

Bucharest, February 28, 2014

BCR Group results for full year 2013

HIGHLIGHTS¹:

Operating performance in 2013 reached **RON 2,489.9 million** (EUR 563.4 million), up by 5.6% in comparison to RON 2,357.8 million (EUR 528.9 million) in 2012.

Operating income in 2013 recorded a slight decrease by 1.2% to **RON 3,990.1 million** (EUR 902.9 million) from RON 4,040.5 million (EUR 906.3 million) in 2012.

Operating expenses in 2013 significantly declined by 10.9% to **RON 1,500.2 million** (EUR 339.5 million) from RON 1,682.8 million (EUR 377.4 million) in 2012. **Cost-income ratio** for the full year 2013 improved to **37.6%** versus 41.6% in 2012.

Net charge of risk provisions for loans in 2013 decreased substantially by 41.2% to **RON 2,132.7 million** (EUR 482.6 million) from RON 3,625.9 million (EUR 813.3 million) in 2012. **NPL coverage ratio**, at **65.8%** as of December 2013, significantly improved in comparison to 58.6% as of December 2012.

Net profit after tax and minority interests in 2013 stood at **RON 591.2 million (EUR 133.8 million)** as compared to a loss of RON 1,234.7 million (EUR 276.9 million) in 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 8.9% to **RON 66,728.8 million** (EUR 14,924.8 million) as of 31 December 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 **24.9%**, while **solvency ratio** (local standards, bank standalone) at **14.7%** as of December 2013.

We achieved a challenging job in 2013 returning to breakeven after one-off items and, most importantly, dealing with bold decisions, regarding costs, organization and strategy, aimed at consolidating the fundamentals of BCR as the leading bank in Romania. Our main priority in 2014 is healthy business growth, with a special focus on becoming more efficient and customer-centred, by means of better business processes. We continue to face significant challenges ahead of us, not least resolving the NPL stock amidst promising economic growth delaying to translate yet into more solid loan demand. We are determined to work towards reaching our goals, providing secure, sustainable and transparent financial intermediation to our customers and further reinforcing their trust in our franchise, said Tomas Spurny, CEO of BCR.

PERFORMANCE OVERVIEW FOR BCR GROUP in 2013

BCR Group achieved a solid **operating result** of **RON 2,489.9 million** (EUR 563.4 million), up by 5.6% in comparison to RON 2,357.8 million (EUR 528.9 million) in 2012, on lower income more than offset by the decrease in expenses, as result of the ambitious turnaround program.

Operating income in 2013 recorded a slight decrease by 1.2% to **RON 3,990.1 million** (EUR 902.9 million) from RON 4,040.5 million (EUR 906.3 million) in 2012.

¹ All the below stated financial data are un-audited, consolidated business results of Banca Comerciala Romana (BCR) Group for the full year 2013 (2013) according to IFRS. Unless otherwise stated, financial results for the full year 2013 (2013) are compared to financial results for the full year 2012 (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 2013 of 4.4194 RON/EUR when referring to 2013 results and using the average exchange rate for 2012 of 4.4583 RON/EUR when referring to 2012 results. The balance sheets as of 31 December 2013 and as of 31 December 2012 are converted using the closing exchange rates at the respective dates (4.4710 RON/EUR as of 31 December 2013 and 4.4445 RON/EUR as of 31 December 2012, respectively). All the percentage changes refer to RON figures.

Net interest income in 2013 declined by 3%, to **RON 2,803.4 million** (EUR 634.3 million), from RON 2,891.5 million (EUR 648.6 million) in 2012, mainly due to subdued credit demand, despite new business gradually picking up.

Net fee income in 2013 was strongly up 17.7%, to **RON 747.4million** (EUR 169.1 million), from RON 634.8 million (EUR 142.4 million) in 2012, on continuous focus on transaction banking and payment transfers.

Net trading result in 2013 decreased by 14.6%, to **RON 439.3 million** (EUR 99.4 million), from RON 514.3 million (EUR 115.4 million) in 2012, reflecting lower income from foreign exchange business.

Operating expenses in 2013 significantly declined by 10.9% to **RON 1,500.2 million** (EUR 339.5 million) from RON 1,682.8 million (EUR 377.4 million) in 2012, owing to comprehensive optimisation measures and strict cost management.

As such, **cost-income ratio** improved to **37.6%** in 2013 versus 41.6% in 2012.

The **net charge of risk provisions** for loans in 2013 substantially decreased by 41.2% to **RON 2,132.7 million** (EUR 482.6 million) from RON 3,625.9 million (EUR 813.3 million) in 2012, in line with expectations, due to lower NPL inflows. **NPL ratio** of the total loan portfolio at **29.2%** as of 31 December 2013 remained stable versus previous quarters, on the back of efficient recovery efforts, as well as sell-offs and in spite of contraction of the loan book. **NPL coverage ratio**, at **65.8%** as of December 2013, significantly improved in comparison to 58.6% as of December 2012, reflecting key management priority to improve asset quality.

Net profit after tax and minority interests stood at **RON 591.2 million (EUR 133.8 million)** as compared to a loss of RON 1,234.7 million (EUR 276.9 million) in 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 31 December 2013 stood at **14.7%**, well above the regulatory requirements of the National Bank of Romania (min 10%). Also, IFRS **Tier 1+2 capital ratio** of **24.9%** (BCR Group), as of December 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 12.2% to **RON 46,735.5 million** (EUR 10,453.0 million) from RON 53,243.0 million (EUR 11,979.5 million) at year-end 2012, with new lending, impacted by weak demand, only partially offsetting redemptions and loan book contraction. 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 1.0% at **RON 37,494.9 million** (EUR 8,386.3 million) as of 31 December 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 8.9% to **RON 66,728.8 million** (EUR 14,924.8 million) as of 31 December 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		
	Dec-2013	Dec-2012	% change	Dec-2013	Dec-2012	% change
RON/EUR	4.4710	4.4445	0.5%	4.4194	4.4583	-0.9%
Positive change = devaluation against EUR, negative change = appreciation against EUR						

Appendix I

CONSOLIDATED INCOME STATEMENT FOR FULL YEAR 2013 (IFRS)

- amounts in RON million

	2013	2012	% Change
Net interest income	2,803.4	2,891.5	-3.0%
- Risk provisions for loans and advances	(2,132.7)	(3,625.9)	-41.2%
Net commission income	747.4	634.8	17.7%
Net trading result	439.3	514.3	-14.6%
General administrative expenses	(1,500.2)	(1,682.8)	-10.9%
Other operating results	(306.5)	(226.4)	35.4%
Pre-tax profit	66.8	(1,485.9)	na
Taxes on income	531.9	256.3	107.5%
Profit for the year	598.7	(1,229.6)	na
Attributable to non-controlling interests	7.5	5.1	48.4%
Attributable to owners of the parent	591.2	(1,234.7)	na
Operating income	3,990.1	4,040.5	-1.2%
General administrative expenses	(1,500.2)	(1,682.8)	-10.9%
Operating result	2,489.9	2,357.8	5.6%

Appendix II

Consolidated statement of financial position (IFRS) as of 31 December 2013 - amounts in RON million

ASSETS	31-Dec-13	31-Dec-12	% Change
Cash and balances with central banks	9,399.4	9,187.3	2.3%
Loans and advances to credit institutions	656.2	361.2	81.7%
Loans and advances to customers	46,735.5	53,243.0	-12.2%
- Risk provisions for loans and advances	(8,979.6)	(8,350.7)	7.5%
Trading Assets	330.8	671.9	-50.8%
Financial assets - at fair value through profit or loss	34.4	44.7	-23.2%
Financial assets - available for sale	5,281.3	4,324.5	22.1%
Financial assets - held to maturity	10,235.3	10,757.6	-4.9%
Investments in associate	14.3	0.0	n.a
Intangible assets	387.4	429.7	-9.9%
Tangible assets	1,363.1	1,488.5	-8.4%
Current Tax assets	89.3	177.4	-49.7%
Deferred tax assets	315.4	35.2	794.7%
Other assets	758.8	843.9	-10.1%
Assets Held For Sale	107.4	73.3	46.6%
Total assets	66,728.8	73,287.6	-8.9%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to credit institutions	15,913.6	21,894.7	-27.3%
Other amounts owed to customers	37,494.9	37,875.1	-1.0%
Debts evidenced by certificates	1,252.9	1,347.7	-7.0%
Other provisions	399.1	406.9	-1.9%
Current Tax liabilities	2.2	4.0	-43.8%
Deferred Tax liabilities	3.8	259.8	-98.5%
Other liabilities	1,715.2	2,199.7	-22.0%
Subordinated Liabilities	2,523.9	2,497.2	1.1%
Total equity attributable to:	7,423.3	6,802.5	9.1%
<i>Equity holders of the parent</i>	7,395.3	6,783.2	9.0%
<i>Non-controlling interests</i>	28.0	19.3	44.7%
Total liabilities and equity	66,728.8	73,287.6	-8.9%