

Bucharest, July 30, 2013

BCR results for H1 2013

HIGHLIGHTS¹:

Operating performance in H1 2013 reached **RON 1,241.7 million** (EUR 282.7 million), up by 3.0% in comparison to RON 1,205.5 million (EUR 274.6 million) in H1 2012.

Operating income slightly decreased by 1.1% to **RON 1,990.4 million** (EUR 453.3 million) from RON 2,012.8 million (EUR 458.5 million) in H1 2012.

Operating expenses were down 7.3% at **RON 748.6 million** (EUR 170.4 million) from RON 807.3 million (EUR 183.9 million) in H1 2012. **Cost-income ratio** improved to 37.6% versus 40.1% in H1 2012.

Net charge of risk provisions for loans in H1 2013 significantly decreased further by 37.8% to **RON 1,094.6 million** (EUR 249.2 million) from RON 1,760.3 million (EUR 401.0 million) in H1 2012, in line with expectations. **NPL coverage ratio**, at **61.6%** as of June 2013, stood significantly above 53.5% as of June 2012.

Net profit after tax and minority interests stood at **RON 556.7 million (EUR 126.8 million)** as compared to a loss of RON 548.5 million (EUR 124.9 million) in H1 2012, delivering against the ambitious targets of the turnaround program running in BCR and also accounting for a positive one-off release of deferred tax liabilities of RON 560.8 million (EUR 127.7 million).

BCR maintained leading market share by assets, despite decline in **total assets** by 4.9% to **RON 69,723.4 million** (EUR 15,632.0 million) at 30 June 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 **12.96%** as of June 2013.

“The first half of the year confirmed that declining risk costs are driving our return to profitability. Furthermore we are pleased to see strong positive effects of the restructuring program on our operational performance. BCR’s current capital and liquidity position is a good base to continue financing growth opportunities arising from Romania’s improving economic performance”, said Bernd Mittermair, Chief Financial Officer of BCR.

PERFORMANCE OVERVIEW FOR BCR GROUP in H1 2013

BCR Group achieved a solid **operating result** of **RON 1,241.7 million** (EUR 282.7 million), up by 3.0% in comparison to RON 1,205.5 million (EUR 274.6 million) in H1 2012, on slightly lower income more than offset by the decrease in expenses.

The **operating income** decreased by 1.1% to **RON 1,990.4 million** (EUR 453.3 million) from RON 2,012.8 million (EUR 458.5 million) in H1 2012.

Net interest income, was marginally up 0.9%, to **RON 1,442.4 million** (EUR 328.4 million), from RON 1,429.0 million (EUR 325.5 million) in H1 2012.

¹ All the below stated financial data are un-audited, consolidated business results of Banca Comerciala Romana (BCR) Group for the first six months of 2013 (H1 2013) according to IFRS. Unless otherwise stated, financial results from the first six months of 2013 (H1 2013) are compared to financial results from the first six months of 2012 (H1 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 H1 2013 of 4.3927 RON/EUR when referring to H1 2013 results and using the average exchange rate for H1 2012 of 4.3900 RON/EUR when referring to H1 2012 results. The balance sheets at 30 June 2013 and at 31 December 2012 are converted using the closing exchange rates at the respective dates (4.4603 RON/EUR at 30 June 2013 and 4.4445 RON/EUR at 31 December 2012, respectively). All the percentage changes refer to RON figures.

Net fee income was up 2.9%, to **RON 326.1 million** (EUR 74.2 million), from RON 317.0 million (EUR 72.2 million) in H1 2012, on continuous focus on transaction banking.

Net trading result decreased by 16.8%, to **RON 221.9 million** (EUR 50.5 million), from RON 266.8 million (EUR 60.8 million) in H1 2012.

Operating expenses went down by 7.3% to **RON 748.6 million** (EUR 170.4 million) from RON 807.3 million (EUR 183.9 million) in H1 2012, owing to comprehensive optimisation measures and strict cost management.

As such, **cost-income ratio** improved to **37.6%** in H1 2013, versus 40.1% in H1 2012.

The net charge of **risk provisions for loans and advances** significantly decreased further by 37.8% to **RON 1,094.6 million (EUR 249.2 million)** in H1 2013, versus RON 1,760.3 million (EUR 401.0 million) in H1 2012, due to lower NPL inflows. **NPL ratio** further rose to **29.2%** of the total loan portfolio at 30 June 2013, due to contraction of the loan book, while NPL formation significantly reduced in both absolute and relative terms. **NPL coverage ratio, now at 61.6%**, stood significantly above 53.7% as of June 2012.

Net profit after taxes and minority interests stood at **RON 556.7 million** (EUR 126.8 million), versus the net loss of RON -548.5 million (EUR -124.9 million) in H1 2012, on the back of good operating result more than offsetting risk costs, also accounting for a positive one-off impact – the release of deferred tax liabilities of RON 560.8 million (EUR 127.7 million).

Solvency ratio under local standards (BCR standalone, IFRS with prudential filters) as of 30 June 2013 stood at **12.96%**, 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 -4.3% to **RON 50,945.0 million** (EUR 11,421.9 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 -3.2% at **RON 36,652.3 million** (EUR 8,217.4 million) as of 30 June 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 its market leading position, despite decline in total assets by 4.9% to **RON 69,723.4 million** (EUR 15,632.0 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		
	Jun-2013	Dec-2012	% change	Jun-2013	Jun-2012	% change
RON/EUR	4.4603	4.4445	0.3%	4.3927	4.3900	0,06%

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

Appendix I

CONSOLIDATED INCOME STATEMENT for H1 2013 (IFRS)

- amounts in RON million

	30-Jun-13	30-Jun-12	% Change
Net interest income	1,442.4	1,429.0	0.9%
- Risk provisions for loans and advances	(1,094.6)	(1,760.3)	-37.8%
Net commission income	326.1	317.0	2.9%
Net trading result	221.9	266.8	-16.8%
General administrative expenses	(748.6)	(807.3)	-7.3%
Other operating results	(145.5)	(79.2)	83.7%
Pre-tax profit	1.6	(629.4)	>100%
Taxes on income	559.2	83.1	>100%
Profit for the year	560.8	(546.4)	>100%
Attributable to non-controlling interests	4.0	2.1	>100%
Attributable to owners of the parent	556.7	(548.5)	>100%
Operating income	1,990.4	2,012.8	-1.1%
General administrative expenses	(748.6)	(807.3)	-7.3%
Operating result	1,241.7	1,205.5	3.0%

Appendix II

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

ASSETS	30-Jun-13	31-Dec-12	% Change
Cash and balances with central banks	8,796.3	9,187.3	-4.3%
Loans and advances to credit institutions	861.5	361.2	138.5%
Loans and advances to customers	50,945.0	53,243.0	-4.3%
- Risk provisions for loans and advances	(9,158.4)	(8,350.7)	9.7%
Trading Assets	446.0	671.9	-33.6%
Financial assets - at fair value through profit or loss	41.1	44.7	-8.1%
Financial assets - available for sale	4,356.8	4,324.5	0.7%
Financial assets - held to maturity	10,460.9	10,757.6	-2.8%
Intangible assets	397.4	429.7	-7.5%
Tangible assets	1,427.5	1,488.5	-4.1%
Current Tax assets	1.0	177.4	-99.4%
Deferred tax assets	350.9	35.2	895.5%
Other assets	739.3	843.9	-12.4%
Assets Held For Sale	58.1	73.3	-20.7%
Total assets	69,723.4	73,287.6	-4.9%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to credit institutions	19,945.7	21,894.7	-8.9%
Other amounts owed to customers	36,652.3	37,875.1	-3.2%
Debts evidenced by certificates	1,250.8	1,347.7	-7.2%
Other provisions	369.9	406.9	-9.1%
Current Tax liabilities	2.9	4.0	-27.3%
Deferred Tax liabilities	11.5	259.8	-95.6%
Other liabilities	1,622.1	2,199.7	-26.3%
Subordinated Liabilities	2,511.2	2,497.2	0.6%
Total equity attributable to:	7,357.1	6,802.5	8.2%
<i>Equity holders of the parent</i>	7,333.9	6,783.2	8.1%
<i>Non-controlling interests</i>	23.2	19.3	19.8%
Total liabilities and equity	69,723.4	73,287.6	-4.9%