**	**18,048,337,653**	**17,828,843,498**

The table below sets out the Group's carrying amounts of each class of financial assets and liabilities, and their fair values.

(RON)

31 DECEMBER 2009	NOTE	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT	HELD-TO-MATURITY	LOANS AND RECEIVABLES	AVAILABLE-FOR-SALE	OTHER AMOUNTS	TOTAL CARRYING AMOUNT	FAIR VALUE
Cash and cash equivalents	19	–	–	4,502,129,511	–	–	4,502,129,511	4,502,129,511
Derivative assets held for risk management	20	144,242,853	–	–	–	–	144,242,853	144,242,853
Loans and advances to banks	21	–	–	1,047,317,005	–	–	1,047,317,005	1,047,317,005
Loans and advances to customers	22	–	–	11,449,826,008	–	–	11,449,826,008	11,019,938,293
Investment in associate	23	–	–	–	–	17,597,519	17,597,519	17,597,519
Equity investments, available for sale	24	–	–	–	2,883,625,003	2,785,790	2,886,410,793	2,886,410,793
Investment securities, held to maturity	25	–	8,867,304	–	–	–	8,867,304	9,664,113
		144,242,853	**8,867,304**	**16,999,272,524**	**2,883,625,003**	**20,383,309**	**20,056,390,993**	**19,627,300,087**
Derivative liabilities held for risk management	20	88,081,376	–	–	–	–	88,081,376	88,081,376
Deposits from banks	32	–	–	–	–	2,151,361,590	2,151,361,590	2,150,090,942
Loans from banks and other financial institutions, including subordinated liabilities	33	–	–	–	–	5,047,399,708	5,047,399,708	5,026,937,105
Deposits from customers	34	–	–	–	–	10,679,747,415	10,679,747,415	10,551,018,090
		88,081,376	**–**	**–**	**–**	**17,878,508,713**	**17,966,590,089**	**17,816,127,513**

7) Net interest income

(RON)

	2010	2009
Interest income		
Interest and similar income arising from:		
Current accounts and placements with banks	70,532,338	196,811,733
Treasury bills and bonds	244,957,023	155,202,231
Loans and advances to customers	984,035,919	1,054,878,780
Others (including derivatives)	35,199,524	43,614,173
Total interest income	**1,334,724,804**	**1,450,506,917**
Interest expense		
Interest expense and similar charges arising from:		
Deposits from banks	67,283,681	56,306,808
Loans from banks and other financial institutions	211,913,967	572,618,650
Treasury bills and bonds	659,934	17,140,144
Deposits from customers	264,522,628	610,948,851
Others (including derivatives)	33,732,168	39,998,156
Total interest expense	**578,112,378**	**1,297,012,609**
Interest related effect of Swap transactions regarding refinancing lines with Group Companies	158,607,848	488,504,876
Net interest income	**915,220,274**	**641,999,184**

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 is recognized in net interest income while the effect of exchange rate revaluation is recognized in net income on foreign exchange and on derivatives held for risk management.

(8) Net fees and commissions income

(RON)

	2010	2009
Fees and commissions income		
Payments transactions	129,280,068	138,325,763
Risk participation fee (refer to Note 41)	50,846,420	76,700,894
Loan administration	37,080,467	26,803,242
Guarantees and letters of credit	16,530,935	17,786,436
Other	42,798,846	27,297,429
Total fees and commission income	**276,536,736**	**286,913,764**
Fees and commissions expense		
Payments transactions	8,570,722	7,894,813
Other	35,310,975	32,709,227
Total fees and commissions expense	**43,881,697**	**40,604,040**
Net fees and commissions income	**232,655,039**	**246,309,724**

Notes to the financial statement (Continued)

(9) Dividends income

The Bank received dividends income from the following companies:

(RON)

	2010	2009
Visa Inc.	–	14,304
Transfond SA	1,634,303	1,537,984
Romcard SA	259,364	219,699
Biroul de Credit SA	73,380	128,464
Other	–	30,312
Total dividend income	**1,967,047**	**1,930,763**

(10) Net income on foreign exchange and on derivatives at fair value through profit or loss

(RON)

	2010	2009
Net foreign exchange gain from foreign exchange transactions	150,307,016	68,521,752
Net foreign exchange gain from revaluation of foreign currency denominated assets and liabilities and from FX derivatives at fair value through profit or loss	18,922,152	275,315,095
Other foreign exchange items	10,398,133	16,096,338
Net income/(loss) from interest derivatives at fair value through profit or loss	5,244,750	(9,199,721)
Net income on foreign exchange and on derivative at fair value through profit or loss	**184,872,051**	**350,733,464**

(11) Other operating income

(RON)

	2010	2009
Revenues/(losses) from sales of financial investments*	5,961,200	(7,727,391)
Other operating revenues	11,045,744	20,751,684
Total	**17,006,944**	**13,024,293**

* The net loss on disposals of investments for the year ended 31 December 2009 contains the effect of de-recognising the gross book value of equity investments sold during the year (Apulum SA and HVB Banca pentru Locuinte SA).
* The net revenue on disposals of investments for the year ended 31 December 2010 contains the effect of selling the participation in Romcard SA.

(12) Personnel expenses

(RON)

	2010	2009
Wages and salaries	213,898,237	208,768,966
Social security charges	60,948,436	58,102,222
Equity settled share-based payments	(56,788)	810,309
Other (income)/costs	(1,316,053)	3,865,861
Total	**273,473,832**	**271,547,358**

The number of employees at 31 December 2010 was 3,007 (31 December 2009: 2,967). Remuneration of Supervisory Board's and Directorate's members for 2010 was RON 12,691,350 (2009: RON 13,796,544). The Bank 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 Bank and not by its Parent, and as a consequence, it is recognised as an employee benefit expense (please refer to Note 3 v (iii)).

(13) Depreciation and amortisation

(RON)

	2010	2009
Depreciation on property and equipment	32,068,086	36,863,266
Amortisation on intangible assets	21,988,614	14,237,146
Total	**54,056,700**	**51,100,412**

(14) Other administrative costs

(RON)

	2010	2009
Office space expenses (rental, maintenance, other)	98,764,726	101,133,301
IT services	30,924,605	24,233,360
Communication expenses	24,861,245	24,531,580
Advertising and promotional expenses	17,815,667	20,535,275
Other taxes and duties	14,332,754	14,170,779
Consultancy, legal and other professional services	11,591,044	17,817,085
Materials and consumables	8,182,290	10,996,564
Insurance expenses	2,575,995	2,196,951
Personnel training & recruiting	1,827,112	2,943,289
Other	36,169,374	30,931,557
Total	**247,044,812**	**249,489,741**

Notes to the financial statement (Continued)

(15) Net impairment losses on financial assets

(RON)

	2010	2009
Net charge of provision for loans and advances to customers*	(487,554,855)	(294,279,248)
Net charge of provision for debit balances of customers' current accounts (including for dormant current accounts)*	(5,913,461)	(22,175,646)
Losses on disposals on loans and receivables	(5,633,512)	-
Loans written-off*	(430,861)	(4,797,370)
Net charge of provisions for equity investments*	2,116,665	8,403,771
Recoveries from loans previously written-off	2,180,422	6,811,399
Net impairment losses on financial assets	**(495,235,602)**	**(306,037,094)**

The Bank has sold a portfolio of impaired retail loans with nominal value of RON 177,624,275 and following this transaction it has made a net loss in amount of RON 5,633,512.

*The net charges of provisions represent the adjustments for non-cash items in the Statement of cash flows in total amount of RON 491,782,512 at 31 December 2010 and RON 312,848,493 at 31 December 2009.

(16) Net provisions charges/(release)

(RON)

	2010	2009
Net provision (charges)/release for off-balance loan commitments and contingencies	(70,817,536)	35,325,986
Net provision (charges)/release for litigations	(4,459,624)	2,201,400
Other release/(charges) provisions	5,992,851	(4,286,484)
Net provisions for risk and charges	**(69,284,309)**	**33,240,902**

(17) Taxation

(RON)

	2010	2009
Direct taxes at 16% (2008: 16%) of taxable profits determined in accordance with Romanian law	10,000,636	39,527,035
Correction of current income tax arising from previous year	(447,624)	(5,546,991)
Deferred tax expense	23,430,913	22,411,808
Total tax expense	**32,983,925**	**56,391,852**

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

(RON)

	2010	2009
Profit before tax	**204,202,046**	**385,072,365**
Taxation at statutory rate of 16%	**32,672,327**	**61,611,578**
Non-deductible expenses	18,767,365	23,486,786
Non-taxable revenues	(19,470,520)	(24,927,160)
Tax effect of other non-temporary differences	(2,996,692)	(2,259,473)
Origination and reversal of temporary differences	4,011,445	(1,519,879)
Taxation in the income statement	**32,983,925**	**56,391,852**

(18) Cash and cash equivalents

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Balances with National Bank of Romania	2,777,725,768	4,306,612,708
Cash	120,825,037	125,370,923
Cash in ATMs	69,770,312	70,145,880
Total	**2,968,321,117**	**4,502,129,511**

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 31 December 2010, the minimum reserve level was settled as 15% (31 December 2009: 15%) for liabilities to customers in RON and 25% (31 December 2009: 25%) 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 grated 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 financial statement (Continued)

(19) Derivative assets/liabilities at fair value through profit or loss

(RON)

	2010			2009		
	NOTIONAL	PRESENT VALUE		NOTIONAL	PRESENT VALUE	
		ASSETS	LIABILITIES		ASSETS	LIABILITIES
Foreign currency derivatives						
Forward contracts	6,714,152,148	34,800,188	15,759,623	9,388,995,607	82,318,707	25,229,645
Purchased Options	421,726,649	2,692,436	–	162,801,398	83,824	–
Sold Options	422,015,046	–	2,696,821	162,801,398	–	83,824
Total foreign currency derivatives	**7,557,893,843**	**37,492,624**	**18,456,444**	**9,714,598,403**	**82,402,531**	**25,313,469**
Interest rates derivatives						
Interest Rate Swap	1,166,414,466	16,872,205	25,222,954	1,309,021,136	33,068,269	33,997,040
Purchased Options	1,296,861,223	31,931,830	–	868,315,523	28,772,053	–
Sold Options	1,305,930,716	–	31,823,236	868,315,522	–	28,770,867
Total interest rate derivatives	**3,769,206,405**	**48,804,035**	**57,046,190**	**3,045,652,181**	**61,840,322**	**62,767,907**
Total	**11,327,100,248**	**86,296,659**	**75,502,634**	**12,760,250,584**	**144,242,853**	**88,081,376**

As at 31 December 2010, the bank has non-matured SPOT foreign currency transactions as follows: notional amount RON 2,336,037,691, liability present value RON 101,787 (as at 31 December 2009: notional amount RON 3,527,225,738, liability present value RON 534,198).

The liability present value is disclosed in item "Other liabilities" of the statement of financial position.

(20) Loans and advances to banks

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Current accounts with other banks	28,679,022	74,940,883
Sight deposits with other banks	346,365,259	272,631,761
Term deposits with other banks	353,537,095	684,370,015
Loans to banks	56,396	12,798,241
Other advances to banks	5,833,759	2,576,105
Total	**734,471,531**	**1,047,317,005**

Current accounts, sight and term deposits with banks are at immediate disposal of the Bank and are not pledged as at 31 December 2010 and 31 December 2009.

(21) Loans and advances to customers

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

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Mortgages	3,704,464,021	3,301,911,662
Corporate loans	3,560,875,755	3,004,178,628
Revolving credit lines*	2,920,244,914	2,991,023,400
Impaired assets**	1,543,144,828	934,166,572
Factoring	957,849,761	539,630,130
Credit cards and personal loans	904,050,017	1,274,506,977
Loans and advances to customers before provisions	**13,590,629,296**	**12,045,417,369**
Less provision for impairment losses on loans	(929,966,873)	(595,591,361)
Net loans and advances to customers	**12,660,662,423**	**11,449,826,008**

* This category comprises credit lines for corporate customers and current account overdrafts for individuals
**Impaired assets are defined in the Note 4(c).

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

Specific allowances for impairment

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Balance at 1 January	447,713,149	124,900,613
Net impairment charge for the year	279,581,968	318,601,591
Foreign currency exchange effect	9,191,779	4,210,946
Balance at 31 December	**736,486,896**	**447,713,150**

Collective allowances for impairment

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Balance at 1 January	**147,878,212**	**164,951,600**
Net impairment charge / (release) for the year	207,972,887	(24,322,343)
Foreign Currency Exchange Effect	2,537,114	7,248,955
Debt sales	(164,908,236)	–
Balance at 31 December	**193,479,977**	**147,878,212**
Total opening balance	595,591,361	289,852,213
Total closing balance	**929,966,873**	**595,591,361**

Notes to the financial statement (Continued)

(22) Investment in associates

(RON)

	NATURE OF BUSINESS	COUNTRY OF INCORPORATION	31 DECEMBER 2010 % INTEREST HELD	31 DECEMBER 2010 CARRYING AMOUNT	31 DECEMBER 2009 % INTEREST HELD	31 DECEMBER 2009 CARRYING AMOUNT
UniCredit Leasing Corporation IFN S.A.	Leasing services	Romania	20%	3,478,947	20%	3,025,647
UniCredit Consumer Finance IFN S.A.	Consumer finance	Romania	46.06%	21,853,639	35%	14,571,872
Total				**25,332,586**		**17,597,519**

The following information is relevant and is related to the figures reported based on IFRS by the associated companies:

(RON)

	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES	REVENUES	PROFIT (LOSS)
2010					
UniCredit Leasing Corporation IFN S.A	20%	3,425,687,062	3,408,292,084	91,671,963	(21,283,952)
UniCredit Consumer Finance IFN S.A.	46.06%	571,480,136	524,034,116	50,848,351	(6,484,163)
2009					
UniCredit Leasing Corporation IFN S.A	20%	3,892,374,002	3,877,245,525	129,871,911	(6,615,911)
UniCredit Consumer Finance IFN S.A.	35%	302,965,432	261,935,249	8,368,220	(14,546,315)

(23) Investment securities, available-for-sale

As at 31 December 2010, the Bank included in investment securities, available for sale bonds, Romanian Government T-bills, Oradea bonds, Bucharest bonds, certificates of deposits issued by National Bank of Romania and bonds issued by Ministry of Public Finance in amount of RON 3,853,099,398 (31 December 2009: RON 2,883,625,003).

The movement in available for sale investment securities may be summarised as follows:

(RON)

	2010	2009
At 1 of January	**2,883,625,003**	**618,116,484**
Additions	6,034,887,133	5,029,852,481
Disposals / redemption	-5,130,437,729	-2,846,525,250
Accruals	30,045,678	42,962,752
Revaluations	34,979,313	39,218,536
At 31 December	**3,853,099,398**	**2,883,625,003**

As at 31 December 2010, the investment securities available for sale are pledged in amount of RON 39,272,390 (31 December 2009: RON 32,028,807) and the securities pledged for the repurchase transaction with the National Bank of Romania were nil as at 31 December 2010 (31 December 2009: RON 990,747,396).

(24) Equity investments, available-for-sale

The Bank held the following unlisted equity investments, available-for-sale as at 31 December 2010 and 31 December 2009:

(RON)

31 DECEMBER 2010	NATURE OF BUSINESS	% INTEREST HELD	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT
Argus SA	oil manufacturing for food industry	1.32	1,211,167	384,697	826,470
Auto Mondo Company SA	car spare and accessories	20.00	382,959	382,959	0
Biroul de Credit SA	financial activities	4.23	187,635	-	187,635
Bursa Romana de Marfuri SA	commodity exchange	0.54	56,989	56,989	0
Casa de Compensare (SNCDD SA)	other financial services	0.11	46,975	26,498	20,477
Centrul de Afaceri Roman SA	tourism activities	0.32	460	460	0
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	other credit activities	3.10	1,786,564	795,540	991,024
Pioneer Asset Managent (CAIB Asset Management S.A.I.)	financial activities	2.57	194,560	-	194,560
Pirelli Re Romania	real estate	20.00	168,000	168,000	0
Transfond SA	other financial services	8.04	1,164,862	-	1,164,862
UniCredit CAIB Securities Romania SA	financial activities	19.97	497,826	-	497,826
UniCredit Leasing Romania SA	leasing services	0.00002	14	-	14
VISA Europe Limited	Cards	0.01	37	-	37
Total			**5,698,048**	**1,815,143**	**3,882,905**

The above mentioned companies are incorporated in Romania, except VISA Europe Limited (U.K.).

(RON)

31 DECEMBER 2009	NATURE OF BUSINESS	% INTEREST HELD	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT
Romcard SA	card processing	20.00	208,962	-	208,962
Biroul de Credit SA	financial activities	4.23	187,635	-	187,635
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	other credit activities	3.10	1,786,563	795,540	991,023
Casa de Compensare (SNCDD SA)	other financial services	0.11	46,975	26,498	20,477
Transfond SA	other financial services	8.03	1,164,862	-	1,164,862
Cibela Group SRL	food industry	19.62	2,116,665	2,116,665	-
Pioneer Asset Management (CAIB Asset Management S.A.I.)	financial activities	2.57	139,450	-	139,450
UniCredit CAIB Securities Romania SA	financial activities	19.97	73,330	-	73,330
UniCredit Leasing Romania SA	leasing services	0.00002	14	-	14
Pirelli Re Romania	real estate	20.00	168,000	168,000	-
VISA Europe Limited	Cards	0.01	37	-	37
Total			**5,892,493**	**3,106,703**	**2,785,790**

Notes to the financial statement (Continued)

(25) Investment securities, held-to-maturity

At 31 December 2010, the Bank included in investment securities, held-to-maturity bonds issued by Ministry of Public Finance in amount of RON 9,010,918 (31 December 2009: RON 8,867,304 bonds issued by Ministry of Public Finance).

The movement in held-to-maturity investment securities may be summarised as follows:

(RON)

	2010	2008
At 1 of January	**8,867,304**	**8,323,355**
Additions	–	–
Disposals (redemption)	–	–
Other non-cash changes*	143,614	543,949
At 31 December	**9,010,918**	**8,867,304**

*) Other non-cash charges include the effect of the foreign exchange rate.

The investments securities held to maturity were not pledged as at 31 December 2010 and 31 December 2009.

(26) Property and equipment

(RON)

	LAND AND BUILDINGS	COMPUTERS AND EQUIPMENT	MOTOR VEHICLES	FURNITURE AND OTHER ASSETS	ASSETS IN COURSE OF CONSTRUCTION	TOTAL
Cost						
Balance at 1 January 2010	255,952,163	76,487,721	643,705	83,594,427	14,320,640	430,998,656
Additions	2,521,211	14,533,377	5,326	6,179,030	32,757,060	55,996,004
Disposals	(1,862,121)	(343,030)	–	(1,280,240)	(22,667,163)	(26,152,554)
Balance at 31 December 2010	**256,611,253**	**90,678,068**	**649,031**	**88,493,217**	**24,410,537**	**460,842,106**
Depreciation and impairment losses						
Balance at 1 January 2010	(89,532,205)	(62,235,859)	(458,886)	(33,838,975)	(1,146,086)	(187,212,011)
Charge for the year	(14,682,269)	(6,491,743)	(62,929)	(10,831,145)	–	(32,068,086)
Impairment	–	–	–	–	–	–
Other movements	1,341,242	–	–	–	–	1,341,242
Disposals	86,842	214,019	–	4,730,216	–	5,031,077
Balance at 31 December 2010	**(102,786,390)**	**(68,513,583)**	**(521,815)**	**(39,939,904)**	**(1,146,086)**	**(212,907,778)**
Carrying amounts						
At 1 January 2010	**166,419,958**	**14,251,862**	**184,819**	**49,755,452**	**13,174,554**	**243,786,645**
At 31 December 2010	**153,824,863**	**22,164,485**	**127,216**	**48,553,315**	**23,264,451**	**247,934,328**

(RON)

	LAND AND BUILDINGS	COMPUTERS AND EQUIPMENT	MOTOR VEHICLES	FURNITURE AND OTHER ASSETS	ASSETS IN COURSE OF CONSTRUCTION	TOTAL
Cost						
Balance at 1 January 2009	226,193,699	72,332,279	597,789	68,619,833	43,829,047	411,572,647
Additions	33,620,779	9,004,355	45,916	16,307,615	25,138,328	84,116,993
Disposals	(3,862,315)	(4,848,913)	–	(1,333,021)	(54,646,735)	(64,690,984)
Balance at 31 December 2009	**255,952,163**	**76,487,721**	**643,705**	**83,594,427**	**14,320,640**	**430,998,656**
Depreciation and impairment losses						
Balance at 1 January 2009	(73,270,227)	(54,487,940)	(392,610)	(25,299,003)	1,210,487	(152,239,293)
Charge for the year	(15,139,665)	(11,609,904)	(68,166)	(10,045,532)	–	(36,863,267)
Impairment*	(844,895)	–	–	–	(1,146,086)	(1,990,981)
Other movements	(3,753,163)	(33,595)	1,890	540,938	(1,210,487)	(4,454,417)
Disposals	3,475,745	3,895,580	–	964,622	–	8,335,947
Balance at 31 December 2009	**(89,532,205)**	**(62,235,859)**	**(458,886)**	**(33,838,975)**	**(1,146,086)**	**(187,212,011)**
Carrying amounts						
At 1 January 2009	**152,923,472**	**17,844,339**	**205,179**	**43,320,830**	**45,039,534**	**259,333,354**
At 31 December 2009	**166,419,958**	**14,251,862**	**184,819**	**49,755,452**	**13,174,554**	**243,786,645**

* The management performed as at 31 December 2009 an impairment test on land and buildings by using the work of an independent evaluator - Colliers International; the net impairment charge resulting from the impairment test was RON 1,990,981.

Contingent operating lease (rentals)

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Amounts payable under operational leases		
Up to twelve months	73,266,233	69,942,905
From one to five years	161,130,194	178,494,071
Over five years	68,664,399	84,821,456
Total future lease obligations	**303,060,826**	**333,258,432**

Notes to the financial statement (Continued)

(27) Intangible assets

(RON)

	INTANGIBLE ASSETS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Cost			
Balance at 1 January 2010	119,470,043	47,369,128	166,839,171
Additions	39,688,090	7,889,423	47,577,513
Balance at 31 December 2010	**159,158,133**	**55,258,551**	**214,416,684**
Amortisation and impairment losses			
Balance at 1 January 2010	(96,472,913)	–	(96,472,913)
Amortisation for the year	(21,988,614)	–	(21,988,614)
Balance at 31 December 2010	**(118,461,527)**	**–**	**(118,461,527)**
Carrying amounts			
At 1 January 2010	22,960,829	47,369,128	70,329,957
At 31 December 2010	**40,696,606**	**55,258,551**	**95,955,157**

(RON)

	INTANGIBLE ASSETS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Cost	**101,596,568**	**22,951,314**	**124,547,882**
Balance at 1 January 2009	17,873,475	40,277,253	58,150,728
Additions	–	(15,859,439)	(15,859,439)
Disposals			
Balance at 31 December 2009	**119,470,043**	**47,369,128**	**166,839,171**
Amortisation and impairment losses			
Balance at 1 January 2009	(82,272,069)	–	(82,272,069)
Amortisation for the year	(14,237,145)	–	(14,237,145)
Balance at 31 December 2009	**(96,472,913)**	**–**	**(96,472,913)**
Carrying amounts			
At 1 January 2009	**19,324,499**	**22,951,314**	**42,275,843**
At 31 December 2009	**22,960,829**	**47,369,128**	**70,329,957**

(28) Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December 2010 are attributable to the items detailed in the table below:

(RON)

	ASSETS	LIABILITIES
31 December 2010		
Loans and advances to customers	–	80,913,474
Property, equipment and intangible assets	1,449,448	431,006
Available-for-sale equity investments	562,083	–
Available for sale investment securities	–	3,404,346
Provisions	3,758,546	–
Other liabilities/accruals	23,890,666	1,537,010
Deferred tax balance at 16%	**29,660,743**	**86,285,836**

Deferred tax assets and deferred tax liabilities at 31 December 2009 are attributable to the items detailed in the table below:

(RON)

	ASSETS	LIABILITIES
31 December 2009		
Loans and advances to customers	–	44,160,676
Property, equipment and intangible assets	1,009,449	–
Available-for-sale equity investments	5,202,420	–
Available for sale investment securities	–	3,205,018
Provisions	4,754,029	–
Other liabilities/accruals	10,239,970	372,475
Deferred tax balance at 16%	**21,205,868**	**47,738,169**

Notes to the financial statement (Continued)

(29) Non current assets classified as held for sale

At 31 December 2010 the following companies were in Non current assets classified as held for sale:

(RON)

	NATURE OF BUSINESS	% INTEREST HELD	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT
Auto Mondo Company SA	Car spare and accessories	20	382,959	382,959	–
Bursa Romana de Marfuri SA	Commodity exchange	0.5487	56,989	56,989	–
Total			**439,948**	**439,948**	**–**

At 31 December 2010 Argus SA was reclassified to Available-for-sale from Non current assets classified as held for sale.

At 31 December 2009 the following companies were in Non current assets classified as held for sale:

(RON)

	NATURE OF BUSINESS	% INTEREST HELD	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT
Auto Mondo Company SA	Car spare and accessories	20	382,959	382,959	–
Bursa Romana de Marfuri SA	Commodity exchange	0.5487	56,989	56,989	–
Argus SA	Oil manufacturing for food industry	1.1607	1,122,107	656,624	465,483
Total			**1,562,055**	**1,096,572**	**465,483**

(30) Other assets

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Sundry debtors (gross amounts)	40,727,752	34,922,977
Prepayments	34,639,886	7,508,409
Other	13,820,326	21,291,696
Inventories	2,225,019	2,323,952
Amounts in transit	538,527	217,347
Total gross amounts	**91,951,510**	**66,264,381**
Less impairment for sundry debtors	(23,164,920)	(23,664,417)
Total	**68,786,590**	**42,599,964**

The Bank booked as prepayments, during 2010 and 2009: premises rents, local taxes, guarantee fund, premises insurance, bankers blanket bond, subscriptions for several publications.

(31) Deposits from banks

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Sight deposits	801,190,589	1,212,053,704
Term deposits	2,332,045,588	939,307,886
Amounts in transit*	95,636,035	117,250,457
Total	**3,228,872,212**	**2,268,612,047**

* The comparative figures for Deposits from banks and Deposits from customers were restated in these financial statements when compared to the amounts presented in the financial statements for the year ended 31 December 2009 through a reclassification of RON 117,250,457 from Deposits from customers (decrease) to Deposits from banks (increase). The amount of RON 117,250,457 represents liabilities recorded at 31 December 2009 for amounts received and unallocated at 31 December 2009 (amounts in transit). There is no effect on total liabilities at 31 December 2009.

(32) Loans from banks and other financial institutions

The caption Loans from banks comprises the following:

a. UniCredit Bank Austria AG : loans facilities in amount of EUR 180,802,941, USD 6,818,181, RON 2,436,538 in total amount of RON 3,233,091,306 (31 December 2009: RON 3,500,143,765).
b. Kreditanstalt fur Wiederaufbau Germany: loan facilities in amount of EUR 15,000,001 in total amount of RON 64,272,004, maturing on 16 June 2014 (31 December 2009: RON 81,543,860).
c. B.E.R.D.: loan facilities in amount of EUR 6,500,000 in total amount of RON 27,851,200, maturing on 19 May 2017 (31 December 2009: RON 31,711,500).
d. BANQUE EUROPENE D'INVESTISSEMENT-BEI: loan facilities in amount of EUR 3,934,837 (RON 16,859,990), maturing on 15 June 2016 (31 December 2009: RON 20,876,076).
e. The repurchase transaction with the National Bank of Romania was nil at 31 December 2010 (31 December 2009: RON 990,560,691).

Loans from banks and other financial institutions in balance as at 31 December 2010 were bearing interest rates which ranged between 1.20% and 4.09% p.a. and the final maturities ranged between July 2011 and May 2017, the maximal percentage originated with the loan received from UniCredit Bank Austria AG in RON (31 December 2009: the interest rates ranged between 0.82% and 12.48% p.a. and the final maturities ranged between February 2010 and May 2017).

Notes to the financial statement (Continued)

(33) Deposits from customers

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Payable on demand	4,610,445,051	4,400,718,662
Term deposits	5,902,054,187	5,792,689,129
Certificates of deposits	526,888	20,771
Collateral deposits	461,547,245	358,342,220
Amounts in transit*	13,663,029	10,726,176
Total	**10,988,236,400**	**10,562,496,958**

* Please refer to Note 31

(34) Subordinated loans

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
UniCredit Bank Austria AG	14,629,924	14,422,140
UniCredit Bank Austria AG	21,444,276	21,164,490
UniCredit Bank Austria AG	15,073,825	14,874,578
UniCredit Bank Austria AG	215,758,864	216,350,763
UniCredit Bank Austria AG	70,649,168	70,447,872
UniCredit Bank Ireland PLC	64,434,137	63,509,086
Total	**401,990,194**	**400,768,929**

At 31 December 2010, the following agreements were in place:

a) Subordinated loans from UniCredit Banca Austria AG are as follows: five facilities in amount of EUR 5,000,000, EUR 3,517,824, EUR 3,407,155, RON 215,730,000 and respectively RON 70,400,000 in total amount of RON 337,226,149 principal, maturing on September 2012, September 2012, August 2012, July 2013 and August 2012 respectively. (31 December 2009: the same facilities were in place). The interest rates for the above-mentioned loans during 2010 and 2009 years ranged between ROBOR + 0.5% and ROBOR +0.53% p.a. and respectively EURIBOR + 0.5% p.a. The repayment of outstanding principal and accrued interest of the above-mentioned loans is subordinated to all other obligations of the Bank.

b) UniCredit Ireland: subordinated loan facility in amount of EUR 15,000,000 in total amount of RON 64,272,000, maturing on 30 November 2015 (the same facility in 2009). The interest rate for the above-mentioned loan ranged at EURIBOR 3M + 0.81 %. The repayment of outstanding principal and accrued interest of the above-mentioned loans is subordinated to all other obligations of the Bank.

(35) Provisions

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Provision for financial guarantees (refer to Note 40)	131,711,625	62,148,550
Provision for off-balance commitments and contingencies	17,458,363	14,530,683
Provision for legal disputes	7,134,972	9,316,321
Other provisions	2,283,226	4,155,193
Total	**158,588,186**	**90,150,747**

As of 31 December 2010, the Bank calculated provisions for off balance sheet commitments and contingencies in amount of RON 17,458,363 (2009: RON 14,530,683) both for undrawn lines and for other off balance sheet credit related commitments items.

The movements in provisions during the year were as follows:

(RON)

	2010	2009
Balance at 31 December	**90,150,747**	**130,024,235**
Provision charge	108,571,205	34,066,037
Release	(39,286,897)	(67,306,939)
FX effect related to off-balance commitments	(846,869)	(6,632,586)
Balance at 31 December	**158,588,186**	**90,150,747**

Notes to the financial statement (Continued)

(36) Other liabilities

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Employee related accrual	20,752,894	24,634,988
Payable to state budget	23,010,729	21,078,066
Accruals for third party services	31,235,748	32,242,286
Amounts payable to suppliers	33,780,423	41,763,572
Lease liabilities (i)	89,481	117,274
Other	24,129,397	24,752,646
Total	**132,998,672**	**144,588,832**

(i) Lease liability

As at 31 December 2010, the Bank had leasing liabilities in amount of RON 89,481 (31 December 2009: RON 117,274), agreement concluded with UniCredit Leasing Corporation IFN S.A. representing financial leasing for tangible assets acquisition.

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Amounts payable under finance leases		
Up to twelve months	42,215	47,151
From one to five years	51,225	80,058
Less: future interest payments	**(3,959)**	**(9,935)**
Present value of lease obligations	**89,481**	**117,274**

(37) Issued capital

The statutory share capital of the Bank as at 31 December 2010 is represented by 40,760,784 ordinary shares (31 December 2009: 40,760,784 ordinary shares) having a face value of RON 9.30 each. The shareholders of the Bank are as follows:

(RON)

	31 DECEMBER 2010 %	31 DECEMBER 2009 %
UniCredit Bank Austria AG	50.55884	50.55884
Redrum International Investments B.V	24.83104	24.83104
Vesanio Trading Ltd	20.22869	20.22869
Bank Austria – CEE BeteiligungsgmbH	0.01329	0.01329
Arno Grundstucksverwaltungs Gesellschaft m.b.H	0.01329	0.01329
Beteiligungsverwaltungsgesellschaft der Bank Austria Creditanstalt Leasing GmbH	0.01329	0.01329
Bank Austria Creditanstalt Leasing GmbH	0.01329	0.01329
Other shareholders	4.32826	4.32826
Total	**100.00**	**100.00**

The reconciliation of share capital under IFRS and Romanian Accounting Standards is presented below:

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Statutory share capital	379,075,291	379,075,291
Effect of hyperinflation – IAS 29	722,528,775	722,528,775
Share capital under IFRS	**1,101,604,066**	**1,101,604,066**

Notes to the financial statement (Continued)

(38) Reserves

The breakdown of reserves is presented below:

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Statutory general banking risks	115,785,348	115,785,348
Statutory legal reserve	78,723,680	78,723,680
Effect of hyperinflation – IAS 29	19,064,495	19,064,495
Total	**213,573,523**	**213,573,523**

Reserves for general banking risks include amounts set aside for future losses and other unforeseen risks or contingencies. These reserves are not distributable.

Statutory reserves represent accumulated transfers from retained earnings in accordance with relevant local banking regulations. These reserves are not distributable.

Local legislation requires 5% of the Bank's net profit to be transferred to a non-distributable statutory reserve until such time this reserve represents 20% of the Bank's statutory share capital.

(39) Related party transactions

The Bank entered into a number of banking transactions with UniCredit S.p.A (Italy) and with members of the UniCredit Group (UniCredit Bank Austria AG, HVB Bank, UniCredit Leasing S.A., Istraturist UMAG, Cassamarca SPA, Bulbank A.D., Banca de Sabadell SA, 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. The following transactions were carried out with UniCredit Italiano S.p.A, UniCredit Bank Austria AG and its subsidiaries:

(RON)

31 DECEMBER 2010	PARENT COMPANY	ASSOCIATES	OTHER RELATED PARTIES
Financial assets held for trading on derivative contracts	–	–	32,966,411
Current accounts and deposits to banks	17,998,421	–	5,083,683
Loans to banks	–	–	312,253
Loans to customers	–	116,374,379	23,663,457
Other assets	1,386,296	36,009,942	18,623,008
Outstanding receivables	**19,384,717**	**152,384,321**	**80,648,812**
Financial liabilities held for trading on derivative contracts			48,105,981
Current accounts	5,922,663	11,674,078	42,153,103
Deposit attracted	1,934,259,898	806,483,388	330,515,503
Loans received	3,244,287,805	–	115,438
Subordinated liabilities	337,556,057	–	64,434,137
Other liabilities			1,870,251
Outstanding payables	**5,522,026,423**	**818,157,466**	**487,194,413**
Interest and similar income	252,832	18,263,493	8,098,378
Interest income and similar revenues on derivative instruments	–	434,133	5,022,890
Interest expenses and similar charges	(235,848,038)	(14,354,618)	(11,860,981)
Interest expense and similar charges on derivative instruments	–	(101,662)	(23,075,701)
Commission income	193,117	179,876	55,658,857
Commission expense	(2,644,562)	(1,212)	(460,992)
Management fees	761,789	–	2,537,545
Other operating income	1,386,296	–	12,235,959
Administration costs: general and administrative expenses - other			(33,764,350)
Net expense	**(235,898,566)**	**4,420,011**	**14,391,605**

Notes to the financial statement (Continued)

31 DECEMBER 2009	PARENT COMPANY	ASSOCIATES	OTHER RELATED PARTIES
Financial assets held for trading on derivative contracts		1,460,660	52,570,302
Current accounts and deposits to banks	46,203,274		240,053,391
Loans to banks			
Loans to customers	–	159,659,687	21,572,958
Other assets		22,030,050	6,739,623
Total assets	**46,203,274**	**183,150,397**	**320,936,274**
Financial liabilities held for trading on derivative contracts	–	–	57,934,123
Current accounts	(3,706,690)	1,851,168	75,504,088
Deposit attracted	–	1,017,247,759	1,143,577,134
Loans received	3,521,452,847	–	
Subordinated liabilities	337,259,843	–	63,509,086
Other liabilities	–	–	18,995,386
Total liabilities	**3,855,006,000**	**1,019,098,927**	**1,359,519,817**
Interest and similar income	47,888	7,817,762	20,798,410
Interest income and similar revenues on derivative instruments	–	103,521	4,256,182
Interest expenses and similar charges	(575,134,862)	(33,359,935)	(29,795,879)
Interest expense and similar charges on derivative instruments	–	–	(19,659,664)
Commission income	–	–	67,120,617
Commission expense	1,848,631	480	162,205
Management fees	2,574,891	–	2,911,795
Other operating income	2,598,507	–	5,690,737
Administration costs: general and administrative expenses - other	(1,608)	–	(27,502,504)
Net expense	**(568,066,553)**	**(25,438,172)**	**23,981,899**

Net gain from derivatives held for risk management concluded with UniCredit Group entities amounts to RON equivalent 158,623,530 during 2010 (RON equivalent 264,188,373 during 2009).

Transactions with key management personnel

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

(RON)

Balance at 31 December	2010	2009
Loans	2,455,090	3,320,309
Current accounts and deposits	6,339,164	4,084,437
Interest and similar income	74,600	946,800
Interest expenses and similar charges	(168,181)	(290,537)
Total	**8,700,673**	**8,061,009**

No provisions have been recognised in respect of loans given to related parties (2009: nil)

(RON)

	2010	2009
Key management compensation	12,691,350	13,796,544
Total	**12,691,350**	**13,796,544**

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 programme.

(40) Commitments and contingencies

At any time the Bank 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 Bank 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 recognised at the end of reporting period if counterparties failed completely to perform as contracted.

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Loan commitments	1,111,929,167	734,314,510
Letters of credit	59,948,972	61,930,868
Guarantees issued	4,832,078,556	6,033,582,767
Total	**6,003,956,695**	**6,829,828,145**

The Bank 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 Bank is obliged to indemnify UniCredit Bank Austria AG. The total amount of such risk participation agreements in force as at 31 December 2010 is EUR 751,260,133, USD 88,333,333 and CHF 6,195,275 (31 December 2009 is EUR 963,298,129, USD 116,067,712 and CHF 7,014,834).

The Bank concluded with UniCredit Bank Austria AG a series of novation contracts through which loan contracts initially concluded by the Bank with Romanian companies were transferred to UniCredit Bank Austria AG in exchange for full reimbursement of borrowers' due to the Bank. According to these novation contracts the Bank 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 Bank is obliged to indemnify UniCredit Bank Austria AG.(refer to Note 3(j)(ii)).

The novation contracts concluded with UniCredit Bank Austria AG relates to one entity and their total value is EUR 44,906,358 (31 December 2009: EUR 65,497,547).

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

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 Bank defers the commissions collected upfront from the risk participation agreements over the time period that remains until the maturity of the facilities.

As at 31 December 2010 the Bank was involved in several litigations for which the probable total claims estimated by the Bank's lawyers amounted to RON 19,913,905 (31 December 2009: RON 39,838,050). The Bank, based upon legal advice, has assessed that a provision amounting to RON 7,134,972 as at 31 December 2010 (2009: RON 9,316,321) is necessary to be booked for these claims.

Notes to the financial statement (Continued)

(41) Reconciliation of profit under IFRS and Romanian Accounting Standards as stipulated in Order 13/2008

The financial statements of the Bank prepared in accordance with NBR Order 13/2008 have been approved today together with IFRS financial statements.

(RON)

	2010	2009
Net profit under Romanian Accounting Standards	**57,169,053**	**235,499,318**
Cancellation of statutory impairment on AFS investment securities	(27,964,891)	(33,521,980)
IFRS impairment losses on loans	256,516,333	106,829,647
IFRS provisions for off-balance sheet contingent items	(53,027,555)	35,325,986
HTM foreign currency revaluation	(117,980)	1,784,918
Deferred tax impact during the period	(24,362,913)	(22,411,808)
Loss on associate investment – IAS 28, Investments in Associates	(9,875,025)	(6,414,392)
Impairment on buildings	(44,373)	(7,599,424)
Derecognition of interest on arrears	(24,872,535)	–
Difference of impairment on equity investments (IAS 29)	–	1,248,887
Other IFRS adjustments	(2,201,993)	17,939,361
Net profit after tax under IFRS	**171,218,121**	**328,680,513**

(42) Reconciliation of equity under IFRS and Romanian Accounting Standards

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Equity under Romanian Accounting Standards	**2,059,097,575**	**2,001,928,522**
Effect of hyperinflation on share capital – IAS 29, Financial Reporting in Hyperinflationary Economies	722,528,774	722,528,774
Effect of hyperinflation on reserves – IAS 29, Financial Reporting in Hyperinflationary Economies	19,064,495	19,064,495
Fair value adjustments of available-for-sale on reserve	(639,259)	(35,618,572)
Deferred tax effect recognised in equity	102,281	5,698,972
Accounting for investment in associates impact on retained earnings – IAS 28, Investments in Associates	(17,783,610)	(7,908,586)
All IFRS adjustments impact on retained earnings, including IAS 29, Financial Reporting in Hyperinflationary Economies hyperinflation	(528,086,576)	(627,746,882)
IFRS adjustments impact on net profit for the year	123,924,092	99,660,305
Equity under IFRS	**2,378,207,772**	**2,177,607,028**

(43) Subsequent events

No significant events or transactions occurred subsequent to the balance-sheet date to be reported in these financial statements

Proforma Consolidated Financial Information

prepared based on the requirements of the IFRS

Proforma consolidated statement of comprehensive income

for the year ended 31 December 2010

(RON)

	NOTE	2010	2009
Interest income		1,574,690,783	1,681,806,665
Interest expense		(662,294,579)	(1,400,664,601)
Interest related effect of swap transactions related to refinancing lines with Group companies		158,607,848	488,504,876
Net interest income	**3**	**1,071,004,052**	**769,646,940**
Fee and commission income		292,723,111	298,751,079
Fee and commission expense		(44,668,439)	(40,666,338)
Net fee and commission income	**4**	**248,054,672**	**258,084,741**
Dividends income		1,967,047	1,930,763
Net income on foreign exchange and on derivatives at fair value through profit and loss		189,005,857	347,593,915
Net gains on financial assets available for sale		11,463,892	8,798,821
Other operating income		17,013,704	17,529,093
Operating income		**1,538,509,224**	**1,403,584,273**
Personnel expenses	5	(308,195,823)	(304,231,787)
Depreciation and amortisation	6	(57,533,970)	(54,119,105)
Other administrative costs	7	(281,639,115)	(277,983,823)
Other operating costs		(49,507,503)	(25,713,784)
Operating expenses		**(696,876,411)**	**(662,048,499)**
Net impairment loss on financial assets		(593,565,615)	(388,567,188)
Impairment on tangible and intangible assets		(2,945,602)	(20,845,917)
Net provision (charges)/release		69,284,309	33,240,902
Profit before taxation		**175,837,287**	**365,363,571**

The accompanying notes from pages 143 to 157 form an integral part of the proforma consolidated financial information.

(RON)

	NOTE	2010	2009
Income tax expense		(30,808,002)	(55,623,842)
Net profit for the year		**145,029,285**	**309,739,729**
Other comprehensive income			
Net change in reevaluation reserve for available-for-sale financial assets (net of deferred tax)		29,382,623	32,943,570
Other comprehesive income for the year, net of income tax		**29,382,623**	**32,943,570**
Total comprehensive income for the year		**174,411,908**	**342,683,299**
Profit attributable to:			
Equity holders of the Bank		170,028,730	327,163,599
Non-controlling interest		(24,999,445)	(17,423,870)
Total net profit		**145,029,285**	**309,739,729**
Total comprehensive income attributable to:			
Equity holders of the Bank		199,411,353	360,107,169
Non-controlling interest		(24,999,445)	(17,423,870)
Total comprehensive income		**174,411,908**	**342,683,299**

The proforma consolidated financial information was acknowledged by the Management Board on 22 February 2011 and were signed on its behalf by:

Mr. Rasvan Radu
Chief Executive Officer

Mr. Stanislav Georgiev
Chief Financial Officer

Proforma consolidated statement of financial position

at 31 December 2010

Assets

(RON)

	NOTE	31 DECEMBER 2010	31 DECEMBER 2009
Cash and cash equivalents		2,968,329,398	4,502,133,231
Derivative assets at fair value through profit and loss		86,296,659	142,782,255
Loans and advances to banks	8	730,764,387	1,047,317,006
Loans and advances to customers	9	15,627,303,665	14,280,844,342
Investment securities, available-for-sale		3,853,099,398	2,883,625,003
Equity investments, available for sale		3,882,905	2,785,790
Investments securities, held to maturity		9,010,918	8,867,304
Property and equipment		250,003,135	245,877,040
Intangible assets		105,416,641	75,950,035
Current tax assets		21,003,763	-
Deferred tax assets		34,921,792	25,585,692
Non current assets classified as held for sale		-	465,483
Other assets		137,814,636	204,237,020
TOTAL ASSETS		**23,827,847,297**	**23,420,470,201**

Liabilities

(RON)

	NOTE	31 DECEMBER 2010	31 DECEMBER 2009
Derivative liabilities at fair value through profit and loss		75,502,634	88,081,376
Deposits from banks*	10	3,228,872,212	2,268,612,047
Loans from banks and other financial institutions	11	6,971,177,367	8,450,504,079
Deposits from customers*	12	10,170,100,207	9,543,062,198
Subordinated liabilities		495,754,194	493,789,329
Provisions	13	158,588,186	90,150,747
Current tax liabilities		92,708	8,215,646
Deferred tax liabilities		86,285,836	47,738,169
Other liabilities		236,575,667	218,341,639
TOTAL LIABILITIES		**21,422,949,011**	**21,208,495,230**

* Please refer to note 12 regarding restatement of 2009 financial data.

Equity

(RON)

	NOTE	31 DECEMBER 2010	31 DECEMBER 2009
Share capital	14	1,101,604,066	1,101,604,066
Retained earnings		1,060,626,528	890,597,798
Reserve on available for sale financial assets		(536,978)	(29,919,601)
Other reserves		213,596,542	213,596,542
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**2,375,290,158**	**2,175,878,805**
Non-controlling interest		29,608,128	36,096,166
TOTAL EQUITY		**2,404,898,286**	**2,211,974,971**
TOTAL LIABILITIES AND EQUITY		**23,827,847,297**	**23,420,470,201**

The proforma consolidated financial information was acknowledged by the Management Board on 22 February 2011 and were signed on its behalf by:

Mr. Rasvan Radu
Chief Executive Officer

Mr. Stanislav Georgiev
Chief Financial Officer

Proforma consolidated statement

for the year ended 31 December 2010

(RON)

	SHARE CAPITAL	RESERVE ON AVAILABLE FOR SALE FINANCIAL ASSETS	OTHER RESERVES	RETAINED EARNINGS*	TOTAL PARENT EQUITY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 31 December 2009	**1,101,604,066**	**(29,919,601)**	**213,596,542**	**890,597,798**	**2,175,878,805**	**36,096,166**	**2,211,974,971**
Total comprehensive income for the period							
Net profit for the year	–	–	–	170,028,730	170,028,730	(24,999,445)	**145,029,285**
Other comprehensive income, net of income tax							
Net change in available-for-sale financial assets, net of tax	–	29,382,623	–	–	29,382,623	–	**29,382,623**
Total comprehensive income for the period	**–**	**29,382,623**	**–**	**170,028,730**	**199,411,353**	**(24,999,445)**	**174,411,908**
Transactions with owners, recorded directly in equity							
Net increase in equity attributable to non-controlling interest	–	–	–	–	–	18,511,407	**18,511,407**
Balance at 31 December 2010	**1,101,604,066**	**(536,978)**	**213,596,542**	**1,060,626,528**	**2,375,290,158**	**29,608,128**	**2,404,890,286**

Proforma consolidated statement

for the year ended 31 December 2010

(RON)

	SHARE CAPITAL	RESERVE ON AVAILABLE FOR SALE FINANCIAL ASSETS	OTHER RESERVES	RETAINED EARNINGS*	TOTAL PARENT EQUITY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 31 December 2008	**1,101,604,066**	**(62,863,171)**	**213,596,542**	**563,434,199**	**1,815,771,636**	**12,126,200**	**1,827,897,836**
Total comprehensive income for the period							
Net profit for the year	–	–	–	327,163,599	327,163,599	(17,423,870)	**309,739,729**
Other comprehensive income, net of income tax							
Net change in available-for-sale financial assets, net of tax	–	32,943,570	–	–	32,943,570	–	**32,943,570**
Total comprehensive income for the period	**–**	**32,943,570**	**–**	**327,163,599**	**360,107,169**	**(17,423,870)**	**342,683,299**
Transactions with owners, recorded directly in equity							
Net increase in equity attributable to non-controlling interest	–	–	–	–	–	41,393,836	**41,393,836**
Balance at 31 December 2009	**1,101,604,066**	**(29,919,601)**	**213,596,542**	**890,597,798**	**2,175,878,805**	**36,096,166**	**2,211,974,971**

Proforma consolidated statement of cash flows

for the year ended 31 December 2010

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Operating activities		
Profit before taxation	**175,837,286**	**365,363,571**
Adjustments for non-cash items:		
Depreciation and amortisation and impairment on tangible and intangible assets	57,819,584	55,693,054
Net charge of provision for impairment on financial assets	629,541,775	395,378,587
Change in fair value of derivatives at fair value through profit and loss	9,875,025	(182,316,656)
Other items for which the cash effects are investing or financing and non–cash items	(6,044,355)	(51,006,341)
Operating profit before changes in operating assets and liabilities	**867,029,315**	**583,112,215**
Change in operating assets:		
Increase in investment securities available-for-sale	(904,449,404)	(2,183,327,231)
Decrease in loans and advances to banks	235,078,336	169,987,601
Increase in loans and advances to customers	(2,230,698,843)	(36,005,067)
(Increase)/decrease in other assets	(7,923,051)	18,596,241
Change in operating liabilities:		
Increase in deposits from banks	1,266,514,149	758,506,020
Increase in deposits from customers	250,684,715	1,388,693,166
Increase in other liabilities	14,328,795	20,486,198
Income tax paid	(38,703,820)	(32,559,023)
Cash flows generated from operating activities	**(548,139,808)**	**687,490,120**
Investing activities		
Acquisition of property and equipment	(86,948,361)	(69,318,199)
Acquisition in equity investments available for sale	(2,446,246)	–
Proceeds from sale of equity investments available for sale	5,945,940	4,237,715
Dividends received	1,967,047	1,930,763
Cash flows used in investing activities	**(81,481,620)**	**(63,149,721)**

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Financing activities		
Repayments of loans from financial institutions	(2,216,698,147)	(1,210,073,835)
Drawdowns from loans from financial institutions	1,675,021,841	1,943,881,005
Cash flows used in financing activities	**(541,676,306)**	**733,807,170**
Net increase/(decrese) in cash and cash equivalents	**(1,171,297,734)**	**(1,358,147,569)**
Cash and cash equivalents at 1 January	**5,539,060,103**	**4,180,912,534**
Cash and cash equivalents at 31 December	**4,367,762,369**	**5,539,060,103**
Cash flow form operating activities include:	**2010**	**2009**
Interest received	1,584,811,865	1,740,142,223
Interest paid	545,373,469	1,200,091,532

Notes to the Proforma Consolidated Financial Information

(1) Reporting entity

The UniCredit Tiriac Bank Group (the “Group”) for the purpose of this proforma consolidated financial information consists of UniCredit Tiriac Bank S.A. (the “Bank”), UniCredit Leasing Corporation IFN S.A. (“UCLC”) and UniCredit Consumer Financing IFN S.A. (“UCFIN”).

UniCredit Tiriac Bank S.A. (the “Bank”), having its current registered office at 23-25 Ghetarilor Street, 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 Leasing Corporation IFN S.A., having its current registered office at 25, Nicolae Caramfil Street, District 1, Bucharest, Romania, provides financial lease services to corporate and individual clients and is controlled by UniCredit Leasing S.p.A (Italy).

UniCredit Consumer Financing IFN S.A., having its current registered office at 59, Gr Alexandrescu Street, District 1, Bucharest, Romania, provides consumer finance loans to individual clients and is controlled by UniCredit Family Financing Bank S.p.A. (Italy).

(2) Basis of preparation

The Bank holds a 20% investment in UniCredit Leasing Corporation IFN S.A. as at 31 December 2010 and 31 December 2009. UniCredit Tiriac Bank S.A. holds a 46.06% investment in UniCredit Consumer Financing IFN S.A. as at 31 December 2010 and was holding 35% at 31 December 2009.
In order to provide an enhanced understanding of the financial position and performance of its operations for the Romanian market, the Group has prepared the proforma consolidated financial information, using the line-by-line consolidation of:

- the financial statements prepared by UniCredit Tiriac Bank S.A. as at 31 December 2010 and 31 December 2009 in accordance with the International Financial Reporting Standards ("IFRS") as endorsed by EU legislation.
- the group reporting package prepared by UniCredit Leasing Corporation IFN S.A. as at 31 December 2010 and 31 December 2009 in conformity with the International Financial Reporting Standards as endorsed by EU Legislation as illustrated in the UniCredit accounting policies and instructions.
- the group reporting package prepared by UniCredit Consumer Financing IFN S.A. as at 31 December 2010 and 31 December 2009 in conformity with the International Financial Reporting Standards as endorsed by EU Legislation as illustrated in the UniCredit accounting policies and instructions.

In its separate IFRS financial statements, UniCredit Tiriac Bank S.A. treated UCLC and UCFIN as associated entities using the equity method in accordance with IAS 28, Investments in associates.
Each company included in the proforma consolidation has prepared its financial information and has applied them consistently to all periods presented in accordance with accounting policies based on International Financial Reporting Standards as endorsed by EU legislation.

3) Net interest income

(RON)

	2010	2009
Interest income		
Interest and similar income arising from:		
Current accounts and placements with banks	57,811,445	196,776,573
Treasury bills and bonds	244,957,023	155,202,231
Loans and advances to customers	1,236,722,791	1,286,213,688
Others (including derivatives)	35,199,524	43,614,173
Total interest income	**1,574,690,783**	**1,681,806,665**
Interest expense		
Interest expense and similar charges arising from:		
Deposits from banks	(67,283,681)	(22,946,871)
Loans from banks and other financial institutions	(295,921,465)	(709,193,786)
Treasury bills and bonds	(659,934)	(17,140,144)
Deposits from customers	(264,522,628)	(611,385,644)
Others (including derivatives)	(33,906,871)	(39,998,156)
Total interest expense	**(662,294,579)**	**(1,400,664,601)**
Interest related effect of Swap transactions regarding refinancing lines with Group Companies	158,607,848	488,504,876
Net interest income	**1,071,004,052**	**769,646,940**

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 is recognized in net interest income while the effect of exchange rate revaluation is recognised in net income on foreign exchange and on derivatives at fair value through profit and loss.

(4) Net fees and commissions income

(RON)

	2010	2011
Fees and commissions income		
Payments transactions	129,100,192	138,325,763
Loan administration	45,563,709	32,187,092
Guarantees and letters of credit	16,530,935	17,786,436
Risk participation fee	50,846,420	76,700,894
Other	50,681,855	33,750,894
Total fees and commission income	**292,723,111**	**298,751,079**
Fees and commissions expense		
Payments transactions		(7,720,271)
Other	(35,532,831)	(32,946,067)
Total fees and commissions expense	**(44,668,439)**	**(40,666,338)**
Net fees and commissions income	**248,054,672**	**258,084,741**

(5) Personnel expenses

(RON)

	2010	2009
Wages and salaries	238,481,796	233,040,952
Social security charges	68,537,417	64,777,392
Equity settled share-based payments	(29.181)	887,195
Other costs	1,205,791	5,526,248
Total	**308,195,823**	**304,231,787**

The number of employees of the Group at 31 December 2010 was 3.285 (31 December 2009: 3.212).

(6) Depreciation and amortisation

(RON)

	2010	2009
Depreciation on property and equipment	33,397,925	38,792,221
Amortisation on intangible assets	24,136,045	15,326,884
Total	**57,533,970**	**54,119,105**

(7) Other administrative costs

(RON)

	2010	2009
Office space expenses (rental, maintenance, other)	105,840,035	106,965,749
Other	41,611,382	34,216,905
IT services	35,011,682	29,690,296
Consultancy, legal and other professional services	20,513,474	25,796,661
Communication expenses	26,103,142	25,707,358
Advertising and promotional expenses	23,425,907	24,199,358
Other taxes and duties	14,332,754	14,170,779
Materials and consumables	8,805,141	11,403,057
Personnel training & recruiting	3,123,893	3,478,978
Insurance expenses	2,871,705	2,354,682
Total	**281,639,115**	**277,983,823**

(8) Loans and advances to banks

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Current accounts with other banks	28,679,022	74,731,363
Sight deposits with other banks	346,365,259	272,631,761
Term deposits with other banks	349,829,951	684,579,535
Loans to banks	56,396	12,798,242
Other advances to banks	5,833,759	2,576,105
Total	**730,764,387**	**1,047,317,006**

Current accounts, sight and term deposits with banks are at immediate disposal of the Group and are not pledged as at 31 December 2010 and 31 December 2009.

(9) 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 statement of financial position date by type of loan was as follows:

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Revolving credit lines	2,920,244,914	2,991,023,400
Mortgages	3,704,464,021	3,301,911,662
Credit cards and personal loans	1,460,000,114	1,536,228,179
Factoring	957,849,761	539,630,130
Corporate loans	3,431,686,406	2,844,518,941
Impaired assets*	1,543,144,828	1,180,796,761
Financial leases	2,742,070,774	2,585,998,599
Loans and advances to customers before provisions	**16,759,460,818**	**14,980,107,672**
Less provision for impairment losses on loans	(1,132,157,153)	(699,263,330)
Net loans and advances to customers	**15,627,303,665**	**14,280,844,342**

*Impaired assets are defined as loans for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s).

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

Specific allowances for impairment

(RON)

	2010	2009
Balance at 1 January	**528,831,543**	**144,429,532**
Net impairment for the year	360,003,768	380,191,067
Foreign exchange effect	9,347,179	4,210,944
Balance at 31 December	**898,182,490**	**528,831,543**

Collective allowances for impairment

(RON)

	2010	2009
Balance at 1 January	**170,431,786**	**165,576,024**
Net impairment charge / (release) for the year	225,862,839	(2,393,192)
Foreign exchange effect	2,588,274	7,248,955
Debt sales	(164,908,236)	–
Balance at 31 December	**233,974,663**	**170,431,787**
Total opening balance	**699,263,329**	**310,005,556**
Total closing balance	**1,132,157,153**	**699,263,330**

(10) Deposits from banks

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Sight deposits	801,190,589	1,212,053,704
Term deposits	2,332,045,588	939,307,886
Amounts in transit	95,636,035	117,250,457
Total	**3,228,872,212**	**2,268,612,047**

(11) Loans from banks and other financial institutions

The caption Loans from banks and other financial institutions comprises the following:

(i) for the loans borrowed by the Bank:

a) UniCredit Bank Austria AG : loans facilities in amount of EUR 180,802,941, USD 6,818,181, RON 2,436,538 in total amount of RON 3,233,091,306 (31 December 2009: RON 3,500,143,765).

b) Kreditanstalt fur Wiederaufbau Germany: loan facilities in amount of EUR 15,000,001 in total amount of RON 64,272,004, maturing on 16 June 2014 (31 December 2009: RON 81,543,860).

c) B.E.R.D.: loan facilities in amount of EUR 6,500,000 in total amount of RON 27,851,200, maturing on 19 May 2017 (31 December 2009: RON 31,711,500).

d) BANQUE EUROPENNE D'INVESTISSEMENT-BEI loan facilities in amount of EUR 3,934,837 (RON 16,859,990), maturing on 15 June 2016 (31 December 2009: RON 20,876,076).

(ii) for the loans borrowed by the UCLC:

a) UniCredit Bank Austria AG: loans facilities amount of EUR 594,553,934, out of which 90% maturing in 2013; USD 36,559,516 out of which USD 17,132,734 maturing in 2019 and USD 15,184,368 maturing in 2011, the rest maturing in 2013 and 2014. Also UCLC has a subordinated loan amount of EUR 22,000,000.

b) European Investment Bank: loan facilities amount of EUR 42,555,555, last repayment date November 2014. (31 December 2009: EUR 49,000,000).

c) Central European Bank: loans facilities amount of EUR 89,986,146, out of which EUR 50,000,000 maturing till 2017, and EUR 39,986,146 maturing till 2019.

(iii) for the loans borrowed by the UCFIN:

a) Credit line from UniCredit S.p.A:. 223,297,955 RON

b) UniCredit Bank Austria AG : loans facilities in amount of 178,473,328 RON.

(12) Deposits from customers

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Payable on demand	4,552,910,679	4,383,043,515
Term deposits	5,141,452,366	4,790,929,515
Certificates of deposits	526,888	20,771
Collateral deposits	461,547,245	358,342,221
Amounts in transit*	13,663,029	10,726,176
Total	**10,170,100,207**	**9,543,062,198**

* The comparative figures for Deposits from banks and Deposits from customers were restated in these financial statements when compared to the amounts presented in the financial statements for the year ended 31 December 2009 through a reclassification of RON 117,250,457 from Deposits from customers (decrease) to Deposits from banks (increase). The amount of RON 117,250,457 represents liabilities recorded at 31 December 2009 for amounts received and unallocated at 31 December 2009 (amounts in transit). There is no effect on total liabilities at 31 December 2009.

(13) Provisions

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Provision for off-balance commitments and contingencies	17,458,363	14,530,683
Provision for financial guarantees	131,711,625	62,148,550
Provision for litigations	7,134,972	9,316,321
Other provisions	2,283,226	4,155,193
Total	**158,588,186**	**90,150,747**

The movements in provisions during the year was as follows:

(RON)

	2010	2009
Balance at 1 January	**90,150,747**	**130,024,235**
Provision charge for the year	108,571,205	34,066,037
Release for the year	(39,286,897)	(67,307,139)
FX effect related to off-balance commitments	(846,869)	(6,632,386)
Balance at 31 December	**158,588,186**	**90,150,747**

(14) Share capital

The issued capital consists of the share capital of the Bank. The statutory share capital of the Bank as at 31 December 2010 is represented by 40,760,784 ordinary shares (31 December 2009: 40,760,784 ordinary shares) having a face value of RON 9.30 each. After the merger which took place on 31st of May 2007, the shareholders of the Bank are as follows:

	31 DECEMBER 2010 %	31 DECEMBER 2009 %
UniCredit Bank Austria AG	50.55884	50.55884
Redrum International Investments B.V	24.83104	24.83104
Vesanio Trading Ltd	20.22869	20.22869
Bank Austria – CEE BeteiligungsgmbH	0.01329	0.01329
Arno Grundstucksverwaltungs Gesellschaft m.b.H	0.01329	0.01329
Beteiligungsverwaltungsgesellschaft der Bank Austria Creditanstalt Leasing GmbH	0.01329	0.01329
Bank Austria Creditanstalt Leasing GmbH	0.01329	0.01329
Other shareholders with holdings below 1%	4.32826	4.32826
Total	**100.00**	**100.00**

The reconciliation of share capital under IFRS and Romanian Accounting Standards is presented below:

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Statutory share capital	379,075,291	379,075,291
Effect of hyperinflation – IAS 29	722,528,775	722,528,775
Share capital under IFRS	**1,101,604,066**	**1,101,604,066**

(15) Related party transactions

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

The following transactions were carried out with UniCredit Italiano S.p.A, UniCredit Bank Austria AG and its subsidiaries:

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Derivative assets at fair value through profit and loos	32,966,411	54,030,962
Current accounts and deposits to banks	23,082,104	286,256,665
Loans to customers	23,663,457	21,395,550
Other assets	22,340,480	4,615,701
Total assets	**102,052,452**	**366,298,878**
Derivative liabilities at fair value through profit and loss	48,105,981	57,934,123
Current accounts	48,075,766	73,645,807
Deposits attracted	2,666,546,684	1,178,054,935
Loans received	6,369,764,302	7,080,971,156
Subordinated liabilities	402,197,075	493,789,329
Other liabilities*	1,939,366	16,524,930
Total liabilities	**9,536,629,174**	**8,900,920,280**

(RON)

	31 DECEMBER 2010	31 DECEMBER 2009
Interest income	8,425,810	21,314,297
Interest income and similar revenues on derivative instruments	5,022,890	4,359,703
Interest expense	(260,438,016)	(740,983,842)
Interest expense and similar charges on derivative instruments	(23,075,701)	(20,096,457)
Commission income	55,852,923	65,243,861
Fee and commission expense	(3,105,554)	(2,019,126)
Management fees	(3,299,334)	(5,486,686)
Other operating income	13,622,255	8,289,244
Net expense	**(206,994,727)**	**(669,379,006)**

The Bank 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 Bank is obliged to indemnify UniCredit Bank Austria AG under certain conditions. The total amount of such risk participation agreements in force as at 31 December 2010 is EUR 751,260,133, USD 88,333,333 and CHF 6,195,275 (31 December 2009 is EUR 963,298,129, USD 116,067,712 and CHF 7,014,834).


For whatever life brings

Additional Information

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Bucuresti
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B-dul Iuliu Maniu, nr. 492, sector 6

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Sucursala "Rosetti"
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Agentia "Metro Voluntari"
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Sos. Afumati, DN, Voluntari

Agentia "Prosper"
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Sucursala "Lizeanu"
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Bucuresti
Sos. Bucuresti-Ploiesti, km 16.5

Sucursala "Pipera"
Bucuresti
Str. Frasani, nr. 1-3, Pipera - Voluntari

Sucursala "Dorobanti"
Bucuresti
Str. Av. Radu Beller, nr. 3-7, sector 1

Sucursala "Herastrau"
Bucuresti
Str. Ghetarilor, nr. 23-25, sector 1

Sucursala "Magheru"
Bucuresti
B-dul Magheru, nr.24, sector 1

Sucursala "Charles de Gaulle"
Bucuresti
P-ta Charles de Gaulle, nr.15, sector 1

Agentia Metro Baneasa
Bucuresti
Sos. Bucuresti-Ploiesti, nr. 44D, sector 1

Agentia "Perla"
Bucuresti
Calea Dorobanti, nr.102-110, bl.2, sector 1

Sucursala "Chitila"
Bucuresti
Sos. Banatului, nr. 14, sector 1

Sucursala "Doamna Ghica"
Bucuresti
Str. D-na Ghica, nr. 6, bl. 3, sector 2

Sucursala "Aviatiei"
Bucuresti
Sos. Pipera, nr. 35, bl. 5B, parter, sector 1

Sucursala "Alba Iulia"
Bucuresti
B-dul Unirii, nr. 80, bl. J1, tronson 1, sector 3

Sucursala "13 Septembrie"
Bucuresti
Calea 13 Septembrie, nr. 106, bl.50, parter, sector 5

Sucursala "Unirea"
Bucuresti
P-ta Unirii, nr. 1, tronson A+B, Unirea Shop, sector 3

Sucursala "Norilor"
Bucuresti
Str.C-tin Radulescu Motru, nr.13, sector 4

Sucursala "Izvor"
Bucuresti
B-dul Libertatii, nr. 20, bl. 3, tronson I-II, sector 5

Agentia Metro Berceni
Bucuresti
B-dul Metalurgiei, nr. 130A, sector 4

Agentia "Aparatorii Patriei"
Bucuresti
Sos.Berceni, nr. 41, bl.108, parter, sector 4

Agentia "Piata Libertatii"
Bucuresti
B-dul Marasesti, nr. 2B, ap. B1, parter, tronson B, sector 4

Sucursala "Brancoveanu"
Bucuresti
B-dul C-tin Brancoveanu, nr. 12, sector 4

Sucursala "Oltenitei"
Bucuresti
Sos.Oltenitei, nr. 252-254

Sucursala "Stavropoleos"
Bucuresti
Calea Victoriei, nr.12 C, bl.A, sector 3

Sucursala "Berceni"
Bucuresti
B-dul Alexandru Obregia, nr. 35, bl. 35, sector 4

Sucursala "Decebal"
Bucuresti
B-dul Decebal, nr.16, bl.S5, parter, sector 3

Sucursala "Calarasi"
Calarasi
Str.Prelungirea Bucuresti, nr.6, bl. N1

Sucursala "Ovidius" Constanta
Constanta
Str. Stefan cel Mare, nr. 32-34

Sucursala "Constanta"
Constanta
B-dul Mamaia, nr. 243-245

Sucursala "Dacia" Constanta
Constanta
B-dul Alexandru Lapusneanul, nr. 115, bl. AL3

Sucursala "Tomis" Constanta
Constanta
B-dul Tomis, nr. 132

Agentia Metro Costanta 2
Constanta
Sos.Mangaliei, nr. 211

Agentia Metro Constanta
Constanta
Str.Aurel Vlaicu, nr. 144

Sucursala "Slobozia"
Slobozia
B-dul Matei Basarab, bl. A1

Sucursala "I.C.Bratianu" Constanta
Constanta
B-dul I.C.Bratianu, nr. 96

Sucursala "Alexandru Lapusneanu"
Constanta
B-dul Alexandru Lapusneanu, nr. 82, bl. LE 32

Sucursala "Tomis Nord"
Constanta
Str. Suceava, nr. 2, 2D

Sucursala "Casa de Cultura"
Constanta
Str. I. L. Caragiale, nr. 5, bl. L1, sc. 15B

Sucursala "Piata Farului"
Constanta
Str. Caraiman, nr. 1-4, parter

Sucursala "Mangalia"
Constanta
Sos. Constantei, nr. 30, bl. H1a

Offices and network (Continued)

Sucursala "Navodari"
Navodari
Str. Tineretului, nr. 22, Navodari

Medgidia
Medgidia
B-dul Republicii, bl.G3, parter

Sucursala "Nicolae Balcescu"
Bacau
B-dul Nicolae Balcescu, nr.1

Sucursala "Stefan cel Mare" Iasi
Iasi
B-dul Independentei, nr. 26, bl. Y3-Y4

Sucursala "Alexandra Ioan Cuza"
Iasi
Str. Anastasie Panu, nr. 31

Agentia Metro Bacau
Bacau
Comuna Nicolae Balcescu, DN2

Agentia Metro Iasi
Iasi
DN 28, Localitatea Miroslava

Sucursala "Vaslui"
Vaslui
Str. Stefan cel Mare, nr. 115

Sucursala "Stefan cel Mare" Bacau
Bacau
B-dul Marasesti, nr. 165, parter

Sucursala "Pacurari" Iasi
Iasi
Str. Pacurari, nr. 129-131, bl. 601

Sucursala "Alexandru cel Bun" Iasi
Iasi
Str. Alexandru cel Bun, nr. 19

Sucursala "Pascani"
Iasi
Str. Stefan cel Mare, bl. V8, parter

Sucursala "Pod Ros" Iasi
Iasi
B-dul Socola, nr.2, bl.F, sc.E

Agentia "Tatarasi" Iasi
Iasi
Str. Ion Creanga, nr. 7, bl. K2, parter

Agentia "George Bacovia"
Bacau
Str. Mioritei, nr. 3, parter

Sucursala "Barlad"
Barlad
B-dul Republicii, nr. 200

Sucursala "Botosani"
Botosani
Calea Nationala, nr. 152

Agentia Metro Suceava
Suceava
B-dul. Decembrie 1918, nr. 5

Sucursala "Piatra Neamt"
Piatra Neamt
B-dul Traian, bl. S1, parter

Sucursala "Suceava"
Suceava
B-dul George Enescu, nr. 40, bl. 93A,
tronson 1, parter

Sucursala "Roman"
Roman
Str. Rahovei, bl. 3

Sucursala "Radauti"
Radauti
Str. Piata Unirii, nr. 67

Sucursala "Curtea Domneasca"
Suceava
Str. Stefan cel Mare, nr. 17, bl. 32, sc. A+B

Agentia "Pitricica" Piatra Neamt
Piatra Neamt
B-dul Decebal, nr. 71, bl. E2, parter

Agentia "Primaverii"-Botosani
Botosani
Str. Primaverii, nr. 17

Sucursala "Traian"
Braila
Piata Traian, nr. 18-22

Sucursala "Braila"
Braila
Calea Calarasilor, nr. 15

Agentia "Metro Braila"
Braila
Str. Transilvaniei, nr. 5

Sucursala "Buzau"
Buzau
Str .Nicolae Balcescu, nr. 18

Sucursala "Obor" Buzau
Buzau
Str. Obor, nr. 3-5

Sucursala "Vrancea"
Focsani
Str. Republicii, nr. 92

Sucursala "Focsani"
Focsani
B-dul Garii, nr. 11

Sucursala "Brates" Galati
Galati
B-dul George Cosbuc, nr. 1

Agentia Metro Galati
Galati
DN 26, km 5, localitatea Vanatori

Sucursala "Tulcea"
Tulcea
Str. Unirii, nr. 2

Sucursala "Siderurgistilor" Galati
Galati
B-dul Siderurgistilor, nr. 1, bl. SD5B, sc. 3, ap.78

Sucursala "Delta"
Tulcea
Str. Frasinului, nr. 4, bl. 4, sc. B

Sucursala "Tecuci"
Tecuci
B-dul 1 Decembrie 1918, bl. P+10, complex
Laminorul

Sucursala "Dunarea" Galati
Galati
Str.Tecuci, Bl.V5

Sucursala "Micro 19" Galati
Galati
Str. Ada Marinescu, bl. E5

Sucursala "Viziru" Braila
Braila
Calea Calarasilor, nr. 309, bl. B2 Bis, parter

Sucursala "Michael Weiss" Brasov
Brasov
Str. Michael Weiss, nr. 20

Sucursala "Piata Sfatului" Brasov
Brasov
Str. Muresenilor, nr.2

Agentia Metro Brasov 2
Brasov
Str. Calea Bucurestilor, nr. 233

Agentia Metro Brasov
Brasov
Km. 6, Sos. Brasov-Sibiu, Ghimbav

Sucursala Medias
Medias
Str. I. C. Bratianu, nr.3

Agentia Metro Sibiu
Sibiu
Sos. Alba Iulia, nr. 79A

Sucursala "Sfantu Gheorghe"
Sf. Gheorghe
Str. Grof Miko Imre, nr. 6

Sucursala "Continental" Sibiu
Sibiu
Calea Dumbravii, nr. 24

Sucursala "Hermanstadt" Sibiu
Sibiu
B-dul Emil Cioran, nr. 2

Sucursala "Racadau" Brasov
Brasov
B-dul Muncii, nr. 4, bl. E19, sc. B

Sucursala "Grivitei"
Brasov
B-dul Grivitei, nr. 67

Sucursala "Kronstadt"
Brasov
Calea Bucuresti, nr. 102

Sucursala "Targu Secuiesc"
Targul Secuiesc – jud Covasna
Piata Gabor Aron, nr. 19, parter

Agentia "Tractorul"
Brasov
Str. 1 Decembrie 1918, nr. 9, bl. 319, parter

Sucursala "Ghimbav"
Ghimbav
Str. Lunga, nr. 3, parter

Sucursala "Predeal"
Predeal
B-dul M. Saulescu, nr. 62, parter

Sucursala "Toamnei"
Brasov
Str. Harman, nr. 44, bl. 3, sc. D, parter

Agentia "Bartolomeu"
Brasov
Str. Gospodarilor, nr. 7, parter

Agentia "Cibin"
Sibiu
Str. Lunga, nr. 16, bl. 11

Sucursala "Odobescu"
Bistrita
Str. M. Eminescu, nr. 2

Sucursala Cluj Napoca
Cluj Napoca
Str. Constantin Brancusi, nr. 2

Sucursala "Matei Corvin"
Cluj Napoca
Piata Unirii, nr. 10

Agentia Metro Cluj
Cluj Napoca
Str. Avram Iancu, nr. 488-490

Sucursala "Zalau"
Zalau
B-dul Mihai Viteazu, nr. 7, bl. D

Sucursala "Marasti"
Cluj Napoca
Str. Aurel Vlaicu, nr. 3, bl. R2, ap. 292 A, parter

Sucursala "Manastur"
Cluj Napoca
Str. Bucegi, nr. 13-15, ap. 4A

Agentia "Viisoara"
Bistrita
B-dul Independentei, nr. 58, sc. B

Sucursala "Turda"
Turda
Str. Republicii, nr. 15, parter

Sucursala Alba Iulia
Alba Iulia
Str. Tudor Vladimirescu, nr. 3-5

Sucursala "Miercurea Ciuc"
Miercurea Ciuc"
B-dul Timisoarei, nr. 25

Sucursala "Deva"
Deva
B-dul Decebal, bl. F, scarile A-B, parter

Agentia Metro Targu Mures
Targu Mures
Str. Gheorghe Doja, nr. 233

Sucursala "Calarasilor" Targu Mures
Targu Mures
Str. Arany Ianos, nr. 2

Sucursala "Od.Secuiesc"
Odorheiul Secuiesc
Str. Rakoczi, nr. 11

Sucursala "Tg Mures"
Targu Mures
Piata Trandafirilor, nr. 44

Sucursala "Reghin"
Reghin
Str. Mihai Viteazu, nr. 9-11

Sucursala Hunedoara
Hunedoara
Str. George Enescu, nr. 9

Offices and network (Continued)

Agentia "Sarmis"
Deva
Str. 1 Decembrie, bl. C, sc. 1

Sucursala "Sighisoara"
Sighisoara
Piata Herman Oberth, nr. 30

Sucursala "Opal"
Targu Mures
Str. 1 Decembrie 1918, nr. 255, parter

Agentia "Dambu" Targu Mures
Targu Mures
B-dul 1848, nr.36, parter

Agentia "Metro Deva"
Deva
Calea Zarandului, nr. 87

Sucursala "Petrosani"
Petrosani
Str. 1 Decembrie 1918, bl.99, parter

Sucursala "Sebes"
Sebes
P-ta Primariei, nr. 6, parter

Sucursala Baia Mare
Baia Mare
B-dul Bucuresti, nr. 3

Agentia "Metro Baia Mare"
Baia Mare
B-dul Independentei, DN1C, km. 155

Agentia Metro Oradea
Oradea
Calea Clujului, nr. 231

Sucursala "Oradea"
Oradea
Str. Gen. Magheru, nr. 2

Sucursala "Mihai Viteazu" Oradea
Oradea
P-ta Unirii, nr. 2-4

Sucursala "Somes" Satu Mare
Satu Mare
Str. Piata Romana, bl. D8

Sucursala "Sighetul Marmatiei"
Sighetu Marmatiei
Piata 1 Decembrie 1918, bl. L4

Sucursala "Sincai" Baia Mare
Baia Mare
Str. Gheorghe Sincai, nr. 23/A

Agentia "Lotus" Satu Mare
Satu Mare
Drumul Careiului, nr. 22, bl. CM 1, parter

Agentia "Nufarul" Oradea
Oradea
Str. Nufarului, nr. 44, parter

Sucursala Ulpianum
Oradea
B-dul Dacia, nr. 54, bl. U4, parter

Sucursala "Carei"
Carei
Calea Mihai Viteazul, nr. 27

Sucursala "Curtea de Arges"
Curtea de Arges
B-dul Basarabilor, bl. F11A

Agentia Metro Pitesti
Pitesti
DN 65, km 107, Comuna Bradu

Aucursala Arges" Pitesti
Pitesti
Str. I. C. Bratianu, nr. 26

Sucursala "Pitesti"
Pitesti
Str. Fratii Golesti, nr. 21-23

Sucursala "Ramnicu Valcea"
Ramnicu Valcea
Str. General Praporgescu, nr. 17

Sucursala "Targu jiu"
Targu Jiu
Str. Victoria, nr. 52, parter

Sucursala "Fortuna" Pitesti
Pitesti
Str. Exercitiului, bl. 17D

Sucursala "Valcea Nord"
Ramnicu Valcea
Str. Calea lui Traian, nr. 13, parter

Sucursala Mioveni
Mioveni
B-dul Dacia, bl. P8, parter

Sucursala "Motru"
Motru
Str. Trandafirilor, nr. 3

Sucursala "Prundu"
Pitesti
B-dul Petrochimistilor, bl. 31

Sucursala "Jiul"
Targu Jiu
Str. Victoriei, bl. 223, parter

Sucursala "Ostroveni"
Ramnicu Valcea
B-dul Tineretului, nr. 6-8, parter

Agentia "Gavana"
Pitesti
B-dul 1 Decembrie 1918, bl. M4, parter

Agentia "Cozia"
Ramnicu Valcea
Str. Stirbei Voda, bl. L, parter

Sucursala "Avram Iancu"
Arad
P-ta Avram Iancu, nr.13

Sucursala Arad
Arad
Str. Mircea Stanescu, nr. 2

Sucursala Lugoj
Lugoj
Str. 20 Decembrie 1989, nr. 33

Agentia Metro Arad
Arad
Str. Calea Zimandului, nr. 42C

Agentia Metro Timisoara II
Timisoara
DN 344, km 5+605

Agentia Metro Timisoara
Timisoara
DN 59, km 8+130, calea Sagentiaului

Sucursala "Cetate" Timisoara
Timisoara
Str.Carol Telbisz, Centru Comercial Bega 3

Sucursala "Iuliu Maniu" Timisoara
Timisoara
B-dul Iuliu Maniu, nr. 1

Sucursala "Piata Operei"
Timisoara
Piata Victoriei, nr. 2

Sucursala "Matei Basarab" Timisoara
Timisoara
B-dul Cetatii, nr. 78, parter

Sucursala "Nicolae Balcescu"
Timisoara
Piata Nicolae Balcescu, nr. 5

Sucursala "Gheorghe Lazar"
Timisoara
Str. Gheorghe Lazar, nr. 42

Sucursala "Aurel Vlaicu"
Arad
Calaea Aurel Vlaicu, bl U5

Sucursala "Micalaca"
Arad
Str. Borsec, nr. 5, bl. 602, parter

Agentia "Calea Buziasului"
Timisoara
Str. Venus, nr. 1

Sucursala "Calea Lipovei"
Timisoara
Calea Lipovei, nr. 45, parter

Agentia "Calafat"
Str. Ioan Alexandru Cuza, nr. 16

Sucursala "Dolj"
Craiova
B-dul Unirii, nr. 4

Sucursala "Calea Bucuresti"
Craiova
Calea Bucuresti, nr. 22, bl. M18A

Sucursala "Oltenia"
Craiova
Str. Madona Dudu, nr. 3, bl. 1-3-5

Sucursala "Dobreta Turnu Severin"
Dobreta Turnu Severin
Str. Unirii, nr. 82, bl. C1, sc. 3

Agentia Metro Craiova
Craiova
Calea Bucuresti, km 7,5

Sucursala "Slatina"
Slatina
Str. Primaverii, nr. 6A

Sucursala "Sarari" Craiova
Craiova
Cartier Valea Rosie (Siloz-Obor), bl. P2-3, sc.1

Sucursala "Cetatea Baniei" Craiova
Craiova
Calea Bucuresti, bl. N2-N3

Sucursala "Caracal"
Caracal
Calea Bucuresti, bl. 22, bl. A1a

Sucursala "Caransebes"
Caransebes
Str. Traian Doda, nr. 1

Sucursala "Craiovita"
Craiova
Str. Oltenia, bl. 3

Agentia "Rovine"
Craiova
Str. Petre Ispirescu, nr. 17

Sucursala "Piata Garii"
Craiova
Piata Garii, nr. 6, bl. 3-4, parter

Sucursala "Resita"
Resita
Str. I. L. Caragiale, nr. 19, parter

Sucursala "Alexandria"
Alexandria
Str. Dunarii-Bucuresti, bl. BM 4-BM 8

Sucursala "Campina"
Campina
Str. Carol I, nr. 4-6

Sucursala "Giurgiu'
Giurgiu
Piata Unirii, bl. T120

Agentia Metro Ploiesti
Ploiesti
Soseaua Bucuresti-Ploiesti, DN 1, km 6

Sucursala "Emille Zola" Ploiesti
Ploiesti
Str. Emille Zola, nr. 8

Sucursala "Nichita Stanescu" Ploiesti
Ploiesti
Str. Unirii, nr. 6

Sucursala "Targoviste"
Targoviste
B-dul Libertatii, nr.106, bl.D1, parter

Sucursala "Aurora" Ploiesti
Ploiesti
Str. Baraolt, nr. 3A, sc. D

Sucursala "Rosiorii de Vede"
Rosiorii de Vede, Jud. Teleorman
Str. Oltului, nr. 1, parter

Agentia "Hipodrom" Ploiesti
Ploiesti
B-dul Bucuresti, nr. 35, bl. 12, sc. B, parter

Agentia "Ploiesti Nord"
Ploiesti
Str. Nordului, nr. 1, Complex Mare Nord, parter

Agentia "Mihai Viteazu" Ploiesti
Ploiesti
Str. Sinaii, bl. 10, sc. D, parter

Sucursala "Caraiman"
Targoviste
B-dul Independentei, nr.15

Offices and network (Continued)

Sucursala "Malu Rosu" Ploiesti
Ploiesti
Str. Malu Rosu, nr. 101-103, bl. 117, sc. A-B

Sucursala "Grigore Mora"
Bucuresti
Str. Grigore Mora, nr. 37, sector 1

Sucursala "Mihalache"
Bucuresti
B-dul Ion Mihalache, nr. 45, bl. 16B+C, sc. D, sector 1

Sucursala "Bacau"
Bacau
Str. Vasile Alecsandri, nr. 54 bis

Sucursala Timisoara
Timisoara
B-dul Brediceanu, nr. 10

Sucursala Brasov
Brasov
B-dul Kogalniceanu, nr. 15

Sucursala Marasesti
Bucuresti
Splaiul Unirii, nr. 16, sector 4

Sucursala Iasi
Iasi
Str. Anastasie Panu, nr. 23

Sucursala "Sibiu"
Sibiu
Str. Emil Cioran, nr. 2

Sucursala Galati
Galati
Calea Domneasca, nr. 29

Sucursala Pitesti
Pitesti
Str. I. C. Bratianu, nr. 26

Sucursala Arad
Arad
B-dul Revolutiei, nr. 72

Sucursala Ploiesti
Ploiesti
B-dul Independentei, nr. 5

Sucursala Adjud
Adjud
B-dul Garii, Nr. 112, Parter

Sucursala "Brailita"
Braila
Str. 1 Decembrie 1918, bl P+10, complex Laminorul

Sucursala Ghencea
Bucuresti
B-dul Ghencea, nr. 43 B, sector 6

Sucursala Brukental
Sibiu
Str N. Balcescu, nr. 25