

Bucharest, October 30, 2013

BCR results in the first nine months of 2013

HIGHLIGHTS¹:

Operating performance in 1-9 2013 reached **RON 1,870.6 million** (EUR 424.2 million), up by 2.6% in comparison to RON 1,823.8 million (EUR 411.6 million) in 1-9 2012.

Operating income slightly decreased by 0.5% to **RON 2,994.4 million** (EUR 679.1 million) from RON 3,008.6 million (EUR 679.0 million) in 1-9 2012.

Operating expenses went down 5.2% to **RON 1,123.8 million** (EUR 254.9 million) from RON 1,184.8 million (EUR 267.4 million) in 1-9 2012. **Cost-income ratio** improved to 37.5% versus 39.4% in 1-9 2012.

Net charge of risk provisions for loans in 1-9 2013 significantly decreased further by 37.9% to **RON 1,636.1 million** (EUR 371.0 million) from RON 2,635.2 million (EUR 594.7 million) in 1-9 2012. **NPL coverage ratio**, at **63.4%** as of September 2013, stood significantly above 57.2% as of September 2012.

Net profit after tax and minority interests stood at **RON 559.8 million (EUR 126.9 million)** as compared to a loss of RON 762.5 million (EUR 172.1 million) in 1-9 2012, delivering against the ambitious targets of the turnaround program running in BCR and also accounting for a positive one-off effect from release of deferred tax liabilities in Q2 2013.

BCR maintained leading market share by assets, despite the decline in **total assets** by 7.0% to **RON 68,125.9 million** (EUR 15,268.0 million) as of 30 September 2013, versus RON 73,287.6 million (EUR 16,489.5 million) as of 31 December 2012.

BCR has exceptionally strong capital and liquidity positions, well above regulatory minima: **Tier 1+2 capital ratio** (IFRS) for BCR group stood at **21.6%** as of June 2013, **solvency ratio** (local standards, bank standalone) at **13.4%** as of September 2013.

“Our turnaround efforts become visible with large scale business restructuring completed, NPL stock declining for the first time since 2008 and rebalancing of the loan book towards local currency well underway. Under the conditions of a stable and predictable environment, we will increasingly be able to focus on healthy growth, searching for symmetry of risk and return. With RON 9 billion of capital, we find ourselves in solid position to grow and provide sustainable support to the economy, said Tomas Spurny CEO of BCR.

PERFORMANCE OVERVIEW FOR BCR GROUP in 1-9 2013

BCR Group achieved a solid **operating result** of **RON 1,870.6 million (EUR 424.2 million)**, up by 2.6% in comparison to RON 1,823.8 million (EUR 411.6 million) in 1-9 2012, on slightly lower income more than offset by the decrease in expenses.

The **operating income** slightly decreased by 0.5% to **RON 2,994.4 million** (EUR 679.1 million), from RON 3,008.6 million (EUR 679.0 million) in 1-9 2012.

¹ All the below stated financial data are un-audited, consolidated business results of Banca Comerciala Romana (BCR) Group for the first nine months of 2013 (1-9 2013) according to IFRS. Unless otherwise stated, financial results from the first nine months of 2013 (1-9 2013) are compared to financial results from the first nine months of 2012 (1-9 2012). 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 1-9 2013 of 4.4094 RON/EUR when referring to 1-9 2013 results and using the average exchange rate for 1-9 2012 of 4.4311 RON/EUR when referring to 1-9 2012 results. The balance sheets as of 30 September 2013 and as of 31 December 2012 are converted using the closing exchange rates at the respective dates (4.4620 RON/EUR as of 30 September 2013 and 4.4445 RON/EUR as of 31 December 2012, respectively). All the percentage changes refer to RON figures.

Capital of RON 9 billion relates to BCR Group IFRS equity, retained earnings and reserves.

Net interest income was marginally up 0.1% to **RON 2,141.7 million** (EUR 485.7 million), from RON 2,139.2 million (EUR 482.8 million) in 1-9 2012.

Net fee income was strongly up 8.2%, to **RON 515.4 million** (EUR 116.9 million), from RON 476.4 million (EUR 107.5 million) in 1-9 2012, on continuous focus on transaction banking.

Net trading result decreased by 14.2%, to **RON 337.3 million** (EUR 76.5 million), from RON 393.0 million (EUR 88.7 million) in 1-9 2012.

Operating expenses went down by 5.2% to **RON 1,123.8 million** (EUR 254.9 million) from RON 1,184.8 million (EUR 267.4 million) in 1-9 2012, owing to comprehensive optimisation measures and strict cost management.

As such, **cost-income ratio** improved to **37.5%** in 1-9 2013, versus 39.4% in 1-9 2012.

The net charge of **risk provisions for loans and advances** significantly decreased further by 37.9% to **RON 1,636.1 million** (EUR 371.0 million) from RON 2,635.2 million (EUR 594.7 million) in 1-9 2012, in line with expectations, due to lower NPL inflows. **NPL ratio** just slightly rose to **29.6%** of the total loan portfolio as of 30 September 2013, due to further contraction of the loan book. NPL stock declined for the first time since 2008, due to lower new NPL formation, efficient recovery efforts and sell-offs in line with strategy. **NPL coverage ratio, now at 63.4%**, stood significantly above 57.2% as of September 2012.

Net profit after tax and minority interests stood at **RON 559.8 million (EUR 126.9 million)** as compared to a loss of RON 762.5 million (EUR 172.1 million) in 1-9 2012, on the back of good operating result offsetting still elevated risk costs, also accounting for a positive one-off effect from the release of deferred tax liabilities of RON 560.8 million (EUR 127.7 million) in Q2 2013.

Solvency ratio under local standards (BCR standalone, IFRS with prudential filters) as of 30 September 2013 stood at **13.4%**, well above the regulatory requirements of the National Bank of Romania (min 10%). Also, IFRS **Tier 1+2 capital ratio of 21.6%** (BCR Group), as of June 2013, is clearly showing BCR's strong capital adequacy and continuing support of Erste Group. In this respect, BCR enjoys exceptionally strong capital and funding position amongst Romanian banks.

The volume of aggregate **loans to customers** (before provisions, IFRS) decreased by 8.2% to **RON 48,865.9 million** (EUR 10,951.6 million) from RON 53,243.0 million (EUR 11,979.5 million) at year-end 2012, 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 favour of local currency on medium to long term and fully use the strong self-funding capacity in RON.

Amounts owed to customers slightly decreased by 1.6% at **RON 37,254.5 million** (EUR 8,349.3 million) as of 30 September 2013, versus RON 37,875.1 million (EUR 8,521.8 million) as of end December 2012. Customer deposits remain BCR's main funding source, while the bank enjoys strong support from its parent bank, at the same time benefiting from diversified funding sources and agreements with other International Financial Institutions.

BCR maintained leading market share by assets, despite decline in **total assets** by 7.0% to **RON 68,125.9 million** (EUR 15,268.0 million) as of 30 September 2013, versus RON 73,287.6 million (EUR 16,489.5 million) as of 31 December 2012.

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		
	Sep-2013	Dec-2012	% change	Sep-2013	Sep-2012	% change
RON/EUR	4.4620	4.4445	0.4%	4.4094	4.4311	-0.5%
Positive change = devaluation against EUR, negative change = appreciation against EUR						

Appendix I

CONSOLIDATED INCOME STATEMENT for 9M 2013 (IFRS)

- amounts in RON million

	30-Sep-13	30-Sep-12	% Change
Net interest income	2,141.7	2,139.2	0.1%
- Risk provisions for loans and advances	(1,636.1)	(2,635.2)	-37.9%
Net commission income	515.4	476.4	8.2%
Net trading result	337.3	393.0	-14.2%
General administrative expenses	(1,123.8)	(1,184.8)	-5.2%
Other operating results	(212.0)	(138.3)	53.3%
Pre-tax profit	25.5	(942.8)	na
Taxes on income	540.1	183.9	>100%
Profit for the year	565.6	(758.9)	na
Attributable to non-controlling interests	(5.8)	(3.6)	60.6%
Attributable to owners of the parent	559.8	(762.5)	na
Operating income	2,994.4	3,008.6	-0.5%
General administrative expenses	(1,123.8)	(1,184.8)	-5.2%
Operating result	1,870.6	1,823.8	2.6%

Appendix II

Consolidated statement of financial position (IFRS) as of 30 September 2013 - amounts in RON million

ASSETS	30-Sep-13	31-Sep-12	% Change
Cash and balances with central banks	8,482.3	9,187.3	-7.7%
Loans and advances to credit institutions	619.9	361.2	71.6%
Loans and advances to customers	48,865.9	53,243.0	-8.2%
- Risk provisions for loans and advances	(9,162.2)	(8,350.7)	9.7%
Trading Assets	182.2	671.9	-72.9%
Financial assets - at fair value through profit or loss	33.8	44.7	-24.5%
Financial assets - available for sale	4,601.7	4,324.5	6.4%
Financial assets - held to maturity	11,435.8	10,757.6	6.3%
Intangible assets	386.3	429.7	-10.1%
Tangible assets	1,398.8	1,488.5	-6.0%
Current Tax assets	81.7	177.4	-54.0%
Deferred tax assets	328.3	35.2	>100%
Other assets	814.6	843.9	-3.5%
Assets Held For Sale	57.0	73.3	-22.3%
Total assets	68,125.9	73,287.6	-7.0%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to credit institutions	17,741.7	21,894.7	-19.0%
Other amounts owed to customers	37,254.5	37,875.1	-1.6%
Debts evidenced by certificates	1,243.3	1,347.7	-7.7%
Other provisions	383.5	406.9	-5.8%
Current Tax liabilities	3.4	4.0	-13.3%
Deferred Tax liabilities	7.8	259.8	-97.0%
Other liabilities	1,603.2	2,199.7	-27.1%
Subordinated Liabilities	2,514.0	2,497.2	0.7%
Total equity attributable to:	7,374.5	6,802.5	8.4%
<i>Equity holders of the parent</i>	7,348.6	6,783.2	8.3%
<i>Non-controlling interests</i>	25.8	19.3	33.6%
Total liabilities and equity	68,125.9	73,287.6	-7.0%