

## Yearly Report

For the year ended at 31<sup>st</sup> of December 2015

This yearly report is prepared in accordance with CNVM Regulation no.1/2006.

Date of Report: 17 March 2016

Name of the legal entity:	UniCredit Bank S.A.
Corporate address:	Romania, Bucharest, no. 1F, Expozitiei Bd., 1st District
Corporate Contact Details:	Tel +40 21 200 2000 Website: <a href="http://www.unicredit.ro">www.unicredit.ro</a> Email: <a href="mailto:office@unicredit.ro">office@unicredit.ro</a>
Trade Register Registration Number:	J40/7706/1991
Sole Registration Code:	RO361536
Bank Register No:	RB-PJR - 40 - 011/1999
Operator of personal data nb. ANSPDCP:	10964
Subscribed and paid-up share capital:	RON 379,075,291.20
The regulated capital market on which the issued bonds are traded:	Bursa de Valori Bucuresti (BVB) - Bucharest Stock Exchange ( <a href="http://www.bvb.ro">www.bvb.ro</a> )
Main characteristics of the bonds issued by UniCredit Bank S.A.:	55,000 corporate bonds having a nominal value of RON 10,000/bond, market symbol UCT18 (ISIN ROUCTBDBC014). ( <a href="http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCT18">http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCT18</a> )

## 1. BANK'S BUSINESS ANALYSIS

### 1.1. Analysis of the Bank's business and main strategic aspects regarding the business development

#### 1.1. a) Main business presentation

UniCredit Bank S.A. (the „Bank”) is the new brand name of UniCredit Tiriac Bank SA starting with August 2015, having its current registered office at 1F, Expozitiei Boulevard, District 1, Bucharest, Romania. The bank was established as a Romanian commercial bank as Banca Comerciala Ion Tiriac S.A. in 1991, which merged with HVB Bank Romania SA on 01.09.2006, resulting Banca Comerciala HVB Tiriac S.A. As a result of the merger by absorption of the former UniCredit Romania S.A. (the absorbed bank) by Banca Comerciala HVB Tiriac S.A. (the absorbing bank), the Bank is licensed by the National Bank of Romania to conduct banking activities. The Bank provides banking services in local currency („RON”) and in foreign currency to individuals and companies.

#### 1.1. b) Incorporation date

UniCredit Bank S.A. is a joint stock company incorporated in 1991, registered with the Trade Register Bucharest under number J40/7706/1991, sole registration number (CUI) 361536, registered with the Banking Register under number RB-PJR-40-011/18.02.1999 ([http://www.bnro.ro/files/d/RegistreBNR/InstiCredit/ban1\\_raport.html](http://www.bnro.ro/files/d/RegistreBNR/InstiCredit/ban1_raport.html)).

#### 1.1. c) Description of merger or significant reorganization of the Bank, its subsidiaries or controlled entities, during the financial year

In the first semester, UniCredit Leasing Corporation IFN S.A (“UCLC”) completed the merger project by absorbing UniCredit Leasing Romania SA (“UCLRO”), taking over the entire business activity of UCLRO.

In July, UCLC has sold its direct controlled subsidiary ALLIB Leasing SRL (“ALLIB”) to the lessee, based on the financial leasing contract terms.

Consequently, as of 31 December 2015, UniCredit Group (the “Group”) consists of UniCredit Bank S.A. (the “Bank”) as parent company and its subsidiaries, UniCredit Consumer Financing IFN S.A. (“UCFIN”), UniCredit Leasing Corporation IFN S.A (“UCLC”), Debo Leasing IFN SA (“DEBO”) and UniCredit Insurance Broker SRL (“UCIB”).

While as of 31 December 2014, UniCredit Group (the “Group”) consisted of UniCredit Bank S.A. (the “Bank”) as parent company and its subsidiaries, UniCredit Consumer Financing IFN S.A. (“UCFIN”), UniCredit Leasing Corporation IFN S.A (“UCLC”), Debo Leasing IFN SA (“DEBO”) and UniCredit Insurance Broker SRL (“UCIB”).

The businesses of the subsidiaries and the percentage stake of the Bank in its subsidiaries are presented in the consolidated financial statements prepared in accordance with IFRS as endorsed by EU for the financial year ended at 31 December 2015.

*Please see Note Reporting entity presented in the notes to the consolidated financial statements for the year ended 31 December 2015.*



## 1.1. d) Description of acquisitions and disposals of assets

In December 2015 UniCredit Bank SA signed a Receivables Assignment Agreement with Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. (a subsidiary of Kredyt Inkaso Spółka Akcyjna listed on Warsaw Stock Exchange) for a non-performing portfolio of medium and large private companies with a total outstanding of EUR 336 million. The price to be received is EUR 28 million and the closing will take place no later than end of first quarter in 2016.

## 1.1. e) Description of main results of the Bank's activity

In 2015, UniCredit Bank Group, consisting of UniCredit Bank and its subsidiaries, focused its attention and resources on consolidation of market positions, risk management, growth and sound development of its business aiming meanwhile at the safeguarding of the Bank's assets and capital, value added creation for customers, society and shareholders through enhancement of the quality of products and services, strong management of credit, market and operational risks and internal controls fully aligned with statutory and UniCredit Group regulations and best international practices.

The main strategic achievements of the Group in 2015 are summarized below:

- Client satisfaction - the most appreciated bank regarding Corporate services and one of the top 3 Romanian Banks in Retail growing up the competitive advantage compared with 2014;
- Continuous support through financing Romanian economy, being involved in significant Corporate transactions on segments such as: oil, gas, telecom, automotive, pharmaceutical services, agriculture, transport, other services;
- Active liquidity management in providing adequate funding in structure and pricing and also proper maturity matching;
- Maintain a strong capital position and of an adequate solvency ratio according with local and international regulations;
- Market leader position in leasing activity by UniCredit Leasing and active involvement in consumer credit segment by UniCredit Consumer Financing;
- Doubled ATMs network (partnership Euronet): over 1,000 ATMs -- one of the largest network of the banking system;
- Pioneering Banking Commitment for Payment – for the first time in Romania, UniCredit offers an innovative solution for clearing in line with the newest technologies in the industry.

The main aspects regarding the Group performance improvement in 2015 are summarized below:

- Total assets increased by 6.8%, up to RON 34.6 bn;
- Net profit: increase of 87.5% yoy;
- Customer loan portfolio increase of 4.84% compared with 2014;
- Outstanding evolution regarding the co-financing projects with European funds: loans outstanding of the beneficiaries related to European funds increased by 75% yoy, especially for industrial sector 40% and for agriculture 35%.

The external auditor of the Bank, Deloitte Audit SRL, has audited the separate and consolidated financial statements for the year ended at 31 December 2015 in accordance with International Standards on Audit („ISA”). The audit opinion states that the separate and consolidated financial statements give a true and fair view on the financial position, financial performance and cash flows of the Bank and respectively of the Group in accordance with International Financial Reporting Standards as endorsed by European Union.

The audit results are presented in the external auditor Deloitte Audit SRL report attached to the separate, respectively to consolidated financial statements.

### 1.1.1. Overview assessment of main financial aspects related to the financial year 31 December 2015 (based on consolidated financial statement)

The 2015 results, based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards as endorsed by European Union (NBR Order no.27/2010 regarding the approval of IFRS endorsed by EU with further amendments and updates) are presented below:

a) Gross profit, before Income tax:	RON 322.8 mio
b) Net profit for the year:	RON 269.5 mio
c) Net profit attributable to parent's shareholders:	RON 252 mio
d) Turnover:	RON 2,014.2 mio
e) Total assets:	RON 34,567.8 mio
f) Solvency ratio:	13.13%
g) Return on equity (ROE):	8.38%
h) Liquidity ratio:	between 1.07 and 22.87 (in RON equivalent computed in accordance with NBR Regulation no. 25/2011).

### 1.1.2. Technical evaluation of the Group respectively of the Bank

#### Description of the main products and/or services provided in respect of:

##### a) Main markets for each product or services and distribution methods

As at 31 December 2015, the Group carried out its activity: 184 branches (in 2014: 183) operating in Romania.

The entire services range, both banking services and those provided by the Group subsidiaries, are offered to corporate and retail customers through the distribution network of UniCredit Bank, respectively through its subsidiaries, network uniquely identified by Bank's logo and its subsidiaries logos outlining being member of the UniCredit Group.

##### b) Main markets for each product or services and distribution methods

The weight of each product or service category in the total income and turnover:

- of the Group are presented in the *Note 42 Operating segments* disclosed in the Notes to the consolidated financial statements for the year ended 31 december 2015;
- of the Bank are presented in the *Note 42 Operating segments* disclosed in the Notes to the separated financial statements for the year ended 31 december 2015.





c) **New products for which a significant volume of assets will be required in the following financial year as well as the development status of these products**

This aspect is not significant at the Group, respectively at the Bank's level.

**1.1.3. Evaluation of the materials procurement activity (local sources, imports) of the Group, respectively of the Bank**

This aspect is not significant at the Group, respectively at the Bank's level.

**1.1.4. Evaluation of the sale activity of the Group, respectively of the Bank**

**a) Description of the competition, market share of Bank's products/services and its competitors**

UniCredit Bank is an universal bank that provides services for retail (individuals and SMEs) as well as for companies. These services include opening bank accounts, domestic and foreign payments, foreign currency exchanges, short, medium and long term financing, etc. UniCredit Consumer Financing provides retail consumer loans for individuals. Group is also present in Romania through leasing entities which provides leases to retail and corporate customers.

In 2015, Bank has continued to finance actively the Romanian economy and to grow on strategic segments: + 13.5% on Corporate, +7.8% on SME.

**b) Description of any significant dependency on a customer or group of customers of which loss can negatively impact the revenues of the Bank**

Not applicable.

**1.1.5. Appraisal of the Banks' respectively Group's personnel and related aspects**

**a) Presentation of the number of employees and their training level as well as the trade union relevance within the workforce of the Bank**

UniCredit Bank had 2,917 employees as of 31 December 2015.

In respect of the employees training, 91% have university degree while 9% have a high-school degree. The Bank is preoccupied continuously to train and develop professionally its employees, organising courses for improving the technical knowledge as well as competences specific to banking activity.

In respect of the trade union aspect, 24% of the employees are members of the Trade Union and 76% are not members.

*Please see Chapter 5 Research and development activity, section „Learning & Development” presented in the following attached reports:*

- *Management board's consolidated report for the financial year ended 31 December 2015 for the Group;*
- *Management board's report for the financial year ended 31 December 2015 for the Bank.*

**b) Description of the relationships between manager and employees and any other related/conflictual aspects**

There are subordination relationships between employees and their managers, formally managed through performance evaluation system performed once per year.

Meanwhile, within the organization, professional training courses have been held for development of the managerial competences of managers, which aimed mainly at aspects related to employees' motivation, providing feedback, efficient management and organisation of teams, as well as activities regarding the improvement of performance and employees productivity, motivation, their commitment and cooperation, as well as these aspects between managers and employees.

**1.1.6. Appraisal of the issuer activity on the environment**

There are no (existing or future) litigations regarding the breach of environment protection legislation.

*Please see Chapter 13 Protection of the environment presented in the following attached reports:*

- *Management board's consolidated report for the financial year ended 31 December 2015 for the Group;*
- *Management board's report for the financial year ended 31 December 2015 for the Bank.*

**1.1.7. Appraisal of the research and development activity. Presentation of the expenses in the current financial year and of the estimated ones for the next year for the research and development activity**

*Please see Chapter 5 Research and development activity presented in the following attached reports:*

- *Management board's consolidated report for the financial year ended 31 December 2015 for the Group;*
- *Management board's report for the financial year ended 31 December 2015 for the Bank.*

**1.1.8. Appraisal of the Bank's activity regarding the risk management**

Presentation of the Bank's and respectively Group's exposures to price risk, credit risk, liquidity risk and cash flow risk and disclosure of the policies and objectives regarding risk management are detailed in the *Chapter 7 Risk management presented in the following attached reports:*

- *Management board's consolidated report for the financial year ended 31 December 2015 for the Group;*
- *Management board's report for the financial year ended 31 December 2015 for the Bank.*

**1.1.9. Estimations regarding the activity of the Bank**

**a) Presentation of main events, factors of uncertainty that can affect the Bank's liquidity compared to previous year**

The NBR reduced the monetary policy rate by a cumulated 1 percentage point to 1.75% in the first half of 2015 and cut the minimum reserve requirements to 8% for RON-denominated liabilities (from 10%) releasing RON 2.8bn of liquidity, while the ones of FCY-denominated liabilities were kept at 14%. However, since May 2015, the NBR kept the key rate unchanged at 1.75%. Although inflation became negative following the VAT cut for food products (-0.9% in December and -0.6% on average in 2015), the NBR cannot continue monetary easing given the expansionary fiscal stance in 2016 and the fast growth in wages.

Market liquidity remained abundant in the last quarter of the year, with ROBOR rates stabilizing at very low levels, supported by seasonally higher government spending.





The clean-up of banks' balance sheet continued at a slower pace in 2015, impacting the stock of credit, especially the one of companies. Lending to households picked up (+5.2%yoy in December; FCY-adjusted), but lending to companies does not show strong signs of improvement (0.0%yoy; FCY-adjusted), as companies prefer first to reinvest their profit, second to borrow from parent companies, third to widen the commercial credit between companies and the last option is taking banking loans.

At the same time, new lending is done predominantly in LCY for both individuals and companies, resulting in a change of the credit stock structure, with the LCY stock outstripping the FCY stock for the first time in eight years in September and reaching 50.7% at the end of 2015 (up from a minimum of 35.6% in May 2012).

These changes will strengthen the transmission mechanism of the monetary policy and were driven by the central bank's efforts and regulations to protect customers against depreciation risks together with the market interest rates slipping to historical lows, thus reducing the spreads between local and foreign currency interest rates. The loan-to-depo ratio dropped sharply to 85.7% at the end of 2015, after oscillating in between 91% and 93% in the first eleven months of the year. Following strong provisioning during 2014, the portfolio clean-up process had a limited impact on banks' profitability in 2015, as banking system recovered its profitability with ROA surging at 1.35% and ROE at 12.82%, while Non-performing loans ratio (according to EBA definition) decreased by 7 percentage points at 13.61% (year-end 2015).

There have been no aspects factors which have affected or might affect the Group's liquidity compared to the reporting period of previous year.

The Group has not been in the situation to not meet its financial obligations during the respective reporting period.

**b) Presentation and analysis of the effects on the financial position of the Group regarding the capital expenditures, current or in advanced, compared to those related to the same reporting period of the previous year**

Tangible and intangible assets were in amount of RON 391.1 mio as of 31 December 2015 compared to RON 377.2 mio (31 December 2014), representing a small increase by 3.69% due mainly to additions made as normal to support the current business activity.

**c) Presentation and analysis of the events, transactions, economic changes which significantly affect the operational income**

The business transactions related to 2015 have been properly and correctly recorded in the Group's ledgers, based on the appropriate legal evidence and documents. All the law requirements regarding the organization and running of the accounting activity have been met, respecting all accounting principles, rules and accounting methods provided by the applicable laws and regulations.

The data presented for 2015, have taken into account the organization and management of the accounting activity in accordance with the Law no 82 / 1991, republished and with further amendments and updates, NBR Order 27/16.12.2010, with further updates and amendments.

All the state budget liabilities have properly booked and paid in accordance with local regulations in force.

## 2. TANGIBLE ASSETS OF THE BANK

### 2.1. Description of the location and characteristics of production capacities owned by the Bank

As of 31 December 2015, the Bank owned the following buildings in which it is performing its activity through its branches: Bucuresti („Norilor”, „Marasesti”, „Panduri”, „Traian”, „Nicolae Titulescu”, „Magheru”, branches), Braila, Buzau, Calafat, Cluj-Napoca, Constanta, Craiova, Focsani, Lugoj, Oradea, Piatra Neamt, Pitesti, Satu Mare, etc.. The remaining buildings in which the Group runs its activities are rented.

### 2.2. Description and wearing of the assets owned by the Bank

Net tangible assets were in amount of Ron 234.9 mio as of 31 December 2015, out of which 49.7% represents land and buildings. The details regarding the breakdown and structure of the tangible assets:

- of the Group are presented in the *Note 26 Property and equipment* disclosed in the Notes to the consolidated financial statements for the year ended 31 december 2015;
- of the Bank are presented in the *Note 42 Property and equipment* disclosed in the Notes to the separated financial statements for the year ended 31 december 2015.

### 2.3. Description of the potential issues regarding the ownership title on the tangible assets

Not applicable.

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### 3. CAPITAL MARKET FOR THE BONDS ISSUED BY THE BANK/GROUP

#### 3.1. Description of the market in Romania and other countries on where the issued bonds are traded

In June 2013, the Group issued 55,000 medium term bonds denominated in RON on Bucharest Stock Exchange having the following characteristics: symbol UCT18, ISIN ROUCTBDBC014, nominal value of RON 10,000 / bond, a fixed interest of 6.35% per annum, interest coupon half-yearly payable and redemption date on 15th of June 2018.

Out of 10 interest coupons of the bonds issue, there have been paid 5 coupons to the bond holders. Information regarding these bonds are presented on the Bucharest Stock Exchange website

(<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCT18> ).

#### 3.2. Description of Bank's policy regarding dividends

The net profit appropriation is approved by General Shareholders Meeting of the Bank based on the net result recorded in the separate financial statements of the Bank.

#### 3.3. Description of the any activities of the Bank in respect of the purchasing of its own shares

Not applicable.

#### 3.4. In case the Bank has subsidiaries, providing the number and nominal value of shares issued by the Bank that are owned by subsidiaries

Not applicable.

#### 3.5. In case the reporting entity has issued bonds and/or other securities, description of the way the entities settle the obligations to the holders of those securities

The coupon payments are made in accordance with the provisions of the Chapter „Bonds terms and conditions”, paragraph 9 Payments in the „BONDS ISSUE PROSPECTUS” published on the Financial Supervision Authority's website (<http://www.asfromania.ro>) – direct link:

(<http://www.asfromania.ro/supraveqhere/supraveqhere-capital/emitenți-capital-supraveqhere/oferte-publice-capital-supraveqhere/prospecte-amendamente/1891-prospectele-amendamentele-certIFICATELE-pentru-ofertele-de-vanzare-aprobate-de-a-s-f-c-n-v-m>).

#### **4. BANK'S MANAGEMENT**

On 17<sup>th</sup> of April 2008, General Meeting of Shareholders adopted the dual tier governance system, through which the management of UniCredit Bank SA is ensured by the Management Board, respectively by Supervisory Board, Management Board members not being able to be in the same time members of the Supervisory Board.

##### **4.1. Presentation of the Supervisory Board members as of 31 December 2015**

Supervisory Board of UniCredit Bank as of 31 December 2015 consisted of:

1. Corneliu Dan PASCARIU, President of Supervisory Board
2. Heinz Meidlinger
3. Mirko Davide Georg Bianchi – subject of NBR approval
4. Paolo Tripodi
5. Stefano Cotini
6. Susanne Malibas
7. Carlo Vivaldi

##### **4.2. Presentation of the Management Board members as of 31 December 2015**

Management Board of UniCredit Bank as of 31 December 2015 consisted of:

1. Catalin Rasvan Radu, Romanian citizen, born on 12.02.1966, Executive President (CEO), President of Management Board.
2. Daniela Margareta Bodirca, Romanian citizen, born on 28.04.1976, Executive Vicepresident, Member of Management Board.
3. Septimiu Postelnicu, Romanian citizen, born on 27.03.1977, Executive Vicepresident, Member of Management Board.
4. Alina Marinela Dragan, Romanian citizen, born on 17.09.1978, Executive Vicepresident, Member of Management Board.
5. Marco Giuseppe Esposito, Italian citizen, born on 07.10.1959, Executive Vicepresident, Member of Management Board.
6. Mihaela Alina Lupu, Romanian citizen, born on 08.11.1975, Executive Vicepresident, Member of Management Board.
7. Marco Cravario, Italian citizen, born on 28.05.1967, nominated as First Executive Vice-President (Deputy CEO).

**4.3. For all the persons mentioned at 4.1. and 4.2., description of the eventual litigations or administrative procedures in which they have been involved in the last 5 years, regarding their activity within the issuer, as well as those related to person capacity to meet his/her responsibilities within the issuer**

There have been no litigations or administrative procedures for the persons of the Bank's management in the last 5 years up to now.



**FINANCIAL ACCOUNTING STATUS**
**4.4. Assets, Liabilities, Equity**

The structure and the evolution of the main categories of assets, liabilities and equity of the Group are presented below:

<i>In RON</i> <i>Assets</i>	31-Dec-2015	31-Dec-2014	2015/2014 Variance
Cash and cash equivalents	4,594,566,616	4,355,627,566	5.5%
Financial assets at fair value through profit or loss	291,596,454	256,170,739	13.8%
Derivatives assets designated as hedging instruments	16,477,513	12,433,477	32.5%
Fair value changes of the hedged items in portfolio hedge	305,851	550,694	-44.5%
Loans and advances to banks	917,762,286	534,259,738	71.8%
Loans and advances to customers	19,060,792,216	18,074,610,272	5.5%
Net lease receivables	2,729,569,996	2,451,116,671	11.4%
Investment securities, available for sale	6,362,088,047	5,948,499,011	7.0%
Property and equipment	234,938,243	228,681,703	2.7%
Intangible assets	156,244,574	148,532,981	5.2%
Current tax asset	-	21,330,327	n.a
Deferred tax asset	44,517,708	53,974,538	-17.5%
Other assets	157,970,576	278,796,318	-43.3%
Non-current assets and disposal groups classified as held for sale	960,324	923,771	4.0%
<b>Total assets</b>	<b>34,567,790,404</b>	<b>32,365,507,806</b>	<b>6.8%</b>
<b>Liabilities</b>			
Derivative liabilities at fair value through profit or loss	85,114,106	114,778,678	-25.8%
Derivatives liabilities designated as hedging instruments	82,170,287	95,420,025	-13.9%
Deposits from banks	4,748,273,443	3,596,087,426	32.0%
Loans from banks and other financial institutions	7,250,081,729	8,101,282,753	-10.5%
Deposits from customers	17,858,867,047	15,888,033,085	12.4%
Debt securities issued	550,659,161	550,317,133	0.1%
Subordinated liabilities	322,072,940	386,494,077	-16.7%
Provisions	68,875,832	214,022,848	-67.8%
Current tax liabilities	18,682,913	3,635,321	413.9%
Other liabilities	231,351,419	335,459,132	-31.0%
<b>Total liabilities</b>	<b>31,216,148,877</b>	<b>29,285,530,478</b>	<b>6.6%</b>
<b>Equity</b>			
Share capital	1,101,604,066	1,101,604,066	0.0%
Share premium	55	55	0.0%
Reserve on available for sale financial assets	80,791,377	94,919,980	-14.9%
Cash flow hedging reserve	-46,628,751	-62,830,271	25.8%
Revaluation reserve on property and equipment	10,844,909	10,751,615	0.9%
Other reserves	240,534,612	240,534,612	0.0%
Retained earnings	1,856,780,170	1,604,671,803	15.7%
<b>Total equity</b>	<b>3,243,926,438</b>	<b>2,989,651,860</b>	<b>8.5%</b>
Non-controlling interest	107,715,089	90,325,468	19.3%
<b>Total Group Equity</b>	<b>3,351,641,527</b>	<b>3,079,977,328</b>	<b>8.8%</b>
<b>Total liabilities and equity</b>	<b>34,567,790,404</b>	<b>32,365,507,806</b>	<b>6.8%</b>

#### 4.5. Assets, Liabilities, Equity

At the end of 2015, total assets were RON 34,567.8 mio, compared to RON 32,365.8 mio as of 31 December 2014 (increase by 6.8%).

The main significant increase of assets were for the following categories:

- **Derivatives assets designated as hedging instruments:** increase by RON 4.1 mio (32.5%) from RON 12.4 mio as at 31 December 2014 to RON 16.5 mio as at 31 December 2015.
- **Fair value changes of the hedged items in portfolio hedge:** decrease by RON 244.8k (-44.5%) from RON 550.7k in December 2014 to RON 305.9k in December 2015.
- **Loans and advances to banks:** increase by RON 383.5 mio (71.8%) from RON 917.8 mio in December 2014 to RON 534.3 mio in December 2015.

The main significant increase of liabilities/equity were for the following categories:

- **Derivative liabilities at fair value through profit or loss:** decrease by RON 29.7 mio (-25.8%) from RON 114.8 mio (31 December 2014) to RON 85.1mio (31 December 2015).
- **Deposits from banks:** Increase by RON 1,152.2 mio (32.0%) from RON 3,596.1 mio (31 December 2014) to RON 4,748.3 mio (31 December 2015).
- **Provisions:** decrease by RON 145.2mio (-67.8%) from RON 214.1 mio (31 December 2014) to RON 68.9mio (31 December 2015).
- **Current tax liabilities:** increase by RON 15.1 mio (413.9%) from RON 3.6 mio (31 Decembrie 2014) to RON 18.7 mio (31 December 2015).
- **Cash flow hedging reserve:** increase by RON 16.2 mio (25.8%) from RON -62.8 mio (31 December 2014) to RON -46.6 mio RON (31 December 2015).

#### 4.6. Income statement

Income statement for the 12 months period for 2014 and 2015 is presented below:

RON	2015	2014	2015/2014 Variance
Interest income	1,266,417,131	1,390,318,710	-8.91%
Interest expense	(412,678,883)	(524,280,021)	-21.29%
Interest related effect of swap transactions related to refinancing lines with UniCredit Group companies	3,823,851	12,167,903	-68.57%
<b>Net interest income</b>	<b>857,562,099</b>	<b>878,206,592</b>	<b>-2.35%</b>
Fee and commission income	390,674,461	365,773,344	6.81%
Fee and commission expense	(80,043,889)	(72,184,483)	10.89%
<b>Net fee and commission income</b>	<b>310,630,572</b>	<b>293,588,861</b>	<b>5.80%</b>
Net income from trading and other financial instruments at fair value through profit or loss	258,205,275	253,915,961	1.69%
Fair value adjustments in hedge accounting	(1,630,352)	3,261,295	-149.99%
Net income on disposals of financial assets and liabilities which are not at fair value through profit or loss	70,595,829	103,669,859	-31.90%
Dividends incomes	7,320,896	1,036,974	605.99%
Other operating income	18,791,104	6,447,201	191.46%
<b>Operating income</b>	<b>1,521,475,423</b>	<b>1,540,126,743</b>	<b>-1.21%</b>
Personnel expenses	(355,483,126)	(352,487,730)	0.85%
Depreciation and impairment of tangible assets	(34,227,568)	(39,330,632)	-12.97%
Amortisation and impairment of tangible assets	(48,390,712)	(36,164,023)	33.81%
Other administrative costs	(307,965,962)	(327,886,402)	-6.08%
Other operating costs	(31,461,859)	(24,135,861)	30.35%
<b>Operating expenses</b>	<b>(777,529,227)</b>	<b>(780,004,648)</b>	<b>-0.32%</b>
<b>Net operating income</b>	<b>743,946,196</b>	<b>760,122,095</b>	<b>-2.13%</b>
Net impairment losses on financial assets	(406,624,423)	(600,949,640)	-32.34%
Net provision losses	(9,061,596)	(3,477,801)	160.56%
Profit / (Loss) on associate investments at equity method	-	(351,447)	n.a.
Net gains /(loss) from other investment activities	(5,451,971)	23,081,060	-123.62%
<b>Profit before taxation</b>	<b>322,808,206</b>	<b>178,424,267</b>	<b>80.92%</b>
Income tax	(53,302,020)	(34,654,678)	53.81%
<b>Net profit for the year</b>	<b>269,506,186</b>	<b>143,769,589</b>	<b>87.46%</b>
<b>Attributable to:</b>			
Equity holders of the parent	252,097,154	118,055,732	113.54%
Non-controlling interests	17,409,032	25,713,857	-32.30%
<b>Net profit for the year</b>	<b>269,506,186</b>	<b>143,769,589</b>	<b>87.46%</b>

The net profit attributable to equity holders of the parent (Group) for the year ended at 31 December 2015 is RON 252.1 mio, higher by 113.54% than that for the previous year (RON 118.1 mio). The total operational income were RON 1,521.4 mio as at 31 December 2015, smaller than that for the period ended at 31 December 2014 in amount of RON 1,540.1mio, recording a slight decrease of 1.21% while total operational expenses recorder a decrease of 0.32% (from RON 780 mio in 2014 to RON 777.5 mio in 2015).

As at 31 December 2015, the cost/income ratio, one of the main indicator closely monitored by the Management, was 51.10% slight greater than that that of 50.65% recorded as that of 31 December 2014.

#### 4.7. Cash flows

The structure of cash flows is summarized by the statement of cash flows:

<i>in RON</i>	2015	2014	2015/2014 variance
<b>Operating activities</b>			
Profit before taxation	322,808,206	178,424,267	80.92%
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation and impairment on tangible and intangible assets	82,618,280	75,494,655	9.44%
Net impairment losses on financial assets	406,624,423	600,949,640	-32.34%
Change in fair value of derivatives at fair value through profit or loss	-12,896,992	-6,218,848	107.39%
Other items for which the cash effects are investing or financing	-85,671,398	22,980,322	-472.80%
Other non-cash items	96,536,336	205,925,496	-53.12%
<b>Operating profit before changes in operating assets and liabilities</b>	<b>810,018,855</b>	<b>1,077,555,532</b>	<b>-24.83%</b>
Change in operating assets:	-2,626,689,738	-2,738,410,789	-4.08%
Change in operating liabilities:	2,996,802,471	1,044,140,080	187.01%
<b>Cash flows from / (used in) operating activities</b>	<b>1,180,131,588</b>	<b>-616,715,177</b>	<b>-291.36%</b>
<b>Cash flows used in investing activities</b>	<b>(99,810,166)</b>	<b>(144,624,368)</b>	<b>-30.99%</b>
<b>Cash flows used financing activities</b>	<b>(841,382,372)</b>	<b>(118,455,458)</b>	<b>610.29%</b>
Net increase / (decrease) in cash and cash equivalents	238,939,050	(879,795,003)	-127.16%
<b>Cash and cash equivalents at 1 January</b>	<b>4,355,627,566</b>	<b>5,235,422,569</b>	<b>-16.80%</b>
<b>Cash and cash equivalents at 31 December</b>	<b>4,594,566,616</b>	<b>4,355,627,566</b>	<b>5.49%</b>
<b>Cash flow from operating activities include:</b>			
Interest received	1,395,845,395	1,443,492,759	-3.30%
Interest paid	423,790,939	559,480,573	-24.25%

The liquidity ratio in RON equivalent calculated in accordance with NBR Regulation 25/2011 was between 1.07 and 22.87 (depending on the residual maturity of the assets and the liabilities) in 2015 (2014: between 1.15 and 23.33).

## 5. CHANGES WHICH IMPACT THE SHAREHOLDERS EQUITY AND MANAGEMENT OF THE GROUP

### 5.1. Description of the cases where the entity has not respected its financial obligations during the respective reporting period:

- Not applicable.

### 5.2. Description of any change of the rights of the holders of the securities issued by the Group:

- Not applicable.

### 5.3. Changes in the Group governing bodies:

During 2015 there have been the following changes in the governing bodies of UniCredit Bank:

#### Supervisory Board:

- the resignation of Mr. Gianni Franco Papa from the position of member of the Supervisory Board (see Annex 3.1);
- the resignation of Mr. Alexandru Leonard Leca, from the position of member of the Supervisory Board (see Annex 3.2);
- the resignation of Mr. Petru Vaduva, from the position of member of the Supervisory Board (see Annex 3.2);
- the resignation of Mr. Francesco Giordano, from the position of member of the Supervisory Board (see Annex 3.2);
- appointment of Mr. Carlo Vivaldi as member of the Supervisory Board (see Annex 3.3);
- appointment of Mr. Mirko Davide Georg Bianchi as member of the Supervisory Board (subject to NBR's approval);
- resignation of Mr. Gianfranco Bisagni from the position of member of the Supervisory Board.

#### Management Board:

- the resignation of Mr. Niccolo Ubertalli from the position of Management Board member (see Annex 3.4);
- the appointment of Mr. Marco Cravario as member of the management Board in december 2014, appointment approved by NBR in december 2015 (see Annex 3.5).

### 5.4. Changes in the Bank shareholders' structure:

In June 2015 UniCredit Bank Austria AG purchased all the shares held by Tiriac Holding in UniCredit Tiriac Bank SA. After the completion of the transaction, UniCredit Bank Austria has increased its share capital owned in UniCredit Bank from 50.6% to 95.6%.

Consequently, the Bank started the rebranding process. As a result, UniCredit Tiriac Bank SA has changed the brand name into UniCredit Bank SA starting with August 2015.

## 6. ANNEXES

There are attached to the present report the following attached documents:

### 6.1. List of Bank's subsidiaries and its controlled entities

The list of subsidiaries and of entities controlled by the Bank as of 31 December 2015 is presented in the Annex 1.

### 6.2. Related parties lists

The list of related parties is presented in the Annex 2.

### 6.3. Annexes related to changes of Supervisory Board composition

See Annexes 3.1 , 3.2 si 3.3 regarding the changes of Supervisory Board Composition recorded with Trade Register.

### 6.4. Annexes related to changes of Management Board composition

See Annexes 3.4 si 3.5 regarding the changes of Supervisory Board Composition recorded with Trade Register.

### 6.5. Annexes related to changes of Bank's brand name and trade mark

See Annex 4 regarding the change of Bank's brand name and trade mark recorded with Trade Register.

### 6.6. Annexes regarding General Shareholders Meeting resolution in respect of the updating of Articles of Association

See Annex 5 regarding the updated of Articles of Association and Articles of the Bank.

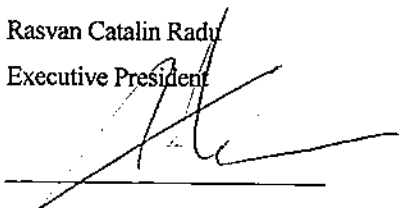
### 6.7. Financial statements and auditor report

Separate and consolidated Financial Statements as of 31 December 2015 prepared in accordance with IFRS as endorsed by European Union, audited by external independent auditor Deloitte Audit SRL.

### 6.8. Compliance statement

Statement of the Directorate Members who has assumed the responsibility for the preparation of the consolidated financial statements for the financial year.

Rasvan Catalin Radu  
Executive President



Mihaela Alina Lupu  
Executive Vicepresident

