



UniCredit Tiriatic Bank S.A.

Condensed Interim
Financial Statements
30 June 2011

Prepared in accordance with
IAS 34 "Interim Financial Reporting"

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Independent Auditor's Report on Review of Interim Condensed Financial Information

The Shareholders'
Unicredit Tiriac Bank S.A.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Unicredit Tiriac Bank S.A. (the "Bank") as at 30 June 2011 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information (the condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matters

This report is made solely for the Bank's shareholders, as a body. Our review work has been undertaken so that we might state to the Bank's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders as a body, for our review work, for this report, or for conclusions we formed.

KPMG Romania S.R.L.
27 July 2011
Bucharest, Romania



Condensed interim statement of comprehensive income

for the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 RON	Six months ended 30 June 2010 RON
Interest income	6	586,182,863	686,684,556
Interest expense	6	(252,407,849)	(312,195,777)
Interest related effect of swap transactions related to refinancing lines with Group companies	6	46,960,672	95,605,272
Net interest income		380,735,686	470,094,051
Fee and commission income		138,901,815	128,334,437
Fee and commission expense		(21,849,576)	(19,759,273)
Net fee and commission income		117,052,239	108,575,164
Dividends income		848,522	332,744
Net income on foreign exchange and on derivatives held at fair value through profit and loss	7	96,967,800	74,024,915
Net gains on financial assets available for sale		3,902,100	6,589,188
Other operating income		1,461,415	2,196,692
Operating income		600,967,762	661,812,754
Personnel expenses	8	(140,383,595)	(136,619,281)
Depreciation and amortization		(30,935,257)	(24,147,162)
Other administrative costs	9	(128,233,372)	(123,736,543)
Other operating costs		(1,047,470)	(2,033,994)
Operating expenses		(300,599,694)	(286,536,980)
Net impairment loss on financial assets	10	(171,017,268)	(204,193,318)
Impairment of tangible and intangible assets		-	-
Net provision (charges)/releases	18	(19,742,629)	5,079,853
Loss on investments in associates		(1,055,074)	(2,718,537)
Profit before taxation		108,553,097	173,443,772

The accompanying notes from pages 8 to 29 form an integral part of these condensed interim financial statements.

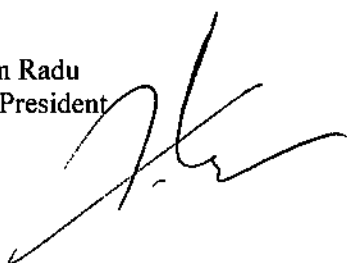


Condensed interim statement of comprehensive income
for the six months ended 30 June 2011 (continued)

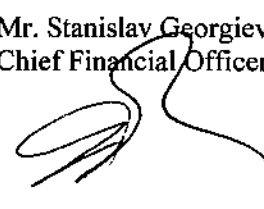
	Note	Six months ended 30 June 2011 RON	Six months ended 30 June 2010 RON
Income tax expense	11	(15,901,837)	(28,276,021)
Net profit for the period	21	92,651,260	145,167,751
Other comprehensive income			
Net change in reevaluation reserve for available-for-sale financial assets (net of deferred tax)		(7,639,243)	26,813,767
Net change in cash flow hedge reserve (net of deferred tax)		(827,471)	-
Other comprehensive income for the period, net of income tax		(8,466,714)	26,813,767
Total comprehensive income for the period		84,184,546	171,981,518

The condensed interim financial statements were approved by the Supervisory Board on 27 July 2011 and were signed on its behalf by:

Mr. Rasvan Radu
Executive President



Mr. Stanislav Georgiev
Chief Financial Officer




The accompanying notes from pages 8 to 29 form an integral part of these condensed interim financial statements.

Condensed interim statement of financial position

	Note	30 June 2011 RON	31 December 2010 RON
Assets			
Cash and cash equivalents		2,384,865,206	2,968,321,117
Derivative assets at fair value through profit and loss	12	96,470,096	86,296,659
Loans and advances to banks		411,296,187	734,471,531
Loans and advances to customers	13	13,329,593,343	12,660,662,423
Derivative assets used for cash flow hedging	12	18,227	-
Investment in associate		33,978,461	25,332,586
Investment securities, available-for-sale	14	3,757,314,046	3,853,099,398
Equity investments, available for sale		3,873,073	3,882,905
Investments securities, held to maturity		8,553,634	9,010,918
Property and equipment		239,470,143	247,934,328
Intangible assets		99,061,803	95,955,157
Current tax asset		2,570,728	21,003,764
Deferred tax assets		33,466,167	29,660,743
Other assets		95,361,725	68,786,590
Total assets		20,495,892,839	20,804,418,119
Liabilities			
Derivative liabilities at fair value through profit and loss	12	131,566,969	75,502,634
Deposits from banks	15	4,199,892,492	3,228,872,212
Loans from banks and other financial institutions	16	3,869,671,106	3,353,736,213
Deposits from customers	17	9,032,305,870	10,988,236,400
Subordinated liabilities		400,614,261	401,990,194
Derivative liabilities used for cash flow hedging	12	6,283,479	-
Provisions	18	183,828,689	158,588,186
Deferred tax liabilities		85,990,863	86,285,836
Other liabilities		123,346,792	132,998,672
Total liabilities		18,033,500,521	18,426,210,347
Equity			
Share capital		1,101,604,066	1,101,604,066
Retained earnings		1,156,218,421	1,063,567,161
Reserve on available for sale financial assets		(8,176,221)	(536,978)
Cash hedge reserve		(827,471)	-
Other reserves		213,573,523	213,573,523
Total equity	22	2,462,392,318	2,378,207,772
Total liabilities and equity		20,495,892,839	20,804,418,119

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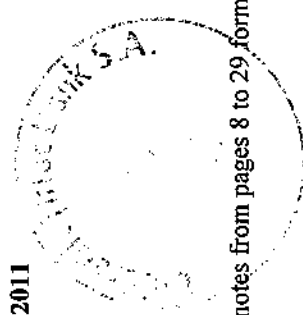
The accompanying notes from pages 8 to 29 form an integral part of these condensed interim financial statements.



Condensed interim statement of changes in shareholders' equity

For the six months ended 30 June 2011

<i>In RON</i>	Share capital	Reserve on available for sale financial assets	Cash flow hedge Reserve	Other reserves	Retained earnings	Total
Balance at 31 December 2010	1,101,604,066	(536,978)	-	213,573,523	1,063,567,161	2,378,207,772
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	92,651,260	92,651,260
Other comprehensive income, net of income tax						
Net change in available-for-sale financial assets, net of tax	-	(7,639,243)	-	-	-	(7,639,243)
Net change in cash flow hedge reserve, net of tax	-	-	(827,471)	-	-	(827,471)
Total other comprehensive income		(7,639,243)	(827,471)			(8,466,714)
Total comprehensive income for the period		(7,639,243)	(827,471)		92,651,260	84,184,546
Balance at 30 June 2011	1,101,604,066	(8,176,221)	(827,471)	213,573,523	1,156,218,421	2,462,392,318

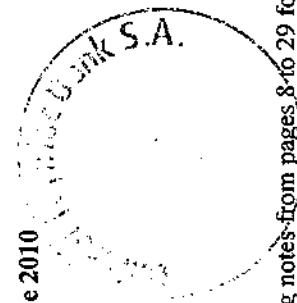
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Condensed interim statement of changes in shareholders' equity

For the six months ended 30 June 2010

<i>In RON</i>	Share capital	Reserve on available for sale financial assets	Cash flow hedge reserve	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	-	-	-	-	145,167,751	145,167,751
Net profit for the period	-	-	-	-	-	-
Other comprehensive income, net of income tax	-	26,813,767	-	-	-	26,813,767
Net change in available-for-sale financial assets, net of tax	-	26,813,767	-	-	-	26,813,767
Total other comprehensive income	-	26,813,767	-	-	-	26,813,767
Total comprehensive income for the period	-	26,813,767	-	-	145,167,751	171,981,518
Balance at 30 June 2010	1,101,604,066	(3,105,834)	-	213,573,523	1,037,516,791	2,349,588,546

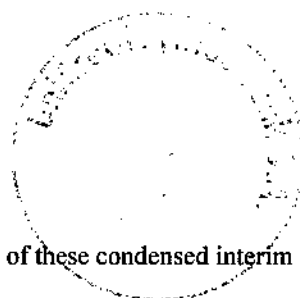
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Condensed interim statement of cash flows

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011	Six months ended 30 June 2010
<i>In RON</i>			
Operating activities			
Profit before taxation		108,553,097	173,443,772
Adjustments for non-cash items:			
Depreciation and amortization		30,935,257	24,147,162
Net charge of provision for impairment on financial assets	10	166,638,713	206,056,450
Loss from investments in associates		1,055,074	2,718,537
Change in fair value of derivatives held for risk management		52,156,150	196,331,723
Other items for which the cash effects are investing or financing		(1,093,522)	(332,744)
Other non-cash items		23,898,770	(20,314,761)
Operating profit before changes in operating assets and liabilities		382,143,539	582,050,139
Change in operating assets:			
(Increase)/decrease in investment securities available-for-sale		95,076,828	(620,954,881)
(Increase)/decrease in loans and advances to banks		32,337,472	660,217,153
(Increase)/decrease in loans and advances to customers		(852,066,751)	(1,335,564,347)
Increase in other assets		(29,093,500)	(5,945,093)
Change in operating liabilities:			
Increase/(decrease) in deposits from banks		963,803,577	2,136,717,447
Increase/(decrease) in deposits from customers		(1,951,540,034)	(1,075,741,960)
(Increase)/decrease in other liabilities		(2,235,226)	(11,376,177)
Income tax paid		-	(18,437,138)
Cash flows from/ (used in) operating activities		(1,361,574,095)	310,965,143
Investing activities			
Acquisition of property and equipment		(25,577,718)	(24,035,067)
Increase in equity investments		(10,517,589)	-
Proceeds from sale of equity investments		1,071,471	-
Dividends received		83,425	332,742
Cash flows used in investing activities		(34,940,411)	(23,702,325)



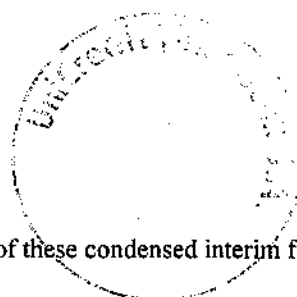
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Condensed interim statement of cash flows (*continued*)

For the six months ended 30 June 2011

<i>In RON</i>	Six months ended 30 June 2011	Six months ended 30 June 2010
Financing activities		
Redemption of own shares	-	-
Payment of finance lease liability	(22,704)	(259,892)
Repayments of loans from financial institutions	(22,022,196)	(2,036,176,962)
Drawdowns from loans from financial institutions	544,255,956	620,205,000
Cash flows generated from/(used in) financing activities	522,211,056	(1,416,231,854)
Net increase/(decrease) in cash and cash equivalents	(874,303,450)	(1,128,969,036)
Cash and cash equivalents at 1 January	3,667,955,177	4,862,193,897
Cash and cash equivalents at 30 June	2,793,651,727	3,733,224,861
Cash flow from operating activities include:	30 June 2011	30 June 2010
Interest received	577,439,172	609,087,722
Interest paid	244,241,218	340,912,835
Analysis of cash and cash equivalents		
<i>In RON</i>	30 June 2011	30 June 2010
Cash and cash equivalents comprise:		
Cash on hand	205,722,900	189,318,706
Current accounts held with banks	51,521,699	34,931,092
Current accounts held with the National Bank of Romania	2,179,142,306	3,192,703,551
Placements with NBR and other banks – less than 3 months	357,264,822	316,271,512
Cash and cash equivalents in the cash flow statement	2,793,651,727	3,733,224,861



The accompanying notes from pages 8 to 29 form an integral part of these condensed interim financial statements.



Notes to the condensed interim financial statements

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 merger the entities were controlled by UniCredit Bank Austria AG (former Bank Austria Creditanstalt AG incorporated in Austria) and the ultimate parent, UniCredit SpA (Italy).

The financial statements comprise the Bank and its associated companies UniCredit Leasing Corporation IFN S.A. and UniCredit Consumer Finance IFN S.A..

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 the associate UniCredit Consumer Finance 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 2010: 235) located in Bucharest and the country. The Bank employed at 30 June 2011 a number of 2,988 people (31 December 2010: 3,007).

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





Notes to the condensed interim financial statements

2. Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), IAS 34 – *Interim Financial Reporting*.

These financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2010.

b) Functional and presentation currency

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

The exchange rates of major foreign currencies were:

Currencies	30 June 2011	31 December 2010	change
Euro (EUR)	1: RON 4.2341	1: RON 4.2848	-1.18%
US Dollar (USD)	1: RON 2.9259	1: RON 3.2045	-8.69%

3. Significant accounting policies

The accounting policies applied by the Bank in these condensed financial statements are the same as those applied by the Bank in its annual financial statements as at and for the year ended 31 December 2010, except for a new accounting policy that was introduced regarding derivatives held for risk management purposes and hedge accounting.

The Bank started to apply cash flow hedge accounting since 1 January 2011 which is defined as hedge of the exposure to variability of cash flows that is attributable to interest rate risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss.

The Bank designated certain interest rate swap derivatives as hedging instruments and certain fixed-rate deposits from customers of the Bank as hedged instruments.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The ineffective portion of the gain or loss on the hedging instruments is recognized in profit and loss account.

For hedge accounting purposes, only instruments that involve a party external to the Bank (or intra-group transactions directly replicated with third parties outside the Group) are designated as hedging instruments. Intra-group instruments for which the Bank did not receive confirmation that they are replicated with third parties do not qualify for hedge accounting.





Notes to the condensed interim financial statements

4. Financial risk management

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

Ratio	30 June 2011	31 December 2010
Loans / Deposits ratio	148%	115%

There were no significant changes to financial risk management policies of the Bank as compared with those presented in the annual IFRS financial statements for the year ended 31 December 2010.

5. Use of estimates and judgments

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing the condensed interim financial statements the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at for the year ended 31 December 2010.

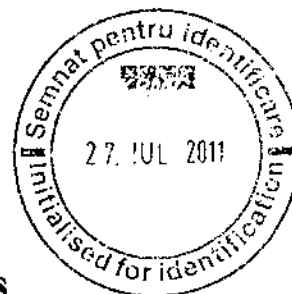



Notes to the condensed interim financial statements
6. Net interest income

	Six months ended 30 June 2011	Six months ended 30 June 2010
<i>In RON</i>		
Interest and similar income		
Interest and similar income arising from:		
Loans and advances to customers	444,678,533	498,106,294
Treasury bills and bonds	109,060,319	123,814,033
Current accounts and placements with banks	24,150,521	43,820,535
Others (including derivatives)	8,293,490	20,943,694
Total interest and similar income	586,182,863	686,684,556
Interest expense and similar charges		
Interest expense and similar charges arising from:		
Deposits from customers	(106,832,951)	(149,370,472)
Loans from banks and other financial institutions	(82,822,452)	(118,111,971)
Deposits from banks	(50,719,805)	(23,696,890)
Treasury bills and bonds	(4,916,996)	(662,281)
Others (including derivatives)	(7,115,645)	(20,354,163)
Total interest expense and similar charges	(252,407,849)	(312,195,777)
Interest related effect of swap transactions related to refinancing lines with Group Companies*	46,960,672	95,605,272
Net interest income	380,735,686	470,094,051

*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 at fair value through profit and loss (refer to Note 7).





Notes to the condensed interim financial statements

7. Net income on foreign exchange and on derivatives held at fair value through profit and loss

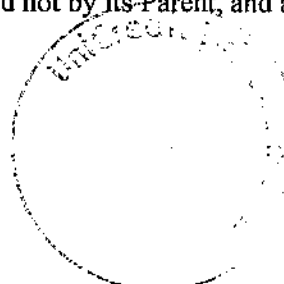
	Six months ended 30 June 2011	Six months ended 30 June 2010
<i>In RON</i>		
Net foreign exchange gain from foreign exchange transactions	60,553,053	74,448,837
Net foreign exchange gain/(loss) from revaluation of foreign currency denominated assets and liabilities and from FX derivatives at fair value through profit and loss	29,937,179	(640,444)
Net income from interest rate derivatives	6,382,848	216,522
Net income from held for trading debt securities	94,720	-
Net income on foreign exchange and on derivatives at fair value through profit and loss	96,967,800	74,024,915

8. Personnel expenses

	Six months ended 30 June 2011	Six months ended 30 June 2010
<i>In RON</i>		
Wages and salaries (including delegates within the Group)	108,908,061	107,594,157
Social security charges	30,783,141	31,350,477
Equity settled share-based payments (income)/costs	2,242,031	(223,948)
Other (income)/costs	(1,549,638)	(2,101,405)
Total	140,383,595	136,619,281

The number of employees at 30 June 2011 was 2,988 (30 June 2010: 2,970).

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 recognized as an employee benefit expense.





Notes to the condensed interim financial statements

9. Other administrative costs

	Six months ended 30 June 2011	Six months ended 30 June 2010
<i>In RON</i>		
Office space expenses (rental, maintenance, other)	47,014,544	50,301,021
Communication expenses	10,300,479	7,485,685
Advertising and promotional expenses	9,641,670	7,653,987
Materials and consumables	3,471,302	2,986,822
Insurance expenses	1,213,216	1,315,276
Other third party expenses	56,592,161	53,993,752
Total	128,233,372	123,736,543

10. Net impairment loss on financial assets

	Six months ended 30 June 2011	Six months ended 30 June 2010
<i>In RON</i>		
Net charge of provisions for loans and advances to customers	173,306,044	203,002,626
Loans written-off	6,667,331	364,634
Recoveries from loans previously written-off	(8,610,886)	(1,863,132)
Losses on disposals on loans and receivables	205,738	-
Net charge of provisions for equity investments	(550,959)	-
Net charge of provisions for debit balances of customers' current accounts (including dormant accounts)	-	2,689,190
Total	171,017,268	204,193,318



Notes to the condensed interim financial statements

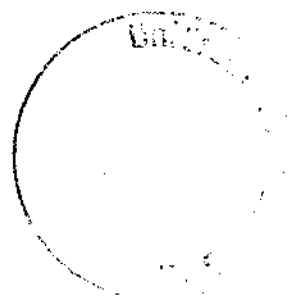
11. Taxation

	Six months ended 30 June 2011	Six months ended 30 June 2010
<i>In RON</i>		
Direct taxes at 16% (2010: 16%) of taxable profits determined in accordance with Romanian law	19,365,366	217,814
Correction of current income tax arising from previous years	(932,331)	(447,625)
Deferred tax (income)/ expense	(2,531,198)	28,505,832
Total tax expense	15,901,837	28,276,021

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

	Six months ended 30 June 2011	Six months ended 30 June 2010
<i>In RON</i>		
Profit before tax	108,553,097	173,443,772
Tax using the domestic corporation tax rate of 16% (2010: 16%)	17,368,496	27,751,003
Effect of non-deductible expenses	3,285,679	5,351,693
Effect of non-taxable revenues	(6,088,715)	(9,803,377)
Effect of other temporary differences	1,336,377	4,976,702
Total tax expense	15,901,837	28,276,021

The deferred tax recognized in equity related to available for sale financial assets and cash flow hedge reserve is RON 1,714,989 (RON 102,281 as of 31 December 2010).






Notes to the condensed interim financial statements

12. Derivative assets and liabilities held at fair value through profit and loss and derivative assets and liabilities used for hedging

The derivative assets and liabilities held at fair value through profit and loss at 30 June 2011 may be summarized as follows:

<i>In RON</i>	30 June 2011	30 June 2011	
	Notional	Assets	Liabilities
Foreign currency derivatives			
Forward contracts	6,691,028,717	47,922,438	76,775,520
Purchased Options	253,264,348	2,035,859	-
Sold Options	250,877,983	-	2,032,668
Total foreign currency derivatives	7,195,171,048	49,958,297	78,808,188
Interest rates derivatives			
Interest Rate Swap	1,169,778,691	20,048,834	26,360,788
Purchased Options	1,254,256,376	26,433,064	-
Sold Options	1,254,256,376	29,901	26,397,993
Total interest rate derivatives	3,678,291,443	46,511,799	52,758,781
Total	10,873,462,491	96,470,096	131,566,969

The derivative assets and liabilities held at fair value through profit and loss at 31 December 2010 may be summarized as follows:

<i>In RON</i>	31 December 2010	31 December 2010	
	Notional	Assets	Liabilities
Foreign currency derivatives			
Forward contracts	6,714,152,148	34,800,188	15,759,623
Purchased Options	421,726,649	2,692,436	-
Sold Options	422,015,046	-	2,696,821
Total foreign currency derivatives	7,557,893,843	37,492,624	18,456,444
Interest rates derivatives			
Interest Rate Swap	1,166,414,466	16,872,205	25,222,954
Purchased Options	1,296,861,223	31,931,830	-
Sold Options	1,305,930,716	-	31,823,236
Total interest rate derivatives	3,769,206,405	48,804,035	57,046,190
Total	11,327,100,248	86,296,659	75,502,634



Notes to the condensed interim financial statements

12. Derivative assets and liabilities held at fair value through profit and loss and derivative assets and liabilities used for hedging *(continued)*

The derivative assets and liabilities used for hedging at 30 June 2011 may be summarized as follows:

<i>In RON</i>	30 June 2011	30 June 2011	
	Notional	Assets	Liabilities
<i>Interest rates derivatives</i>			
Interest Rate Swap	503,693,753	18,227	6,283,479
Total interest rate derivatives	503,693,753	18,227	6,283,479
Total	503,693,753	18,227	6,283,479

The time periods in which the hedged cash flows are expected to occur and affect the statement of comprehensive income are as follows:

Currencies	Within 1 year	1-5 years	Over 5 years
Cash inflows	10,863,026	49,563,105	85,957,880
Cash outflows	25,678,945	150,483,729	276,404,981





Notes to the condensed interim financial statements

13. 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 balance sheet's date by type of loan was as follows:

<i>In RON</i>	30 June 2011	31 December 2010
Mortgages	4,218,549,463	3,704,464,021
Corporate loans	3,438,682,988	3,560,875,755
Revolving credit lines	3,243,296,297	2,920,244,914
Credit cards and personal loans	787,662,888	904,050,017
Factoring	756,200,323	957,849,761
Impaired assets*	1,979,578,143	1,543,144,828
	<hr/>	<hr/>
Loans and advances to customers before provisions	14,423,970,102	13,590,629,296
	<hr/>	<hr/>
Less provision for impairment losses on loans	(1,094,376,759)	(929,966,873)
	<hr/>	<hr/>
Net loans and advances to customers	13,329,593,343	12,660,662,423
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* In accordance with UniCredit Group instructions and internal risk management policies, impaired assets comprise beside clients (including private individuals) who are defaulted according to Basel II and rated 8-, 9 and 10, also non-defaulted clients classified as Restructured or Doubtful as per Bank of Italy risk classes. The reporting approach was implemented starting with Q1 2011 and December 2010 figures were presented according to the new reporting approach.



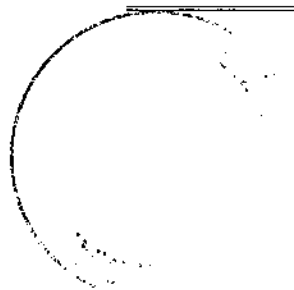


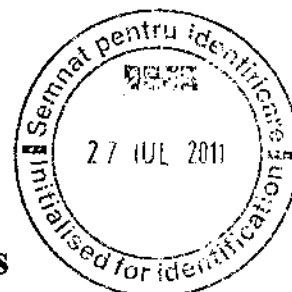

Notes to the condensed interim financial statements

13. Loans and advances to customers (continued)

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:

<i>In RON</i>	30 June 2011	31 December 2010
Private entities (including individuals)	3,957,874,725	3,904,305,444
Commercial, recovery and repair services	2,165,448,442	2,037,610,419
Real estate	1,446,561,844	1,338,916,853
Other public entities	806,167,518	880,716,898
Foodstuffs, beverages and tobacco-based products	669,182,791	550,484,613
Construction and civil engineering	592,591,339	560,596,672
Other saleable services	573,822,663	464,439,366
Agriculture - forestry – fisheries	381,909,026	311,948,586
Inland transport services	340,265,751	344,031,612
Metal products except cars and means of transport	275,829,706	254,046,721
Communications services	269,746,077	110,123,165
Financial companies	220,587,136	158,187,799
Ores, ferrous and non-ferrous metals (except fissile and fertile ones)	219,138,798	232,554,659
Rubber and plastic products	218,993,838	222,942,684
Other industrial products	194,127,936	175,990,736
Energy products	184,421,066	412,667,758
Ores and non-metal ore products	141,904,333	110,932,264
Hotel and public commercial concern services	117,380,237	57,054,483
Transport-related services	110,277,802	116,902,421
Paper, paper products, printing and publishing	89,758,435	94,276,522
Farming and industrial machinery	86,477,921	66,477,387
Means of transport	74,133,155	63,490,478
Textiles, leather and footwear and clothing products	68,325,687	64,389,846
Chemicals	62,762,519	66,465,444
Office machines, data processing machines, precision	40,861,536	38,650,574
Sea and air transport services	21,043,062	22,459,019
Total	13,329,593,343	12,660,662,423





Notes to the condensed interim financial statements

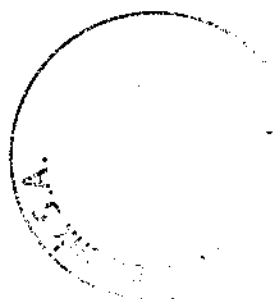
13. Loans and advances to customers (*continued*)

The movements in loan allowances for impairment for the six months ended 30 June 2011 are summarized as follows:

<i>In RON</i>	30 June 2011
Specific allowances for impairment	
Balance at 1 January 2011	736,486,896
Net impairment charge/(release) for the period	184,048,481
Foreign currency exchange effect	(6,396,145)
Balance at 30 June 2011	914,139,232
Collective allowances for impairment	30 June 2011
Balance at 1 January 2011	193,479,977
Net impairment charge/(release) for the period	(10,742,437)
Foreign currency exchange effect	(2,500,013)
Balance at 30 June 2011	180,237,527
Total opening balance	929,966,873
Total closing balance	1,094,376,759

The movements in loan allowances for impairment for the six months ended 30 June 2010 could be summarized as follows:

<i>In RON</i>	30 June 2010
Specific allowances for impairment	30 June 2010
Balance at 1 January 2010	447,713,149
Net impairment charge/(release) for the period	180,909,799
Foreign currency exchange effect	22,847,742
Balance at 30 June 2010	651,470,690
Collective allowances for impairment	30 June 2010
Balance at 1 January 2010	147,878,211
Net impairment charge/(release) for the period	22,092,827
Foreign currency exchange effect	2,790,182
Balance at 30 June 2010	172,761,220
Total opening balance	595,591,361
Total closing balance	824,231,910





Notes to the condensed interim financial statements

13. Loans and advances to customers (continued)

Exposure to credit risk

<i>In RON</i>	30 June 2011	31 December 2010
Individually impaired/Non performing loans		
Grade 8-	-	-
Grade 9: Impaired	871,481,670	586,031,667
Grade 10: Impaired	518,515,762	434,224,635
Gross amount	1,389,997,432	1,020,256,302
Allowance for impairment	(584,484,365)	(467,598,759)
Carrying amount	805,513,067	552,657,543
Fair value of collateral	1,022,326,280	879,603,360
Property	899,445,552	754,936,199
Goods	79,699,786	70,549,577
Assignment of receivables	14,544,703	41,014,707
Other*	28,636,239	13,102,877
Past due but not individually impaired		
Grade 8-	494,114,958	470,802,954
Grade 9	8,817,267	25,699
Grade 10	62,840,508	74,195,065
Other impaired **	23,807,978	104,244,562
Gross amount	589,580,711	649,268,280
Allowance for impairment	(329,654,867)	(265,787,393)
Carrying amount	259,925,844	383,480,887
Neither past due nor individually impaired		
Grade 1 – 8	8,637,269,652	8,220,599,785
Private individuals less than 90 overdue days	3,743,419,359	3,641,869,374
Private individuals more than 90 overdue days ***	63,702,948	58,635,555
Gross amount	12,444,391,959	11,921,104,714
Allowance for impairment	(180,237,527)	(196,580,721)
Carrying amount	12,264,154,432	11,724,523,993
Total carrying amount	13,329,593,343	12,660,662,423

*Other collateral includes cash and financial risk insurance.

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

*** Under Basel II established default threshold.

In respect of the identification and measurement of impairment for collective assessment of Loans and advances to customers, new internal models were implemented during the first semester of 2011 within the impairment process. As a result, for each type of exposure, loss-parameters as Loss Given Default (“LGD”) and Exposure at Default (“EAD”) have been determined based on the Bank’s updated historical experience. For those parts of loan portfolio where no historical data could be used for development of models in order to reach a reliable and valid model, UniCredit Bank Austria AG’s expert judgment was used.



14. Investment securities, available - for - sale

As at 30 June 2011, the Bank included in investment securities, available for sale bonds, Romanian government T-bills, bonds issued by Ministry of Public Finance and Bucharest City Hall in amount of RON 3,757,314,046 (31 December 2010: RON 3,853,099,398).

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

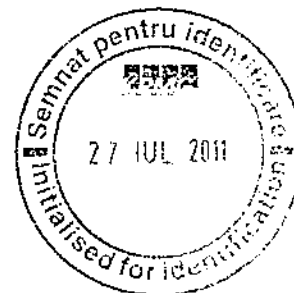
	30 June 2011	31 December 2010
<i>In RON</i>		
At 1 of January	3,853,099,398	2,883,625,003
Additions	4,487,449,886	6,034,887,133
Disposals (redemption)	(4,683,108,760)	(5,130,437,729)
Accruals	108,695,931	30,045,678
Revaluations	(8,822,409)	34,979,313
At the end of the reporting period	3,757,314,046	3,853,099,398

As at 30 June 2011, the investment securities available for sale in amount of RON 35,619,695 are pledged to Sent Clearing House in order to ensure daily execution of the inter-banking payments (31 December 2010: RON 39,272,390).

15. Deposits from banks

	30 June 2011	31 December 2010
<i>In RON</i>		
Sight deposits	960,133,270	801,190,589
Term deposits	2,971,933,841	2,332,045,588
Amounts in transit	267,825,381	95,636,035
Total	4,199,892,492	3,228,872,212





Notes to the condensed interim financial statements

16. Loans from banks and other financial institutions

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

- a) UniCredit Bank Austria AG, Austria: loans facilities in amount of EUR 180,481,765, USD 4,545,455 and RON 2,436,538,000 in total outstanding amount of RON 3,214,015,386 (31 December 2010: RON 3,233,091,306).
- b) Kreditanstalt fur Wiederaufbau, Germany: loan facilities in amount of EUR 12,857,144 in total outstanding amount of RON 54,438,433 maturing on 16 June 2014 (31 December 2010: RON 64,272,004).
- c) European Bank for Reconstruction and Development, UK: loan facility in amount of EUR 6,000,000 in total outstanding amount of RON 25,404,600, maturing on 19 May 2017 (31 December 2010: RON 27,851,200).
- d) European Investment Bank, Luxembourg: loan facilities in amount of EUR 3,433,584 in total outstanding amount of RON 14,538,138, facilities maturing on 17 June 2013 and 15 June 2016 (31 December 2010: RON 16,859,990).
- e) The repurchase transactions with UniCredit Bank AG, Germany of EUR 128,541,120 in total amount of RON 544,255,956 at 30 June 2011 (31 December 2010 was nil).

Loans from banks and other financial institutions in balance as at 30 June 2011 were bearing interest rates which ranged between 1.23% and 6.03% p.a. – the maximal percentage originated by the loan received from UniCredit Austria AG in RON - and the final maturities ranged between July 2011 and May 2017 (31 December 2010: interest rates between 1.20% and 4.09% p.a. and the final maturities ranged between July 2011 and May 2017).

17. Deposits from customers

	30 June 2011	31 December 2010
<i>In RON</i>		
Payable on demand	5,128,083,307	4,610,445,051
Term deposits	3,355,510,883	5,902,054,187
Collateral deposits	525,921,913	461,547,245
Certificates of deposits	1,311,953	526,888
Amounts in transit	21,477,814	13,663,029
Total	9,032,305,870	10,988,236,400



Notes to the condensed interim financial statements

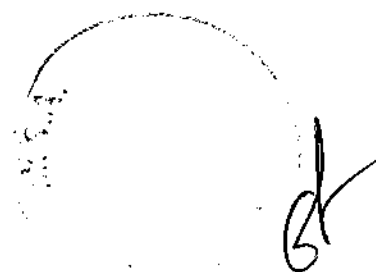
18. Provisions

	30 June 2011	31 December 2010
<i>In RON</i>		
Provision for financial guarantees (refer to note 20)	161,488,312	131,711,625
Provision for off-balance commitments and contingencies	13,565,227	17,458,363
Provision for legal disputes	5,888,740	7,134,972
Other provisions	2,886,410	2,283,226
Total	183,828,689	158,588,186

As of 30 June 2011, the Bank had provisions for off-balance sheet commitments and contingencies in amount of RON 13,565,227 (31 December 2010: RON 17,458,363) both for un-drawn lines and for other off-balance sheet credit related commitments items.

The movements in provisions could be summarized as follows:

	2011	2010
<i>In RON</i>		
Balance at 1 January	158,588,186	90,150,747
Provision charge	31,075,611	10,288,759
Release	(11,332,982)	(15,368,612)
FX effect related to off-balance commitments	(1,156,528)	3,513,686
Other movements	6,654,402	(452,586)
Balance at 30 June	183,828,689	88,131,994





Notes to the condensed interim financial statements

18. Provisions (continued)

Net provisions charges/(releases)

<i>In RON</i>	30 June 2011	30 June 2010
Net provision (charge)/release for off-balance sheet loan commitments and contingencies (including risk participation agreement with UniCredit Bank Austria AG)	(27,040,078)	(4,497,828)
Net provision (charge)/release for litigations	1,132,861	860,211
Other provisions (charge)/release	6,164,588	(1,442,236)
Net provisions charges/(releases)	(19,742,629)	(5,079,853)

19. Related party transactions

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

<i>In RON</i>	30 June 2011		
	Parent Company	Associates	Other related parties
Held for trading derivatives	-	540,585	37,839,319
Hedging derivatives*	-	-	18,227
Current accounts and deposits to banks	41,832,859	-	2,775,385
Loans to banks	-	-	1,957
Loans to customers	-	172,123,901	28,759,194
Other assets	2,264,073	35,083,968	3,021,795
Outstanding receivables	44,096,932	207,748,454	72,415,877
Held for trading derivatives	-	-	93,650,847
Hedging derivatives*	-	-	6,283,479
Current accounts	32,970,650	593,464	26,901,682
Deposits attracted	2,929,583,782	34,224,161	697,331,120
Loans received	3,227,869,522	-	547,112,074
Subordinated liabilities	336,919,678	-	63,694,582
Other liabilities	-	-	9,029,848
Outstanding payables	6,527,343,632	34,817,625	1,444,003,632

*) replicated with third parties external to the UniCredit Group



Notes to the condensed interim financial statements

19. Related party transactions (continued)

<i>In RON</i>	30 June 2011		
	Parent Company	Associates	Other related parties
Interest and similar income	379,162	7,481,742	743,333
Interest income and similar revenues on derivative instruments	-	-	1,475,162
Interest expenses and similar charges	(113,609,953)	(4,949,859)	(5,843,097)
Interest expense and similar charges on derivative instruments	-	-	(6,541,278)
Commission income	20,256,568	8,351,810	181,468
Commission expense	(1,008,722)	-	(71)
Management fees	(550,298)	-	(1,207,423)
Other operating income	2,264,073	-	1,702,456
Administration costs: general and administrative expenses - other	-	-	(16,299,210)
Net income/(expense)	(92,269,170)	10,883,693	(25,788,660)

<i>In RON</i>	31 December 2010		
	Parent Company	Associates	Other related parties
Held for trading derivatives	-	-	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
Held for trading derivatives	-	-	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



Notes to the condensed interim financial statements

19. Related party transactions (continued)

<i>In RON</i>	30 June 2010		
	Parent Company	Associates	Other related parties
Interest and similar income	72,071	10,640,450	5,921,358
Interest income and similar revenues on derivative instruments	-	-	2,674,148
Interest expenses and similar charges	(122,863,491)	(621,347)	(10,761,426)
Interest expense and similar charges on derivative instruments	-	-	(12,836,984)
Commission income	23,108,104	4,700,633	720,264
Commission expense	(1,277,426)	(1,212)	(1,159)
Management fees	(574,777)	-	(1,461,912)
Other operating income	404,067	-	3,988,299
Administration costs: general and administrative expenses - other	-	-	(16,494,163)
Net income/(expense)	(101,131,452)	14,718,524	(28,251,575)

Net gain from derivatives held for risk management concluded with UniCredit Group entities amounts to RON equivalent 116,708,126 RON for the period ended 30 June 2011 (net loss from derivatives for the period ended 30 June 2010 amounted to RON equivalent 3,151,458).

Transactions with key management personnel

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

<i>In RON</i>	30 June 2011	30 June 2010
Loans granted	2,223,854	1,028,475
	<u>2,223,854</u>	<u>1,028,475</u>
Current accounts and deposits	5,612,841	4,699,511
	<u>5,612,841</u>	<u>4,699,511</u>

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



Notes to the condensed interim financial statements

19. Related party transactions (*continued*)

<i>In RON</i>	30 June 2011	30 June 2010
Key management compensation		
Gross salaries	5,851,684	7,100,170
Total	5,851,684	7,100,170

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. (Also refer to Note 9)

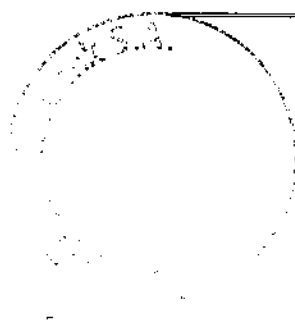
20. Commitments and contingencies

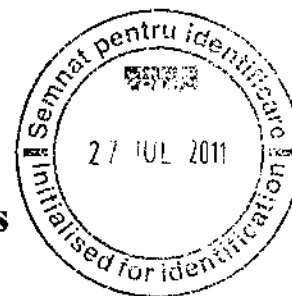
At any time the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one 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 recognized at the balance sheet date if counterparties failed completely to perform as contracted.

<i>In RON</i>	30 June 2011	31 December 2010
Loan commitments	1,502,244,855	1,111,929,167
Letters of credit	136,263,775	59,948,972
Guarantees issued	5,090,674,217	4,832,078,556
Total	6,729,182,847	6,003,956,695



Notes to the condensed interim financial statements

20. Commitments and contingencies (*continued*)

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 takes the obligation to pay to UniCredit Bank Austria AG or to any other entities within UniCredit Group any installment that the borrowers failed to pay. The total amount of such risk participation agreements in force as at 30 June 2011 is EUR 667,382,697, USD 82,810,667 and CHF 6,195,275 (31 December 2010: EUR 751,260,133, USD 88,333,333 and CHF 6,195,275).

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 takes the obligation to pay to UniCredit Bank Austria AG any installment that the borrowers failed to pay.

The novation contracts concluded with UniCredit Bank Austria AG relates to one entity and their total value is EUR 31,334,330 (31 December 2010: EUR 44,906,358).

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 and the interest margins are recorded monthly as collected.

As at 30 June 2011 the Bank was involved in several litigations for which the possible total claims estimated by the Bank's lawyers amounted to RON 21,913,875 (31 December 2010: RON 19,913,905). The Bank, based upon legal advice, has assessed that a provision amounting to RON 5,888,740 as at 30 June 2010 (31 December 2010: RON 7,134,972) is necessary to be booked for these claims.



Notes to the condensed interim financial statements

21. Reconciliation of profit under IFRS and Romanian Accounting Standards

The statutory financial statements of the Bank prepared for the six months ended 30 June 2011 have been approved together with IFRS financial statements.

<i>In RON</i>	30 June 2011	30 June 2010
Net profit under Romanian Accounting Standards (not audited nor reviewed)	124,446,909	30,543,385
Cancellation of statutory impairment on AFS investment securities	(6,033,446)	(23,046,326)
IFRS impairment losses on loans	54,598,039	154,287,606
IFRS provisions for off-balance sheet contingent items and financial guarantees	(27,059,067)	4,497,828
HTM foreign currency revaluation	(98,396)	(282,275)
Deferred tax impact during the period	2,531,198	(28,505,832)
Loss on associate investment	(1,055,074)	(2,718,537)
Derecognition of interest on arrears	(49,947,502)	-
Other IFRS adjustments	(4,731,401)	10,391,902
Net profit after tax under IFRS	92,651,260	145,167,751

22. Reconciliation of equity under IFRS and Romanian Accounting Standards

<i>In RON</i>	30 June 2011	31 December 2010
Equity under Romanian Accounting Standards (not audited nor reviewed for 30 June 2011)	2,183,544,484	2,059,097,575
Effect of hyperinflation on share capital	722,528,774	722,528,774
Effect of hyperinflation on reserves	19,064,495	19,064,495
Fair value adjustments of available-for-sale on reserve	(9,733,596)	(639,259)
Cash flow hedge reserve	(985,085)	-
Deferred tax effect recognized in equity	1,714,989	102,281
Accounting for investment in associates impact on retained earnings	(17,783,610)	(17,783,610)
All IFRS adjustments impact on retained earnings, including effect of hyperinflation	(404,162,484)	(518,211,552)
IFRS adjustments impact on net profit for the period	(31,795,649)	114,049,068
Equity under IFRS	2,462,392,318	2,378,207,772

