

Bucharest, February 28, 2013

BCR results for 2012

HIGHLIGHTS¹:

Operating performance in 2012 reached **RON 2,357.8 million** (EUR 528.9 million), down by 3.3% in comparison to RON 2,437.1 million (EUR 574.6 million) in 2011.

Operating income in 2012 declined slightly by 2.2% to **RON 4,040.5 million** (EUR 906.3 million), against RON 4,132.7 million (EUR 974.3 million) in 2011.

Operating expenses at **RON 1,682.8 million** (EUR 377.4 million) in 2012 could be reduced by 0.8% versus RON 1,695.6 million in 2011 (EUR 399.7 million) despite significant restructuring provisions booked in Q4 2012.

Cost-income ratio remained stable at **41.6%** versus 41.0% in 2011, owing to extensive optimisation measures and strict cost management.

Net charge of risk provisions for loans in 2012 significantly rose by 68.3% to **RON 3,625.9 million** (EUR 813.3 million). BCR records 4th consecutive quarter of improving NPL coverage ratio, now at 58.6%, significantly above 50.6% at year-end 2011.

On the back of peaking risk costs and ongoing restructuring, **net loss of RON 1,234.7 million** (EUR 276.9 million) was in line with the financial results in the first nine months of 2012.

BCR maintained leading position at **19.3% market share by assets**, despite a reduction in total assets by 4.5% YOY to **RON 73,287.6 million** (EUR 16,489.5 million).

BCR has strong liquidity position and a sound capital base well above regulatory minima: **Tier 1+2 capital ratio (IFRS) for BCR group at 18.6%, solvency ratio** (local standards, bank standalone) **at 12.4%.**

"We are looking forward to changing our bank and future. The process has started in 2012 and shall continue throughout 2013. Our objectives are clear, first and foremost we aim to gradually improve asset quality and overall risk management framework. In parallel, we are seeking to improve the quality of our business model through reorganization of business units, branch network and overall simplification of the operating model", stated Tomas Spurny, CEO of Banca Comerciala Romana.

„The in-depth restructuring of our operations targets above all improvement of client experience and overall adjustment of our franchise to the new reality of banking market in Romania. I have no doubt whatsoever that the BCR team shall succeed in this challenge“, added Tomas Spurny.

PERFORMANCE OVERVIEW FOR BCR GROUP

BCR Group achieved a solid **operating result of RON 2,357.8 million** (EUR 528.9 million) in 2012, a decline of 3.3% from RON 2,437.1 million (EUR 574.6 million) in 2011, mainly driven by lower net interest income and partially offset by costs decrease, increased net fee income and improved net trading result.

The **operating income** decreased by 2.2% to **RON 4,040.5 million** (EUR 906.3 million) from previous year's RON 4,132.7 million (EUR 974.3 million). The decline originated mainly from weak consumer credit demand and higher NPLs, impacting **net interest income** (down 7.6% YOY, to **RON 2,891.5 million** (EUR 648.6 million) from RON 3,130.2 million (EUR 738.0 million) in 2011. **Net fee income** increased by 9.4%

¹ All the below stated financial data are un-audited, consolidated business results of Banca Comerciala Romana (BCR) Group for full year 2012 according to IFRS. Unless otherwise stated, financial results from full year 2012 are compared to financial results from full year 2011. Also, if not stated otherwise, foreign exchange rates used for conversion of figures into EURO are the ones provided by the European Central Bank. The income statement is converted using the average exchange rate for 2012 of 4.4583 RON/EUR when referring to full year 2012 results and using the average exchange rate for 2011 of 4.2416 RON/EUR when referring to full year 2011 results. The balance sheets at 31 December 2011 and at 31 December 2012 are converted using the closing exchange rates at the respective dates (4.4445 RON/EUR at 31 December 2012 and 4.3233 RON/EUR at 31 December 2011 respectively). All the percentage changes refer to RON figures.

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YOY to **RON 634.8 million** (EUR 142.4 million) from RON 580.1 million (EUR 136.8 million) in 2011, mainly on higher transaction volumes.

The **net trading result** increased by 21.8% or RON 91.9 million YOY, adding **RON 514.3 million** (EUR 115.4 million) to the 2012 income, primarily driven by foreign exchange trading & valuation gains.

Despite significant restructuring charges, **operating expenses** were down 0.8% YOY at **RON 1,682.8 million** (EUR 377.4 million) from RON 1,695.6 million (EUR 399.7 million) in 2011, owing to comprehensive optimisation measures and strict cost management. Restructuring charges in 2012, including forward-looking restructuring provisions for 2013 were fully covered by savings esp. from personnel expenditure, rents and buildings and marketing expenses.

As such, **cost-income ratio** remained stable at **41.6%** versus 41.0% in 2011, despite significant restructuring provisions booked in 2012.

The net charge of **risk provisions for loans and advances** totalled **RON 3,625.9 million** (EUR 813.3 million) in 2012, versus RON 2,154.9 million (EUR 508.0 million) in 2011, reflecting the impact of a continuing weak economy on retail clients and corporate business. **NPL ratio** was **26.7%** of the total loan portfolio at 31 December 2012, while NPL formation significantly reduced in both absolute and relative terms. BCR records 4th consecutive quarter of improving NPL coverage ratio, now at 58.6%, significantly above 50.6% at year-end 2011.

Continued prudent provisioning and restructuring expenses have, thus, impacted the **net profit after taxes and minority interests** to a negative value of **RON 1,234.7 million** (EUR 276.9 million) in 2012.

Solvency ratios remain well above the regulatory requirements (min 10%) of the National Bank of Romania, at **12.4%** in December 2012 (BCR standalone, IFRS with prudential filters). Also, **Tier 1+2 capital ratio** of 18.6% (December 2012, BCR Group, IFRS) is clearly showing BCR's strong capital adequacy ratio and the continuing support of Erste Group.

The volume of aggregate **loans to customers** (before provisions, IFRS) remained stable -0.2% YOY at **RON 53,243.0 million** (EUR 11,979.5 million) from RON 53,376.3 million (EUR 12,346.2 million) at year end 2011, with new lending impacted by weak demand. BCR plans to keep focus on RON lending, so as to reverse the currency mix of the loan book in favor of local currency on medium to long term and fully use the strong self-funding capacity in RON.

Amounts owed to customers remained relatively stable at **RON 37,875.1 million** (EUR 8,521.8 million) as of end December 2012 (-4.5% YOY). Customer deposits remain the main BCR funding source, while the bank enjoys strong support from its parent bank, as well as diverse funding sources under MTN program.

BCR maintained its market leading position by commanding **19.3% market share of assets**, despite decline in total assets by 4.5% YOY to **RON 73,287.6 million** (EUR 16,489.5 million).

Exchange rate development (the official exchange rates of the European Central Bank)

	Rate at the end of the period			Average of the month-end rates		
	Dec-2012	Dec-2011	% change	Dec- 2012	Dec- 2011	% change
RON/EUR	4.4445	4.3233	2.8%	4.4583	4.2416	4.9%

Positive change = devaluation against EUR, negative change = appreciation against EUR

Appendix I

CONSOLIDATED INCOME STATEMENT for 2012 (IFRS)

- amounts in RON million

	2012	2011	% Change
Net interest income	2,891.5	3,130.2	-7.6%
- Risk provisions for loans and advances	(3,625.9)	(2,154.9)	68.3%
Net commission income	634.8	580.1	9.4%
Net trading result	514.3	422.4	21.8%
General administrative expenses	(1,682.8)	(1,695.6)	-0.8%
Other operating results	(226.4)	(261.8)	-13.5%
Pre-tax profit	(1,485.9)	119.6	n.a.
Taxes on income	256.3	(48.7)	n.a
Profit for the year	(1,229.6)	70.9	n.a
Attributable to non-controlling interests	5.1	2.6	96.9%
Attributable to owners of the parent	(1,234.7)	68.4	n.a
Operating income	4,040.5	4,132.7	-2.2%
General administrative expenses	(1,682.8)	(1,695.6)	-0.8%
Operating result	2,357.8	2,437.1	-3.3%

Appendix II

Consolidated statement of financial position (IFRS) as at 31 December 2012 - amounts in RON million

	30-Dec-12	30-Dec-11	%Change
ASSETS			
Cash and balances with central banks	9,187.3	10,324.9	-11.0%
Loans and advances to credit institutions	361.2	1,100.2	-67.2%
Loans and advances to customers	53,243.0	53,376.3	-0.2%
- Risk provisions for loans and advances	(8,350.7)	(5,572.8)	49.8%
Trading Assets	671.9	701.7	-4.2%
Financial assets - at fair value through profit or loss	44.7	42.0	6.6%
Financial assets - available for sale	4,324.5	5,244.5	-17.5%
Financial assets - held to maturity	10,757.6	8,011.8	34.3%
Intangible assets	429.7	439.8	-2.3%
Tangible assets	1,488.5	1,584.7	-6.1%
Current Tax assets	177.4	177.4	0.0%
Deferred tax assets	35.2	46.9	-24.9%
Other assets	843.9	1,055.5	-20.0%
Assets Held For Sale	73.3	212.7	-65.5%
Total assets	73,287.6	76,745.7	-4.5%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to credit institutions	21,894.7	22,906.4	-4.4%
Other amounts owed to customers	37,875.1	39,664.3	-4.5%
Debts evidenced by certificates	1,347.7	1,132.8	19.0%
Other provisions	406.9	305.8	33.1%
Current Tax liabilities	4.0	4.1	-2.6%
Deferred Tax liabilities	259.8	534.4	-51.4%
Other liabilities	2,199.7	2,626.9	-16.3%
Subordinated Liabilities	2,497.2	2,024.7	23.3%
Total equity attributable to:	6,802.5	7,546.3	-9.9%
<i>Equity holders of the parent</i>	6,783.2	7,532.0	-9.9%
<i>Non-controlling interests</i>	19.3	14.3	35.7%
Total liabilities and equity	73,287.6	76,745.7	-4.5%