

Bucharest, April 29, 2013

BCR results for Q1 2013

HIGHLIGHTS¹:

Operating performance in Q1 2013 reached **RON 595.2 million** (EUR 135.7 million), down by 2.4% in comparison to RON 610.0 million (EUR 140.1 million) in Q1 2012.

Operating income decreased by 5.0% to **RON 977.9 million** (EUR 222.9 million) from RON 1,028.9 million (EUR 236.4 million) in Q1 2012.

Operating expenses were down 8.6% at **RON 382.7 million** (EUR 87.2 million) from RON 418.9 million (EUR 96.2 million) in Q1 2012. **Cost-income ratio** improved to 39.1% versus 40.7 in Q1 2012.

Net charge of risk provisions for loans in Q1 2013 significantly decreased by 38.3% to **RON 575.7 million** (EUR 131.2 million) from RON 933.7 million (EUR 214.5 million) in Q1 2012. **NPL coverage ratio**, at **58.0%** in Q1 2013, stood significantly above 53.1% in Q1 2012.

Net loss narrowed to **RON 12.1 million (EUR 2.8 million)** as compared to RON 307.8 million (EUR 70.7 million) in Q1 2012, delivering against the ambitious targets of the turnaround program running in BCR.

BCR maintained leading market share by assets, despite decline in **total assets** by 3.7% to **RON 70,587.7 million** (EUR 15,972.6 million) at 31 March 2013, versus RON 73,287.6 million (EUR 16,489.5 million) at 31 December 2012.

BCR has strong capital and liquidity positions, well above regulatory minima: **Tier 1+2 capital ratio** (IFRS) for BCR group stood at **18.6%** as of December 2012, **solvency ratio** (local standards, bank standalone) at **13.0%** as of March 2013.

"We are the first bank in the market which started such a far reaching journey of turnaround. Our efforts show encouraging signs that we are on the right track in positioning BCR for future growth. Although the economic recovery is still slow, impacting our business, Romania is set to record one of the superior growth rates in the region in 2013. We expect to benefit from that uplift, also considering our very strong capital and funding position", said Tomas Spurny, CEO of BCR.

"We see many opportunities to be more customer-centric, more competitive and build long term profitability based on the natural financing needs of Romania: infrastructure development, EU Funds absorption, agriculture improvement or the evolving needs of our retail clients as they go through their life cycles," added Tomas Spurny.

PERFORMANCE OVERVIEW FOR BCR GROUP in Q1 2013

BCR Group achieved a solid **operating result** of **RON 595.2 million** (EUR 135.7 million), a slight decline of 2.4% from RON 610.0 million (EUR 140.1 million) in Q1 2012, impacted by lower income and partially offset by the decrease in expenses.

The **operating income** decreased by 5.0% to **RON 977.9 million** (EUR 222.9 million) from RON 1,028.9 million (EUR 236.4 million) in Q1 2012.

¹ All the below stated financial data are un-audited, consolidated business results of Banca Comerciala Romana (BCR) Group for the first three months of 2013 (Q1 2013) according to IFRS. Unless otherwise stated, financial results from the first three months of 2013 (Q1 2013) are compared to financial results from the first three months of 2012 (Q1 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 Q1 2013 of 4.3870 RON/EUR when referring to Q1 2013 results and using the average exchange rate for Q1 2012 of 4.3532 RON/EUR when referring to Q1 2012 results. The balance sheets at 31 March 2013 and at 31 December 2012 are converted using the closing exchange rates at the respective dates (4.4193 RON/EUR at 31 March 2013 and 4.4445 RON/EUR at 31 December 2012, respectively). All the percentage changes refer to RON figures.

PRESS RELEASE



The decline mainly originated from still weak consumer credit demand, impacting **net interest income**, down 3.7%, to **RON 722.6 million** (EUR 164.7 million), from RON 750.4 million (EUR 172.4 million) in Q1 2012.

Net fee income decreased by 8.2%, to **RON 142.9 million** (EUR 32.6 million), from RON 155.6 million (EUR 35.7 million) in Q1 2012, mainly on lower transaction volumes and subdued lending.

Net trading result decreased by 8.5%, at **RON 112.5 million** (EUR 25.6 million), from RON 122.9 million (EUR 28.2 million) in Q1 2012.

Operating expenses went down by 8.6% to **RON 382.7 million** (EUR 87.2 million) from RON 418.9 million (EUR 96.2 million) in Q1 2012, owing to comprehensive optimisation measures and strict cost management. As such, **cost-income ratio** improved to **39.1%** in Q1 2013, versus 40.7% in Q1 2012.

The net charge of **risk provisions for loans and advances** significantly decreased by 38.3% to **RON 575.7 million (EUR 131.2 million)** in Q1 2013, versus RON 933.7 million (EUR 214.5 million) in Q1 2012, reflecting the impact of a still weak economic recovery, but also lower NPL inflows, in line with expectations. **NPL ratio** further rose to **28.2%** of the total loan portfolio at 31 March 2013, due to contraction of the loan book, while NPL formation significantly reduced in both absolute and relative terms. **NPL coverage ratio, now at 58.0%**, stood significantly above 53.1% in Q1 2012.

Net loss after taxes and minority interests significantly narrowed to **RON -12.1 million** (EUR -2.8 million), versus the net loss of RON -307.8 million (EUR -70.7 million) in Q1 2012, on the back of good operating result fully offsetting risk costs.

Solvency ratio under local standards (BCR standalone, IFRS with prudential filters) as of 31 March 2013 stood at **13.0%**, well above the regulatory requirements of the National Bank of Romania (min 10%). Also, IFRS **Tier 1+2 capital ratio of 18.6%** (BCR Group) as of December 2012 is clearly showing BCR's strong capital adequacy and continuing support of Erste Group. In this respect, BCR enjoys one of the strongest capital and funding positions amongst Romanian banks.

The volume of aggregate **loans to customers** (before provisions, IFRS) decreased by 2.9% to **RON 51,713.5 million** (EUR 11,701.7 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 remained relatively stable (-1.2%) at **RON 37,424.1 million** (EUR 8,468.3 million) as of 31 March 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 under the MTN program and agreements with other International Financial Institutions.

BCR maintained its market leading position, despite decline in total assets by 3.7% to **RON 70,587.7 million** (EUR 15,972.6 million), versus **RON 73,287.6 million** (EUR 16,489.5 million) at 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		
	Mar-2013	Dec-2012	% change	Mar-2013	Mar-2012	% change
RON/EUR	4.4193	4.4445	-0.6%	4.3870	4.3532	0,8%

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

Appendix I

CONSOLIDATED INCOME STATEMENT for Q1 2013 (IFRS)

- amounts in RON million

	31-Mar-13	31-Mar-12	% Change
Net interest income	722.6	750.4	-3.7%
- Risk provisions for loans and advances	(575.7)	(933.7)	-38.3%
Net commission income	142.9	155.6	-8.2%
Net trading result	112.5	122.9	-8.5%
General administrative expenses	(382.7)	(418.9)	-8.6%
Other operating results	(41.9)	(40.0)	4.8%
Pre-tax profit	(20.8)	(358.0)	-94.2%
Taxes on income	10.7	51.1	-79.0%
Profit for the year	(10.1)	(306.9)	-96.7%
Attributable to non-controlling interests	(2.0)	(0.9)	>100%
Attributable to owners of the parent	(12.1)	(307.8)	-96.1%
Operating income	977.9	1,028.9	-5.0%
General administrative expenses	(382.7)	(418.9)	-8.6%
Operating result	595.2	610.0	-2.4%

Appendix II

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

	31-Mar-13	31-Dec-12	%Change
ASSETS			
Cash and balances with central banks	8,926.9	9,187.3	-2.8%
Loans and advances to credit institutions	920.8	361.2	154.9%
Loans and advances to customers	51,713.5	53,243.0	-2.9%
- Risk provisions for loans and advances	(8,727.9)	(8,350.7)	4.5%
Trading Assets	322.2	671.9	-52.0%
Financial assets - at fair value through profit or loss	45.5	44.7	1.8%
Financial assets - available for sale	4,006.6	4,324.5	-7.4%
Financial assets - held to maturity	10,392.7	10,757.6	-3.4%
Intangible assets	413.1	429.7	-3.9%
Tangible assets	1,461.3	1,488.5	-1.8%
Current Tax assets	177.4	177.4	0.0%
Deferred tax assets	33.9	35.2	-3.8%
Other assets	842.2	843.9	-0.2%
Assets Held For Sale	59.4	73.3	-19.0%
Total assets	70,587.7	73,287.6	-3.7%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to credit institutions	19,850.0	21,894.7	-9.3%
Other amounts owed to customers	37,424.1	37,875.1	-1.2%
Debts evidenced by certificates	1,294.8	1,347.7	-3.9%
Other provisions	430.4	406.9	5.8%
Current Tax liabilities	2.7	4.0	-31.7%
Deferred Tax liabilities	246.5	259.8	-5.1%
Other liabilities	2,045.7	2,199.7	-7.0%
Subordinated Liabilities	2,497.4	2,497.2	0.0%
Total equity attributable to:	6,796.2	6,802.5	-0.1%
<i>Equity holders of the parent</i>	6,774.9	6,783.2	-0.1%
<i>Non-controlling interests</i>	21.3	19.3	10.1%
Total liabilities and equity	70,587.7	73,287.6	-3.7%