6th Capital Markets Day

12 December 2008, Vienna

Benefiting from a strong franchise in tougher times

Dominic Bruynseels, CEO, Banca Comerciala Romana

Doing business in Romania – Still an attractive market

- **Large market size (2nd largest in CEE)**
- **Attractive location (access to the Black Sea)**
- **Supportive tax environment (16% flat tax)**
- **Robust rate of return on local market, dividend tax at 10% both for residents and non-residents (starting from January 2009)**
- **Skilled labour force and still very competitive labour cost**
  - Wage differential significantly larger than productivity differential vs. EU27
- **Tight monetary policy supporting disinflation trend and sustainable credit growth**
- **Sizeable EU funds available for modernising and increasing competitiveness of Romanian economy**

Presentation topics

- **Romanian macroeconomic environment**
  - Economy moving to a slower growth path
  - Disinflation supported by central bank policy
  - Current account deficit to narrow
- **Romanian banking market development**
  - Prudent policies support sound sector performance
  - More sustainable business growth
  - BCR - conservative market participant
- **BCR position and strategy**
  - Financial highlights
  - Position and strategy

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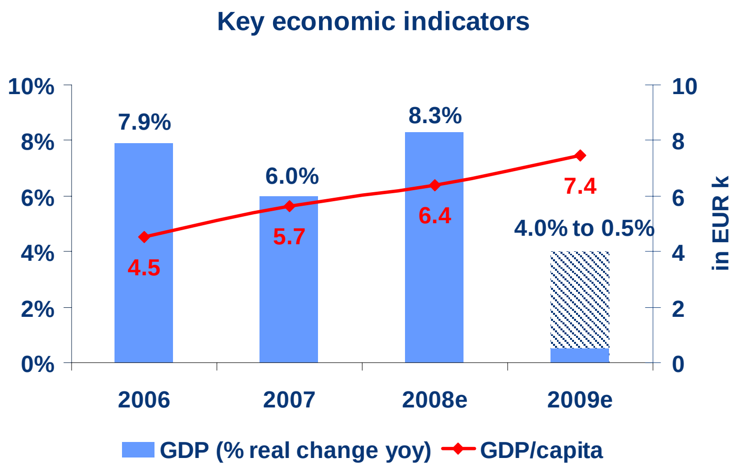
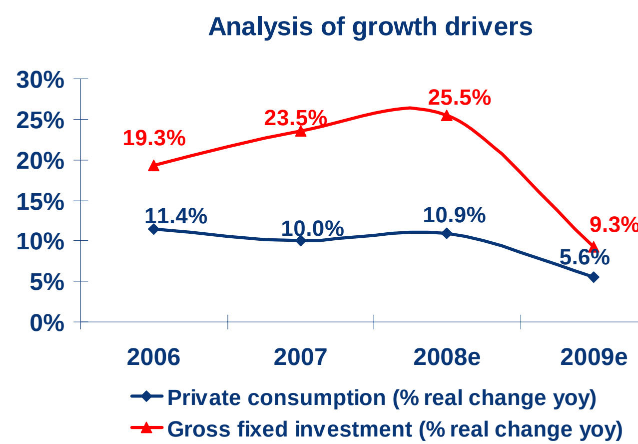
Macroeconomic environment – Economy moving to a slower growth path

- **Economic growth to cool off to about 4% in 2009**
  - Exports expected to lose pace as (70% to EU)
  - Construction to slow down especially in the residential segment while demand for office space remains high
  - Agriculture could be less supportive due to low level of investments (the sector accounts for 8% of GDP, 5 times EU average)
  - Private consumption to calm down due to Central Bank limitations on household loan growth and higher unemployment
  - Lower indirect tax collections in 2009 due to slowing domestic trade

- **EU funding to support economic growth**
  - Sizable amounts approved and allocated to SMEs to support competitive gains, infrastructure and agriculture (still huge unlocked potential)

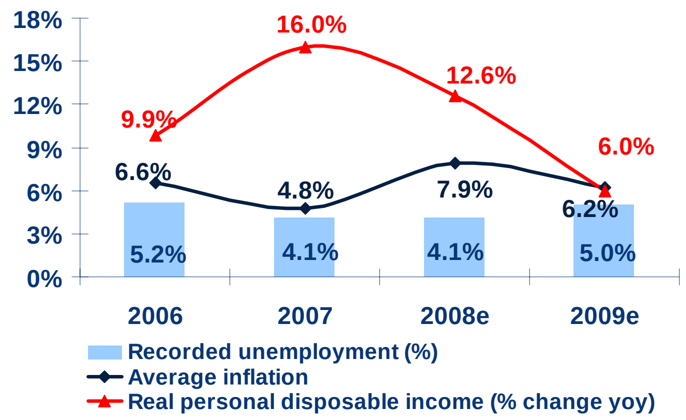




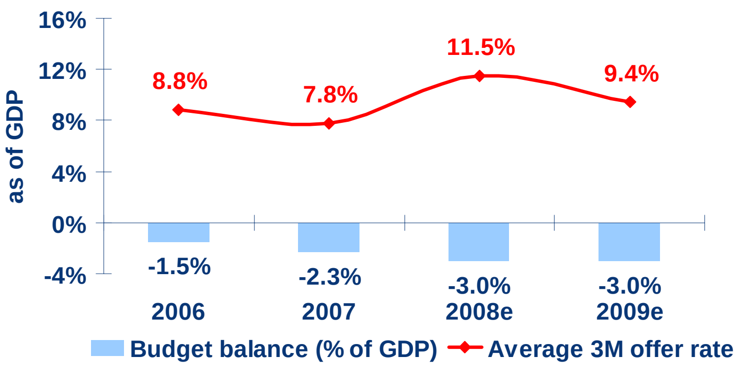
Macroeconomic environment – Disinflation supported by Central Bank policy

- **Disinflation expected in 2009**
  - H2 08 saw continuous disinflation trend:
    - November 08 (yoy): 6.74%
      October 08 (yoy): 7.39%, July 08 (yoy): 9.04%
  - Tight monetary policy to keep inflation under control
    - Key rate up 250bps to 10.25% in Aug 08
- **Central Bank's monetary policy to remain tight in 2009**
  - Managed floating of exchange rate to continue in order to preserve macro stability
  - Open-market operations and interest rate differential to keep RON within the range required by convergence criteria
- **Less strict fiscal policy not unusual in election years**
  - Consolidated budget revenues up 30.4% yoy in January-September, to approx. EUR 25bn
    - VAT collections up 44% yoy in nominal terms in 1-9 08
  - Wage increases postponed

Unemployment vs inflation vs wage growth



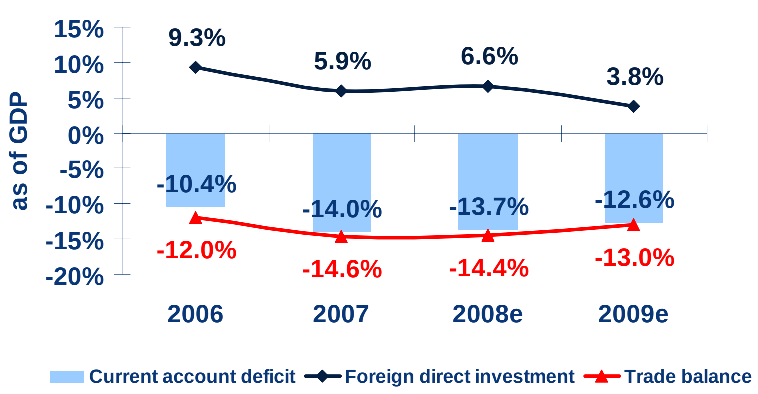
Interest rates vs government balance



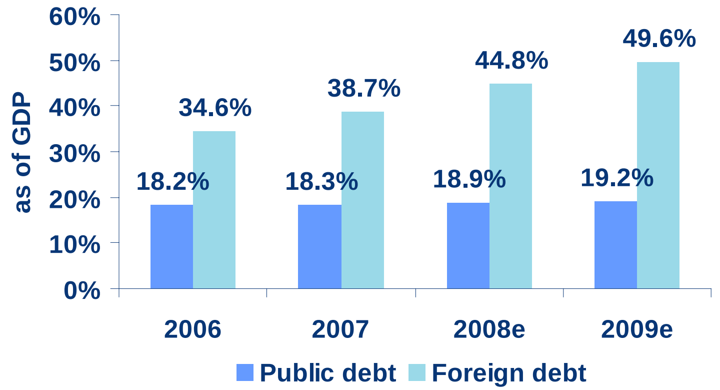
Macroeconomic environment – Current account deficit to narrow

- **Strong FDI levels in recent years – EUR 30bn (2005-2008)**
  - FDIs at EUR 7.2 bn in 1-9 08 (up 32.9% yoy)
  - Strongly supporting change in exports structure in favour of capital goods and high value added products, and leading to higher productivity gains
  - Investments to receive lower FDI support in 2009
  - Some international investment projects delayed
  - Further relocations by companies looking to streamline operations still favoured by competitive cost environment
- **Current account deficit to narrow further**
  - Expected remittances of EUR 7 bn (2008e) act as stable FX funding source
  - Positive impact from trade balance
  - CAD coverage by FDI at 57% in 1-9 08
  - Exports should continue to grow faster than imports
  - Potential pressure in 2009 due to higher dividend repatriation
- **Low debt levels compared to peer countries**
  - Foreign debt/GDP at 42% as of end Sep; 95% of external debt growth in 1-9 08 was long-term
  - Public debt/GDP at 12.9% (18.3% including state guaranteed debt)

FDI vs trade and current account balance



Public and foreign indebtedness



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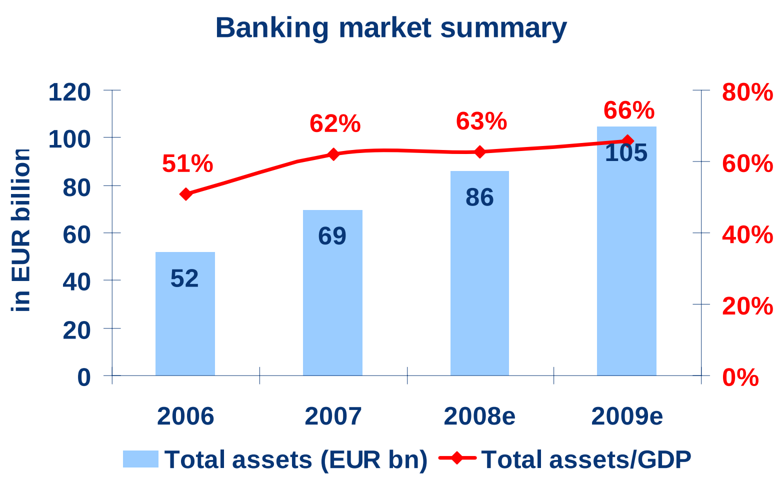
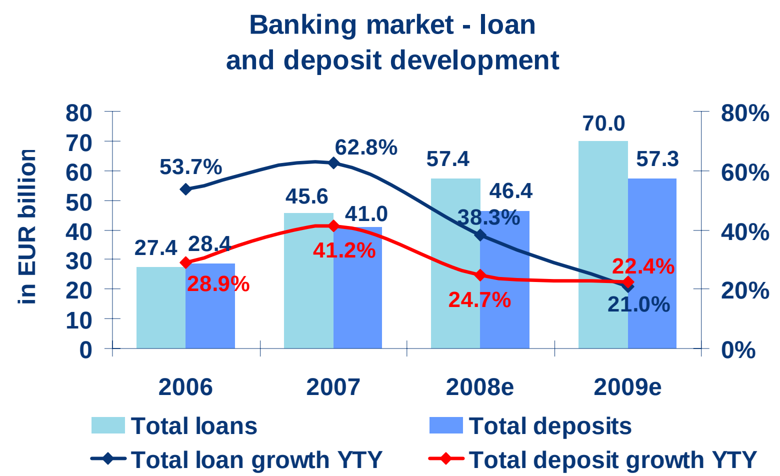
Banking market –
Prudent policies support sound sector performance

- **Consolidated and stable banking sector**
  - Still relatively underbanked - banking assets remain below peer countries'
  - Top 5 banks own 55% of assets
  - No direct exposure to impaired derivative instruments/structured credit portfolios and no sub-prime lending
- **Retail lending to lag behind corporate growth in 2009**
  - Administrative restrictions by Central Bank make loans to individuals less accessible
    - Indebtedness levels strictly linked to foreign exchange and interest rate risks
    - Exotic lending loses competitive advantage (pricing adjustment)
  - Corporate lending to focus on low risk projects
    - Investments expected to be postponed
    - Lending to address mainly working capital needs, funding mainly in local currency, or FX for exporters
- **New loans financed mainly by local deposits**
  - Loans/deposits ratio will stay at about 118%
  - EU funding, complemented by funds from IFIs (EBRD, EIB, IFC etc.), will also support sector growth

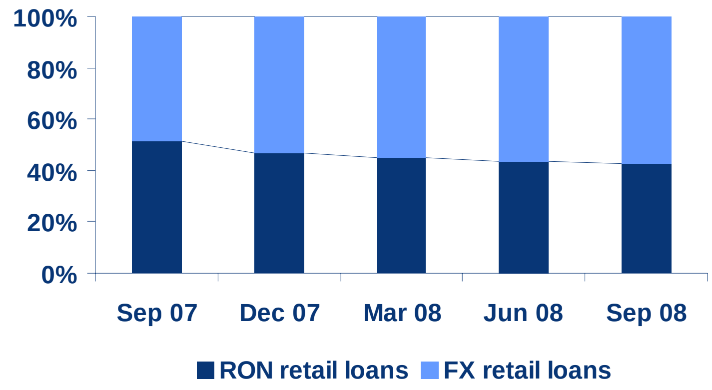




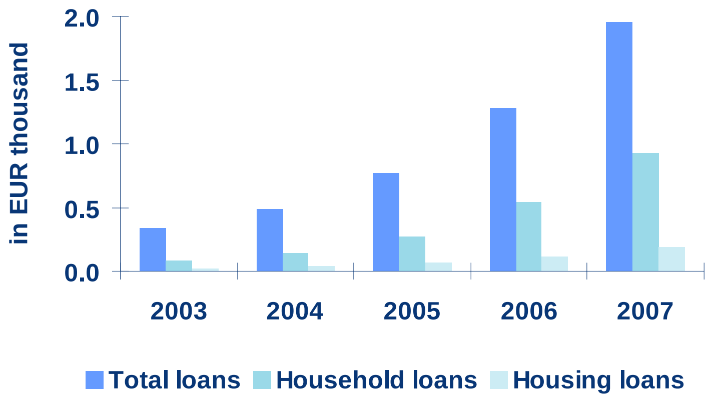
Banking market – More sustainable business growth

- **Decline in FX lending due to higher costs and scarcer external funding**
  - High CDS levels driven by Romania's non-investment status raise external funding costs
  - Banks face difficulties in raising external funding while lending terms are more restrictive for customers (annual growth in EUR equivalent is estimated to decline from around 30% in 2008 to 10% in 2009)
- **Earnings positively impacted by rising interest rates & increasing sight deposits**
  - Interest rates moved up in line with key rate
  - Business volumes mainly driven by higher-margin retail and SME segments
  - Outlook to be influenced by lower volumes, higher margin pressure and higher risk costs
- **Potential growth drivers**
  - Financial intermediation well below peers
  - Monetary easing (decrease in minimum reserve requirement and adjustment of household lending restrictions)
  - Better management of public capital spending and state support for SMEs
  - Public sector investments to accelerate driven by high infrastructure needs

Banking market - FX share in retail lending



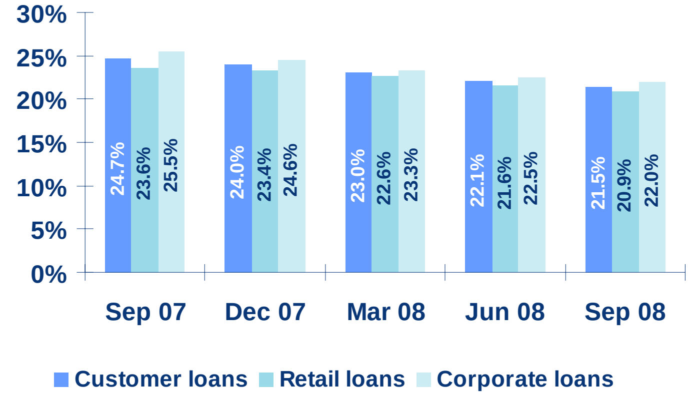
Per capita indebtedness



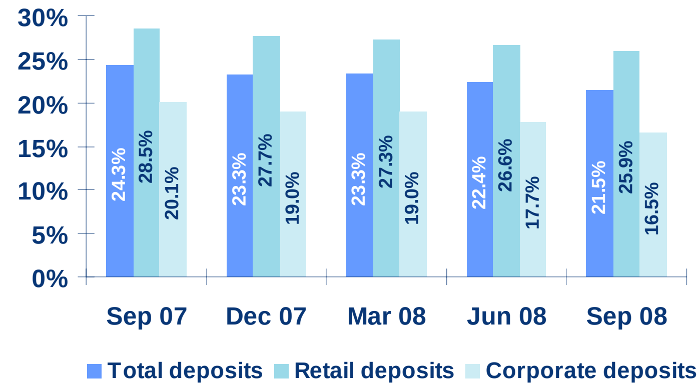
Banking market –
BCR: conservative market participant

- **Largest players by total assets**
  - BCR (20.8%), BRD – Groupe Société Générale (15%), Raiffeisen (6.5%)
- **Pricing policy aligned to market but not driven by market pressure**
- **Market share increase in October 2008 in most product categories**
- **Lending market shares impacted by prudent policy, in line with other big players**
  - Orientation towards secured retail loans
  - BCR market position to benefit from new Central Bank rules on retail lending, which have ended exotic currency lending
    - BCR only granting retails loans in RON and EUR
  - Dominant presence in municipality segment supporting RON loan portfolio and consistent SMEs customer base
- **BCR holds the largest retail deposit base (31.9% market share for term deposits)**
- **10-20% of overall market deposits in Bucharest area, double in the countryside**
- **Strong development of BCR subsidiaries**
  - Leading position in asset management (33.8% market share in AUM)
    - To merge with 2 BCR bond funds, creating largest mutual fund (over RON 150m in assets and about 10,000 investors)
  - Consolidation in pension fund management
    - Active mandatory pension fund (>20% of monthly new sign-ups) to further strengthen by taking over other players
  - New savings-based building society offering attractive credit alternative to mortgage loans

Market share development - asset side



Market share development - liability side



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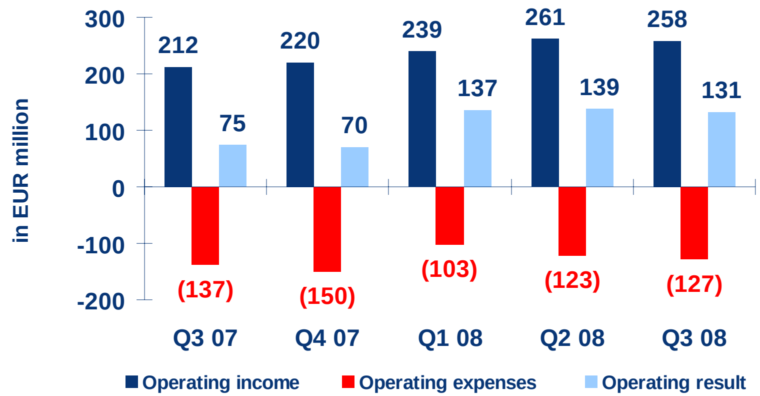
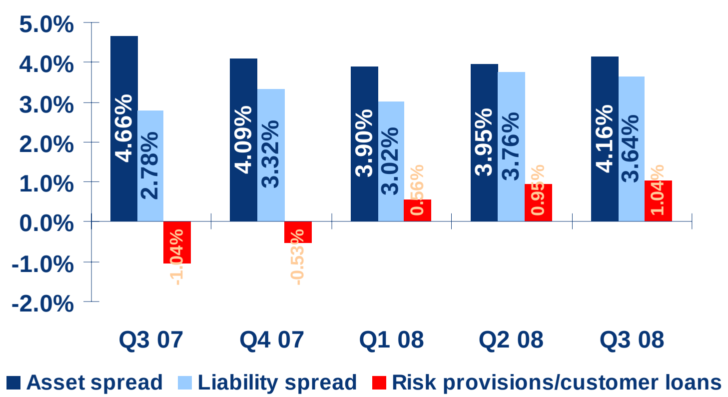
Position and strategy – Financial highlights

- **Operating income driven by strong NII**
  - Supported by healthy loan volumes and rising interest rates
- **Operating expenses under control**
  - Costs influenced by branch expansion and wage inflation
  - Headcount target: 8,500 in Q1 09
- **Swing in risk costs due to various one-off impacts in 2007**

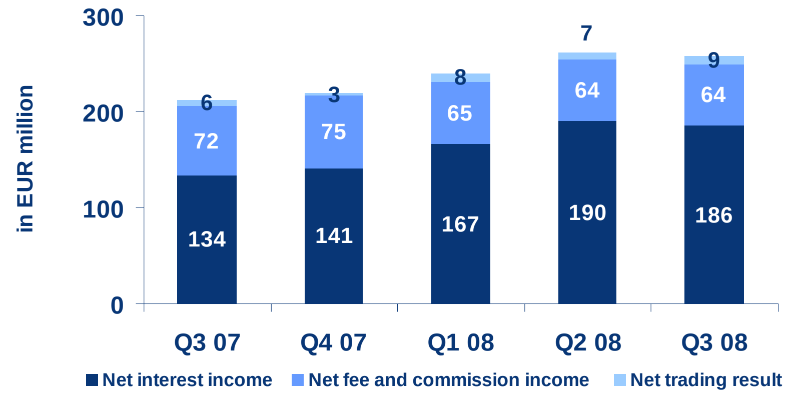
Segment operating performance



Quarterly spreads vs risk costs



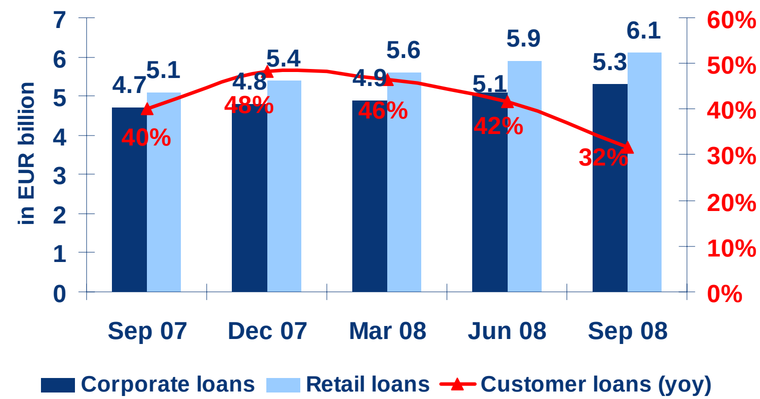
Operating income per quarter



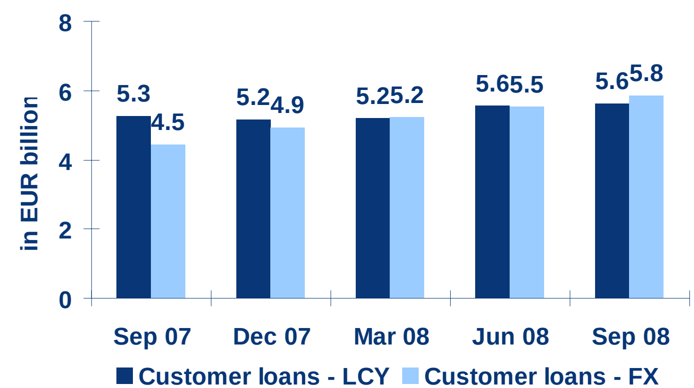
Position and strategy – Robust loan growth to slow

- **Retail loans up 35% yoy as of Q3 08, mainly driven by mortgage loans (+55% yoy)**
  - Consumer lending up 39% yoy, more oriented towards secured, unsecured mostly in RON
  - RON lending up 18% yoy, driven by RON consumer (+22% yoy)
- **Corporate lending up 28% as of Q3 08**
  - RON lending (+14% ytd) outpaced EUR lending (+7% ytd)
  - SME loans up 33% yoy, accounting for 43% of total corporate
  - Real estate more than doubled, (7% of total)
  - Loans to municipalities strongly up 68%
- **Loan growth in 2009 and 2010 expected at 20%**
  - Retail volumes impacted by drop in private consumption and new Central Bank rules (both consumer & mortgage
  - Corporate customers impacted by decreasing demand and cost cutting measures
- **Lending opportunities ahead**
  - Financing lines from IFIs (EIB, EBRD, IFC) for on-lending to SMEs & micros (competitive gains), energy efficiency, agriculture, etc
  - Co-financing / pre-financing of EU financed projects (mainly SMEs & micro) – over 1200 projects amounting EUR 4bn in pipeline
  - Mortgage lending - finalisation of residential projects, new projects planned by National Housing Agency

Loan book trends*



Customer loans: LCY vs FX



*) Charts show bank only data, growth rates are currency adjusted.

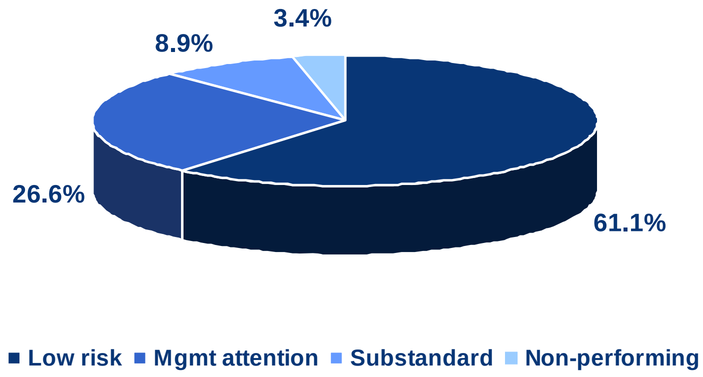
Position and strategy –
Prudent risk policy maintains adequate asset quality

- **NPLs at comfortable 3.4%**
  - Slight deterioration is expected due to rise in unemployment
  - Gradual increase in default expected from EUR/RON 4.2

- **Prudent lending policies mitigate credit risks amid less favourable environment**
  - Risk mgmt. functions and procedures fully centralized and aligned with EBG standards
  - Low avg. indebtedness ratios offer proper cushion for exchange rate volatility (41% for unsecured consumer, 42-46% for mortgage/ secured consumer)
  - Well balanced structure of retail lending
    - Only 13% FX unsecured consumer in total retail portfolio
    - Average LTV for FX secured low at 62%
    - Faster growth of mortgage and secured consumer loans

- **Screening of loan portfolio by client segment/industry as pre-emptive measure**
    - Further centralising of SME monitoring as they could be hit harder by market conditions

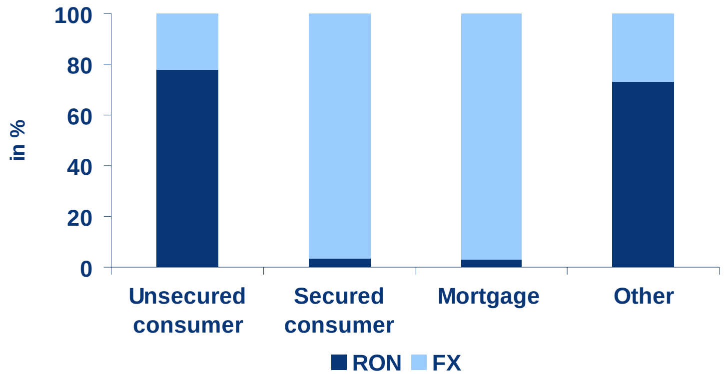
Segment Romania: Credit risk by class (Q3 08: EUR 13.4 bn)



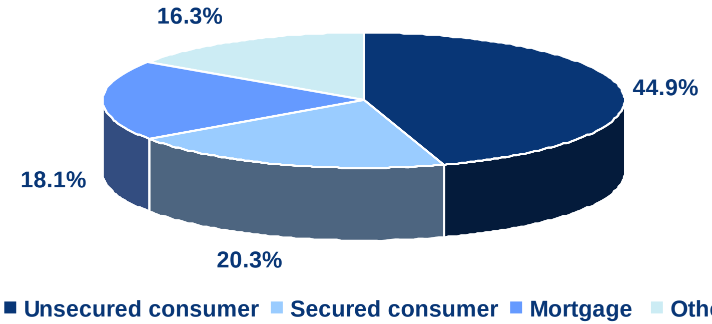
Position and strategy – Self-funding retail business

- **Retail continues to be self-funding**
  - Retail LTD ratio comfortable at 90%
- **Improving structure of retail lending**
  - No lending in CHF or exotic currencies
  - RON consumer 55% of total consumer
  - Share of unsecured consumer down
    - Secured consumer (+12% qoq) vs. unsecured consumer (+2.5% qoq)
    - Increasing share of RON unsecured consumer in total unsecured (79%)
  - High growth of mortgage and secured consumer
    - EUR loans dominant in secured consumer (97%) and in mortgage portfolio (95%)
- **Share of EUR retail loans in retail portfolio at 52%, below market average**
- **More restrictive Central Bank guidelines on retail lending implemented in October 08 to slow rapid loan growth, especially EUR**
  - Focused on adjusting the maximum indebtedness level for private individuals

Retail loan structure by currency

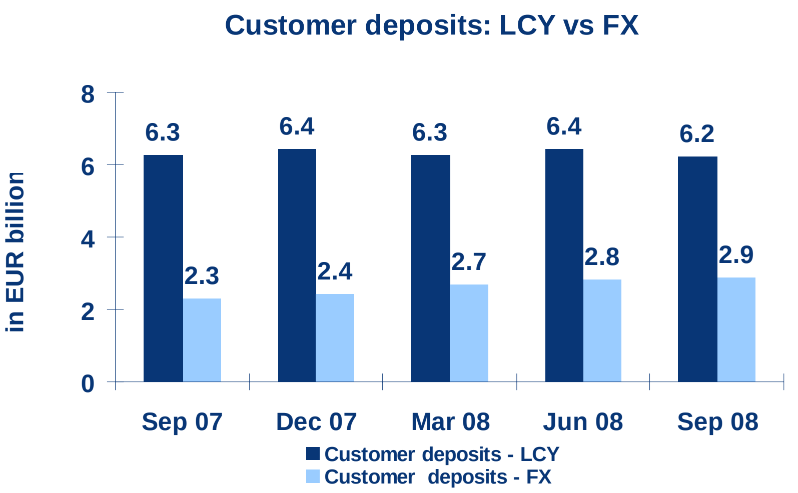


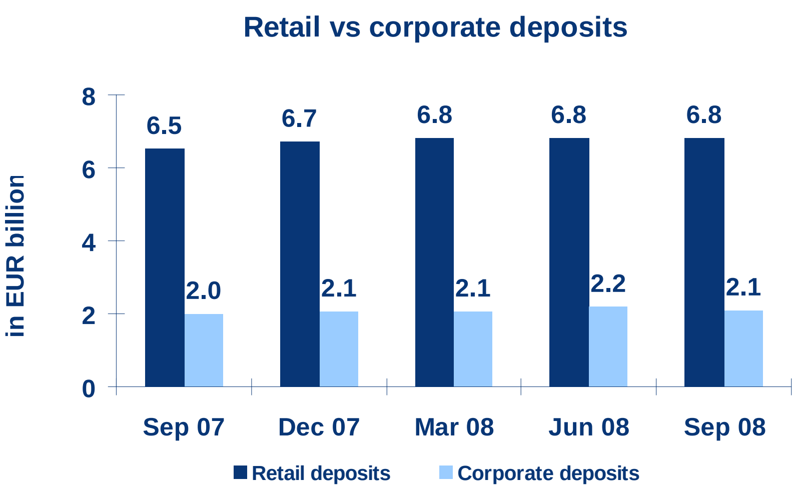
Retail loan structure by loan type (Sep 08: EUR 6.1bn)



Position and strategy – Retail deposits key in funding

- **Retail deposits preserve key role in BCR's domestic funding**
  - Market's largest deposit base, benefiting from large customer base, extensive network and excellent brand awareness
  - Retail deposits up 17% yoy, driven by strong growth of EUR deposits (+41% yoy)
    - Savings accounts showed fourfold ytd increase, due to favourable, tax-free interest rate
  - Increasing share of deposits with longer maturities (more than 1 year) in bank's term resources
- **Corporate deposits up 25% yoy**
  - Term deposits hold largest share in corporate deposits portfolio (82%)
  - Faster growth of EUR deposits (+45% yoy) than RON deposits (+22% yoy)
- **Deposits expected to grow in line with loans in 2009 and 2010 (20%)**
  - More diversified deposit offering
  - Favourable pricing
  - Marketing campaigns
  - Incentive from waiving tax on interest gains





Charts show Bank only data