

Half-yearly Report
As at 30 of June 2017

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

Date of Report: 9 august 2017

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: www.unicredit.ro
Email: office@unicredit.ro
Trade Register Registration Number: J40/7706/1991
Sole Registration Code: R0361536
Bank Register No: RB-PJR - 40 - 011/1999
Operator of personal data nb. 10964
ANSPDCP:
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 (www.bvb.ro)

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

14,600 corporate bonds having a nominal value of RON 10,000/bond, market symbol UCT20 (ISIN ROUCTBDBC022).
[\(<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB20>\)](http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB20)

28,050 corporate bonds having a nominal value of RON 10,000/bond, market symbol UCT22 (ISIN ROUCTBDBC030).
[\(<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB30>\)](http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB30)

18,350 corporate bonds having a nominal value of RON 10,000/bond, market symbol UCT24 (ISIN ROUCTBDBC048).
[\(<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB48>\)](http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=UCB48)

1. ECONOMICAL – FINANCIAL STANDING

1.1. Company's 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. UniCredit Bank is part of UniCredit, the European financial group with the most extensive network in Central and Eastern Europe and one of the most important in Europe. UniCredit Bank is a "one-stop-shop" for financial services, serving more than 650,000 customers.

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/InstitCredit/ban1_raport.html).

As of 30 June 2017, 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”); the Group structure has not been changed since 31 December 2015.

The businesses of the subsidiaries and the percentage stake of the Bank in its subsidiaries are presented in the interim condensed consolidated financial statements prepared in accordance with IFRS as endorsed by EU for the period ended at 30 June 2017, which have to be read together with the consolidated financial statements for the year ended at 31 December 2016.

*Please see **Note Reporting entity** presented in the notes to the interim condensed consolidated financial statements for the period ended 30 June 2017.*

At 30 June 2017, the Group has conducted its activity through 158 branches (in 2016: 160) opened in Romania.

1.2. Consolidated financial statements

1.2.1. Assets, Liabilities, Equity

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

	30 June	31 December	2017/2016
	2017	2016	Variance
Assets			
Cash and cash equivalents	4,234,740,907	5,806,429,168	-27.1%
Financial assets at fair value through profit or loss	404,984,902	393,119,265	3.0%
Derivatives assets designated as hedging instruments	22,387,088	17,325,503	29.2%
Fair value changes of the hedged items in portfolio hedge	-	26,783	-100.0%
Loans and advances to banks	1,556,597,757	737,782,299	111.0%
Loans and advances to customers	21,424,903,435	20,476,755,183	4.6%
Net lease receivables	3,441,665,476	3,157,684,553	9.0%
Financial assets available for sale	6,417,271,437	6,371,453,618	0.7%
Property and equipment	233,698,784	263,863,595	-11.4%
Intangible assets	144,886,639	158,409,354	-8.5%
Current tax assets	-	-	
Deferred tax assets	55,290,352	58,521,224	-5.5%
Other assets	199,896,165	161,416,898	23.8%
Non-current assets and disposal groups classified as held for sale	1,319,971	2,913,821	-54.7%
Total assets	38,137,642,913	37,605,701,264	1.4%
Liabilities			
Financial liabilities at fair value through profit or loss	89,138,874	99,316,461	-10.2%
Derivatives liabilities designated as hedging instruments	65,657,049	98,730,581	-33.5%
Deposits from banks	3,363,106,620	3,173,396,014	6.0%
Loans from banks and other financial institutions	6,984,330,219	7,433,468,355	-6.0%
Deposits from customers	22,607,498,893	21,995,286,812	2.8%
Debt securities issued	551,121,519	551,024,752	0.0%
Subordinated liabilities	324,220,848	323,260,540	0.3%
Provisions	77,242,201	67,301,041	14.8%
Current tax liabilities	26,043,945	49,968,517	-47.9%
Other liabilities	429,478,386	292,333,298	46.9%
Total liabilities	34,517,838,554	34,084,086,371	1.3%
Equity			
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	30,760,994	36,697,652	-16.2%
Cash flow hedging reserve	(45,058,903)	(50,940,452)	11.5%
Revaluation reserve on property and equipment	10,919,762	10,892,930	0.2%
Other reserves	244,827,555	240,534,612	1.8%
Retained earnings	2,130,907,965	2,053,856,522	3.8%
Total equity^a	3,473,961,494	3,392,645,385	2.4%
Non-controlling interest	145,842,865	128,969,508	13.1%
Total Group Equity	3,619,804,359	3,521,614,893	2.8%
Total liabilities and equity	38,137,642,913	37,605,701,264	1.4%

At the end of June 2017, total assets were RON 38,137.6 mio, compared to RON 37,605.7 mio as of 31 December 2016 (increase by 1.4%).

The main significant changes (increase/decrease) of Group assets were for the following categories:

- **Derivatives assets designated as hedging instruments:** increase by RON 5 mio (+19.2%) from RON 17.3 mio as at 31 December 2016 to RON 22.3 mio as at 30 June 2017.
- **Fair value changes of the hedged items in portfolio hedge:** decrease by RON 27k (-100%) from RON 27k in December 2016 to RON 0 in June 2017.
- **Loans and advances to banks:** increase by RON 818.8 mio (111%) from RON 737.8 mio in December 2016 to RON 1,556.6 mio in June 2017.
- **Loans and advances to customers:** increase by 948.1 mio (+4.6%) from RON 20,476.8 mio in December 2016 to RON 21,424.9 mio in June 2017.
- **Net lease receivables:** increase by 283.98 mio (+9%) from RON 3,157.7 mio in December 2016 to RON 3,441.7mio in June 2017.
- **Non-current assets and disposal groups classified as held for sale:** decrease by 1.6 mio (-54.7%) from RON 2.9mio to RON 1.3mio in June 2017.

The main significant changes (increase/decrease) of Group liabilities/equity positions were for the following categories:

- **Derivative liabilities at fair value through profit or loss:** decrease by RON 10.1mio (-10.2%) from RON 99.2 mio (31 December 2016) to RON 89.1 mio (30 June 2017).
- **Derivatives liabilities designated as hedging instruments:** decrease by RON 33.1 mio (-33.1%) from RON 98.7 mio as at 31 December 2016 to RON 65.6 mio as at 30 June 2017.
- **Deposits from banks:** increase by RON 189.7 mio (6%) from RON 3,173.4 mio (31 December 2016) to RON 3,363.1 mio (30 June 2017).
- **Deposits from customers:** increase by RON 612.2 mio (2.8%) from RON 21,995.3 mio (31 December 2016) to RON 22,607.5 mio (30 June 2017).
- **Current tax liabilities:** decrease by RON 23.9 mio (-47.9%) from RON 49.9mio (31 Decembrie 2016) to RON 26mio (30 June 2017).
- **Cash flow hedging reserve:** increase by RON 5.8mio (11.5%) from RON -50.9 mio (31 December 2016) to RON -45 mio RON (30 June 2017).

1.2.2. Income statement

Income statement for the 6 months period for 2017 and 2016 is presented below:

	30 Iunie 2017	30 Iunie 2016	2017/20 16
	RON	RON	
Interest income	634,028,262	643,030,110	-1.4%
Interest expense	-158,059,285	-173,452,692	-8.9%
Net interest income	475,968,977	469,577,418	1.4%
Fee and commission income	231,301,984	196,863,219	17.5%
Fee and commission expense	-40,239,959	-36,483,578	10.3%
Net fee and commission income	191,062,025	160,379,641	19.1%
Net income from trading and other financial instruments at fair value through profit or loss	131,032,864	111,717,332	17.3%
Fair value adjustments in hedge accounting	-3,126,981	3,320,461	-194.2%
Net income on disposals of financial assets and liabilities which are not at fair value through profit or loss	53,854,471	102,603,385	-47.5%
Dividends incomes	2,115,561	1,843,154	14.8%
Other operating income	9,548,670	4,392,686	117.4%
Operating income	860,455,587	853,834,078	0.8%
Personnel expenses	-183,028,328	-173,974,402	5.2%
Depreciation and impairment of tangible assets	-23,402,799	-19,075,240	22.7%
Amortisation and impairment of intangible assets	-25,557,109	-25,524,486	0.1%
Other administrative costs	-210,046,643	-175,022,525	20.0%
Other operating costs	-7,479,654	-14,326,341	-47.8%
Operating expenses	-449,514,533	-407,922,994	10.2%
Net operating income	410,941,054	445,911,083	-7.8%
Net impairment losses on financial assets	-126,880,972	-149,396,420	-15.1%
Net provision losses	-10,095,423	-17,184,729	-41.3%
Net gains/(loss) from other investment activities	-3,282,233	-274,513	1095.7%
Profit / (Loss) before taxation	270,682,426	279,055,422	-3.0%
Income tax	-45,478,388	-53,066,771	-14.3%
Net profit for the year	225,204,038	225,988,651	-0.3%
Attributable to:			
Equity holders of the parent	208,330,681	213,697,744	-2.5%
Non-controlling interests	16,873,357	12,290,906	37.3%
Net profit for year	225,204,038	225,988,650	-0.3%

Cash flows

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

	30 June 2017	30 June 2016	2017/2016 Variance
Operating activities			
Profit before taxation	270,682,426	279,055,421	-3.0%
Ajustari pentru elemente nemonetare:			
Amortizarea si deprecierea imobiliarilor	48,959,908	44,599,727	9.8%
Pierdere neta din deprecierea activelor financiare	126,880,972	149,396,420	-15.1%
Modificarea valorii juste a instrumentelor financiare derivate la valoare justa prin contul de profit sau pierdere	-25,115,605	-7,192,703	249.2%
Other items for which the cash effects are investing or financing	762,660	7,401,908	-89.7%
Other non-cash items	28,319,093	122,102,726	-76.8%
Operating profit before changes in operating assets and liabilities	450,489,454	595,363,499	-24.3%
Change in operating assets:			
Decrease in financial assets at fair value through profit or loss	-97,275,696	148,270,212	-165.6%
(Increase) in loans and advances to banks	-817,341,279	-206,251,968	296.3%
(Increase) in loans and advances to customers	-1,079,104,890	-814,173,682	32.5%
(Increase)/decrease in lease receivable	-301,899,129	-352,286,979	-14.3%
(Increase) in other assets	-28,866,022	-11,450,730	152.1%
Change in operating liabilities:			
Increase / (Decrease) in deposits from banks	187,486,342	-1,612,920,201	-111.6%
Increase in deposits from customers	617,516,510	1,277,022,096	-51.6%
Decrease in other liabilities	7,122,749	11,455,460	-37.8%
Income tax paid	-66,561,684	10,483,135	-734.9%
Cash flows used in operating activities	-1,128,433,645	-957,864,194	17.8%
Investing activities			
Acquisition of property and equipment and intangible assets	-19,929,975	-30,801,095	-35.3%
Proceeds from sale of equity investments	13,362,274	45,225,829	-70.5%
Dividends received	2,115,561	1,843,154	14.8%
Cash flows used in investing activities	-445,2140	16,267,888	-127.4%
Financing activities			
Dividends paid	-677,815	-107,021,634	-99.4%
Repayments of loans from financial institutions	-2,978,356,188	-1,157,942,104	157.2%
Drawdowns from loans from financial institutions	2,540,231,527	533,980,543	375.7%
Cash flows used in financing activities	-438,802,476	-730,983,195	-40.0%
Net (decrease)/increase in cash and cash equivalents	-1,571,688,261	-1,672,579,501	-6.0%
Cash and cash equivalents at 1 January	5,760,947,655	4,594,566,616	25.4%
Cash and cash equivalents at 30 June	4,189,259,395	2,921,987,115	43.4%

The liquidity ratio in RON equivalent calculated in accordance with NBR Regulation 25/2011 was between 1.11 and 18.62 (depending on the residual maturity of the assets and the liabilities), in 2016: between 1.19 and 20.80.

DESCRIPTION OF GROUP'S ACTIVITY

2.1. Main results of the Group's activity and significant transactions

During 2017, 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 alligned with statutory and UniCredit Group regulations and best international practices.

UniCredit Bank has obtain a consolidated net profit of RON 225 mio in 2017, 0.3% slightly lower yoy.

UniCredit Bank had RON 860.5 mio consolidated operational income, higher by 0.8% comparing with the same period of 2016. This evolution is generated, mainly, by increase of loans' volumes and deposits' volumes of comparing with the same period of the previous year. The operational expenses with a level of RON 449.5mio, greater by 10.2% comparing with the same period period of the previous period of 2016 mainly dreaven by methodology adjustments for booking contribution to resolution fund.

Therefore, the consolidated net operational profit of UniCredit Bank's Group for first semester ended at 30 June 2017 is RON 225.2 mio, lower by 0.3% comparing with the same period of 2016. The net profit attributable to the parent and minority interest is RON 208 mio, lower by 2.5% comparing to 2016.

UniCredit Bank's financial indicators show a balanced position: the annualized return on equity (ROE) was 13.2% at the end of 2016, while the annualized return on assets (ROA) has reached 1.2%. Cost-income ratio was at 52%, down from the previous year.

The Bank continued to carefully consider the potential risks and actual mirrored their appropriate level of provisioning. Thus, expense loan provisions reached 126.9 million lei on 30 June 2017. The rate of provisioning of loans in the balance sheet was 6.8% and the annualized cost of risk 112 bp. NPL ratio, including exposures improbability of obligations to pay loans (** EBA definition), was located at 8.06%.

The volume of consolidated assets at June 30th 2017 amounted to RON 38.1 billion, compared with RON 37.6 billion at the year end 2016. The gross loan portfolio, including leasing, increased by RON 1.2 billion compared to year end 2016. The factors that influenced this development were the increase of volumes of companies' clients, of the consumer loans of individuals and have been increased funding to customers in the segment companies, consumer loans for individuals, and of leasing finance.

For the same period, customer deposits are at a level of RON 22.6 billion , up 2.8% over the preavious year end.

In the sphere of activity for corporate clients, one of the relevant transactions in the first part of the year was the "club loan" financing granted by UniCredit Bank and BRD-Groupe Société Générale to A & D Pharma, the largest pharmaceutical group in Romania. The syndicated loan, with a total value of over EUR 177 million, was granted for a five-year period, each of the financial institutions involved participating in an equal amount (approximately EUR 88.6 million). The transaction was jointly arranged by the two banks - BRD and UniCredit Bank being the main mandated arrangers - BRD assuming the role of coordinator for credit documentation, and UniCredit Bank assuming the facilitator and guarantee agent roles. With the new contract, the A & D Pharma Group refinanced a syndicated credit line contracted in 2015 and accessed a new 57m-euro credit facility, benefiting from the favorable financial market context, on the context of the current high appetite of banks for crediting viable companies with good financial performance and further development prospects.

In the retail segment, the bank continued its efforts to digitize its business and innovate its offer of products and services. Thus, in the first half of the year, Mobile Banking has been developed by adding new features that enable users to make multiple operations directly from the mobile phone and make UniCredit one of the most advanced of its kind in the market. Among the most important are access and signing of payments with fingerprint. Thus, UniCredit customers who have compatible phones may choose to authenticate payments up to 800 lei (or equivalent in foreign currency) by reading the fingerprint without having to enter the PIN code. This functionality improves the user experience, while enhancing security standards. Moreover, through an offer launched during this period, users who make a term deposit via Mobile or Online Banking receive an additional 0.15 percentage points interest as for interest for the same type of deposit opened in the branch.

Meanwhile, **UniCredit Consumer Financing** continued to strengthen its position in the segment of consumer loans in H1 2017 recording a significant increase in sales volume comparing to the same period of the previous year.

Furthermore, **UniCredit Leasing Corporation** new financed volumes for the first half of 2017 contributed to the growth of the finance lease portfolio by 9% comparing to 30 June 2016, reaching a level of 3.44 billion lei.

The business transactions related to 2017 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 the first half of the financial year 2017 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 and with 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.

The external auditor of the Bank, Deloitte Audit SRL, has reviewed the consolidated financial information for the 6 month period ended at 30 June 2017 in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

The review opinion states that nothing has come to Auditor attention that causes to believe that the interim condensed consolidated financial information of the Bank is not prepared, in all material respects, in accordance with IAS 34 “Interim Financial Reporting”

The review results are presented in the external auditor Deloitte Audit SRL report attached to the consolidated financial information.

2.2. Main events, factors of uncertainty that can affect the Group’s liquidity compared to previous year

The NBR maintained the monetary policy rate unchanged at 1.75% throughout 2016. The minimum reserve requirements for FCY-denominated liabilities was cut by 4pp to 10% in 2016 (-2pp starting from January 2016 and another -2pp starting from October 2016), releasing around RON 4.2bn of liquidity in the interbank market. The minimum reserve requirements for RON-denominated liabilities was kept unchanged at 8%.

Annual inflation ended 2016 at -0.5% yoy after having stayed in negative territory during 2016, being still affected by the VAT cut for food products in June 2015 from 24% to 9% and by another cut to the general VAT by 4pp (to 20%) in January 2016. The prices of food products and oil started to increase in 2016 after contracting in 2013-2015, but the increase was modest, implying no significant upward pressure to inflation. Although the ECB and the regional central banks kept an easing bias throughout the year, the NBR continued to keep the key rate unchanged at 1.75% throughout 2016 in order to counterbalance the effects of the pro-cyclical fiscal policy at a time when the excess demand has been widening further, pointing to upward price pressures building up.

The NBR’s latest inflation report showed expectations of higher inflation for the end of 2018, at 3.4%, up from 3.2% at the November 2016 forecasting round. We expect more limited excess demand pressures, as we expect a significant slowdown in growth during 2017, reason for which we believe the first hike may be postponed until November 2017 or even 2018 if the inflation forecast is revised downwards. The NBR may increase the deposit facility rate before mid-2017 to signal an upcoming tightening cycle. Market liquidity remained abundant throughout the year, with ROBOR rates stabilizing at very low levels. The surplus liquidity jumped at year-end, supported by high government spending. In its last press conference, the NBR Governor mentioned he expects the 3M ROBOR to stay near the current levels in 1H17 and increase gradually in 2H17, as inflationary pressures intensify.

The clean-up of banks’ balance sheet continued in 2016 via sales of nonperforming loans, impacting the stock of credit, especially the one of companies. Lending to households picked up (+4.5%yoy in December 2016; FCY-adjusted), but the stock of credit to companies continued to contract from 2015 (-2.3%yoy in December 2016; 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. As a result, the credit stock kept its currency structure in line with the one at the end of 2015, with the stock of RON-denominated loans continuing to outstrip the stock in foreign currency and reaching a share of 57.2% in total private sector loans at the end of December 2016, up from 50.7% in December 2015 and a minimum of 35.6% in May 2012. During 2016, above 80% of the new loans granted were in local currency. The fact that the weight of the credit denominated in local currency has increased strengthens the transmission of the monetary policy, helps mitigate risks to financial stability and enhances the robustness of the economy. The main drivers for this change were the central bank's efforts and regulations to protect customers against depreciation risks, together with LCY interest rates slipping to historical lows. The loan-to-depo ratio dropped to 80% at the end of December 2016.

There have been no aspects or factors which have affected or might affect the Group's liquidity during the reporting period.

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

2.3. Tangible and intangible assets of the Group

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 gross amount of RON 793.8 mio as of 30 June 2017 compared to RON 776.3 mio as of 31 December 2016 representing an increase of 2.3% (in net amounts RON 325.5 mio as of 30 June 2017 compared to RON 353.5 mio as of 31 December 2016, representing an decrease by 7.9%) due mainly to additions made as normal to support the current business activity.

Description of the location and characteristics of production capacities owned by the Bank

As of 30 June 2017, 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. The remaining buildings in which the Group runs its activities are rented. The bank has closed 2 branches in 2017 located in rented office spaces.

Description and wearing of the assets owned by the Bank

Net tangible assets were in amount of RON 192 mio as of 30 June 2017, out of which own buildings and lands are 35.8%.

2.4. 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.

3. CHANGES WHICH IMPACT THE SHAREHOLDERS EQUITY AND MANAGEMENT OF THE GROUP

3.1. Changes in the administration of the Group

On 17th 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.

Presentation of the Supervisory Board members as of 30 June 2017

Supervisory Board of UniCredit Bank as of 31 December 2016 consisted of:

1. Corneliu Dan PASCARIU, President of Supervisory Board
2. Heinz Meidlinger
3. Stefano Cotini

Presentation of the Management Board members as of 30 June 2017

Management Board of UniCredit Bank as of 30 June 2017 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. Alina Marinela Dragan, Romanian citizen, born on 17.09.1978, Executive Vicepresident, Member of Management Board
4. Marco Giuseppe Esposito, Italian citizen, born on 07.10.1959, Executive Vicepresident, Member of Management Board
5. Mihaela Alina Lupu, Romanian citizen, born on 08.11.1975, Executive Vicepresident, Member of Management Board
6. Marco Cravario, Italian citizen, born on 28.05.196, First Executive Vice-President (Deputy CEO)
7. Jakub Dusilek, Czech citizen, born on 17.12.1974, Executive Vicepresident, Member of Management Board

During 2017, there have been the following changes in the governing bodies of UniCredit Bank regarding:

⇒ **Supervisory Board's members:**

- The appointment of Mrs Jutta Liebenwein Schoeffmann as a member in the Supervisory Board starting with 20th February 2017 – undergoing prior approval by NBR;
- The appointment of Mr Stefano Porro as a member in the Supervisory Board starting with 20th February 2017 – undergoing prior approval by NBR;
- The appointment of Mr Luca Pierluigi Rubađa as a member in the Supervisory Board starting with 20th February 2017 – undergoing prior approval by NBR;
- The appointment of Mr Zeynep Nazan Somer Ozelgin as a member in the Supervisory Board starting with 20th February 2017 – undergoing prior approval by NBR;

⇒ **Management Board's members:**

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3.2. Changes in the shareholders' equity of the Bank

The structure of the Bank's shareholder structure remained unchanged during 2017. UniCredit SpA owns 98.3280% from the share capital of Bank as of 30 June 2017.

Please see also the details of the Note 22 Issued Capital from the Condensed Interim Consolidated Financial Statements for the period ended at 30 June 2017.

3.3. Description of Bank's policy regarding dividends

In April 2017, the General Shareholders Meeting of the Bank approved the distribution of RON 126.986.295 of the net profit for the financial year 2016 as dividends, which will be paid in due legal time.

4. CAPITAL MARKET FOR THE BONDS ISSUED BY THE BANK

4.1. 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 8 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>).

In July 2017, the Bank issued 61,000 medium and long term bonds denominated in RON listed on Bucharest Stock Exchange with nominal value of 10,000/bond, having the following characteristics:

- Symbol UCB20, ISIN ROUCTBDBC022, number of instruments 14,600, floating rate ROBOR 6M + 0.65%, interest coupon half-yearly payable and redemption date on 15 July 2020
- Symbol UCB22, ISIN ROUCTBDBC030, number of instruments 28,050, floating rate ROBOR 6M + 0.85%, interest coupon half-yearly payable and redemption date on 15 July 2022
- Symbol UCB24, ISIN ROUCTBDBC048, number of instruments 18,350, floating rate ROBOR 6M + 1.05%, interest coupon half-yearly payable and redemption date on 15 July 2024

4.2. 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/supraveghere/supraveghere-capital/emitenti-capital-supraveghere/oferte-publice-capital-supraveghere/prospecte-amendamente/1891-prospectele-amendamentele-certIFICATELE-PENTRU-OFERTELE-DE-VANZARE-APROBATE-DE-A-S-F-C-N-V-M>).

5. OTHER ASPECTS

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

UniCredit Bank had 3,327 employees as of 30 June 2017.

In respect of the employees training, 90% have university degree, while 10% 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, 49% of the employees are members of the Trade Union and 51% are not members.

5.2. Description of the relationship reports between management and employees, and any conflictual elements related to these reports

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.

5.2. Appraisal of the issuer activity on the environment

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

6. ANNEXES

There are attached to the present report the following 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 30 June 2017 is presented in the Annex 1.

6.2. Related parties lists

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

6.3. Financial statements and auditor report

Consolidated Interim Financial Statements as of 30 June 2017 are prepared in accordance with IFRS as endorsed by European Union and reviewed by external independent auditor Deloitte Audit SRL.

6.4. Compliance statement

Statement of the Directorate Members who have assumed the responsibility for the preparation of the Interim condensed consolidated financial statements for the six months period ended 30 June 2017.

Rasvan Catalin Radu
Executive President

Mihaela Alina Lupu
Executive Vicepresident

Annex 1

The list of subsidiaries and entities controlled by the Bank

The list of UniCredit Tiriac Bank SA's subsidiaries controlled as of 30 June 2017 consists of:

No	Legal entity name	Shareholding (%)	Entity type	Sole fiscal code	Trade Register No.	General Banking/IFN Register No.
1	UniCredit Consumer Financing IFN S.A.	50.10%	Subsidiary – directly controlled	24332910	J40/13865/2008	RG-PJR-41-110247
2	UniCredit Leasing Corporation IFN S.A.	99.98%	Subsidiary – directly and indirectly controlled	14600820	J40/3396/2002	RG-PJR-41-110176 RS-PJR-41-110031
3	Debo Leasing IFN SA*	99.97%	Subsidiary –indirectly controlled	15948432	J40/16182/2003	RG-PJR-41-110197
4	UniCredit Insurance Broker SRL*	99.98%	Subsidiary –indirectly controlled	15514018	J40/8111/2003	-

*) These legal entities are directly controlled by UniCredit Leasing Corporation IFN S.A.

Annex 2

List of related parties

The list of UniCredit Bank SA's related parties as of 30 June 2017 consists of:

No.	Related party name	Related party type
1	UNICREDIT BANK AUSTRIA AG	Unicredit Group
2	UniCredit Bank Austria AG	Unicredit Group
3	YAPI VE KREDI BANKASI AS	Unicredit Group
4	UNICREDIT BANK AG, GERMANY	Unicredit Group
5	UNICREDIT BANK HUNGARY ZRT	Unicredit Group
6	UNICREDIT SPA	Unicredit Group
7	UNICREDIT BANK CZECH REP. AND SLOVAKIA	Unicredit Group
8	UNICREDIT BANK AUSTRIA AG	Unicredit Group
9	UNICREDIT BANK AG, GERMANY	Unicredit Group
10	UNICREDIT BANK AG, NEW YORK BRANCH	Unicredit Group
11	UNICREDIT BANK CZECH REP. AND SLOVAKIA,SLOVAKIA BR	Unicredit Group
12	UNICREDIT BULBANK AD	Unicredit Group
13	UNICREDIT BANKA SLOVENIJA D D	Unicredit Group
14	UNICREDIT BANK IRELAND PLC	Unicredit Group
15	UniCredit SpA London Branch	Unicredit Group
16	ZAGREBACKA BANKA DD	Unicredit Group
17	UNICREDIT BANK AG LONDON BRANCH	Unicredit Group
18	UniCredit SPA	Unicredit Group
19	UNICREDIT BANK AG, HONG KONG	Unicredit Group
20	AO UniCredit Bank	Unicredit Group
21	UNICREDIT BANK SERBIA JSC	Unicredit Group
22	UniCredit Luxembourg SA	Unicredit Group
23	FactorBank AG	Unicredit Group
24	UNICREDIT CAIB SECURITIES ROMANIA SA	Unicredit Group
25	UNICREDIT LEASING FLEET MANAGEMENT SRL	Unicredit Group
26	UNICREDIT LEASING CORPORATION IFN S.A.	Unicredit Group
27	UNICREDIT INSURANCE BROKER S.R.L.	Unicredit Group
28	PIONEER ASSET MANAGEMENT S.A.I. SA	Unicredit Group
29	DEBO LEASING IFN SA	Unicredit Group
30	HVB-PWC ESCROW ACCOUNT	Unicredit Group
31	UNICREDIT FACTORING S.p.A.	Unicredit Group
32	UNICREDIT CONSUMER FINANCING IFN S.A.	Unicredit Group
33	PIONEER ASSET MANAGEMENT S.A	Unicredit Group

No.	Related party name	Related party type
34	U.B.I.S.AUSTRIA GMBH VIENA SUC.BUCURESTI	Unicredit Group
35	UNICREDIT FACTORING EAD	Unicredit Group
36	PIONEER ASSET MANAGEMENT A.S	Unicredit Group
37	UCTAM RO SRL	Unicredit Group
38	U.B.I.S. SCPA MILANO SUCURSALA BUCURESTI	Unicredit Group
39	YAPI KREDI BANK MOSCOW	Unicredit Group
40	ANI LEASING IFN SA	Unicredit Group
41	MEDIOFACTORING S.P.A.	Unicredit Group
42	ROLAND BERGER STRATEGY CONSULTANTS GMBH	Unicredit Group
43	EUROPEAN INVESTMENT FUND	Unicredit Group
44	YAPI KREDI FAKTORING A.S.	Unicredit Group
45	Alberto Garbarino	Management
46	Cezarina Morar	Management
47	Ignat Bogdan	Management
48	Cotiga Mircea Marian	Management
49	Daniela Panaitescu	Management
50	Milosoiu Simona Nicoleta	Management
51	Ramona Balasarian	Management
52	Tanasescu Ienciu Serban Mihai	Management
53	Adina Enescu	Management
54	Adina Iovu	Management
55	Adrian Codirlasu	Management
56	Adrian Pirvulescu	Management
57	Alexandra Ivanov	Management
58	Alina Dragan	Management
59	Ana Dutu	Management
60	Andrea D'Alessandro	Management
61	Andreea Adamescu	Management
62	Andrei Bratu	Management
63	Ani Cirstea	Management
64	Bogdan Oniga	Management
65	Catalin Lefter	Management
66	Catalin Rasvan Radu	Management
67	Ciprian Paltineanu	Management
68	Claudia Mocanu	Management
69	Cristian Badoi	Management
70	Dan Corneliu Pascariu	Management
71	Daniel Popescu	Management
72	Daniela Bodirca	Management
73	Diana Ciubotariu	Management

No.	Related party name	Related party type
74	Dragos Birlog	Management
75	Eduard Bisceanu	Management
76	Elena Florea	Management
77	Eugenia Bolboros	Management
78	Gabriel Jeflea	Management
79	Giovanni SCOTTO DI FRECA	Management
80	Ioana Ciucu	Management
81	Jakub Dusilek	Management
82	Leonard Palea	Management
83	Manuta Dumitrache	Management
84	Marco Cravario	Management
85	Mihaela Lupu	Management
86	Razvan Breten	Management
87	Septimiu Postelnicu	Management
88	Simona Petrescu	Management
89	Sorin Dragulin	Management
90	Stela Moghina	Management
91	Viviana Traistaru	Management
92	Heinz Meidlinger	Management
93	Stefano Cotini	Management
94	Marco Esposito	Management



Welcome to
 **UniCredit Bank**

UniCredit Bank S.A.

Interim Condensed Consolidated
Financial Statements

For the six months period
ended 30 June 2017

Prepared in accordance with
IAS 34 “Interim Financial Reporting”

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Chapter 1 Interim condensed consolidated statement of comprehensive income for the six months period ended 30 June 2017

	Note	30 June 2017	30 June 2016
		RON	RON
Interest income	6	634,028,262	643,030,110
Interest expense	6	(158,059,285)	(173,452,692)
Net interest income		475,968,977	469,577,418
Fee and commission income		231,301,984	196,863,219
Fee and commission expense		(40,239,959)	(36,483,578)
Net fee and commission income		191,062,025	160,379,641
Net income from trading and other financial instruments at fair value through profit or loss	7	131,032,864	111,717,332
Fair value adjustments in hedge accounting		(3,126,981)	3,320,461
Net income on disposals of financial assets and liabilities which are not at fair value through profit or loss		53,854,471	102,603,385
Dividends incomes		2,115,561	1,843,154
Other operating income		9,548,670	4,392,686
Operating income		860,455,587	853,834,078
Personnel expenses	8	(183,028,328)	(173,974,402)
Depreciation and impairment of tangible assets		(23,402,799)	(19,075,240)
Amortisation and impairment of intangible assets		(25,557,109)	(25,524,486)
Other administrative costs	9	(210,046,643)	(175,022,525)
Other operating costs		(7,479,654)	(14,326,341)
Operating expenses		(449,514,533)	(407,922,994)
Net operating income		410,941,054	445,911,083
Net impairment losses on financial assets	10	(126,880,972)	(149,396,420)
Net provision losses	21	(10,095,423)	(17,184,729)
Net gains/(loss) from other investment activities		(3,282,233)	(274,513)
Profit / (Loss) before taxation		270,682,426	279,055,422
Income tax	11	(45,478,388)	(53,066,771)
Net profit for the period		225,204,038	225,988,651
Attributable to:			
Equity holders of the parent		208,330,681	213,697,744
Non-controlling interests		16,873,357	12,290,906
Net profit for the period		225,204,038	225,988,650

Notes attached form an integral part of these interim condensed consolidated financial statements

Chapter 1 Interim condensed consolidated statement of comprehensive income for the six months period ended 30 June 2017 (continued)

Note	30 June 2017 RON	30 June 2016 RON
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)	26,833	26,831
Total items that will not be reclassified to profit or loss	26,833	26,831
Items that may be reclassified to profit or loss		
Net change in revaluation reserve for available for sale financial assets (net of deferred tax)	(5,936,658)	(45,528,669)
Net change in cash flow hedging reserve (net of deferred tax)	5,881,549	(12,615,407)
Total items that may be reclassified to profit or loss	(55,109)	(58,144,076)
Other comprehensive income for the period, net of tax	(28,276)	(58,117,245)
Total comprehensive income for the period	225,175,762	167,871,405
Attributable to:		
Equity holders of the parent	208,302,405	155,580,499
Non-controlling interests	16,873,357	12,290,906
Total comprehensive income for the period	225,175,762	167,871,405

The interim condensed consolidated financial statements were approved by the Management Board on August 1, 2017 and were signed on its behalf by:

Mr. Rasvan Catalin Radu
 Chief Executive Officer

Mrs. Mihaela Alina Lupu
 Chief Financial Officer

Chapter 2 Interim condensed consolidated statement of financial position as of 30 June 2017

		30 June 2017	31 December 2016
	Note	RON	RON
Assets			
Cash and cash equivalents	12	4,234,740,907	5,806,429,168
Financial assets at fair value through profit or loss	13	404,984,902	393,119,265
Derivatives assets designated as hedging instruments	13	22,387,088	17,325,503
Fair value changes of the hedged items in portfolio hedge	13	-	26,783
Loans and advances to banks		1,556,597,757	737,782,299
Loans and advances to customers	14	21,424,903,435	20,476,755,183
Net lease receivables	15	3,441,665,476	3,157,684,553
Financial assets available for sale	16	6,417,271,437	6,371,453,618
Property and equipment		233,698,784	263,863,595
Intangible assets		144,886,639	158,409,354
Current tax assets		-	-
Deferred tax assets		55,290,352	58,521,224
Other assets		199,896,165	161,416,898
Non-current assets and disposal groups classified as held for sale		1,319,971	2,913,821
Total assets		38,137,642,913	37,605,701,264
Liabilities			
Financial liabilities at fair value through profit or loss	13	89,138,874	99,316,461
Derivatives liabilities designated as hedging instruments	13	65,657,049	98,730,581
Deposits from banks	17	3,363,106,620	3,173,396,014
Loans from banks and other financial institutions	18	6,984,330,219	7,433,468,355
Deposits from customers	19	22,607,498,893	21,995,286,812
Debt securities issued		551,121,519	551,024,752
Subordinated liabilities	20	324,220,848	323,260,540
Provisions	21	77,242,201	67,301,041
Current tax liabilities		26,043,945	49,968,517
Deferred tax liabilities		-	-
Other liabilities		429,478,386	292,333,298
Total liabilities		34,517,838,554	34,084,086,371

Notes attached form an integral part of these interim condensed consolidated financial statements

Chapter 2 Interim condensed consolidated statement of financial position as of 30 June 2017 (continued)

		30 June 2017	31 December 2016
	Note	RON	RON
Equity			
Share capital	22	1,101,604,066	1,101,604,066
Share premium		55	55
Reserve on available for sale financial assets		30,760,994	36,697,652
Cash flow hedging reserve		(45,058,903)	(50,940,452)
Revaluation reserve on property and equipment		10,919,762	10,892,930
Other reserves		244,827,555	240,534,612
Retained earnings		2,130,907,965	2,053,856,522
Total equity		3,473,961,494	3,392,645,385
Non-controlling interest		145,842,865	128,969,508
Total Group Equity		3,619,804,359	3,521,614,893
Total liabilities and equity		38,137,642,913	37,605,701,264

The interim condensed consolidated financial statements were approved by the Management Board on August 1, 2017 and were signed on its behalf by:

Mr. Rasvan Catalin Radu
 Chief Executive Officer

Mrs. Mihaela Alina Lupu
 Chief Financial Officer

Chapter 3 Interim condensed consolidated statement of changes in shareholders' equity for the six months period ended 30 June 2017

In RON	Share capital	Reserve on available for sale financial assets	Cash flow hedging reserve	Revaluation of property, plant and equipment	Other reserves	Share premium	Retained earnings	Total	Non-Controlling Interest	Total
Balance at 31 December 2016	1,101,604,066	36,697,652	(50,940,452)	10,892,930	240,534,612	55	2,053,856,522	3,392,645,385	128,969,508	3,521,614,893
Total comprehensive income for the period										
Net profit for the period	-	-	-	-	-	-	208,330,681	208,330,681	16,873,357	225,204,038
Other comprehensive income, net of tax										
Dividends distributed during the period	-	-	-	-	-	-	(126,986,295)	(126,986,295)	-	(126,986,295)
Revaluation surplus transfer to retain earnings net of tax	-	-	-	-	4,292,943	-	(4,292,943)	-	-	-
Revaluation surplus, net of tax	-	-	-	26,832	-	-	-	26,832	-	26,832
Net change in available for sale financial assets, net of tax	-	(5,936,658)	-	-	-	-	-	(5,936,658)	-	(5,936,658)
Net change in cash flow hedging reserve, net of tax	-	-	5,881,549	-	-	-	-	5,881,549	-	5,881,549
Total other comprehensive income for the period	-	(5,936,658)	5,881,549	26,832	4,292,943	-	(131,279,238)	(127,014,572)	-	(127,014,572)
Total comprehensive income for the period	-	(5,936,658)	5,881,549	26,832	4,292,943	-	77,051,443	81,316,109	16,873,357	98,189,466
Balance at 30 June 2017	1,101,604,066	30,760,994	(45,058,903)	10,919,762	244,827,555	55	2,130,907,965	3,473,961,494	145,842,865	3,619,804,359

The interim condensed consolidated financial statements were approved by the Management Board on August 1, 2017 and were signed on its behalf by:

Mr. Rasvan Catalin Radu
Chief Executive Officer

Mrs. Mihaela Alina Lupu
Chief Financial Officer

Notes attached form an integral part of these interim condensed consolidated financial statements

Chapter 3 Interim condensed consolidated statement of changes in shareholders' equity for the six months period ended 30 June 2017 (continued)

In RON	Share capital	Reserve on available for sale financial assets	Cash flow hedging reserve	Revaluation of property, plant and equipment	Other reserves	Share premium	Retained earnings	Total	Non-Controlling Interest	Total
Balance at 31 December 2015	1,101,604,066	80,791,377	(46,628,751)	10,844,909	240,534,612	55	1,856,780,170	3,243,926,438	107,715,089	3,351,641,527
Total comprehensive income for the period										
Net profit for the period	-	-	-	-	-	-	213,697,744	213,697,744	12,290,906	225,988,650
Other comprehensive income, net of tax										
Dividends distributed during the period	-	-	-	-	-	-	(111,027,487)	(111,027,487)	-	(111,027,487)
Revaluation surplus transfer to retain earnings net of tax	-	-	-	-	-	-	-	-	-	-
Revaluation surplus, net of tax	-	-	-	26,831	-	-	-	26,831	-	26,831
Net change in available for sale financial assets, net of tax	-	(45,528,669)	-	-	-	-	-	(45,528,669)	-	(45,528,669)
Net change in cash flow hedging reserve, net of tax	-	-	(12,615,407)	-	-	-	-	(12,615,407)	-	(12,615,407)
Total other comprehensive income for the period	-	(45,528,669)	(12,615,407)	26,831	-	-	(111,027,487)	(169,144,732)	-	(169,144,732)
Total comprehensive income for the period	-	(45,528,669)	(12,615,407)	26,831	-	-	102,670,257	44,553,012	12,290,906	56,843,918
Balance at 30 June 2016	1,101,604,066	35,262,708	(59,244,158)	10,871,740	240,534,612	55	1,959,450,427	3,288,479,450	120,005,995	3,408,485,445

The interim condensed consolidated financial statements were approved by the Management Board on August 1, 2017 and were signed on its behalf by:

Mr. Rasvan Catalin Radu
Chief Executive Officer

Mrs. Mihaela Alina Lupu
Chief Financial Officer

Notes attached form an integral part of these interim condensed consolidated financial statements

Chapter 4 Interim condensed consolidated statement of cash flows for the six months period ended 30 June 2017

	Note	30 June 2017	30 June 2016
Operating activities			
Profit before taxation		270.682.426	279.055.421
Adjustments for non-cash items:			
Amortization and impairment on tangible/intangible assets		48.959.908	44.599.727
Net impairment losses on financial assets	10	126.880.972	149.396.420
Change in fair value of derivatives at fair value through profit or loss		(25.115.605)	(7.192.703)
Other items for which the cash effects are investing or financing		762.660	7.401.908
Other non-cash items		28.319.093	122.102.726
Operating profit before changes in operating assets and liabilities		450.489.454	595.363.499
Change in operating assets:			
(Increase)/ Decrease financial assets at fair value through profit or loss		(97.275.696)	148.270.212
(Increase)/ Decrease in loans and advances to banks		(817.341.279)	(206.251.968)
(Increase)/ Decrease in loans and advances to customers		(1.079.104.890)	(814.173.682)
(Increase)/ Decrease in lease receivable		(301.899.129)	(352.286.979)
(Increase)/ Decrease in other assets		(28.866.022)	(11.450.730)
Change in operating liabilities:			
Increase / (Decrease) in deposits from banks		187.486.342	(1.612.920.201)
Increase in deposits from customers		617.516.510	1.277.022.096
Decrease in other liabilities		7.122.749	8.080.424
Income tax paid		(66.561.684)	10.483.135
Cash flows used in operating activities		(1.128.433.645)	(957.864.194)
Investing activities			
Acquisition of property and equipment and intangible assets		(19.929.975)	(30.801.095)
Proceeds from sale of property and equipment		13.362.274	45.225.829
Disposal of equity investments		-	-
Dividends received		2.115.561	1.843.154
Cash flows used in investing activities		(4.452.140)	16.267.888

Notes attached form an integral part of these interim condensed consolidated financial statements

Chapter 4 Interim condensed consolidated statement of cash flows for the six months period ended 30 June 2017 (continued)

Note	30 June 2017	30 June 2016
Financing activities		
Dividends paid	(677.815)	(107.021.634)
Repayments of loans from financial institutions	(2.978.356.188)	(1.157.942.104)
Drawdowns from loans from financial institutions	2.540.231.527	533.980.543
Cash flows used in financing activities	(438.802.476)	(730.983.195)
Net (decrease)/increase in cash and cash equivalents	(1.571.688.261)	(1.672.579.501)
Cash and cash equivalents at 1 January	5.760.947.655	4.594.566.616
Cash and cash equivalents at 30 June	4.189.259.395	2.921.987.115
	30 June 2017	30 June 2016
Cash flow from operating activities include:		
Interest received	624.469.334	700.922.555
Interest paid	(157.495.915)	(144.217.173)

The interim condensed consolidated financial statements were approved by the Management Board on August 1, 2017 and were signed on its behalf by:

Mr. Rasvan Catalin Radu
 Chief Executive Officer

Mrs. Mihaela Alina Lupu
 Chief Financial Officer

1. REPORTING ENTITY

The 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”). These consolidated financial statements comprise the Bank and its subsidiaries.

UniCredit Bank S.A. (the “Bank”), the new brand of formerly UniCredit Tiriac Bank SA until August 2015, having its current registered office at 1F, Expozitiei Boulevard, District 1, Bucharest, Romania was established as a Romanian commercial bank on 1 June 2007 upon the merger by acquisition of the former UniCredit Romania S.A. (the absorbed bank) by Banca Comerciala HVB Tiriac S.A. (the absorbing bank) and is licensed by the National Bank of Romania to conduct banking activities.

The Bank provides retail and commercial banking services in Romanian Lei (“RON”) and foreign currency. These include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium and long term facilities, retail loans, bank guarantees, letter of credits and documentary collections.

UniCredit Bank S.A. is directly controlled by UniCredit SpA (Italy), with registered office in Rome, Italy, Via Alessandro Specchi, 16.

The Group is exercising direct and indirect control over the following subsidiaries:

- UniCredit Consumer Financing IFN S.A., having its current registered office at 23-25 Ghetarilor Street, 1st and 3rd floor, District 1, Bucharest, Romania, provides consumer finance loans to individual clients. The Bank has a shareholding of 50.1% in UCFIN since January 2013.
- UniCredit Leasing Corporation IFN S.A., having its current registered office at 23-25 Ghetarilor Street, 1st, 2nd and 4th floor, District 1, Bucharest, Romania, provides financial lease services to corporate clients and individuals. UCLC, previously associate entity, has become a subsidiary of the Bank starting with April 2014 when the Bank obtained 99.95% direct and indirect controlling interest (direct controlling interest: 99.90%). The Bank has an indirect shareholding interest of 99.98% as of 30 June 2017 (direct controlling interest: 99.96%), as a result of the merger of UCLC with UniCredit Leasing Romania SA (“UCLRO”) finalized by June 2015, when UCLRO was absorbed by UCLC.
- Debo Leasing IFN S.A., having its current registered office in 23-25 Ghetarilor Street, 2nd floor, 1st district, Bucharest, Romania, is a real estate finance lease entity, has become a subsidiary of the Bank starting with April 2014. The Bank has an indirect controlling interest of 99.97% (31 December 2016: 99.97%) through UCLC.
- UniCredit Insurance Broker S.R.L., having its current registered office in 23-25 Ghetarilor Street, 2nd floor, 1st district, Bucharest, Romania, intermediates insurance policies related to leasing activities to legal entities and individuals, in which the Bank has an indirect controlling interest of 99.98% (31 December 2016: 99.98%) through UCLC.

As at 30 June 2017, the Group carried out its activity in Romania through Bank having 158 branches (31 December 2016: 160) located in Bucharest and the country.

Notes to the interim condensed consolidated statement for the six months period ended 30 June 2017 (continued)

2. BASIS OF PREPARATION

a) Statement of compliance

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

These financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Bank as at and for the year ended 31 December 2016.

b) Functional and presentation currency

The consolidated financial statements are presented in Romanian Lei ("RON"), which is the functional and presentation currency. Except as indicated, financial information presented in RON has been rounded to the nearest unit. The exchange rates of major foreign currencies were:

Currencies	30 June 2017	31 December 2016	Change
Euro (EUR)	1: RON 4.5539	1: RON 4.5411	0.28%
US Dollar (USD)	1: RON 3.9915	1: RON 4.3033	(7.25%)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Bank in its annual consolidated financial statements as at and for the year ended 31 December 2016. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period and specific disclosures are presented in the corresponding notes to the financial statements.

4. FINANCIAL RISK MANAGEMENT

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

Ratio	30 June 2017	31 December 2016
Loans / Deposits ratio	118%	116%

There were no significant changes to financial risk management policies of the Bank as compared with those presented in the annual IFRS consolidated financial statements for the year ended 31.12.2016.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing the interim condensed consolidated financial statements the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at for the year ended 31.12.2016.

6. NET INTEREST INCOME

In RON	Six months ended 30 June 2017	Six months ended 30 June 2016
Interest income		
Interest and similar income arising from:		
Loans and advances to customers *	462,687,161	462,772,161
Net Lease receivables	74,199,713	75,459,661
Treasury bills and bonds	61,168,500	74,658,194
Current accounts and placements with banks	15,248,772	15,535,104
Hedging instruments	610,234	-
Others (including derivatives)	20,113,882	14,604,989
Total interest income	634,028,262	643,030,110
Interest expense		
Interest expense and similar charges arising from:		
Deposits from customers	42,104,191	41,431,397
Loans from banks and other financial institutions	70,343,462	82,626,311
Deposits from banks	14,328,350	21,634,319
Repurchase agreements	5	57
Interest related to the bonds issued	17,511,843	17,549,213
Others (including derivatives)	13,771,433	6,967,060
Hedging derivatives		3,244,334
Total interest expense	158,059,285	173,452,692
Net interest income	475,968,977	469,577,418

**) Included in interest income for a total amount of RON 31,789,845 (30 June 2016: RON 48,277,253) related to interest income on impaired loans. Interest income and expenses for assets and liabilities other than those carried at fair value through profit or loss are calculated using the effective interest rate method.*

7. NET INCOME FROM TRADING AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

In RON	Six months ended 30 June 2017	Six months ended 30 June 2016
Net gains from foreign exchange operations (including FX derivatives)	129,597,766	122,628,545
Net gains /(losses) from interest derivatives	(1,828,729)	(17,983,840)
Net income from trading bonds	3,237,544	6,950,120
Net gains /(losses) from commodities derivatives	26,283	122,508
Net income from trading and other financial instruments at fair value through profit or loss	131,032,864	111,717,332

8. PERSONNEL EXPENSES

In RON	Six months ended 30 June 2017	Six months ended 30 June 2016
Wages and salaries	148,687,040	141,634,120
Social security charges, unemployment fund and health fund	33,926,931	33,914,646
Other (income)/costs	414,357	(1,574,364)
Total	183,028,328	173,974,402

The Group number of employees at 30 June 2017 was 3,327 (31 December 2016: 3,350).

For the Management Board members, the performance measurement is calculated taking into account the variable remuneration component which include an adjustment for all current and potential risk types and also considers the cost of capital and required liquidity.

For Management Board members, at least 50% of variable remuneration consists in non-cash instruments and at least 40% of variable remuneration is deferred for a period of at least 3-5 years.

The remuneration policies and practices of the Group are also implemented at level of the directly controlled entities.

9. OTHER ADMINISTRATIVE COSTS

In RON	Six months ended 30 June 2017	Six months ended 30 June 2016
Office space expenses (rental, maintenance, other)	56,984,354	51,274,456
IT services	41,843,524	37,606,570
Other taxes and duties	67,862,487	31,310,164
Communication expenses	10,985,227	11,558,914
Advertising and promotional expenses	10,470,281	14,056,967
Consultancy, legal and other professional services	5,975,836	5,520,826
Materials and consumables	5,692,643	8,402,203
Personnel training and recruiting	1,913,780	1,939,504
Insurance expenses	1,716,462	2,080,971
Other	6,602,049	11,271,951
Total	210,046,643	175,022,525

10. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

In RON	Six months ended 30 June 2017	Six months ended 30 June 2016
Net provision charges for loans and advances to customers	124,863,907	138,341,615
Loans written-off	472,541	4,803,790
Net provision charges for lease receivables	18,910,696	20,054,164
Recoveries from loans previously written-off	(14,982,786)	(19,254,830)
Net provisions charges for other financial instruments	(2,383,386)	5,451,681
Net impairment losses on financial assets	126,880,972	149,396,420

11. INCOME TAX

In RON	Six months ended 30 June 2017	Six months ended 30 June 2016
Direct taxes at 16% (2016: 16%) of taxable profits determined in accordance with Romanian law	(42,273,861)	(22,731,121)
Correction of current income tax arising from previous year	63,673	(356,799)
Deferred tax income/ (loss)	(3,268,200)	(29,978,851)
Income tax	(45,478,388)	(53,066,771)

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

In RON	Six months ended 30 June 2017	Six months ended 30 June 2016
Profit/ (Loss) before tax	270,682,426	279,055,421
Taxation at statutory rate of 16%	(43,309,188)	(44,648,867)
Non-deductible expenses	(11,071,497)	(7,770,084)
Non-taxable revenues	2,511,568	1,586,632
Origination and reversal of temporary differences	4,908,640	(3,361,924)
Fiscal credit	1,482,089	1,127,472
Income tax in the income statement	(45,478,388)	(53,066,771)

12. CASH AND CASH EQUIVALENTS

In RON	30 June 2017	31 December 2016
Balances with National Bank of Romania	2,537,585,921	4,471,752,828
Short term Money Market placements	729,926,678	871,587,581
Cash (including cash in ATMs)	905,125,491	373,328,816
Current balances with other banks	62,102,817	89,759,943
Total	4,234,740,907	5,806,429,168

The balance of current accounts with the National Bank of Romania represents the minimum reserve maintained in accordance with the National Bank of Romania requirements. As at 30 June 2017, the minimum reserve level was set as 8% (31 December 2016: 8%) for liabilities to customers in RON and 8% (31 December 2016: 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 greater than 2 years with reimbursement, transfer and anticipated withdrawals clause or 0% for all the other liabilities included in the calculation base.

13. FINANCIAL ASSETS / LIABILITIES HELD FOR TRADING AND DERIVATIVES USED FOR HEDGING

(i) Financial assets at fair value through profit or loss

<i>(i) Financial assets at fair value through profit or loss</i>		
In RON	30 June 2017	31 December 2016
Derivatives	84,363,168	105,829,721
Investment securities held for trading	320,621,734	287,289,544
Total	404,984,902	393,119,265

(ii) Derivatives assets / liabilities

The derivative assets and liabilities held at fair value through profit and loss at 30 June 2017 may be summarized as follows:

In RON	30 June 2017		
		Present value	
	Notional	Assets	Liabilities
Foreign currency derivatives			
Forward contracts	3,911,126,607	24,205,650	31,179,193
Purchased options	159,551,208	968,149	0
Sold options	159,551,208	-	953,970
Total foreign currency derivatives	4,230,229,023	25,173,799	32,133,163
Interest rates derivatives			
Interest Rate Swaps	3,199,991,195	37,029,456	34,825,127
<i>of which: derivatives for risk</i>	<i>50,092,900</i>	<i>313,411</i>	<i>0</i>
Purchased options	668,473,902	22,003,218	
Sold options	668,473,902		22,027,741
Total interest rate derivatives	4,536,938,999	59,032,674	56,852,868
Other derivatives	1,526,923	156,695	152,843
Total	8,768,694,945	84,363,168	89,138,874

13. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING AND DERIVATIVES USED FOR HEDGING *(continued)*

(ii) Derivatives assets / liabilities (continued)

The derivative assets and liabilities held at fair value through profit and loss at 31 December 2016 may be summarized as follows:

<i>(ii) Derivative assets/ liabilities</i>			
In RON	31 December 2016		
		Present value	
	Notional	Assets	Liabilities
Foreign currency derivatives			
Forward contracts	3,852,301,945	34,036,774	34,155,088
Purchased options	124,218,536	275,828	25,312
Sold options	124,218,536	-	362,846
Total foreign currency derivatives	4,100,739,017	34,312,602	34,543,246
Interest rates derivatives			
Interest Rate Swaps	3,249,271,986	45,633,121	38,770,025
<i>of which: derivatives for risk management</i>	<i>118,068,600</i>	<i>779,793</i>	<i>568,516</i>
Purchased options	703,784,673	25,408,269	-
Sold options	703,784,675	-	25,527,951
Total interest rate derivatives	4,656,841,334	71,041,390	64,297,976
Other derivatives	4,326,397	475,729	475,239
Total	8,761,906,748	105,829,721	99,316,461

13. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING AND DERIVATIVES USED FOR HEDGING *(continued)*

(ii) Derivatives assets / liabilities (continued)

The fair values of derivatives designated as cash flow hedges are:

In RON Cash Flow Hedge	30 June 2017			31 December 2016		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate swap	326,849,771	-	65,657,049	367,170,827	-	81,460,827
Cross currency swap	296,914,280	12,362,069	-	296,079,720	10,326,089	-
Total	623,764,051	12,362,069	65,657,049	663,250,547	10,326,089	81,460,827

The fair values of derivatives designated as fair value hedges are:

Hedge (portfolio and micro hedge)	30 June 2017			31 December 2016		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate swap	478,159,500	10,025,019	-	1,000,036,068	6,999,414.00	17,269,754
Total	478,159,500	10,025,019	-	1,000,036,068	6,999,414.0	17,269,754

14. LOANS AND ADVANCES TO CUSTOMERS

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

In RON	30 June 2017	31 December 2016
Mortgages	10,300,866,581	9,128,661,032
Corporate loans	5,838,748,724	5,743,670,835
Revolving credit lines	2,038,174,960	1,889,734,158
Factoring	503,564,191	469,899,123
Credit cards and personal loans	2,220,737,943	1,908,433,877
Impaired assets	2,009,847,910	2,808,605,972
Loans and advances to customers before provisions	22,911,940,309	21,949,004,997
Less provision for impairment losses on loans	(1,487,036,873)	(1,472,249,814)
Net loans and advances to customers	21,424,903,436	20,476,755,183

The Group monitors concentrations of credit risk by sector of activity, client segment, products, ratings, geographical area on a quarterly basis. An analysis of concentrations of credit risk by industry at the reporting date is shown below:

In RON	30 June 2017	31 December 2016
Private entities (including individuals)	6,913,102,650	6,312,242,502
Manufacturing	4,626,438,318	4,552,772,353
Commerce - wholesale and retail	3,433,415,759	3,177,233,947
Real estate	1,536,460,029	1,246,734,199
Agriculture - forestry - fisheries	967,419,702	1,109,327,613
Construction and civil engineering	613,857,140	695,886,394
Information and communication	600,720,684	618,966,395
Transport and storage services	542,929,083	517,267,503
Public administration and defence; social security insurance	381,776,822	502,948,310
Financial and insurance institutions	559,786,196	476,186,850
Professional, scientific and technical activities	421,251,326	402,874,065
Production and supply of electricity, gas, steam and air conditioning	305,797,547	383,955,326
Water supply	125,225,369	145,079,396
Administrative and support service activities	118,437,554	114,548,582
Hotels and public commercial concern	155,326,717	104,015,194
Medical and social activities	34,952,719	36,012,694
Extractive industry	37,073,125	31,270,224
Arts, entertainment and recreation	8,592,296	10,261,234
Education	6,293,318	4,167,711
Other services, private entities (including individuals)	36,047,082	35,004,691
Total	21,424,903,436	20,476,755,183

Notes attached form an integral part of these interim condensed consolidated financial statements

14. LOANS AND ADVANCES TO CUSTOMERS *(continued)*

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

In RON	30 June 2017	30 June 2016
Specific adjustments for impairment		
Balance at 1 January	1,343,845,430	1,681,298,157
Net impairment charge for the period	130,391,976	126,284,312
Foreign currency exchange effect	1,203,734	(604,105)
Release of allowance for impairment of loans written-off and loans sold	(145,167,613)	(541,804,229)
Unwinding effect on provisions	33,915,033	28,953,023
Balance at 30 June	1,364,188,560	1,294,127,158
Collective adjustments for impairment		
Balance at 1 January	128,404,384	120,852,795
Net impairment charge / (release) for the period	(5,528,069)	12,648,223
Foreign Currency Exchange Effect and other adjustments	(27,983)	(90,298)
Other adjustments	(19)	
Balance at 30 June	122,848,313	133,410,720
Total opening balance at 1 January	1,472,249,814	1,802,150,952
Total closing balance at 30 June	1,487,036,873	1,427,537,878

14. LOANS AND ADVANCES TO CUSTOMERS (continued)

Exposure to credit risk

In RON	30 June 2017	31 December 2016
Individually significant impaired loans		
Grade 8-: Impaired **	1,165,592,275	1,920,252,455
Grade 9: Impaired	182,040,936	168,916,181
Grade 10: Impaired	297,594,874	316,910,232
Gross amount	1,645,228,085	2,406,078,868
Allowance for impairment	(1,163,188,268)	(1,132,861,293)
Carrying amount	482,039,817	1,273,217,575
Fair value of collateral	444,357,246	1,234,486,711
Property	363,539,931	873,223,888
Goods	44,626,617	40,744,386
Assignment of receivables	27,313,961	18,220,112
Other collateral*	8,876,737	302,298,325
Other impaired loans		
Grade 8-: Impaired	219,818,513	233,392,238
Grade 9: Impaired	1,783,515	4,640,032
Grade 10: Impaired	143,014,246	164,492,799
Gross amount	364,616,274	402,525,069
Allowance for impairment	(201,000,292)	(210,965,802)
Carrying amount	163,615,982	191,559,267
Fair value of collateral	147,604,934	184,123,165
Property	136,743,980	166,683,696
Goods	3,933,734	3,119,346
Assignment of receivables	354,251	686,516
Other collateral	6,572,969	13,633,607
Past due but not impaired		
Grade 1 - 7	967,244,360	709,674,459
Less than 90 overdue days	964,230,048	704,751,219
More than 90 overdue days	3,014,312	4,923,240
Grade 8	310,078,920	301,717,397
Less than 90 overdue days	292,556,893	288,896,277
More than 90 overdue days	17,522,027	12,821,120
Gross amount	1,277,323,280	1,011,391,856
Allowance for impairment	(26,757,235)	(26,170,304)
Carrying amount	1,250,566,045	985,221,551
Neither past due nor impaired		
Grade 1 - 7 **	19,500,006,374	17,835,364,141
Grade 8	124,766,296	293,643,487
Gross amount	19,624,772,670	18,129,007,628
Allowance for impairment	(96,091,078)	(102,250,838)
Carrying amount	19,528,681,592	18,026,756,789
Total carrying amount	21,424,903,436	20,476,755,183

* Other collateral includes cash and financial risk insurance.

** The variation is mainly due to migration of client Palas 1 S.R.L. from the category individually significant impaired loans in neither past due nor impaired

15. NET LEASE RECEIVABLES

In RON	30 June 2017	31 December 2016
Lease receivables up to one year, gross	2,094,629,467	1,919,293,249
Lease receivables from one to five years, gross	1,442,818,290	1,333,284,442
Lease receivables over five years, gross	219,394,687	227,383,348
Total lease receivables, gross	3,756,842,444	3,479,961,039
Total lease receivables, net of future interest	3,756,842,444	3,479,961,039
Impairment allowance for lease receivables	(315,176,968)	(322,276,486)
Total net lease receivables	3,441,665,476	3,157,684,553

Concentration of credit risk related to lease receivables

In RON	30 June 2017	31 December 2016
Transport and storage services	829,199,444	766,747,226
Commerce - wholesale and retail	866,075,292	743,899,783
Manufacturing	478,169,284	452,782,101
Construction and civil engineering	261,410,415	232,272,313
Agriculture - forestry - fisheries	196,507,374	181,906,668
Production and supply of electricity, gas, steam and air conditioning	147,453,856	158,767,890
Real estate	143,527,671	139,406,711
Professional, scientific and technical activities	135,073,260	129,687,005
Administrative and support service activities	95,165,994	98,050,028
Medical and social activities	70,943,804	66,670,595
Hotels and public commercial concern	52,934,175	48,203,065
Water supply	36,961,910	31,243,596
Information and communication	35,088,929	30,775,998
Extractive industry	25,097,036	26,328,620
Arts, entertainment and recreation	7,214,794	7,069,279
Financial and insurance institutions	10,495,079	6,575,683
Education	4,097,414	3,788,270
Public administration and defence; social security insurance	2,492,380	3,254,447
Other services, private entities (including individuals)	43,757,365	30,255,275
Total	3,441,665,476	3,157,684,553

15. NET LEASE RECEIVABLES *(continued)*

The movements in finance lease allowances for impairment are summarized as follows

In RON	30 June 2017	30 June 2016
Specific adjustments for impairment		
Balance at 1 January	303,922,270	311,636,969
Net impairment charge for the period	15,271,464	15,305,721
Foreign currency exchange effect	992,158	(241,072)
Release of allowance for impairment of loans written-off and loans sold	(26,972,191)	(36,226,781)
Unwinding effect on provisions	(30,164)	(309,841)
Balance at 30 June	293,183,537	290,164,996
Collective adjustments for impairment		
Balance at 1 January	18,354,196	13,881,122
Net impairment charge / (release) for the period	3,639,235	5,279,645
Foreign Currency Exchange Effect and other adjustments		(19,839)
Balance at 30 June	21,993,431	19,140,928
Total opening balance at 1 January	325,426,266	325,518,091
Total closing balance at 30 June	315,176,968	309,305,924

15. NET LEASE RECEIVABLES (continued)

In RON	30 June 2017	31 December 2016
Finance leases individually impaired		
Grade 8-: Impaired	57,242,691	57,708,927
Grade 9: Impaired	204,755,734	246,233,698
Grade 10: Impaired	232,687,385	232,718,772
Gross amount	494,685,810	536,661,397
Allowance for impairment	(261,733,977)	(272,250,673)
Carrying amount	232,951,833	264,410,724
Fair value of collateral	258,093,321	262,316,729
Property	170,232,995	179,649,559
Other collateral	87,860,326	82,667,170
Other impaired finance leases		
Grade 8-: Impaired	16,839,923	18,205,505
Grade 9: Impaired	1,358,490	1,482,344
Grade 10: Impaired	33,989,426	34,736,398
Gross amount	52,187,839	54,424,247
Allowance for impairment	(31,449,563)	(31,671,617)
Carrying amount	20,738,276	22,752,630
Fair value of collateral	21,323,707	15,797,222
Property	18,930,165	15,775,075
Other collateral	2,393,542	22,147
Finance lease past due but not impaired		
Grade 1 - 7	418,543,368	807,660,180
Less than 90 overdue days	417,949,059	802,500,757
More than 90 overdue days	594,309	5,159,423
Grade 8	24,332,891	13,355,978
Less than 90 overdue days	24,332,891	13,355,978
More than 90 overdue days		
Gross amount	442,876,259	821,016,158
Allowance for impairment	(4,685,259)	(6,356,918)
Carrying amount	438,191,000	814,659,240
Finance lease neither past due nor impaired		
Grade 1 - 7	2,749,270,677	2,053,238,036
Grade 8	17,821,862	14,621,201
Gross amount	2,767,092,539	2,067,859,237
Allowance for impairment	(17,308,172)	(11,997,278)
Carrying amount	2,749,784,367	2,055,861,959
Total carrying amount	3,441,665,476	3,157,684,553

16. AVAILABLE-FOR-SALE

In RON	30 June 2017	31 December 2016
Investment securities available for sale	6,395,324,446	6,351,173,099
Equity investments available for sale	21,946,991	20,280,519
Total	6,417,271,437	6,371,453,618

a) Investment securities available for sale

As at 30 June 2017 the Group included in investment securities, available for sale bonds, Romanian Government T-bills, bonds issued by the municipality of Bucharest and bonds issued by the Ministry of Public Finance in amount of RON 6,395,324,446 (31 December 2016: RON 6,351,173,099).

As at 30 June 2017 the investment securities available for sale are pledged in amount of RON 827,711,644 (31 December 2016: RON 684,670,104).

The Group transferred to profit or loss during 2017 an amount of RON 52,128,908 (June 2016: RON 33,403,686) representing net gain from disposal of available for sale investment securities. Net change in fair value booked in other comprehensive income was a decrease of RON 9,106,226 before tax (30 June 2016: RON 53,643,513), respective RON 7,649,230 net of tax (30 June 2016: RON 45,060,551).

b) Equity investments available for sale

The Group held the following unlisted equity investments, available for sale as at 30 June 2017:

30 June 2017	Nature of business	% interest held	Gross carrying amount	Impairment	Net carrying amount
Unicredit Leasing Fleet Management	Operational leasing	9.99%	2,345,998		2,345,998
Transfond SA	Other financial services	8.04%	1,164,862		1,164,862
Biroul de Credit SA	Financial services	6.80%	645,525		645,525
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	1,786,564	960,253	826,311
Casa de Compensare Bucuresti SA	Market studies & research	0.91%	9,727	9,267	460
VISA Inc *	Cards	0.00%	16,963,835		16,963,835
Total			22,916,511	969,520	21,946,991

**) Following to the closing of the purchase of Visa Europe Limited ("Visa Europe") by Visa Inc. on 21st of June 2016, 3,868 VISA In Series C preferred shares were granted to the Bank in accordance with the terms and conditions of the respective transaction agreement.*

16. AVAILABLE-FOR-SALE (continued)

b) Equity investments available for sale (continued)

The Group held the following unlisted equity investments, available for sale as at 31 December 2016:

31 December 2016	Nature of business	% interest held	Gross carrying amount	Impairment	Net carrying amount
Unicredit Leasing Fleet Management	Operational leasing	9.99%	2,345,998		2,345,998
Transfond SA	Other financial services	8.04%	1,164,862		1,164,862
Biroul de Credit SA	Financial services	6.80%	645,525		645,525
Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati IFN SA	Financial services	3.10%	1,786,564	960,253	826,311
Pioneer Asset Management S.A.I. SA **	Other financial services	2.58%	194,560	155,496	39,064
Casa de Compensare Bucuresti SA	Market studies & research	0.91%	9,727	2,230	7,497
VISA Inc *	Cards	0.00%	15,251,262		15,251,262
Total			21,398,498	1,117,979	20,280,519

*) The fair value of the VISA Europe Ltd share has been made based on the estimated proceeds consisting in cash and preferred shares to be received by the Bank from Visa Inc following to the transaction made publicly on 2nd November 2015 by Visa Inc. and Visa Europe Ltd.

**) The equity investments held in Pioneer Asset Management S.A.I. SA have been reclassified as of 30.06.2017 in the category of Non-current assets and disposal groups classified as held for sale

17. DEPOSITS FROM BANKS

In RON	30 June 2017	31 December 2016
Term deposits	2,761,664,240	2,314,018,490
Sight deposits	215,581,591	690,748,059
Amounts in transit	385,860,789	168,629,465
Total	3,363,106,620	3,173,396,014

18. LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

In RON	30 June 2017	31 December 2016
Commercial Banks	6,354,476,148	6,899,661,910
Multilateral development banks	18,485,143	25,855,079
International financial institutions	611,368,928	507,951,366
Total	6,984,330,219	7,433,468,355

As at 30 June 2017, the final maturity of loans varies from August 2017 to June 2024.

19. DEPOSITS FROM CUSTOMERS

In RON	30 June 2017	31 December 2016
Term deposits	5,225,706,136	5,746,276,675
Payable on demand	16,647,633,406	15,389,513,092
Collateral deposits	703,458,293	758,635,727
Amounts in transit	30,580,700	100,757,423
Certificates of deposits	120,358	103,895
Total	22,607,498,893	21,995,286,812

20. SUBORDINATED LIABILITIES

In RON	30 June 2017	31 December 2016
UniCredit Bank Austria AG	324,220,848	323,260,540
Total	324,220,848	323,260,540

Notes to the interim condensed consolidated statement for the six months period ended 30 June 2017 *(continued)*

20. SUBORDINATED LIABILITIES *(continued)*

At 30 June 2017, the following agreements were outstanding:

- Subordinated loan from UniCredit Bank Austria AG in total amount of EUR 48,500,000 principal, maturing on July 2022 (31 December 2016: facility amount of EUR 48,500,000).
- Subordinated loan from UniCredit Bank Austria AG in total amount of EUR 22,000,000, indefinite maturity.

The repayment of outstanding principal and accrued interest of the above-mentioned loans is subordinated to all other obligations of the Bank.

21. PROVISIONS

In RON	30 June 2017	31 December 2016
Provision for financial guarantees	42,498,492	38,431,523
Provision for legal disputes	8,326,078	8,604,692
Provision for off-balance commitments	24,711,949	18,469,047
Other provisions	1,705,682	1,795,779
Total	77,242,201	67,301,041

The movements in provisions could be summarized as follows:

In RON	30 June 2017	31 December 2016
Balance at 1 January	67,301,041	68,875,833
Provision set up during the period	53,004,886	27,620,940
Provision used during the period	(181,479)	-
Provision reversed during the period	(42,730,944)	(8,746,353)
FX effect related to off-balance exposure (financial guarantees and commitments)	(151,303)	(44,666)
Balance at 30 June	77,242,201	87,705,754

22. ISSUED CAPITAL

The statutory share capital of the Bank as at 30 June 2017 is represented by 40,760,784 ordinary shares (31 December 2016: 40,760,784 ordinary shares) having a face value of RON 9.30 each. The shareholders of the Bank are as follows:

30 June 2017	
%	
UniCredit SPA *	98.3280
Other shareholders	1.6720
Total	100.00

31 December 2016	
%	
UniCredit SPA *	98.3280
Other shareholders	1.6720
Total	100.00

* UniCredit SpA has taken over the CEE operations and subsidiaries from UniCredit Bank Austria AG since 1st of October 2016.

The share capital comprises of the following:

In RON	30 June 2017	31 December 2016
Statutory share capital	379,075,291	379,075,291
Effect of hyperinflation – IAS 29	722,528,775	722,528,775
Share capital under IFRS	1,101,604,066	1,101,604,066

23. RELATED PARTY TRANSACTIONS

The Group entered into a number of banking transactions with UniCredit S.p.A and with members of the UniCredit Group in the normal course of business. These transactions were carried out on commercial terms and conditions and at market rate.

30 June 2017		
In RON	Parent Company	Other related parties
Derivative assets at fair value through profit or loss	74,218,00	8,461,013
Derivatives assets designated as hedging instruments	3,607,187	18,779,901
Current accounts and deposits at banks	1,356,909,175	12,159,198
Loans and advances to banks	-	50,184
Loans and advances to customers	-	57,435,329
Other assets	10,612,297	9,129,049
Outstanding receivables	1,371,202,877	106,014,674
Derivative liabilities at fair value through profit or loss	4,792,116	68,841,111
Derivatives liabilities designated as hedging	-	65,657,047
Current accounts	12,286,943	58,552,213
Deposit	2,566,237,338	2,056,886,031
Loans received	1,890,187,225	2,456,466,559
Debts securities issued	-	20,681,416
Subordinated liabilities	-	324,220,848
Other liabilities	139,364,775	19,878,891
Outstanding payables	4,612,868,397	5,071,184,116
Interest income	13,379,834	782,022
Interest expense	(15,802,963)	(75,869,996)
Fee and commission income	957,844	2,336,624
Fee and commission expense	(2,797,723)	(2,967,366)
Management fees	9,523,550	2,961,136
Other operating income	(166,511)	(26,275,280)
Net revenue / (expense)	5,094,031	(99,032,860)

23. RELATED PARTY TRANSACTIONS *(continued)*

31 December 2016		
In RON	Parent Company	Other related parties
Derivative assets at fair value through profit or loss	-	10,733,093
Derivatives assets designated as hedging instruments	3,045,827	14,279,676
Current accounts and deposits at banks	106,357,151	84,686,096
Loans and advances to banks	662,234,223.00	8,488,054
Loans and advances to customers	-	39,520,416
Other assets	4,718,761	42,403,614
Outstanding receivables	776,355,962	200,110,949
Derivative liabilities at fair value through profit or loss	5,537,570	78,607,590
Derivatives liabilities designated as hedging instruments	14,695	98,669,827
Current accounts	2,970,916	294,293,701
Deposit attracted	1,370,187,997	2,488,137,401
Loans received	-	2,010,267,302
Debts securities issued	-	20,648,400
Subordinated liabilities	-	323,260,540
Other liabilities	7,490,529	47,461,665
Outstanding payables	1,386,201,707	5,361,346,426
Interest income	13,086,306	220,431
Interest expense	(96,896,117)	(23,180,430)
Fee and commission income	3,912,324	1,583,037
Fee and commission expense	(1,521,574)	(2,221,831)
Other operating expenses	-	(23,674,267)
Net revenue / (expense)	(81,419,061)	(47,273,060)

23. RELATED PARTY TRANSACTIONS (continued)

Transactions with key management personnel

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

In RON	30 June 2017	31 December 2016
Loans	7.937.673	5.307.978
Current accounts and deposits	18.774.945	7.664.854
Interest and similar income	113.820	180.557
Interest expenses and similar charges	(20.316)	(14.881)

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

In RON	30 June 2017	30 June 2016
Key management compensation	10,107,205	5,294,046
Total	10,107,205	5,294,046

In addition to their salaries, the Bank also provides non-cash benefits to directors and executive officers and they participate in the UniCredit Group's Incentive system. The Group Incentive System is fully aligned with relevant regulatory requirements and the UniCredit Group Compensation Policy.

24. COMMITMENTS AND CONTINGENCIES

At any time the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card limits and overdraft facilities. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one month to one year.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to one year. Expirations are not concentrated in any period.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted.

In RON	30 June 2017	31 December 2016
Loan commitments	2,132,724,572	2,337,349,132
Letters of credit	166,962,149	189,849,695
Guarantees issued	3,474,460,291	3,617,490,759
Total	5,774,147,011	6,144,689,586

24. COMMITMENTS AND CONTINGENCIES (continued)

The Group acts as a security agent, payment agent and hedging agent for a series of loan contracts between UniCredit SpA and other entities within UniCredit Group as lender and Romanian companies as borrowers. For each of these contracts there is a risk participation agreement by which the Group takes the obligation to pay to UniCredit SpA any instalment that the borrowers failed to pay.

The total amount of such risk participation agreements in force as at 30 June 2017 is EUR 39,088,442, and CHF 885,039 (31 December 2016 is EUR 118,373,681 and CHF 885,039).

As compensation for the financial guarantees assumed by the risk participation agreements and for providing security and payment agent services to UniCredit SpA, the Bank receives the commissions paid by the borrowers plus a portion of the interest margin collected from the borrowers. The Group defers the commissions collected upfront from the risk participation agreements over the time period that remains until the maturity of the facilities.

The Bank concluded with UniCredit SpA a series of novation contracts through which loan contracts initially concluded by UniCredit Bank Austria with Romanian companies were transferred to the Bank in exchange for full reimbursement of borrowers' exposure towards UniCredit SpA. Subsequent to the signing of the novation contracts, the Group becomes lender of record while related the risk participation agreement is cancelled.

Starting with 1st October 2016 UniCredit SpA took over all rights and obligations derived from the above transactions as a consequence of the reorganisation project of its CEE Business.

Notes to the interim condensed consolidated statement for the six months period ended 30 June 2017
(continued)

25. FINANCIAL INSTRUMENTS - FAIR VALUE HIERARCHY

The table below present the fair value of financial instruments measured at amortised cost, respectively at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised as of 30 June 2017:

In RON	Level 1	Level 2	Level 3	Total fair value	Total book value
Assets held for trading and for hedging					
Financial assets held for trading at fair value through profit or loss	320,621,734	82,787,659	1,575,509	404,984,902	404,984,902
Derivatives financial instruments designated as hedging instruments	-	22,387,088	-	22,387,088	22,387,088
Total assets held for trading and hedging	320,621,734	105,174,747	1,575,509	427,371,990	427,371,990
Available for sale assets					
Investment securities, available for sale	4,983,070,838	1,412,253,608	21,946,991	6,417,271,437	6,417,271,437
Total available for sale assets	4,983,070,838	1,412,253,608	21,946,991	6,417,271,437	6,417,271,437
Liabilities designated for trading and for hedging					
Financial liabilities at fair value through profit or loss	-	86,091,526	3,047,348	89,138,874	89,138,874
Derivatives financial instruments designated as hedging instruments	-	65,657,049	-	65,657,049	65,657,049
Total liabilities designated for trading and hedging	-	151,748,575	3,047,348	154,795,923	154,795,923

Notes attached form an integral part of these interim condensed consolidated financial statements

Notes to the interim condensed consolidated statement for the six months period ended 30 June 2017
(continued)

25. FINANCIAL INSTRUMENTS - FAIR VALUE HIERARCHY (continued)

The table below present the fair value of financial instruments measured at amortised cost, respectively at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized as of 31 December 2016:

In RON	Level 1	Level 2	Level 3	Total fair value	Total book value
Assets held for trading and for hedging					
Financial assets held for trading at fair value through profit or	287,289,544	100,337,213	5,492,508	393,119,265	393,119,265
Derivatives financial instruments designated as hedging instruments	-	17,325,503.00	-	17,325,503	17,325,503
Total assets held for trading and hedging	287,289,544	117,689,499	5,492,508	410,471,551	410,471,551
Available for sale assets					
Investment securities, available for sale	5,433,371,375	917,801,687	20,280,556	6,371,453,618	6,371,453,618
Total available for sale assets	5,433,371,375	917,801,687	20,280,556	6,371,453,618	6,371,453,618
Liabilities designated for trading and for hedging					
Financial liabilities at fair value through profit or loss	-	92,693,440	6,623,021	99,316,461	99,316,461
Derivatives financial instruments designated as hedging instruments	-	98,730,581	-	98,730,581	98,730,581
Total liabilities designated for trading and hedging	-	191,424,021	6,623,021	198,047,042	198,047,042

Notes attached form an integral part of these interim condensed consolidated financial statements

26. SUBSEQUENT EVENTS

The Bank has repaid in advance the subordinated loan from UniCredit Bank Austria AG who replaced it with a new subordinated loan granted by UniCredit S.p.A. with the same value (EUR 48,500,000) and the same initial duration (10 years).

In July 2017 the Bank issued 61,000 medium and long term bonds denominated in RON listed on Bucharest Stock Exchange with nominal value of RON 10,000/bond.

The 3 tranches have following characteristics:

- Symbol UCB20, ISIN ROUCTBDBC022, number of instruments 14,600, floating rate ROBOR 6M + 0.65%, interest coupon half-yearly payable and redemption date on 15 July 2020
- Symbol UCB22, ISIN ROUCTBDBC030, number of instruments 28,050, floating rate ROBOR 6M + 0.85%, interest coupon half-yearly payable and redemption date on 15 July 2022
- Symbol UCB24, ISIN ROUCTBDBC048, number of instruments 18,350, floating rate ROBOR 6M + 1.05%, interest coupon half-yearly payable and redemption date on 15 July 2024

The interim condensed consolidated financial statements were approved by the Management Board on August 1, 2017 and were signed on its behalf by:

Rasvan Catalin Radu
Chief Executive Officer

Mrs. Mihaela Alina Lupu
Chief Financial Officer

DECLARATIE

in conformitate cu prevederile art. 31 din Legea contabilitatii nr. 82/1991

S-au intocmit **“Situatiile Financiare interimare consolidate condensate” ale Grupului UniCredit Bank S.A. (“Grupul”) la 30 iunie 2017**, in conformitate cu prevederile Ordinului Bancii Nationale a Romaniei nr. 27/2010 pentru aprobarea Reglementarilor Contabile conforme cu Directivele europene, cu modificarile si completarile ulterioare, pentru:

Persoana juridica: UNICREDIT BANK S.A.

Judetul: 41 - Directia Generala de Administrare Mari Contribuabili, MUN.BUCURESTI

Adresa: localitatea BUCURESTI, sectorul 1, B-dul Expozitiei, nr.1F, tel. 021/200.20.00

Numar din Registrul Comertului: J40/7706/1991

Forma de proprietate: 34 – Societati comerciale pe actiuni

Activitatea preponderanta (cod si denumire clasa CAEN): 6419 – Alte activitati de intermediari monetare

Cod de identificare fiscala: RO 361536.

Persoanele care au obligatia gestionarii Grupului isi asuma raspunderea pentru intocmirea “Situatiilor Financiare interimare consolidate condensate” la 30 iunie 2017.

Situatiile financiare au fost intocmite in conformitate cu Ordinul Bancii Nationale a Romaniei nr.27/2010 pentru aprobarea Reglementărilor contabile conforme cu directivele europene, cu modificarile si completarile ulterioare si confirmam ca:

a) politicile contabile aplicate la intocmirea situatiilor financiare anuale consolidate sunt in conformitate cu reglementarile contabile aplicabile;

b) situatiile financiare anuale consolidate ofera o imagine fidela a pozitiei financiare, a performantei financiare si a celorlalte informatii referitoare la activitatea Grupului.

Presedinte Executiv,

Catalin Rasvan Radu

Vicepresedinte Executiv,

Mihaela Alina Lupu

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the shareholders of UniCredit Bank S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of UniCredit Bank S.A. (the 'Bank') and its subsidiaries: UniCredit Consumer Financing S.A., UniCredit Leasing Corporation IFN S.A, Debo Leasing IFN S.A. and UniCredit Insurance Broker S.R.L. as of 30 June 2017 and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended. Management of the Bank is responsible for the preparation and fair presentation of these interim condensed consolidated financial information in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of the Bank is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

***For signature, please refer to
the original Romanian version.***

Deloitte Audit S.R.L.
Bucharest, Romania
August 1, 2017

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