



**Banca Comercială Română S.A.**  
**Consolidated and Separate Financial Statements -**  
**Unaudited**  
**(The Group and the Parent Bank)**

Prepared in Accordance with  
International Financial Reporting Standards as endorsed by the European Union

**30 June 2014**

## CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Administrators' report	
Independent auditors' report to the shareholders of Banca Comerciala Romana S.A	
Statement of comprehensive income	1
Statement of financial position	2
Notes to the Financial Statements	3
1. Corporate information	3
2. Accounting policies	4
3. Cash and balances with central banks	5
4. Financial investments – available for sale	5
5. Loans and advances to customers	5
6. Due from banks	5
7. Interest and similar income	6
8. Interest and similar expense	6
9. Net fees and commission income	6
10. Personnel expenses	7
11. Other operating expenses	7



Annex 3

No. 12/27.08.2014

## STATEMENT

### Regarding the semi-annual report for the first semester 2014

In accordance with the provisions of NSC Regulation no. 1/2006 (as amended and restated) - art. 113 letter D para. (1) letter c), we, Tomas Spurny, as Executive President of Banca Comerciala Romana SA and Manfred Wimmer, President of the Supervisory Board, state that:

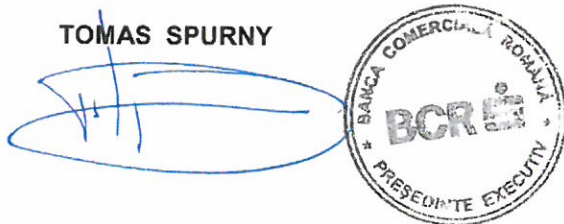
- a) To the best of our knowledge, the semi-annual consolidated financial statements drawn up in compliance with the applicable accounting standards provide for a correct and accurate image of the assets, undertakings, statement of financial position and statement of comprehensive income of Banca Comerciala Romana SA. and its subsidiaries included in the consolidation perimeter.
- b) The consolidated report of the Supervisory Board reflects in a correct and accurate manner the information on Banca Comerciala Romana SA and its subsidiaries included in the consolidation perimeter.

President of the Supervisory Board,

MANFRED WIMMER

Executive President of the Executive Committee,

TOMAS SPURNY





No. Cabinet of the Chairman  
Supervisory Board 13/27.08.2014

## **CONSOLIDATED ADMINISTRATORS' REPORT Banca Comerciala Romana Group for the Period ended 30 June 2014**

**BCR financial results for H1 2014: RON 1 billion operating result, accelerated balance sheet clean-up**

- **H1 operating result based on solid commercial performance of healthy business**
- **Performing loans portfolio consolidates, based on sustained local currency lending**
- **Net financial result impacted by sustained provisioning associated to balance sheet clean-up; 25% overall NPL balance reduction targeted for year-end**
- **NPL portfolio sale transaction amounting to RON 1 billion concluded in July**
- **Balance sheet cleaning has limited impact on solvency ratio, at historic high of 16.4%**
- **Capital base, at RON 7.3 billion, remains supportive to good business growth**

Banca Comerciala Romana (BCR) achieved in H1 2014 an **operating result of RON 1,096.6 million** (EUR 245.6 million), underpinned by **solid commercial performance of the healthy business**, encompassing strong market share in new lending, along reinforcement of deposit base. On the back of **historical high solvency (16.4%)** and **strong capitalization (RON 7.3 billion)**, the bank has undertaken to **accelerate resolution of NPL legacy**, despite short term profitability impacted by consequent sustained provisioning. **Net result for H1 2014 is negative at RON -276.6 million** (EUR 61.9 million).

**Tomas Spurny, CEO of BCR** has stated: "We enter the second half of 2014 with strong intention to clean our balance sheet and enhance future capacity to deliver strong performance from healthy and solid core of the Bank. That healthy core, the current commercial performance, shows continuing signs of improvement, as BCR delivers respectable new lending market share along reinforcement of the overall deposit base. Aside from accelerated resolution of NPL legacy, we plan to further improve our competitive capacity in both Retail and Corporate franchises of the Bank."

### **Healthy lending portfolio overview**

In retail business, campaigns consolidated the performing loans balance at around **RON 16.8 billion**, with **Q2 2014 being the first quarter in the last three years for which new lending offset volumes of loans reimbursed or maturing**. At **RON 8.8 billion** the housing loans portfolio grew satisfactorily versus **RON 8.6 billion** at end of year 2013. Overall local currency loans portfolio encouragingly grew to **RON 6.1 billion** as compared to **RON 5.5 billion** at year end 2013. Average retail interest rate at end of H1 was 25 bp lower than year end 2013.

In corporate business, performing loan portfolio stabilized at around **RON 12.0 billion**, with **June 2014 1<sup>st</sup> month in the year when overall loan balance ticked up versus previous month**. The uptick was mainly generated by increased new lending to SME and large corporate clients in sectors such as **energy, agriculture, constructions,**



**pharmacy & healthcare, industry, IT&C** with exposures to real estate and public sector entities continuously decreasing. Average corporate interest rate at end of H1 was 15 bp lower than year end 2013.

#### **Resolution of NPL stock**

BCR manages a non-performing loans portfolio of around RON 12.9 billion, which it decided to resolve in accelerated manner, thus expecting significant improvement of its balance sheet quality (a NPL reduction of about 25%, compared to year-end 2013) and financial performance in the near term. BCR has a target to achieve 25% overall NPL balance reduction until year-end. Consequent risk costs are anticipated to off-set the operational result of the bank in 2014. The capital position of the bank will easily absorb the above mentioned balance sheet cleaning measures and remains strong to support good growth across all business lines.

In that respect, BCR has signed, in July 2014, a sale transaction of RON 1 billion for a non-performing corporate loans package (secured, all of which in legal procedures - insolvency, enforcement), to a consortium of foreign investors and available funding lines.

#### **Capital position and financial highlights:**

**Solvency ratio** under local standards (BCR standalone, IFRS with prudential filters) as of 31 May 2014 stood at **16.4%**, well above the regulatory requirements of the National Bank of Romania (min 10%). Also, IFRS **Tier 1+2 capital ratio** of **24.8%** (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 one of the strongest capital and funding positions amongst Romanian banks. Balance sheet cleaning will thus have very limited impact on solvency ratios the bank; capital base stays strong and will support good growth across all business lines.

**Amounts owed to customers** just slightly decreased by 1.3% to **RON 37,014.6 million** (EUR 8,445.0 million) as of 30 June 2014, versus RON 37,500.0 million (EUR 8,387.4 million) as of end December 2013. 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.

The volume of aggregate **loans to customers** (before provisions, IFRS) decreased by 5.7% to **RON 35,601.5 million** (EUR 8,122.6 million) from RON 37,758.6 million (EUR 8,445.2 million) at year-end 2013, especially on the back of portfolio clean-up, with new lending in specific segments covering reimbursements and natural repayments. 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.

BCR maintained its market leading position, despite decline in total assets by 5.1% to **RON 63,346.0 million** (EUR 14,452.6 million), versus **RON 66,728.8 million** (EUR 14,924.8 million) at 31 December 2013.

**Net interest income**, was down 13.9%, to **RON 1,228.8 million** (EUR 275.1 million), from RON 1,426.3 million (EUR 324.7 million) in H1 2013, on the back of a lower interest rate environment, efforts to price competitively in the market and accelerated NPL portfolio resolution.

**Net fee income** was up 10.6%, to **RON 360.6 million** (EUR 80.7 million), from RON 326.1 million (EUR 74.2 million) in H1 2013, on continuous and successful focus on transaction banking, shift to non-cash operations and customer preference for alternative investment solutions and insurance products.

**Net trading result** decreased by 8.2%, to **RON 203.6 million** (EUR 45.6 million), from RON 221.8 million (EUR 50.5 million) in H1 2013 on the back of lower FX transactions.

The **operating income** decreased by 9.5% to **RON 1,804.3 million** (EUR 404.0 million) from RON 1,994.6 million (EUR 454.1 million) in H1 2013.

**General administrative expenses** in H1 2014 reached RON 707.6 million (EUR 158.5 million), down by 13.2% in comparison to RON 814.8 million (EUR 185.5 million) in H1 2013 reflecting full benefits of restructuring and strict cost management.

As such, **cost-income ratio** improved to **39.2%** in H1 2014, versus 40.8% in H1 2013.

The net charge of impairments on financial assets not measured at fair value through profit and loss increased by 29.5% to **RON 1,306.6 million** (EUR 292.6 million) in H1 2014, versus RON 1,008.6 million (EUR 229.6 million) in H1 2013, reflecting accelerated efforts to resolve NPL legacy. **NPL coverage ratio, now at 64.5%**, stood

significantly above 61.6% as of June 2013, on the back of sustained provisioning in the view of the balance sheet clean-up. **NPL ratio** remained stable at 29.3% of the total loan portfolio at 30 June 2014, despite overall decrease of the loan book caused by natural repayments, write-offs and sales of selected NPL portfolios.


The net result in H1 2014 was negative at RON -276.6 million (EUR -61.9million), mainly due to elevated provisioning generated by accelerated balance sheet clean-up, with the view to improved near term performance and considering the fact that diminishing the ratio of non-performing loans is critical to restoring credit extension, economic growth and creation of jobs in the economy.

BCR offers a complete range of financial products and services through a network of 563 retail units located in most towns with more than 10.000 inhabitants, across the whole Romania, as well as 22 business centers and 23 mobile offices dedicated to companies. BCR commands the largest ATMS network in the country – over 2.100 ATMs and POS - 13.500 terminals for payments by card at merchants. BCR Group had 7,078 own employees as of June 2014.

*All presented financial data are un-audited, consolidated business results of Banca Comerciala Romana (BCR) Group for the first six months of 2014 (H1 2014) according to IFRS. Unless otherwise stated, financial results from the first six months of 2014 (H1 2014) are compared to financial results from the first six months of 2013 (H1 2013). 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 H1 2014 of 4.4658 RON/EUR when referring to H1 2014 results and using the average exchange rate for H1 2013 of 4.3927 RON/EUR when referring to H1 2013 results. The balance sheets at 30 June 2014 and at 31 December 2013 are converted using the closing exchange rates at the respective dates (4.383 RON/EUR at 30 June 2013 and 4.471 RON/EUR at 31 December 2013, respectively). All the percentage changes refer to RON figures.*

**CHAIRMAN OF THE SUPERVISORY BOARD,**

**MANFRED WIMMER**



# Appendix I - CONSOLIDATED INCOME STATEMENT for H1 2014 (IFRS)

<i>RON mil</i>	30-Jun-14	30-Jun-13	% Change
Net interest income	1,228.8	1,426.3	-13.9%
Dividend income	1.4	10.2	-85.9%
Net result from equity method investments	(0.4)	0.00	NA
Rental income from investment properties & other operating lease	10.3	10.2	0.5%
- Impairment/reversal of impairments on financial assets	(1,306.6)	(1,008.6)	29.5%
Net commission income	360.6	326.1	10.6%
Net trading result	203.6	221.8	-8.2%
General administrative expenses	(707.6)	(814.8)	-13.2%
Other operating results	(86.1)	(169.6)	-49.2%
<b>Pre-tax profit</b>	<b>(296.0)</b>	<b>1.6</b>	<b>&gt;100%</b>
Taxes on income	19.4	559.3	-96.5%
<b>Profit for the year</b>	<b>(276.6)</b>	<b>560.9</b>	<b>&gt;100%</b>
Attributable to non-controlling interests	3.5	4.1	-14.1%
<b>Attributable to owners of the parent</b>	<b>(280.1)</b>	<b>556.8</b>	<b>&gt;100%</b>
Operating income	1,804.3	1,994.6	-9.5%
General administrative expenses	(707.6)	(814.8)	-13.2%
<b>Operating result</b>	<b>1,096.6</b>	<b>1,179.9</b>	<b>-7.1%</b>

**Appendix II - Consolidated statement of financial position (IFRS) as at 30 June 2014**  
**- amounts in RON million**

	30-Jun-14	31-Dec-13	%Change
<b>ASSETS</b>			
Cash and cash balances	6,847.9	9,620.6	-28.8%
Financial assets - held for trading	379.7	373.6	1.6%
<i>Derivatives</i>	64.0	42.8	49.6%
<i>Other trading assets</i>	315.7	330.8	-4.6%
Financial assets - at fair value through profit or loss	31.5	34.4	-8.3%
Financial assets - available for sale	7,828.4	5,281.3	48.2%
Financial assets - held to maturity	9,316.1	10,235.3	-9.0%
Loans and advances to credit institutions	214.1	432.2	-50.5%
Loans and advances to customers	35,601.5	37,758.6	-5.7%
Derivatives Hedge accounting	58.9	39.2	50.2%
Property, plant, equipment	1,447.8	1,319.0	9.8%
Investment properties	45.1	44.1	2.1%
Intangible assets	367.0	387.4	-5.3%
Investments in associates	13.9	14.3	-2.7%
Current tax assets	89.2	89.3	-0.1%
Deferred tax assets	322.1	315.4	2.2%
Non-current assets and disposal groups classified as held for sale	83.2	107.4	-22.6%
Other assets	699.7	676.8	3.4%
<b>Total assets</b>	<b>63,346.0</b>	<b>66,728.8</b>	<b>-5.1%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Financial liabilities held for trading	42.0	66.1	-36.5%
<i>Derivatives</i>	42.0	66.1	-36.5%
<i>Other trading liabilities</i>	0.0	0.0	NA
Financial liabilities - at fair value through profit or loss	0.0	0.0	NA
Financial liabilities measured at amortised costs	54,739.6	57,185.3	-4.3%
<i>Deposits from banks</i>	16,501.7	18,437.4	-10.5%
<i>Deposits from customers</i>	37,014.6	37,494.9	-1.3%
<i>Dcbt securities issued</i>	1,223.3	1,252.9	-2.4%
<i>Other financial liabilities</i>	0.0	0.0	NA
Derivatives Hedge accounting	719.4	1,087.3	-33.8%
Provisions	274.9	399.1	-31.1%
Current tax liabilities	1.7	2.2	-25.1%
Deferred tax liabilities	8.6	3.8	126.4%
Non-current liabilities and disposal groups classified as held for sale	0.0	0.0	NA
Other liabilities	307.4	561.8	-45.3%
<b>Total equity attributable to:</b>	<b>7,252.3</b>	<b>7,423.3</b>	<b>-2.3%</b>
<i>Equity holders of the parent</i>	7,222.2	7,395.3	-2.3%
<i>Non-controlling interests</i>	30.1	28.0	7.4%
<b>Total liabilities and equity</b>	<b>63,346.0</b>	<b>66,728.8</b>	<b>-5.1%</b>





Annex 3

No. 14/27.08.2014

## STATEMENT

### Regarding the semi-annual report for the first semester 2014

In accordance with the provisions of NSC Regulation no. 1/2006 (as amended and restated) - art. 113 letter D para. (1) letter c), we, Tomas Spurny, as Executive President of Banca Comerciala Romana SA and Manfred Wimmer, President of the Supervisory Board, state that:

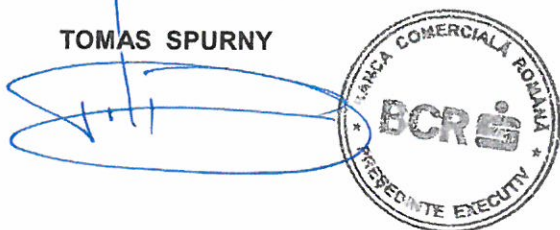
- a) To the best of our knowledge, the semi-annual financial statements drawn up in compliance with the applicable accounting standards provide for a correct and accurate image of the assets, undertakings, statement of financial position and statement of comprehensive income of Banca Comerciala Romana SA.
- b) The Report of the Supervisory Board reflects in a correct and accurate manner the information on Banca Comerciala Romana SA.

President of the Supervisory Board,

MANFRED WIMMER

Executive President of the Executive Committee,

TOMAS SPURNY



## SUPERVISORY BOARD REPORT

### regarding the bank's financial results and the statement of financial position as of June 30, 2014

Report date:	June, 30 2014
Company name:	Banca Comerciala Romana SA
Head quarter:	5th Blvd. Regina Elisabeta, District 3, Bucharest
Sole registration no with Trade Office:	361757
No. with Trade Register:	J40/90/1991
Paid-in capital:	1,625,341,615 RON

#### INCOME STATEMENT

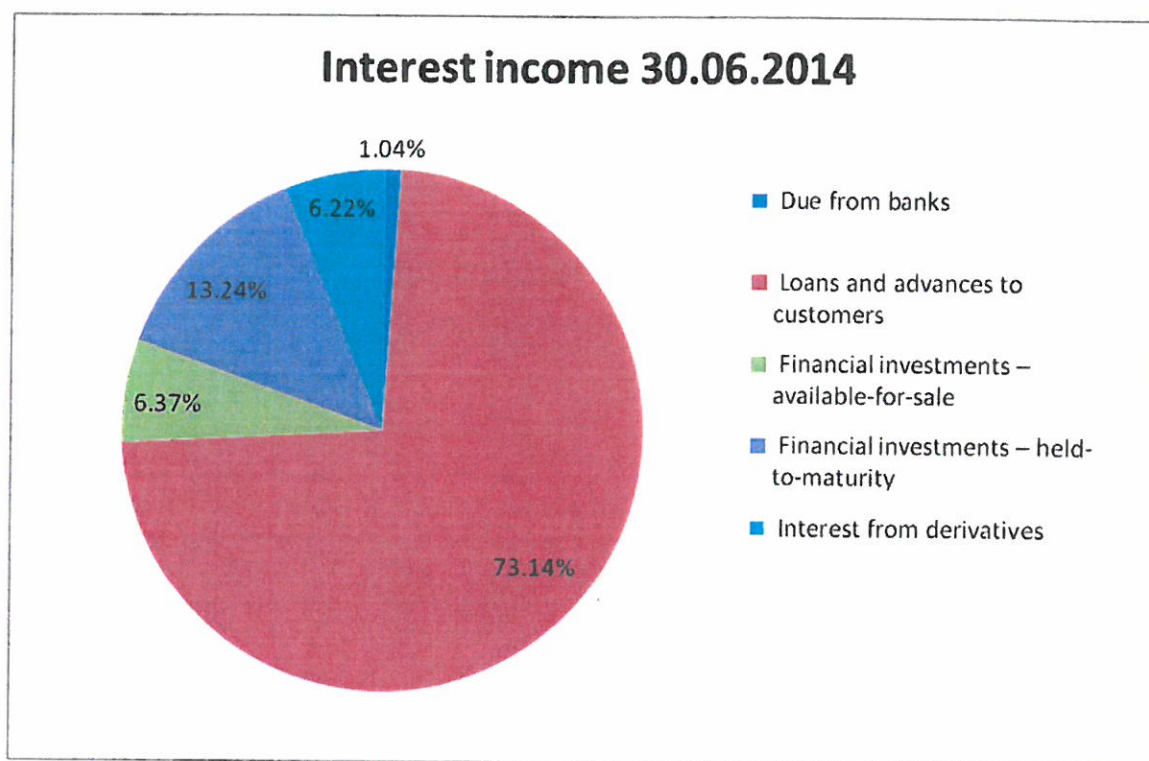
	Ron Thousand	
	30/06/2013	30/06/2014
<b>Net interest income</b>	<b>1,386,003</b>	<b>1,184,099</b>
<b>Net fee and commission income</b>	<b>313,340</b>	<b>347,656</b>
Net trading income	221,715	203,300
Net gain or loss on financial assets designated at fair value through PL	-73	389
Dividend income	10,186	24,970
Rental income from investment properties & other operating lease	3,842	2,298
Other operating income	58,380	31,400
<b>Total operating income</b>	<b>1,993,393</b>	<b>1,794,112</b>
Credit loss expense	-999,221	-1,239,297
<b>Net operating income</b>	<b>994,172</b>	<b>554,815</b>
Personnel expenses	-343,761	-297,014
Depreciation and impairment of property and equipment	-50,847	-29,225
Amortization and impairment of intangible assets	-40,372	-33,459
Other operating expenses	-611,514	-464,621
<b>Total operating expenses</b>	<b>-1,046,494</b>	<b>-824,319</b>
<b>Profit/ (loss) before tax</b>	<b>-52,322</b>	<b>-269,504</b>
Income tax release / (expense)	564,191	28,192
<b>Profit / (loss) for the year</b>	<b>511,869</b>	<b>-241,312</b>

The net interest income as at 30 June 2014 is in amount of RON 1,184,099 thousand. Interest and other related income is in total amount of RON 1,813,776 thousand and similar expenses is in total amount of RON 629,677 thousand.

The breakdown of interest and other related income is as follows:

### Interest income

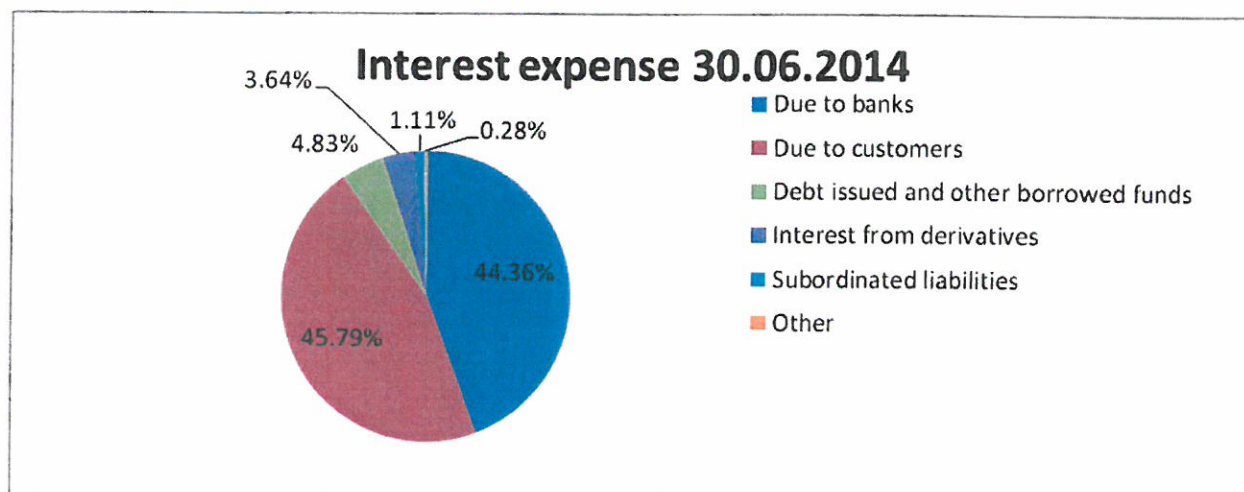
Ron thousand	30/06/2013		30/06/2014		2014/2013
	%	Amount	%	Amount	Δ (%)
Due from banks	1.68	39,994	1.04	18,782	46.96
Loans and advances to customers	74.13	1,762,076	73.14	1,326,649	75.29
Financial investments – available-for-sale	4.43	105,390	6.37	115,485	109.58
Financial investments – held-to-maturity	11.69	277,870	13.24	240,057	86.39
Interest from derivatives	8.04	191,023	6.22	112,803	59.05
Other	0.03	700	0.00	0	0.00
<b>Total</b>	<b>100.00</b>	<b>2,377,053</b>	<b>100.00</b>	<b>1,813,776</b>	<b>76.30</b>



The breakdown of interest to be paid and other related expenses is as follows:

### Interest expense

Ron thousand	30/06/2013		30/06/2014		2014/2013
	%	Amount	%	Amount	Δ (%)
Due to banks	46.54	461,235	44.36	279,314	60.56
Due to customers	46.46	460,467	45.79	288,330	62.62
Debt issued and other borrowed funds	3.79	37,571	4.83	30,399	80.91
Interest from derivatives	2.37	23,486	3.64	22,891	97.47
Subordinated liabilities	0.68	6,725	1.11	6,961	103.51
Other	0.16	1,566	0.28	1,782	113.79
<b>Total</b>	<b>100.00</b>	<b>991,050</b>	<b>100.00</b>	<b>629,677</b>	<b>63.54</b>



Income from fees are in amount of RON 422,419 thousand, while expenses from fees are in amount of RON 74,763 thousand, generating the net income in amount of RON 347,656 thousand.

Main operations generating income and expenses from fees are as follows:

### Net fee and commission income

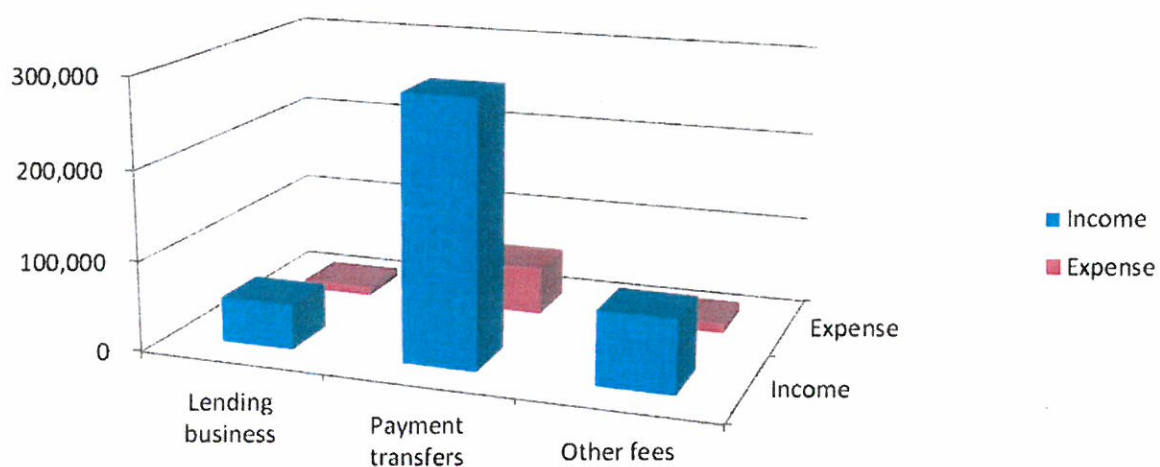
Ron thousand	30/06/2013		30/06/2014		2014/2013
	%	Suma	%	%	Suma
Lending business	14.84	62,038	11.87	50,151	80.84
Payment transfers	73.16	305,876	68.97	291,354	95.25
Other fees received	12.00	50,162	19.15	80,914	161.31
<b>Total fees and commission income</b>	<b>100.00</b>	<b>418,076</b>	<b>100.00</b>	<b>422,419</b>	<b>101.04</b>
Lending business	9.80	10,259	13.21	9,875	96.26
Payment transfers	80.14	83,932	71.97	53,804	64.10
Other fees paid	10.07	10,545	14.83	11,084	105.11
<b>Total fees and commission expense</b>	<b>100.00</b>	<b>104,736</b>	<b>100.00</b>	<b>74,763</b>	<b>71.38</b>
<b>Net fees and commission income</b>		<b>313,340</b>		<b>347,656</b>	<b>110.95</b>



## Fee and commission income 30.06.2014



## Net Fee and Commission Income 30.06.2014

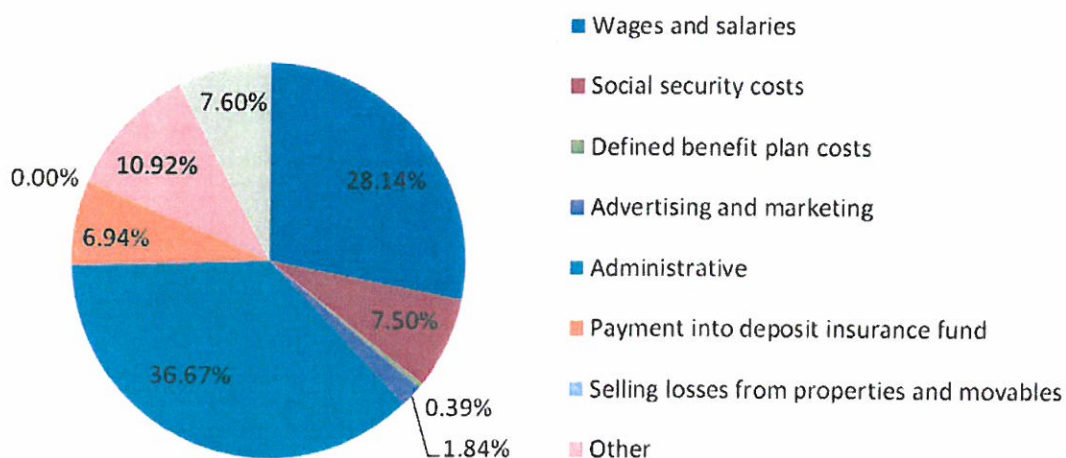


Administrative and depreciation related expenses are in total amount of RON 824,319 thousand.  
The breakdown is as detailed below:

### General administrative expense

Ron thousand	30/06/2013		30/06/2014		2014/2013
	%	Amount	%	Amount	Δ (%)
<b>Personnel expenses, out of wich:</b>	<b>32,85</b>	<b>343,761</b>	<b>36.03</b>	<b>297,014</b>	<b>86.40</b>
Wages and salaries	24,41	255,407	28.14	231,966	90.82
Social security costs	8,02	83,879	7.50	61,865	73.76
Defined benefit plan costs	0,43	4,475	0.39	3,183	71.13
<b>Other operating expenses, out of wich:</b>	<b>58,43</b>	<b>611,514</b>	<b>56.36</b>	<b>464,621</b>	<b>88.42</b>
Advertising and marketing	1,21	12,636	1.84	15,168	120.04
Administrative	32,51	340,210	36.67	302,283	88.85
Payment into deposit insurance fund	5,48	57,343	6.94	57,177	99.71
Selling losses from properties and movables	0,16	1,626	0.00	0	0.00
Other	19,08	199,699	10.92	89,993	45.06
<b>Expences with amortization of tangible and intangible assets</b>	<b>8,72</b>	<b>91,219</b>	<b>7.60</b>	<b>62,684</b>	<b>68.72</b>
<b>Total operating expenses</b>	<b>100.00</b>	<b>1,046,494</b>	<b>100.00</b>	<b>824,319</b>	<b>78.77</b>

### General Administrative Expenses 30.06.2014





## SUMMARY OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

The main items of total assets at the bank level are comparable in structure with the two prior periods as at June,30 2014 / December,31 2013: „Cash and balances with central banks” representing 11.36% / 15.08%, and „Loans and advances to customers, net” representing 59.16% / 59.39%.

Ron thousand

	31/12/2013	30/06/2014
<b><u>TOTAL ASSETS</u></b>	<b><u>63,509,963</u></b>	<b><u>60,028,419</u></b>
Cash and balances with central banks	9,580,295	6,821,558
Due from banks	407,742	166,842
Derivative financial instruments	80,179	118,343
Financial assets held for trading	330,817	315,671
Financial assets designated at fair value through profit or loss	34,351	31,509
Loans and advances to customers, net	37,716,448	35,513,132
Financial investments – available-for-sale	5,078,736	7,424,866
Financial investments – held-to-maturity	9,009,939	8,217,423
Investment in associate	7,509	7,509
Property and equipment	314,334	295,503
Goodwill and other intangible assets	206,146	188,025
Current tax assets	89,042	89,042
Deferred tax assets	314,563	321,799
Other assets	339,862	517,197
<b><u>TOTAL LIABILITIES AND EQUITY</u></b>	<b><u>63,509,963</u></b>	<b><u>60,028,419</u></b>
<b><u>LIABILITIES</u></b>	<b><u>56,030,113</u></b>	<b><u>52,679,843</u></b>
Due to banks	14,540,124	12,827,064
Derivative financial instruments	1,153,327	761,393
Due to customers	35,793,600	35,183,163
Debt issued and other borrowed funds	1,116,344	1,086,680
Other liabilities	508,678	256,360
Provisions	394,157	269,509
Subordinated liabilities	2,523,883	2,295,674
<b><u>EQUITY</u></b>	<b><u>7,479,850</u></b>	<b><u>7,348,576</u></b>
Issued capital	2,952,565	2,952,565
Share premium	395,483	395,483
Retained earnings	3,038,648	2,797,336
Available-for-sale reserve	18,561	129,408
Other capital reserve	1,074,593	1,073,784

The item „Cash and balances with central banks” in amount of RON 6,821,558 thousand (December, 31 2013: RON 9,580,295 thousand) includes cash in amount of RON 1,082,467 thousand (December, 31 2013: RON 1,346,378 thousand) and the amounts from central bank current accounts, in amount of RON 5,238,233 thousand (December, 31 2013: RON 8,012,631 thousand).

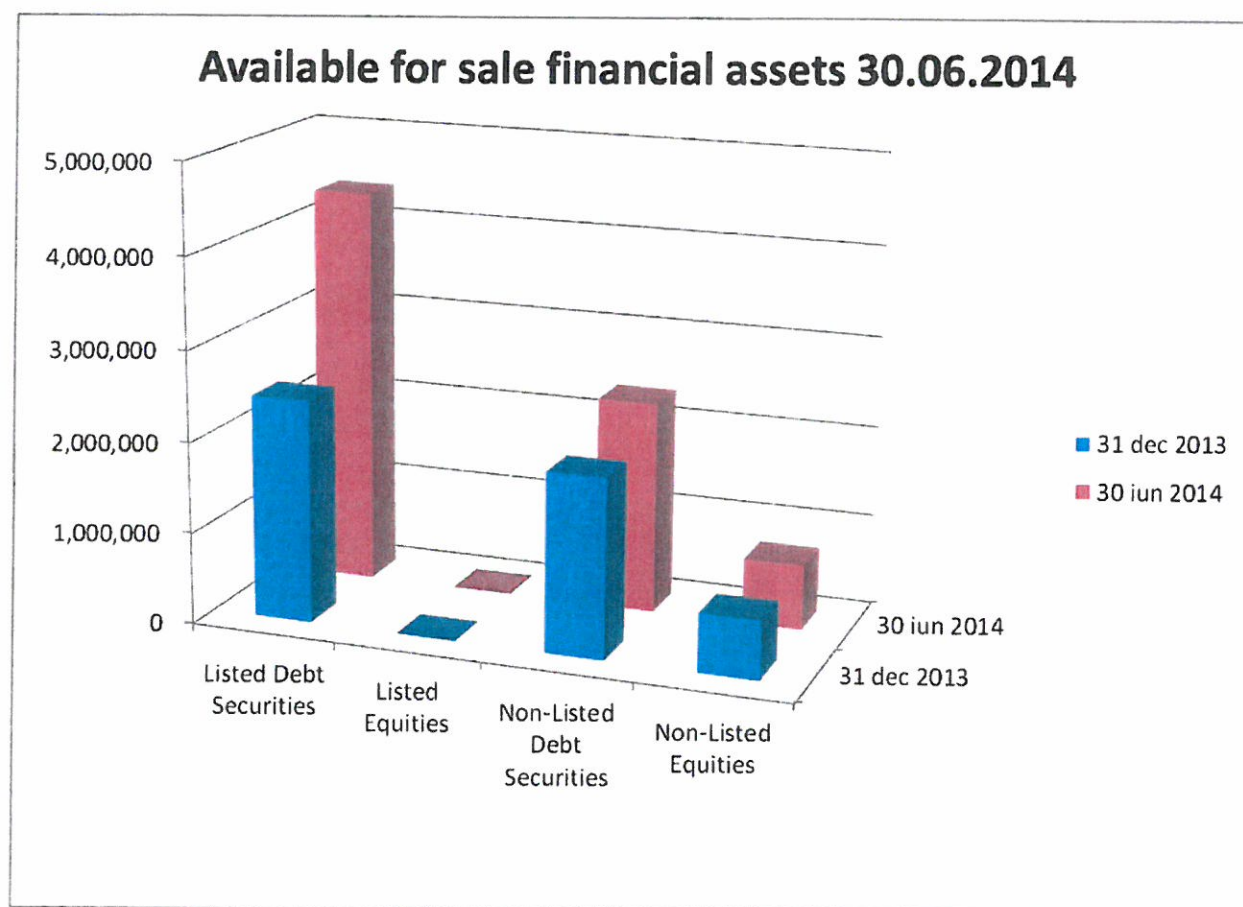
“Available for sale financial assets” in amount of RON 7,424,866 thousand as at June, 30 2014, in increase by RON 2,346,130 thousand as compared to December, 31 2013 (RON 5,087,736 thousand).

The increase of this asset item is mainly due to the increase of listed debt securities portfolio available for sale, by RON 1,914,593 thousand as compared to December, 31 2013. This increase was also strengthened by the increase of non-listed debt securities value by RON 431,537.

#### Available for sale financial assets

Ron thousand	31/12/2013		30/06/2014		2014/2013
	%	Amount	%	%	Δ (%)
<b>Listed investments</b>	<b>48.52</b>	<b>2,464,214</b>	<b>58.97</b>	<b>4,378,807</b>	<b>177.70</b>
Debt securities	48.34	2,455,008	58.85	4,369,534	177.98
Equities	0.18	9,206	0.12	9,273	100.73
<b>Non-listed investments</b>	<b>51.48</b>	<b>2,614,522</b>	<b>41.03</b>	<b>3,046,059</b>	<b>116.51</b>
Other debt securities	38.76	1,968,378	31.37	2,328,906	118.32
Equities:					
- investments in subsidiaries	11.10	563,961	9.27	688,565	122.09
- other investments	1.62	82,183	0.39	28,588	34.79
<b>Total</b>	<b>100.00</b>	<b>5,078,736</b>	<b>100.00</b>	<b>7,424,866</b>	<b>146.2</b>

The evolution of the two comparing periods is as shown below:



„Investments held to maturity” decreased by RON 792,516 thousand as compared to December, 31 2013 from RON 9,009,939 thousand to RON 8,217,423 thousand and includes:

#### Investments held to maturity

Ron thousand	31/12/2013		30/06/2014		2014/2013
	%	Amount	%	Amount	Δ (%)
Non-listed debt securities	12.72	1,145,919	8.34	685,607	59.83
Listed debt securities	87.28	7,864,020	91.66	7,531,816	95.78
<b>Total</b>	<b>100.00</b>	<b>9,009,939</b>	<b>100.00</b>	<b>8,217,423</b>	<b>91.20</b>

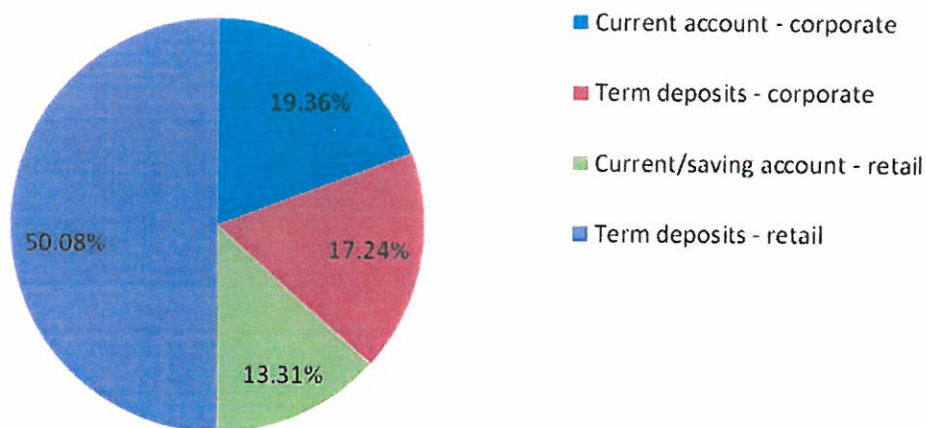
Out of total debts, “Due to customers” has the highest share of 58.61% at June, 30 2014 (56.36% at December 2013), recording a decrease by RON 610,437 thousand as compared to December, 31 2013.

The breakdown on corporate and retail customers is as shown below:

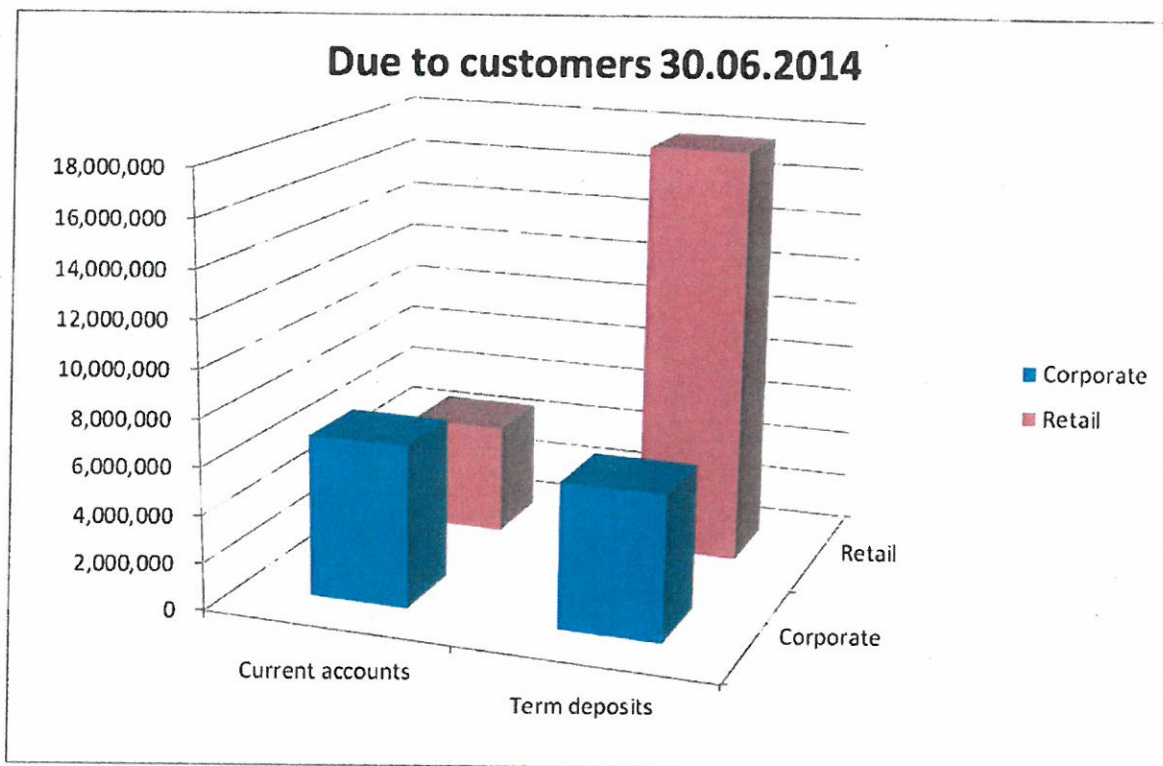
#### Due to customers

Ron thousand	31/12/2013		30/06/2014		2014/2013
	%	Amount	%	%	Δ (%)
<b>Corporate customers:</b>	<b>34.51</b>	<b>12,353,371</b>	<b>36.61</b>	<b>12,880,236</b>	<b>104.26</b>
Current accounts	15.62	5,591,496	19.36	6,813,213	121.85
Term deposits	18.89	6,761,875	17.24	6,067,023	89.72
<b>Retail customers:</b>	<b>65.49</b>	<b>23,440,229</b>	<b>63.39</b>	<b>22,302,927</b>	<b>95.15</b>
Current/saving accounts	11.65	4,171,554	13.51	4,681,965	112.24
Term deposits	53.83	19,268,675	50.08	17,620,962	91.45
<b>Total</b>	<b>100.00</b>	<b>35,793,600</b>	<b>100.00</b>	<b>35,183,163</b>	<b>98.29</b>

#### **Due to customers 30.06.2014**







The amounts due to banks decreased by RON 1,713,060 thousand as compared to December, 31 2013, from 14,540,124 thousand to RON 12,827,064 thousand and include:

**Due to banks**

Ron thousand	31/12/2013		30/06/2014		2014/2013
	%	Amount	%	Amount	Δ (%)
Deposits from other banks	84.54	12,292,492	82.75	10,614,945	86.35
Current accounts of other banks	1.01	146,210	2.11	270,178	184.79
Borrowings and financing lines	14.45	2,101,422	15.14	1,941,941	92.41
<b>Total</b>	<b>100.00</b>	<b>14,540,124</b>	<b>100.00</b>	<b>12,827,064</b>	<b>88.22</b>

“Total equity” at June, 30 2014 is 12.24% out of total debts and equity, recording a slight decrease of 1.76% as compared to December, 31 2013.

  
 CHAIRMAN



OF THE SUPERVISORY BOARD,

MANFRED WIMMER



# STATEMENT OF COMPREHENSIVE INCOME

Group and Parent Bank

As at 30 June 2014

RON Thousand	Notes	Group		Bank	
		30-06-2014	30-06-2013	30-06-2014	30-06-2013
Interest and similar income	7	1,903,484	2,456,507	1,813,776	2,377,053
Interest and similar expenses	8	(674,758)	(1,030,178)	(629,677)	(991,050)
<b>Net interest income</b>		<b>1,228,726</b>	<b>1,426,329</b>	<b>1,184,099</b>	<b>1,386,003</b>
Fee and commission income	9	442,677	441,267	422,419	418,076
Fee and commission expenses	9	(82,087)	(115,167)	(74,763)	(104,736)
<b>Net fee and commission income</b>		<b>360,590</b>	<b>326,100</b>	<b>347,656</b>	<b>313,340</b>
Net trading income		203,184	221,907	203,300	221,715
Net gain or loss on financial assets designated at fair value through profit or loss		389	(73)	389	(73)
Dividend income		1,440	10,186	24,970	10,186
Rental income from investment properties & other operating lease		10,269	10,213	2,298	3,842
Other operating income		40,168	61,115	31,400	58,380
<b>Total operating income</b>		<b>1,844,766</b>	<b>2,055,777</b>	<b>1,794,112</b>	<b>1,993,393</b>
Credit loss expense		(1,306,124)	(1,008,593)	(1,239,297)	(999,221)
<b>Net operating income</b>		<b>538,642</b>	<b>1,047,184</b>	<b>554,815</b>	<b>994,172</b>
Personnel expenses	10	(328,619)	(380,572)	(297,014)	(343,761)
Depreciation and impairment of property and equipment		(53,496)	(68,492)	(29,225)	(50,847)
Amortization and impairment of intangible assets		(37,675)	(44,512)	(33,459)	(40,372)
Other operating expenses	11	(414,550)	(552,054)	(464,621)	(611,514)
<b>Total operating expenses</b>		<b>(834,340)</b>	<b>(1,045,630)</b>	<b>(824,319)</b>	<b>(1,046,494)</b>
Operating profit		(295,698)	1,554	(269,504)	(52,322)
Share of profit of associate		(387)	-	-	-
<b>Profit/ (loss) before tax</b>		<b>(296,085)</b>	<b>1,554</b>	<b>(269,504)</b>	<b>(52,322)</b>
Income tax release / (expense)		19,442	559,215	28,192	564,191
<b>Profit / (loss) for the year</b>		<b>(276,643)</b>	<b>560,769</b>	<b>(241,312)</b>	<b>511,869</b>
Profit attributable to:					
Equity holders of the parent		(280,154)	556,684	(241,312)	511,869
Non-controlling interests		3,511	4,085	-	-
<b>Other comprehensive Income</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(22,390)	-	-	-
Net gain from cash flow hedges		(967)	(9,867)	(967)	(9,867)
Net (loss)/gain on available-for-sale financial assets		158,947	11,964	131,959	12,967
Income tax effect		(25,184)	(334)	(20,959)	(496)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>110,406</b>	<b>1,763</b>	<b>110,033</b>	<b>2,604</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Re-measurement gains (losses) on defined benefit plans		-	-	-	-
Income tax effect		-	-	-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>110,406</b>	<b>1,763</b>	<b>110,033</b>	<b>2,604</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(166,237)</b>	<b>562,532</b>	<b>(131,279)</b>	<b>514,473</b>
Attributable to:					
Equity holders of the parent		(174,185)	559,288	(131,279)	514,473
Non-controlling interests		7,948	3,244	-	-
		<b>(166,237)</b>	<b>562,532</b>	<b>(131,279)</b>	<b>514,473</b>

AUTHORISED PERSON

Name and first name

Signature

Executive Vice-President

Adriana Jankovicova



AUTHORISED PERSON

Name and first name

Signature

Executive Director

Accounting Division

Renata Andries



# STATEMENT OF FINANCIAL POSITION

Group and Parent Bank

As at 30 June 2014

RON Thousand	Notes	Group		Bank	
		30-06-2014	31-12-2013	30-06-2014	31-12-2013
ASSETS					
Cash and balances with central banks	3	6,847,861	9,620,639	6,821,558	9,580,295
Due from banks		214,130	432,216	166,842	407,742
Derivative financial instruments		122,917	82,014	118,343	80,179
Financial assets held for trading		315,671	330,817	315,671	330,817
Financial assets designated at fair value through profit or loss		31,509	34,351	31,509	34,351
Loans and advances to customers, net	5	35,601,485	37,758,620	35,513,132	37,716,448
Financial investments – available-for-sale	4	7,828,362	5,281,313	7,424,866	5,078,736
Financial investments – held-to-maturity		9,316,071	10,235,256	8,217,423	9,009,939
Investment in associate		13,910	14,297	7,509	7,509
Property and equipment		1,492,822	1,363,104	295,503	314,334
Goodwill and other intangible assets		366,995	387,352	188,025	206,146
Current tax assets		89,171	89,273	89,042	89,042
Deferred tax assets		322,147	315,314	321,799	314,563
Other assets		699,694	676,798	517,197	339,862
Assets held for sale		83,171	107,433	-	-
TOTAL ASSETS		63,345,916	66,728,797	60,028,419	63,509,963
LIABILITIES AND EQUITY					
Due to banks		14,205,986	15,913,555	12,827,064	14,540,124
Derivative financial instruments		761,393	1,153,327	761,393	1,153,327
Due to customers	6	37,014,607	37,494,946	35,183,163	35,793,600
Debt issued and other borrowed funds		1,223,229	1,252,897	1,086,680	1,116,344
Current tax liabilities		1,669	2,228	-	-
Deferred tax liabilities		8,649	3,820	-	-
Other liabilities		307,456	561,830	256,360	508,678
Provisions		274,949	399,061	269,509	394,157
Subordinated liabilities		2,295,674	2,523,883	2,295,674	2,523,883
TOTAL LIABILITIES		56,093,612	59,305,547	52,679,843	56,030,113
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT					
Issued capital		2,952,565	2,952,565	2,952,565	2,952,565
Share premium		395,483	395,483	395,483	395,483
Retained earnings		2,651,249	2,931,403	2,797,336	3,038,648
Available-for-sale reserve		155,540	26,335	129,408	18,561
Foreign currency translation reserve		(21,642)	748	-	-
Other capital reserve		1,089,048	1,088,720	1,073,784	1,074,593
		7,222,243	7,395,254	7,348,576	7,479,850
Non-controlling interests		30,061	27,996	-	-
TOTAL EQUITY		7,252,304	7,423,250	7,348,576	7,479,850
TOTAL LIABILITIES AND EQUITY		63,345,916	66,728,797	60,028,419	63,509,963

AUTHORISED PERSON

Name and first name

Signature

Executive Vice-President

Adriana Jankovicova



AUTHORISED PERSON

Name and first name

Signature

Executive Director  
Accounting Division  
Renata Andries



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Introduction

Banca Comercială Română S.A, (hereinafter called the „Bank”) was established on 1 December 1990. The Bank is a Romanian legal entity and is licensed by the National Bank of Romania (“NBR”) to conduct banking activities with both retail and corporate customers. The main services provided to customers include: loans, deposits, domestic and international payments, foreign exchange transactions, bank guarantees, letters of credit, etc.

At 30 June 2014, the Bank’s shareholders were the following:

	<b>Percentage holding (%)</b>
Erste Group Bank Ceps Holding GmbH	93.5743
Societatea de Investitii Financiare (“SIF”) „Banat Crisana”	0.0000
Societatea de Investitii Financiare (“SIF”) „Muntenia”	0.0000
Societatea de Investitii Financiare (“SIF”) „Oltenia”	6.2973
SC Actinvest SA	0.0014
FDI Certinvest Dinamic	0.0001
Individuals	0.1268
<b>Total</b>	<b><u>100.0000</u></b>

The current registered office is located in Bucharest, Romania, No.5, Regina Elisabeta Blvd.

The Bank operates through the Head Office located in Bucharest and through its territorial units, as follows:

- **Retail**, grouped into 12 geographical locations including 547 branches.
- **Corporate** including 21 units as corporate business centers grouped in 10 business regions.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **2. Significant accounting policies**

#### **a) Basis of Preparation and Presentation of the financial statements**

The financial statements have been prepared in accordance with:

- 1) Order of the National Bank of Romania no. 27/16.12.2010 for approval of the Accounting Regulations harmonized with the International Financial Reporting Standards applicable to credit institutions, as amended and supplemented through the NBR Governor's Order no.29/28.12.2011;
- 2) Order of the National Bank of Romania no. 03/03.06.2011 for approval of the Accounting Methodology regarding issuance of Financial Statements FINREP stand alone, harmonized with the International Financial Reporting Standards applicable to credit institutions, as amended and supplemented through the NBR Governor's Order no.12/17.10.2011;
- 3) Accounting Law no.82/1991 republished on 18.06.2008;
- 4) Other legal provisions issued by the Ministry of Public Finance and the National Bank of Romania regarding the preparation of financial statements.

These financial statements were prepared based on the historical cost convention, with the exceptions explained below in the accounting policies.

#### **b) Basis of Accounting**

The Bank keeps its accounting records in Romanian lei ("RON") according to the Accounting and Reporting Regulations ("ARR") issued by the National Bank of Romania and by the Ministry of Public Finance.

#### **c) Functional and presentation currency**

The functional currency of the financial statements is the Romanian leu („RON”). All figures are shown in RON, rounded to the nearest RON.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Cash and balance with central banks :**

RON Thousand	Group		Bank	
	30-06-2014	31-12-2013	30-06-2014	31-12-2013
Cash on hand	1,089,611	1,354,945	1,082,467	1,346,378
Current account with the central banks	5,257,505	8,044,408	5,238,233	8,012,631
Other demand deposits	500,745	221,286	500,858	221,286
	<b>6,847,861</b>	<b>9,620,639</b>	<b>6,821,558</b>	<b>9,580,295</b>

**4. Financial investments – available for sale :**

RON Thousand	Group		Bank	
	30-06-2014	31-12-2013	30-06-2014	31-12-2013
<b>Listed investments</b>				
Debt securities	5,442,253	3,194,904	4,369,534	2,455,008
Equities	18,968	18,741	9,273	9,206
	<b>5,461,221</b>	<b>3,213,645</b>	<b>4,378,807</b>	<b>2,464,214</b>
<b>Non-listed investments</b>				
Other debt securities	2,338,256	1,985,187	2,328,906	1,968,378
Equities:				
- investments in subsidiaries	-	-	688,565	563,961
- other investments	28,885	82,481	28,588	82,183
	<b>2,367,141</b>	<b>2,067,668</b>	<b>3,046,059</b>	<b>2,614,522</b>
<b>Total available for sale investments</b>	<b>7,828,362</b>	<b>5,281,313</b>	<b>7,424,866</b>	<b>5,078,736</b>

**5. Loans and advances to customers, net :**

RON Thousand	Group		Bank	
	30-06-2014	31-12-2013	30-06-2014	31-12-2013
Public sector	5,182,793	5,404,550	5,174,969	5,404,159
Commercial customers	18,921,801	21,477,154	19,299,055	21,372,183
Private customers	19,782,645	19,853,792	18,420,167	18,593,057
	<b>43,887,239</b>	<b>46,735,496</b>	<b>42,894,191</b>	<b>45,369,399</b>
Less: Allowance for impairment losses	(8,285,754)	(8,976,876)	(7,381,059)	(7,652,951)
	<b>35,601,485</b>	<b>37,758,620</b>	<b>35,513,132</b>	<b>37,716,448</b>

**6. Due to customers :**

RON Thousand	Group		Bank	
	30-06-2014	31-12-2013	30-06-2014	31-12-2013
<b>Corporate customers:</b>				
Current accounts	6,894,818	5,634,812	6,813,213	5,591,496
Term deposits	5,684,775	6,404,553	6,067,023	6,761,875
<b>Retail customers:</b>				
Current/saving accounts	4,691,506	4,181,921	4,681,965	4,171,554
Term deposits	19,743,508	21,273,660	17,620,962	19,268,675
	<b>37,014,607</b>	<b>37,494,946</b>	<b>35,183,163</b>	<b>35,793,600</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

7. Interest and similar incomes :

RON Thousand	Group		Bank	
	30-06-2014	30-06-2013	30-06-2014	30-06-2013
Due from banks	18,644	38,999	18,782	39,994
Loans and advances to customers	1,355,937	1,791,333	1,326,649	1,762,076
Financial investments – available-for-sale	136,196	108,480	115,485	105,390
Financial investments – held-to-maturity	277,010	323,171	240,057	277,870
Interest from derivatives	115,650	193,824	112,803	191,023
Other	47	700	-	700
	<b>1,903,484</b>	<b>2,456,507</b>	<b>1,813,776</b>	<b>2,377,053</b>

8. Interest and similar expenses :

RON Thousand	Group		Bank	
	30-06-2014	30-06-2013	30-06-2014	30-06-2013
Due to banks	293,721	479,886	279,314	461,235
Due to customers	314,549	476,217	288,330	460,467
Debt issued and other borrowed funds	32,008	40,372	30,399	37,571
Interest from derivatives	25,737	25,014	22,891	23,486
Subordinated liabilities	6,961	7,123	6,961	6,725
Other	1,782	1,566	1,782	1,566
	<b>674,758</b>	<b>1,030,178</b>	<b>629,677</b>	<b>991,050</b>

9. Net fees and commissions income :

RON Thousand	Group		Bank	
	30-06-2014	30-06-2013	30-06-2014	30-06-2013
Lending business	51,099	60,508	50,151	62,038
Payment transfers	292,459	303,904	291,354	305,876
Other fees received	99,119	76,855	80,914	50,162
<b>Total fees and commission income</b>	<b>442,677</b>	<b>441,267</b>	<b>422,419</b>	<b>418,076</b>
Lending business	12,432	9,944	9,875	10,259
Payment transfers	53,804	88,314	53,804	83,932
Other fees paid	15,851	16,909	11,084	10,545
<b>Total fees and commission expense</b>	<b>82,087</b>	<b>115,167</b>	<b>74,763</b>	<b>104,736</b>
<b>Net fees and commission income</b>	<b>360,590</b>	<b>326,100</b>	<b>347,656</b>	<b>313,340</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

10. Personnel expenses :

RON Thousand	Group		Bank	
	30-06-2014	30-06-2013	30-06-2014	30-06-2013
Wages and salaries	256,469	283,075	231,966	255,407
Social security costs	68,920	92,950	61,865	83,879
<b>Benefit paid on normal age retirement – Defined benefit plan costs</b>				
Interest cost	1,183	1,803	1,176	1,797
Current service cost	2,047	2,448	2,007	2,382
Past Service Cost	-	296	-	296
<b>Total defined benefit plan costs</b>	<b>3,230</b>	<b>4,547</b>	<b>3,183</b>	<b>4,475</b>
	<b>328,619</b>	<b>380,572</b>	<b>297,014</b>	<b>343,761</b>

11. Other operating expenses :

RON Thousand	Group		Bank	
	30-06-2014	30-06-2013	30-06-2014	30-06-2013
Advertising and marketing	17,013	13,484	15,168	12,636
Administrative	210,544	247,955	302,283	340,210
Payment into deposit insurance fund	60,270	59,516	57,177	57,343
Other	126,723	231,099	89,993	201,325
	<b>414,550</b>	<b>552,054</b>	<b>464,621</b>	<b>611,514</b>