



UniCredit Bank S.A.

MANAGEMENT BOARD'S REPORT

for the financial period ended 31 December 2015

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1. 2015 activity overview

In 2015, UniCredit Bank S.A. (the "Bank") focused its attention and resources on improving the market position, risk management, growth and development aimed at safeguarding the Bank's assets and capital, value creation for corporate and retail customers, society and shareholders, enhancing quality of products and services, strong management of credit, market and operational risks and internal controls in line with statutory and UniCredit Group regulations and best international practices.

In 2015, the main achievements of the Bank were:

Strategic achievements:

- **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;
- Continuous clean-up process of non-performing loans through writing off and portfolio sales. In December 2015 the Bank signed a Receivables Assignment Agreement with Kredyt Inkaso Portfolio Investments (Luxembourg) S.A. for a portfolio of medium and large private companies with a total outstanding of approximately EUR 336 million;
- Merger of UniCredit Leasing Corporation and UniCredit Leasing Romania;
- 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.

Performance:

- Total assets increased by 6.7%, up to RON 30.6 bn;
- Net profit: increase of 176,5% yoy;
- Loan portfolio increase of 4.1% compared with 2014;
- Positive evolution in loans, mainly sustained by increase in SME (small and medium – sized enterprises) financing (+7.8% y/y) and for corporate companies (+13.5% y/y);

- Complex products and services for clients: in the context of a volatile market, UniCredit developed products and solutions for hedging the good and raw material's price risk, including the solutions for hedging the financial risks of FX and monetary market;
- 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%.

A special attention was granted to ensure prudent levels of liquidity and capital adequacy in compliance with regulations. A particular emphasis was laid on overall risk management, and especially on credit risk management in order to ensure proper assets quality and adequate provision coverage.

The Bank finalized with a strong and balanced financial position in 2015 despite of macroeconomic slowdown evolution:

Indicator	%
ROE	7.31
ROA	0.73
Solvency ratio*	14
Cost/Income ratio	52.78
Cash coverage of deposits ratio	60.48
Loan portfolio provision coverage	8.85

**Solvency ratio is calculated before inclusion of net profit 2015*

As at 31 December 2015, the Bank carried out its activity through 182 outlets (in 2014: 183 outlets) operating in Romania.

As of 31 December 2015, the total assets of the bank are RON 30.6bn. The net profit for 2015 is RON 222.1mn.

During 2015, the members of the Management Board acted in accordance with statutory laws and regulations in force and ruling UniCredit Group and Bank's regulations. The Supervisory Board and Management Board members acted according to their responsibilities as defined in the Constitutive Act of the Bank and within the limits of their competences assigned by the General Shareholders Meeting. The Management Board has acted under the supervision and control of the Supervisory Board.

The activity of the Management Board as the main decision making corporate body in the Bank has been consistently and efficiently supported by staff of the Bank, in accordance with their responsibilities and competences operating in compliance with their authorities and set of responsibilities. The Management Board has coordinated the Bank's activity and has taken all necessary measures for the proper management of the Bank in compliance with the Constitutive Act of the Bank.

2. Separate Financial Statements of Commercial Bank UniCredit Bank S.A. as at 31 December 2015

2.1. Legal framework

The annual separate financial statements as at 31 December 2015 are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by EU applicable to credit institutions through NBR Order 27/2010, including subsequent amendments.

The annual financial statements have been prepared on the basis of the Bank's trial balance which corresponds to documents and accounting records concerning the economic and financial operations for the period 1 January – 31 December 2015.

The duties stipulated by law, related to organization and management of accounting activity, accounting principles (prudence, permanence of methods, continuity, independence, intangibility, non-compensation, separate evaluation of assets and liabilities', materiality, substance over form) have been followed. The Accounting Law no. 82/1991 provisions, with subsequent changes and accounting regulations and methods stipulated by regulations in force, were abided by the Bank.

The annual financial statements provide a true and fair view on the assets and liabilities, the economic and financial position of UniCredit Bank S.A., and are audited by the auditor Deloitte Audit SRL.



2.2. The Separate Statement of financial position

The separate Statement of financial position of UniCredit Bank SA as of 31.12.2015 is presented below:

ASSETS	ths RON	% in Total Assets
Cash and cash equivalents	4,594,559	15.01
Financial assets at fair value through profit or loss	291,926	0.95
Derivatives assets designated as hedging instruments	16,478	0.05
Loans and advances to banks	849,888	2.78
Loans and advances to customers	17,913,642	58.52
Financial assets available for sale	6,359,742	20.78
Investment in subsidiaries	143,116	0.47
Property and equipment	217,772	0.71
Intangible assets	148,517	0.49
Deferred tax assets	9,584	0.03
Other assets	65,632	0.21
Non-current assets and disposal groups classified as held for sale	960	0.003
TOTAL ASSETS	30,611,816	100.00
LIABILITIES	ths RON	% in Total Liabilities and Equity
Financial liabilities at fair value through profit or loss	85,383	0.28
Derivatives liabilities designated as hedging instruments	81,901	0.27
Deposits from banks	4,748,273	15.51
Loans from banks and other financial institutions	3,433,409	11.22
Deposits from customers	18,111,375	59.16
Debt securities issued	550,659	1.80
Subordinated liabilities	222,534	0.73
Provisions	68,041	0.22
Current tax liabilities	11,176	0.04
Other liabilities	149,721	0.49
TOTAL LIABILITIES	27,462,474	89.71
EQUITY		
Share capital	1,101,604	3.60
Share premium	0.055	0.00
Reserve on available for sale financial assets	80,791	0.26
Cash flow hedging reserve	(46,629)	(0.15)
Revaluation reserve on property and equipment	10,845	0.04
Other reserves	240,535	0.79
Retained earnings	1,762,196	5.76
TOTAL EQUITY	3,149,343	10.29
TOTAL LIABILITIES AND EQUITY	30,611,816	100.00

A more detailed explanation on main Statement of financial position's captions is presented below.



2.3. Assets

Cash and cash equivalents – The balance of current accounts with the National Bank of Romania represents the minimum reserve requirements. As at 31 December 2015, the minimum reserve requirements settled of 8% (31 December 2014: 10%) for liabilities to customers in RON and 14% (31 December 2014: 14%) 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 longer than 2 years with reimbursement, transfer and anticipated withdrawals clause, or 0% for all the other liabilities included in the calculation base.

Loans and advances to customers - a total amount of RON 17.9bn which is 58.52% of total assets.

The outstanding credit balance as at 31.12.2015 is distributed as follows:

- 71.80% non-financial institutions;
- 23.83% households, individuals;
- 4.37% public administrations and other financial institutions.

Term loans granted to customers are classified, according to the remaining maturity, into the following time buckets: up to one year (55.50%), between 1 and 5 years (23.01%) and over 5 years (21.49%).

Loans are collateralized mainly by mortgages, assignments of receivables, pledges, corporate guarantees from parent company and letters of guarantee. The risk structure of total loan portfolio (including individuals and companies) at the end of 2015 is as follows:

- Performing loans 89.43%;
- Past due but not individually impaired 1.49%;
- Individually impaired 9.08%.

Investments in subsidiary - The Bank holds interests in the following subsidiaries which are directly controls, and are accounted at cost in the separate financial statements:

- 50.1% (50.1% as of 31st December 2014) in UniCredit Consumer Financing IFN SA ("UCFIN"), a company providing consumer financing loans to individuals, with net carrying amount RON 64,767,136 (RON 64,767,136 as of 31st December 2014);
- 99.98% (99.90% as of 31st December 2014) in UniCredit Leasing Corporation IFN S.A. (UCLC), a company providing leasing services to domestic and foreign customers, with net carrying amount RON 78,348,547 as of 31st December 2015 (RON 4,114,881 as of 31st December 2014). UCLC was an associate entity, until April 2014 when it became a UCB's subsidiary.

The Bank has lost the control of the following directly controlled subsidiary:

- UniCredit Leasing Romania SA ("UCLRO"), a company providing leasing services to legal entities and individuals. UCLRO has been a subsidiary of the Bank since April 2014 when the Bank obtained 99.99% controlling interest in UCLRO until June 2015 when UCLRO was

fully absorbed by UCLC as a result of the merger process (31st December 2014: 99.99%, net carrying amount RON 66,871,320).

Other assets of RON 65.6mn (0.21% of total assets) include:

- RON 28.8mn sundry debtors;
- RON 19.15mn prepayments;
- RON 9.8mn amounts receivable;
- RON 6.8mn inventories;
- RON 1.09mn other assets.

2.4 Liabilities

Deposits from banks in total amount of RON 4,748mn (15.51% of total liabilities), include:

- RON 662.6mn sight deposits of credit institutions and amounts in transit;
- RON 4,085mn term deposits and long term funding from credit institutions.

Deposits from customers in total amount of RON 18.1bn, (59.16% of total liabilities), include:

- RON 11,947mn sight deposits (65.96% of total deposits from customers);
- RON 6,119mn term deposits (33.79% of total deposits from customers);
- RON 45.5mn other amounts due to customers, (0.25% of total deposits from customers).

Other liabilities in total amount of RON 149.7mn (0.49% of total liabilities) representing debts to the state budget (RON 20.3mn), accruals for third party services (RON 19.4mn), amounts payable to suppliers (RON 56.4mn), deferred income (RON 20.5mn), amounts due to employees (RON 27.1mn), other liabilities (RON 6mn).

Provisions of RON 68.1mn (0.22% of total liabilities) are presented below:

-mn RON-

Provisions for financial guarantees	64.1
Provisions for off-balance sheet commitments	0.9
Provisions for legal disputes	1.2
Other provisions	1.9
Total	68.1

Subordinated loans of RON 222.5mn (0.73% of total liabilities) represent the outstanding value of subordinated loans borrowed from UniCredit Bank Austria AG.



2.5. Shareholders' equity

At 31 December 2015, the value of shareholders' equity of the Bank is RON 3,149mn.

As of 31 December 2015, the shareholders' equity includes:

- **Subscribed share capital** is in total amount of RON 1,101.6mn out of which RON 379.1mn represents the paid-in capital at nominal value divided into 40,760,784 ordinary shares of RON 9.3 par value each. The remaining difference represents the hyperinflation effect from application of IAS 29 — Financial Reporting in Hyperinflationary Economies.
- **Other reserves** of RON 240.5mn include:
 - Statutory general banking reserves of RON 115.8mn;
 - Statutory legal reserves of RON 78.7mn;
 - Other reserves of RON 26.9mn;
 - Effect of hyperinflation due the application of IAS 29 of RON 19.1mn.
- **Share premium** of RON 55.
- **Revaluation reserve** of property and equipment of RON 10.8mn.
- **Other reserves related to hedge accounting and to fair value investments securities, available for sale** of RON 34.2mn (net amount);
- **Retained earnings (including 2015 net profit)** as of 31.12.2015 are in amount of RON 1,762mn (in 2014: RON 1,540mn).

2015 current net profit is RON 222.1mn (in 2014: RON 80.3mn).

2.6. Off balance-sheet accounts

The off balance-sheet accounts at the end of 2015 amounts to RON 5,502.9mn which include:

- RON 1,515.3mn loan commitments;
- RON 147.8mn letters or credit;
- RON 3,839.8mn issued guarantees.



2.7. Separate Profit and loss account

Items	31-Dec-15
	ths RON
Interest income	952,179
Interest expense	(311,933)
Interest on effect of swap transactions to refinancing lines with UniCredit Group companies	3,824
Net interest income	644,070
Fee and commission income	362,352
Fee and commission expense	(78,187)
Net fee and commission income	284,165
Net income from trading and other financial instruments at fair value through profit or loss	250,351
Fair value adjustments in hedge accounting	(1,630)
Net income on disposals of financial assets and liabilities which are not at fair value through profit or loss	70,596
Dividends incomes	7,321
Other operating income	7,348
Operating income	1,262,220
Personnel expenses	(306,520)
Depreciation and impairment of tangible assets	(33,605)
Amortisation and impairment of intangible assets	(45,761)
Other administrative costs	(269,641)
Other operating costs	(10,652)
Operating expenses	(666,180)
Net operating income	596,041
Net impairment losses on financial assets	(317,161)
Net provision losses	(8,979)
Net gains/losses from other investment activities	(6,040)
Profit / (Loss) before taxation	263,860
Income tax	(41,805)
Net profit for the year	222,055
Other comprehensive income, net of tax	
Items that will not be reclassified to profit or loss	
Revaluation of property, plant and equipment (net of deferred tax)	93
Total items that will not be reclassified to profit or loss	93
Items that may be reclassified to profit or loss	
Net change in revaluation reserve for available for sale financial assets (net of deferred tax)	(14,129)
Net change in cash flow hedging reserve (net of deferred tax)	16,202
Total items that may be reclassified to profit or loss	2,073
Other comprehensive income for the year, net of tax	2,166
Total comprehensive income for the year	224,221

3. Profit distribution

The gross loss before tax for 2015 is RON 263.9mn. **The net profit is RON 222,054,978 due for distribution according to the law.**

The Board Members proposes to the Annual General Shareholders Meeting, the net profit distribution, as follows:

- reinvestment of 50% of the net profit in total amount of RON 111,027,489 in order to support the capital base and solvency ratio of the Bank, and
- dividend distribution of 50% of the net profit in total amount of RON 111,027,489.



4. Forecast related to future evolution of the Bank

Romania's economic growth remained one of the strongest in the region, at 3.7%yoy in 2015. Consumption was the main driver, boosted by the VAT cut for food products to 9% from 24% as of June 2015, the strong increase in real wages, the revitalized consumer confidence and strong lending in local currency. Investments picked up slightly, while net exports subtracted from growth. The macroeconomic outlook is positive, as the economy will continue to grow above 3.5% in 2016. However, this growth rate does not seem sustainable, considering that its main contributor is private consumption boosted by a pro-cyclical behavior through loose fiscal policies.

The main challenge is to limit the 2016 deficit to 3% of GDP, a difficult task given all the announced public sector wage and social spending hikes.

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. The extension of ECB's QE until March 2017, an overall easing bias from the other central banks in the region and the expected start of reforms by the technocratic government could support Romanian assets in 2016, allowing the NBR to remain on hold until the end of 2017. We believe that any overheating consumption will be addressed through prudential measures.

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 episode of political instability led to slight depreciation pressures on the RON, but the EURRON stood in the 4.40-4.50 preferred interval for most of the year. Another episode of depreciation pressure was visible towards year-end, when CEE currencies were affected by the ECB delivering less QE than anticipated by the market. Escalating external worries could lead to temporary depreciation pressures throughout 2016 as well, but we expect the EURRON to trade mostly in the 4.40-4.50 range. The cleanup of banks' balance sheet continued at a lower 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 85.8% at the end of 2015, after oscillating in between 91.3% and 93.3% in the first eleven months of the year. Following strong provisioning during 2014, the portfolio cleanup process had a limited impact on banks' profitability in 2015, with loan loss provisions of only RON 2.7bn in 9M2015, down from RON 8bn in the corresponding period of 2014. Consequently, despite decreasing total revenues and slightly increasing operating costs in comparison to 2014, banks registered RON 2.2bn profit in 9M2015. The banking system remains well capitalized, with a solvency ratio of 18.69% in September 2015.

Business growth targets stay ambitious, focusing on proper servicing and supporting, risk management and profitability level. Quality improvement, process and cost optimization will continue. The Bank will also focus on systems enhancement as the main driver for high performance and efficiency.

The Management Board's members of the Bank firmly believe that due to the strong financial fundamentals of the Bank and the commitment for support from the main shareholders, the Bank has very good prospects to duly service its customers, comply with all ruling laws and regulations, and further improve its position at the market.

5. Research and development activity

The research and development activity of UCB, including the know-how received from UniCredit Group, was mainly directed to improvement of efficiency and productivity of:

- Products and services offered to customers;
- Risks management systems;
- Internal control systems and compliance;
- Financial accounting systems;
- IT systems;
- Human resources management;
- Decision making systems.

Learning & Development

- Focus of training activity on developing the technical skills and knowledge of the employees from all divisions;
- Network employees had access to special training programs for developing technical knowledge as well as competencies needed in their daily activity. School branches were actively involved in delivering these trainings. More than 500 employees participated at in-class trainings and more than 1.200 participated to online trainings, internally created.

- Head office and network employees have access to an extended soft skills training curricula: change management, personal efficiency, emotional intelligence, communication, creative thinking in problem solving, business presentation skills, etc. Over 500 colleagues participated at these types of trainings in 2015;
- The internal e-learning and testing platform, including that from UniCredit Group were actively used both for on-line education, as well as for periodical testing sessions, for topics as: AML Compliance, Saving Law, Information Security, Physical Security, Antifraud, Anticorruption, , antitrust, conflict of interest. Using this platform were delivered also technical trainings for employees in the network;
- Further development of E-learning platform through the extended usage of SkillSoft e-learning platform (world's biggest e-learning provider), offering unlimited access to all our employees at over 2000 trainings – soft and technical. More than 500 colleagues had access to foreign language trainings (English, German, Italian), using external e-learning platforms;
- Continued development of the leadership pipeline, as one of our strategic objective, relying on UniCredit Group Talent Management Programs addressing executives and talents (Executive Development Program, Talent Management Review);
- The employees with managerial position had access to trainings and specialized programs: First Time Manager Program, managerial trainings, business simulations, leadership events and conferences, 360 Feedback, coaching – in order to further developed managerial competencies and performance;
- Internal Coaching program implemented with a team of 4 internal coaches (including 3ICF certified coaches), was continued, focused on individual and team development;
- Internal Mentoring Program reached the 10th edition;
- Cooperation with local students associations in Bucharest and within the country.

Integrity/Corporate Social Responsibility

Approximately EUR 900.000 was invested in sponsorship and Corporate Social Responsibility projects. The Bank was involved and sustained a number of cultural, educational & social projects in cooperation with different NGOs and partners.

Social projects:

- 14 philanthropic projects sustained by the Bank and co-sponsored by UniCredit Foundation, within the framework of the regular GIFT MATCHING campaign. The projects are driven and financially supported by its employees and UniCredit Foundation, matching individuals' donations.
- As a part of GIFT MATCHING program, the Bank financially supported the third edition of the charity marathon between Bucharest and Sofia and back – 1000Balkan Charity Challenge - <http://1000balkan.com/>.



- UCB together with NESst Foundation Romania, UniCredit Foundation and UniCredit Business Integrated Solutions (UBIS) organized a competition where 5 social businesses from NESst portfolio were awarded through Your Choice Your Project (YCYP) initiative. The project involved 750 employees from UniCredit Bank and UBIS, who selected the winners based on a nominal voting system. The financial support of EUR 80.000 was granted to social businesses through direct grants, knowhow and trainings.
- Official partner for Romanian Olympic Foundation in the program "Together for Romanian's sportsmen", which aims to help the former champions who had to retire earlier.

Art and culture:

- Continued the project 1F exhibition space presenting 4 new exhibitions in 2015 with the art works of Vincentiu Grigorescu, Diet Saylor, Stefan Bertalan and Gherasim Luca.
- Main partner of the International Theatre Festival in Sibiu (FITS) and Official Currency Provider for Summer Well music festival. For FITS in 2015, the Bank redecorated a new performance venue and printed out for Faust – the most viewed and well known show of the festival – the program for the entire audience on the 4 shows performed. For Summer Well in 2015, the Bank supported for the festival itself, and provided the attendees with custom designed ATM, special festival wallet holders and bracelets, engaging with the audience in their own creative language.
- Support of Young Designers Exhibition – Play and Rewind – part of Romanian Design Week, an exhibition made of young Romanian designers' artworks, the Bank took on exhibition outside of Bucharest to Cluj-Napoca and Timisoara.
- Support for the publication of the artist book – Ioana Nemes (postum), one of the most influential Romanian artists of contemporaneous art, who died in 2011 in New York.

Educational projects:

- Together with the team from Teach for Romania program, the Romanian educational system has a boost of confidence and hope supporting 2 teachers – financially covering their wedges for the entire working year of 2015 – which are currently teaching in a school in Fundeni, Craiova.
- The Bank was main partner of the fifth edition of The Power of Storytelling 2015 conference. An event built around the idea that stories can change our worlds, connect people, move action and drive change. The only one in Eastern Europe of its kind, it brings together storytellers in all fields.
- Continued to be partners of Creative Mornings Bucharest, a lecture series for the creative community, for 12 editions in 2015, one at the end of each month, with a rising awareness and engagement throughout the Romanian audience.
- A new project was launched in 2015 – together with our partners from Decat o Revista (DoR) – entitled 24/7 the social entrepreneurial guide, an inspirational and educational tool

for the creative community in Romania offering them the documented stories and advice of different creative businesses across sectors. A big success which will be continued on public demand in 2016.

Environmental projects:

- UniCredit Bank signed a partnership with Planting Good Deeds in Romania Association through which we promised to plant a tree for every client who decides to receive his credit card report via email. More than 210 colleagues participated in planting the 7525 trees in Ulmu, Calarasi, has been planted more than 10.000 square meters of wood sapling.

6. Management

The Bank's senior management has applied strictly all acting statutory and UniCredit Group regulations.

The Bank's performance was strictly and regularly monitored and corrective or enhancement decisions were made in a timely manner. The Bank maintained its solid financial standing, covering all potential risks.

The Bank was properly represented on due managerial level in different bodies and forums in Romania and internationally at UniCredit Group level.

7. Risk Management

7.1. The foreign exchange risk

The Bank is exposed to foreign exchange risk as a consequence of its foreign exchange transactions performed between RON and foreign currencies in which the assets and the liabilities are denominated.

The main foreign currencies held by the Bank are EUR and USD. The Bank strictly monitors and manages the foreign currency position. It has strictly observed the regulatory limits set by the NBR and other internal regulations.

7.2. Interest risk

The Bank faces interest rate risk that could be a result of exposure to unfavorable fluctuations of the interests on the market. The change of the interest rates on the market directly influences the income and expenses related to the financial assets and liabilities bearing variable interests, as well as the effective value of those bearing fixed interest rates.

For the financial receivables and financial liabilities in RON, the Bank aims to correlate the current interest rates on the market and to obtain a positive interest margin.



For the financial assets and liabilities denominated in foreign currencies, the Bank aims to maintain a positive net position. Most of its interest-earning assets and interest-bearing liabilities in foreign currencies have variable interest rates which could be updated at Bank's initiative or are related to a reference variable interest rate on the inter-banking market.

7.3. Credit risk

The Bank is exposed to credit risk, representing the risk of negative impact on revenues generated by debtors not fulfilling the contractual obligations of loans granted on short, medium or long run.

The Bank manages credit risk through a comprehensive set of measures, both at transaction or debtor level, as well as at overall bank level, by:

- Strict evaluation of debtors creditworthiness and of loan applications;
- Continuous monitoring of the exposures in order to identify any changes that may affect negative the overall risk status or generate the breach of risk limits set out by the internal procedures;
- Set up of general loan loss provisions in correlation with the estimated expected losses for all credit portfolio, as well as specific loan loss provisions for high risk or defaulted exposures;
- Capital allocation for credit risk unexpected losses in accordance with the regulatory and UniCredit Group regulations;
- Regular monitoring of the credit risk profile of the Bank in order to ensure compliance within the tolerance limits defined in accordance with the risk management strategy and the Bank risk appetite.

In respect of the assurance of prudent management for credit counterparty risk, the Bank deals with adequate ranking international banks based on the specific assessment criteria and strict internal rules. Therefore specific limits are set up for transactions with other banks, related to deposits and foreign currency exchange.

7.4. Liquidity risk

As a financial services entity, the Bank faces liquidity risk (risk of breaching its obligations on not meeting its financial liabilities when they become due).

Among the main potential generators of liquidity risk, the Bank distinguishes between:

- timing or amount mismatches between inflows and outflows, under normal operating conditions (liquidity mismatch risk). This risk depends upon the maturity structure of the balance sheet;
- unexpected changes in client behavior (liquidity contingency risk); it is especially materialized in heavy withdrawals in a very short time;

- disfunctionalities in the financial markets, especially in the money market (market liquidity risk) can appear due to events which are not expected by the large majority of the authorized participants or due to lack of development and maturity of the market.

By 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 permanently assesses the broad macroeconomic conditions, with a special focus on data concerning the banking system.

The Bank's approach of managing liquidity is to ensure, as long as possible, that it will have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. Asset and Liability Management is the department responsible for managing the liquidity risk in the Bank, reporting to the CFO and the Asset and Liability Management Committee (ALCO).

The Bank's liquidity management strategy aims at maintaining an optimal equilibrium between cash inflows and cash outflows in terms of timing and volume, that is vital for assuring the normal operational continuity of the Bank's banking business, as well as adequate liquidity reserves, whilst ensuring the financial stability of the balance sheet and the optimization of the funding sources and related costs. Accordingly, the Bank's approach to liquidity management is split into short term liquidity and medium and long term liquidity management (structural liquidity).

The Bank uses daily, weekly and monthly reporting systems for monitoring the liquidity position overall and by currencies and regular liquidity stress testing is conducted under a variety of scenarios with different severity levels. The liquidity stress tests are carried out based on the concept of the "operating liquidity [maturity] ladder". The effects of plausible events on cash inflows and cash outflows are taken into account for relevant time frames according to defined events.

The Bank's structural liquidity management aims at ensuring the financial stability of the balance sheet. The principal objective, on the one hand side, is to avoid excessive and unexpected pressures on the funding requirements in the short term liquidity position, and on the other hand, to optimize the funding sources and related costs. This may be achieved by the maintenance of an adequate balance between the medium & long-term assets and the respective stable sources of funding.

All liquidity policies and procedures are subject to review and approval by ALCO. A summary report regarding the evolution of the bank's liquidity position, the dynamics of the main balance sheet items and sources of funding, the key indicators used in the management of funding need, as well as information on compliance with liquidity limits and warning levels, including any exceptions and remedial action taken, is submitted regularly to ALCO, which meets at least once per month.

On a regular basis, the Bank produces an extensive quarterly analysis, when the CFO presents to the Management Board a report on the bank's liquidity position and its main developments,



influenced by both internal factors that generate bank's balance-sheet evolution and external factors of the local and international financial markets.

7.5. Cash flow management

The Bank focused its attention to mitigate the exposure to cash flow risk within its regular course of business, but also for longer periods of time.

The main monitored areas in order to mitigate cash flow are: operational activity, investment activity and financing activity.

7.6. Derivative financial instruments

The Bank deals with certain types of derivatives, aiming to hedge underlying risk positions, such as interest rate swaps, exchange rate swaps, forward contracts, exchange rate options and interest rate options. The derivatives are traded on the OTC market.

On 31 December 2015, the Bank had outstanding a number of FX swap contracts, as well as forward contracts, interest rate swaps, cross currency swaps, FX options and interest rate options. FX and interest rate options, as well as IRS concluded with clients and closed back to back, mainly with the Group.

In designating financial instruments in qualifying hedge relationships, the Bank has determined that it expects the hedges to be highly effective over the period of the hedging relationship. The Bank designated certain interest rate swap and cross currency swap contracts as hedging instruments and certain loans and deposits from customers of the Bank as hedged items, within cash flows hedge relationships. For hedge accounting purposes, only instruments that involve an external party to the Bank (or intra-group transactions directly replicated with third parties outside the Group) are designated as hedging instruments.

7.7. Tax risk

The Bank is committed to ensure sustainable performance of tax risk management by building and maintaining an efficient and effective tax function within the organization. The Bank strictly complies with the fiscal laws regarding taxes and duties.

Differences between IFRS accounting treatment and fiscal requirements have been carefully identified and analyzed, resulting in proper recognition of deferred tax effects in the financial statements.

The Bank is constantly focused on transfer pricing risk monitoring, including proper documentation of intra-group transactions with proactive approach.

International guidelines (OCDE, EU) in transfer pricing matter resulting from the BEPS (Base Erosion and Profit Shifting), aimed at increasing fiscal transparency, will be gradually introduced within the Romanian secondary legislation starting with 2016.

7.8. Compliance risk

Within a complex legal framework, the Bank is subject to the compliance risk, defined as the actual or future risk to impact the profits and capital, which may lead to fines, claims and/or cancellation of contracts or which may affect the reputation of a credit institution, as a result of breaching or non-compliance with the regulatory framework, agreements, recommended practices or ethical standards.

In this respect, compliance function in order to meet the requirements of the law, supported Management Board to manage the conformity risk. In this respect, the compliance risk function gives support to identify, evaluate, monitor and report the compliance risk associated to different activities, including consultancy to respect the legal and internal requirements and UniCredit Group's requirements.

8. Shareholders' equity

At 31 December 2015 the paid-in capital of the Bank was RON 379,075,291.20 split into 40,760,784 shares at RON 9.3 par value each.

The structure of the Bank's shareholders as at 31 December 2015 is the following:

<i>Shareholder</i>	<i>Shares' number</i>	<i>Value (RON)</i>	<i>%</i>
<i>UniCredit Bank Austria A.G.</i>	<i>38,974,880</i>	<i>362,466,384.00</i>	<i>95.6185</i>
<i>Romanian Individuals</i>	<i>1,628,614</i>	<i>15,146,110.20</i>	<i>3.9957</i>
<i>Romanian Legal Entities</i>	<i>73,409</i>	<i>682,703.70</i>	<i>0.1801</i>
<i>Foreign Individuals</i>	<i>54,873</i>	<i>510,318.90</i>	<i>0.1346</i>
<i>Foreign Legal Entities</i>	<i>29,008</i>	<i>269,774.40</i>	<i>0.0711</i>
TOTAL	40,760,784	379,075,291.20	100.0000

During 2015, there were changes in the shareholding structure as follows:

- Romanian individuals, in 2014: 4.0100% from total share capital, in 2015: 3.9957% from total share capital;
- Romanian legal entities, in 2014: 0.1791% from total share capital, in 2015: 0.1801% from total share capital;
- Foreign Individuals, in 2014: 0.1300% from total share capital, in 2015: 0.1346% from total share capital.

- In 2015 UniCredit Bank Austria AG acquires the 45 % interest in UniCredit Bank S.A. held by Tiriac Holdings Ltd., increasing its equity stake from 50.5588 % to 95.6185 %.

9. Corporate Governance

The Bank is responsible for the existence of a rigorous management framework designed to include at least the following aspects:

- organizational structure and organization;
- the Bank's Governing body: duties and responsibilities;
- composition and function, general framework for the activity;
- risk management;
- internal control;
- informational systems and business continuities;
- transparency requirements.

The Bank has internal regulations regarding management of the business, in the light of the Group's guidelines. The Bank adapted management framework depending on nature, scale and complexity of the inherent risks in the business model.

9.1. General Shareholders' Meeting ("GSM")

The General Shareholders' Meeting is constituted as the **supreme authority** of the Bank.

The rights, responsibilities and working methods of the GSM are established in the Constitutive Act of the Bank and they are carried out in compliance with the applicable Romanian laws and regulations.

The detailed tasks and responsibilities are set forth in the Bank's Constitutive Act,

The General Shareholders' Meeting could delegate a part of its competences to Supervisory Board and Management Board in the cases mentioned in the Constitutive Act and in compliance with the applicable laws.

The roles and responsibilities are detailed in the specific regulation/rule of procedure.

The **General Meetings of the Shareholders** shall be convened at least once a year, within 4 months since the financial year end in accordance with the legal requirements, and at any time it is needed to make decisions in its area of responsibility, in accordance with the provisions of law or the Constitutive Act.

Extraordinary General Meeting of Shareholders shall be convened whenever decisions in its responsibilities must be adopted.

The **Ordinary General Meeting of Shareholders** shall:

- discuss, approve or modify the annual financial statements, based upon the reports of the

Management Board, Supervisory Board and financial auditor, and shall determine the dividends;

- appoint the Supervisory Board members from among the candidates nominated by the existing Supervisory Board members or by the Bank's shareholders and revoke the Bank's Supervisory Board members;
- appoint and revoke the financial auditor and establish the minimum duration of the financial audit contract following the proposal of the Supervisory Board;
- approve the remuneration of the Bank's Supervisory Board' members;
- express its opinion about the Management Board's management;
- approve the budget of income and expenses, and the program of activity for the next financial year as established by the Management Board and after preapproval by the Supervisory Board;
- approve the pledging, renting out or dissolving of one or more of the Bank's units.

9.2. Supervisory Board

The Supervisory Board is the statutory body of the Bank which is responsible for supervision and control of the Bank, in particular shall supervise the exercise of powers by the Management Board and the conduct of the Bank's business activities, As of 31st December 2015, Supervisory Board has 6 members elected for a 3 year term, allowing reappointment.

The Supervisory Board shall supervise the financial and business activities of the Bank and shall control the observance of the provisions of the Constitutive Act and of any relevant legal provisions by the Bank's management bodies, The Supervisory Board shall further review the annual financial statements including the proposal for the distribution of profits, and the annual report prior to submitting them to the Ordinary General Meeting of Shareholders for approval.

The competences of the Supervisory Board are established by the Constitutive Act and the Romanian laws and regulations in force.

The Supervisory Board acts in 2015 through the Audit Committee, Remuneration Committee, Risk Administration Committee, Nomination Committee and any other consultative committee with the scope to assist the management in specific areas.

9.3. Management Board

The Management Board is the statutory body responsible for current management of the Bank, has 7 members as of 31st of December 2015 elected for a 3 year term, allowing reappointment.

The Management Board is the statutory body of the Bank which is responsible for the management and execution of all activities of the Bank, including monitoring and control of the business objectives

of the Bank, The Management Board takes decisions on any matters of the Bank, unless such decisions are reserved to other bodies according to legal regulations or this Constitutive Act.

The Management Board manages and coordinates collectively the Bank's activity in accordance with the competences assigned by the Constitutive Act and the Rules of Procedure of the Management Board.

The members of the Management Board are appointed and/or revoked by the Supervisory Board, The mechanism of the functioning of Management Board's meetings is described in the Rules of Procedure regarding the preparation and holding of the Management Board's meetings.

Both Supervisory Board and Management Board operate through specialized committees, whose role is to assist the management structure in specific areas.

9.4. Committees subordinated to Supervisory Board

Committees subordinated to Supervisory Board are:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Risk Administration Committee

9.4.1. Audit Committee

The Audit Committee is directly subordinated to the Supervisory Board.

The Audit Committee is a consulting body of the Supervisory Board, with specialized attributions, The Audit Committee shall oversee the internal control system of the Bank with assessment, consultative and proposing functions.

The Audit Committee will be composed of 3 elected non-executive members of the Supervisory Board, The members of the Audit Committee and the Chairman will be elected by the Supervisory Board.

The roles, responsibilities and functioning mechanisms of the Audit Committee are detailed in the Audit Committee Regulation.

9.4.2. Remuneration Committee

The Remuneration Committee is directly subordinated to the Supervisory Board.

The Remuneration Committee is set up to:

- determine the compensation (fixed and variable part) to be paid to each of the Bank's Management Board members;
- approve the terms and conditions of the management contracts to be concluded between the Bank and the members of the Management Board.

The Remuneration Committee shall be composed of 3 (three) members to be appointed and revoked by the Supervisory Board, among the Supervisory Board members, for a 3 year term, allowing reappointment.

At least one of the Remuneration Committee members shall be appointed among the Supervisory Board independent members, The Remuneration Committee Chairman shall be appointed by the Supervisory Board.

The roles and responsibilities and functioning mechanisms of the Remuneration Committee are detailed in the Remuneration Committee regulation.

9.4.3. Nomination Committee

The Nomination Committee is a permanent committee established by the Supervisory Board.

The Nomination Committee is a permanent committee, having as main duties:

- to identify and recommend to the Supervisory/Management Board, for approval, candidates to occupy the vacant seats within the management body;
- to assess the balance of knowledge, skills, diversity and experience within the management body;
- to assess on a regular basis, but at least once a year, the structure, size, composition and performance of the management body and to make recommendations to the management body with respect to any changes;
- to assess on a regular basis, but at least once a year, the knowledge, skills and experience of each member of the management body and of the management body as a whole and report to the management body accordingly;
- to decide with respect to a target concerning the representation of the male or female gender, poorly represented in the structure of the management body and draw up a policy concerning the means for increasing the number of these individuals in the structure of the management body in order to achieve the target concerned.

The nomination committee consists of minimum 3 (three) and maximum 5 (five) members selected from amongst the Supervisory Board members.

The roles and responsibilities and functioning mechanisms of the Committee are detailed in the specific regulation.

9.4.4. Risk Management Committee

Risk Management Committee is directly subordinated to the Supervisory Board, Risk Management Committee is a permanent committee of UniCredit Bank having a consultative and support function to the Management Body composed by the Management Board and the Supervisory Board and carry out its duties in plenary session.



The RMC shall be composed of minimum 3 (three) and maximum 5 (five) members among of the SB's members.

The roles and responsibilities and functioning mechanisms of the Committee are detailed in the specific regulation/rule of procedure.

9.5. Committees subordinated to Management Board

Committees subordinated to Management Board are:

- Risk Management Operative Committee;
- Credit Committee;
- Assets and Liabilities Committee (ALCO);
- Disciplinary Committee;
- Norms and Procedures Committee;
- Projects Committee;
- Branch Network Committee;
- Security and Healthy Committee;
- Fraud Risk Management Committee;
- Special Credit Committee;
- Business Continuity & Crisis Management Crisis Committee;
- Conflict of Interest Committee;
- Professional Assessment Committee;
- Cost Committee;
- Internal Control Business Committee;
- Operational Permanent Work Group Committee.

Activities of the most important committees subordinated to the Management Board are presented below.

9.5.1. Risk Management Operative Committee

Risk Management Operative Committee is a permanent committee of UniCredit Bank SA, The Committee shall exercise a consultative and proposing function and carry out its duties in plenary session, The Risk Management Operative Committee regulation will be reviewed periodically, if necessary.

The number of members of Risk Management Operative Committee with voting rights (permanent members) is 10.

The roles and responsibilities and functioning mechanism of the Risk Management Operative Committee are detailed in own regulation.

9.5.2. Credit Committee

The Credit Committee is a permanent committee responsible for making decisions regarding credit facilities under its area of competence in order to ensure an adequate quality of loans portfolio, according to the approved credit policy. The number of members of Credit Committee is 4.

The roles and responsibilities and functioning mechanisms of the Credit Committee are detailed in the Credit Committee Regulation.

9.5.3. Special Credit Committee

The Special Credit Committee is organized with the purpose of advising, recommending, approving, rejecting loan applications and related memos for amendments to already approved transactions or other requests, for corporate clients (watch list 2), and all restructuring and workout clients (corporate clients, retail clients, private banking clients).

The roles and responsibilities and functioning mechanisms of the Special Credit Committee are detailed in the own regulation.

9.5.4. Assets and Liabilities Committee (ALCO)

The ALCO Committee is responsible for ensuring an adequate and sound management of the bank's Balance Sheet in a proactive manner, All members of the ALCO must be aware of all relevant business and market changes in order to ensure a balanced decision making process, The ALCO monitors and establishes limits for Liquidity and Market Risks, The ALCO evaluates regularly the market risk profiles of the bank with the aim of optimizing the profit of the bank within the boundaries of approved risk limits, Number of members is 10.

The roles and responsibilities and functioning mechanisms of the Assets and Liabilities Committee are detailed in the own regulation of the committee.

9.5.5. Disciplinary Committee

The Disciplinary Committee meets in order to investigate and analyze whether the employees subject to disciplinary and professional investigation procedure committed the types of violations regarding Code of Conduct, job description, Labor Contract, The number of members is 7.

The roles and responsibilities and functioning mechanisms of this committee are detailed in the Disciplinary Committee regulation.

9.5.6. Normes and Procedures Committee

The Norms and Procedures Committee analyzes and issues recommendation for approval/ rejecting or adjusting internal regulations before approval, Number of members is 10.

The roles and responsibilities and functioning mechanisms of the NPC are detailed in the Norms and Procedures Committee regulation.

9.5.7. Projects Committee

The Projects Committee creates the bases for easier and centralized management of the existing projects or identification of the new ones, in line with bank's strategy, for efficiently usage of resources participating in the projects, Number of members is 9.



The roles and responsibilities and functioning mechanisms of the PC are detailed in the Project Committee regulation.

9.5.8. Branch Network Committee

The Branch Network Committee analyzes and proposes actions for improvement of the activity of the branch network, Number of members is 6.

The roles and responsibilities and functioning mechanisms of the BNC are detailed in the Branch Network Committee regulation.

9.5.9. Security and Healthy Committee

The Security & Healthy Committee ensures a real secure and healthy working environment for the employees, in accordance with and with respecting of the specific local legislation in force and the Labour Code.

The Security & Healthy Committee functioning regulation establishes clear duties for both banks' management and employees, according to local specific legislation, Number of members is 8.

The roles and responsibilities and functioning mechanisms of the S&HC are detailed in the Security & Healthy Committee regulation.

9.5.10. Fraud Risk Management Committee

The main purpose of Fraud Risk Management Committee (hereby "The Committee"), is the evaluation, the monitoring and the control of the fraud risk, by its periodical evaluation with the aim of minimizing the loss produced by the possible frauds (where it is necessary, as the competences permit it).

In Committee mision (composed of 7 members) is included imediate mittigation of fraud risk, depended of situation.

The roles and responsibilities and functioning mechanisms are detailed in the committee's regulation.

9.5.11. Business Continuity & Crisis Management Crisis Committee

The Business Continuity & Crisis Management committee and work teams are established by the decision of the MB.

Decision-making, coordination and operational support during the business as usual and crisis stage. The number of members is 14.

The roles and responsibilities and functioning mechanisms of the Crisis Committee are detailed in the specific regulation of the Committee.

9.5.12. Professional Assessment Committee

The Professional Assessment Committee meets in order to evaluate and analyze whether the employees subject to professional assessment procedure are professionally suitable for the job,

The number of members is 3.

The roles and responsibilities and functioning mechanisms of the Committee are detailed in the specific regulation of the Committee.

9.5.13. Cost Committee

To be a management decision body responsible for the operational monitoring, forecasting and optimization of operational HR and non-HR and capital expenditure of the bank, The number of members is 7.

The roles and responsibilities and functioning mechanisms of the Committee are detailed in the specific regulation of the Committee.

9.5.14. Internal Control Committee

Internal Control Committee (10 members) has the role to support the President of the Bank in the assessment of the overall Internal Control adequacy at the Bank's level through the analysis of the critical topics, monitoring and prioritization of the corrective actions related to internal control, in order to contribute to the efficiency and effectiveness of the internal control.

The roles and responsibilities and functioning mechanisms of the Committee are detailed in the specific regulation of the Committee.

9.5.15. Operational Permanent Work Group Committee

Operational Permanent Work Group Committee is primarily responsible for analyzing the operational risk losses, Key Risk Indicators (KRIs) and scenarios in order to identify mitigation actions aiming at reducing operational risk and losses from operational risk in the future.

The number of members is 3.

The roles, responsibilities and functioning mechanisms of the Committee are detailed in the specific rule of procedures.

9.6. Internal Control

The UCB's internal control is based on:

- the existence of the Internal Control framework
- the existence of the independent internal control function

In the internal control functions, which must be independent, are included:

- risk management function, being composed by risk control function on each business line;
- compliance function and
- internal audit function



The Internal Control framework represents the frame that ensures the deployment of efficient and effective operations, adequate risks control, prudent conduct of activity, credibility of the reported financial and non-financial information, both internally and externally, The Internal Control framework also represents the frame that ensures the compliance with legal and regulatory requirements, supervision requirements and Bank's internal rules and decisions.

The internal control frame covers all Bank's structures, as a whole, including activities of all operational units, of support and control functions.

The internal control functions periodically sends official reports regarding major deficiencies identified to the management body, These reports include monitoring measures for the previous findings and for any new major deficiency identified involved relevant risks, an assessment of the impact and recommendation, per the case.

10. Relations with shareholders/investors

Conduct of General Meetings Shareholders is in accordance with legal requirements of the applicable laws regarding capital market with a special attention to meet the rights and obligations of the shareholders.

11. Communication schedule for 2016

Bank prepares every year a financial communication schedule, for information of their shareholders, this schedule will be published also on Bucharest Stock Market site.

The schedule for 2016 is the following:

2015 local/Group financial results	10.02.2016
GSM meeting for the approval of 2015 financial statements	15.04.2016
Presentation of Q1 2016 financial results	11.05.2016
Presentation of H1 2016 financial results	04.08.2016
Presentation of Q3 2016 financial results	11.11.2016

12. Members of the Management Board during 2015

1. **Catalin Rasvan Radu**, Romanian citizen, born on 12.02.1966, Executive President (CEO), Chairman of the Management Board.
2. **Niccoló Ubertalli**, Italian citizen, born on 02.03.1973, First Executive Vice-President (Deputy CEO), member of the Management Board, starting with 18.04.2013, until 16.02.2015.
3. **Daniela Margareta Bodirca**, Romanian citizen, born on 28.04.1976, Executive Vice-President, member of the Management Board.
4. **Septimiu Postelnicu**, Romanian citizen born on 27.03.1977, Executive Vice-President, member of the Management Board.

5. **Alina Marinela Dragan**, Romanian citizen, born on 17.09.1978, Executive Vice-President, member of the Management Board.

6. **Marco Giuseppe Esposito**, Italian citizen, born on 07.10.1959, Executive Vice-President, member of the Management Board.

7. **Mihaela Alina Lupu**, Romanian citizen, born on 08.11.1975, Executive Vice-President, member of the Management Board.

8. **Marco Cravario**, Italian citizen, born on 28.05.1967, nominated as First Executive Vice-President (Deputy CEO), appointed by Supervisory Board in 12.12.2014, approved by NBR in 16.12.2015.

In their activity, the Management Board's members acted in compliance with specific economic legislation in force, norms and regulations issued by National Bank of Romania, Group rules and internal rules and regulations of UniCredit Bank SA.

The Management Board members' activity had as primary goal effective and efficient management of the bank's patrimony in full compliance with the law and statutory regulations.

In conclusion, the main focus of the Management Board members was put on:

- Strong financial standing of the Bank, including solid capital base and liquidity;
- Prudent risk management, including credit, market and operational risks;
- Strict and effective internal control of activity and operations, carried out in accordance with the legal provisions in force;
- Value added of all types of businesses, geographies and operations;
- Completion of the targets set in the budget;
- Business sustainability;
- Corporate social responsibility;
- Increasingly productive and efficiently functioning organizational structure of the Bank, focused on rendering qualitative and competitive banking services and products to the clients of the Bank;
- Increased efficiency of logistical organization and infrastructure;
- Higher automation and systems development, risk management and specialized applications in order to satisfy the bank's operating needs, acting accounting and legal requirements, and enhance decision making process;
- Continuous development and professional training of the bank's employees.

13. Protection of the environment

UniCredit Bank SA is compliant with the applicable legal framework regarding the environmental protection and is concerned to decrease the impact of its operational activities on environment.

14. Subsequent events

There are no significant subsequent events.



15. Conclusion

Despite of local and international challenging economic and market environment, UniCredit Bank SA has a solid financial standing and marked a strong performance in 2015, reconfirming its high value added and growth potential capacity.

The future development objectives will continue to be focused on commercial banking operations in retail, corporate and to put great emphasis on value added servicing, risk management, profitability, productivity and strengthening of market position through higher service quality, enrichment of the spectrum of products and services offered, as well as strict compliance with the acting laws and by-laws.

Catalin Rasvan Radu
Executive President

