

UniCredit Bank - consolidated net profit of RON 226 million in the first semester of 2016, increasing with 159%* over the same period of 2015, as a result of continued increase in loan volumes, which offset the significant decrease of interest margins, and of reducing the cost of credit risk

UniCredit Bank obtained, in the first semester of 2016, a consolidated operating income of RON 852.8 million (EUR 188.6 million), an increase with 13.6% over the same period in 2015. This development was mainly driven by an increase in the volumes of loans and deposits compared to the same period in 2015 as well as by a non-recurring operating income achieved during this period. Meanwhile, the group continued to closely monitor costs, operating expenses reaching RON 408.5 million (EUR 90.4 million), a decrease with 2%* compared to the same period in 2015. As a result, the consolidated net profit achieved by UniCredit in the first semester amounted RON 444.2 million (EUR 98.2 million), increasing by 32%* over the same period in 2015. Over the same period, the consolidated net profit before minority interest was RON 226 million (EUR 50 million), increasing with 159%* compared to the first semester of the previous year. This result was obtained by continued growth in loan volumes in all the business segments (individuals and companies), which offset the significant decrease in interest margins, and by reducing the cost of credit risk.

UniCredit Bank's financial indicators show a solid position: the annualized return of equity (ROE) was 12.2% at the end of the first semester of 2016, while the annualized return of assets (ROA) was 1.2%. Cost-to-income ratio was 48%, decreasing from the previous year and well below the banking system.

The bank continued to carefully analyze both effective and potential risks, appropriately reflecting them in the provisioning level. Therefore, the loan provision expenses reached RON 137.4 million (EUR 30.4 million) at 30th of June 2016. The provision coverage for on-balance sheet loan portfolio was 7.08% and the annualized cost of risk was 130 bps. The non-performing loans rate, including the exposures with improbability of entirely repayment (EBA definition**) was situated at 12.59%

The volume of consolidated assets at 30th of June 2016 totaled RON 33.8 million (EUR 7.5 billion), compared to RON 31 billion (EUR 6.9 billion) at the same date in 2015. Gross loans portfolio, including loans granted by leasing, was RON 24.5 billion (EUR 5.4 billion), registering a positive development compared to the same period in 2015. The factors that influenced this evolution were the rise in the volume of funding provided to the companies segment, consumer loans for private individuals as well as lease financing, which compensated and exceeded the impact coming from the completion (in April) of the closing operation for the nonperforming loans transferred to Kredit Inkaso company. For the same period, customer deposits were RON 19.1 billion (EUR 4.2 billion), an increase of 35.1% over the same period last year.

"The results obtained in the first half of the year indicate the solid position of UniCredit Bank; we have, at the end of June 2016 a solvency level of approximate 13%, comfortable for the regulated and recommended thresholds.

*We focused in this period on increasing the business volumes in order to offset the significant reduction in interest margins and the results are very good. Despite the context marked by uncertainties, lending to individuals marks a plus of 6.5% at the end of the first semester 2016 compared to the same period in 2015, significantly above the 5.2% average recorded by the market in this segment***, while in the segment of*

*companies we have, for the same period, an increase of 3.4% in the volume of loans, versus a market decrease of 1.8%***. The same positive trend is also noticed for deposits, UniCredit recording growth in all segments - 9% for individuals and 51% for companies.*

Last but not least, at the end of this period we have a base of about 650,000 customers, up with 15% compared to the same period in 2015. We are particularly happy with the positive response that customers gave to the constant efforts that we make towards the digitization of our business - registering, in June 2016, an increase of almost 80% compared to the end of 2015 of the number of customers that use the Mobile B@nking application", said Răsvan Radu, Country Chairman of UniCredit Romania and CEO of UniCredit Bank.

As novelties in banking products and services, the Corporate Division in UniCredit Bank completed the first **BPO (Bank Payment Obligation)** transaction ever carried out in Romania and the first ever completed by a UniCredit bank in Central and Eastern Europe (CEE). It was completed for the payment of a commercial operation between Romanian firm Adiss SA, one of the leading companies in processing urban and industrial wastewater in Romania and its supplier, German company Huber SE, major manufacturer for industrial facilities to treat water, wastewater and sludge. This type of product provides corporate customers with a modern solution, which combines automated processing of flows with careful cost management, prompt payments and financial options for the seller.

Also in the first half of 2016 UniCredit Corporate Finance Advisory has successfully implemented two deals. The first one is referring to advisory services for Axxess Capital Private Equity and Constantinescu Family as sellers in their exit from Noriel Group, the number 1 children's toys retailer in Romania, sold to Enterprise Investors Private Equity Fund. In the second of these, through its branch in London, UniCredit was mandated as part of the consortium which intermediate the international bonds issuance for the Romanian Ministry of Finance, in February 2016.

In the retail segment, the bank continued the efforts towards the digitization of its activity and the innovation of the products and services offer. Therefore, in the first half of the year, the Mobile B@nking application has been developed by adding new features which enables the users to perform, directly from their phone, varied operations, making the UniCredit product one of the most advanced of this kind in the market. Furthermore, UniCredit Bank was the first bank in Romania to launch a card for providing food tickets electronically, Card Menu. Last but not least, during the first six months of the year, the bank introduced the contactless technology on its entire card portfolio.

In the same time, **UniCredit Consumer Financing** continued to consolidate its position in the consumer lending area, registering in the first half of 2016 a growth almost double of the new sales volumes compared to the same period in the last year. The volumes of the consumer loans granted through the partnerships closed with big retailers was almost 5 times higher in the period January-June 2016 versus the same period of last year. The number of cards in circulation doubled at the end of current semester versus the end of the previous year.

For **UniCredit Leasing Corporation**, the funding for the first semester of 2016 exceeded the volumes recorded in the same period of 2015 by 30%. Consequently, the volume of new funding granted in the first six months of 2016 was EUR 161.8 million and the purchase value of financed goods was EUR 193.3 million.

Notes:

The consolidated Financial Statements as of 30 June 2016 are prepared in accordance with International Financial Reporting Standards as endorsed by European Union.

* Potential differences that appear in this material from those communicated in the past come from the compensations made over last year. In the financial statements for the period ended at 30th of June 2015, the fee owed to Bank Deposits Guarantee Fund ("FGDB") related to financial year 2015 was allocated uniformly for the first six months of 2015 and as a consequence only 50% of its value was included in the profit or loss account at that reporting date. Subsequently, based on the discussions had within the banking sector, there have been developed clarifications regarding the recording of this fee fully at the moment when this obligation becomes due to FGDB. In conclusion, in order to present this levy existing as of 30th of June 2015, the entire fee has been recognized and its full effect into the profit or loss account for the period ended at 30 June 2015.

**exposure with significant obligations from loans with overdue more than 90 days, exposures for which legal proceedings were initiated or exposures for which it is considered that, in the absence of the collateral, it is unlikely that the debtor pay their full credit obligations, regardless of whether there are any amounts outstanding or the number of days of delay in payment.

*** According to National Bank of Romania sources

About UniCredit Bank

UniCredit Bank is part of UniCredit Group, the largest banking group in Central and Eastern Europe and one of the largest in Europe. UniCredit Bank is a true "one-stop-shop" for financial services, serving more than 650 thousand customers. The Group is present in Romania through: UniCredit Bank, UniCredit Consumer Financing, UniCredit Leasing Corporation, UniCredit Insurance Broker, UniCredit Leasing Fleet Management, UCTAM, Pioneer Asset Management, and UniCredit Business Integrated Solutions.

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