

Bucharest, 26.02.2010

BCR has an excellent operating profit improvement of 32.1% in 2009 in an extremely difficult economic environment

I. FINANCIAL Highlights FOR THE BCR GROUP¹:

Excellent operating result improvement based on continued revenue generation and cost control

Operating result strongly increased by **32.1%** (or RON 792.5 million) on YE 2008 to **RON 3,261.5 million** (EUR 772.0 million) based on continued revenue generation and appropriate cost control. The excellent improvement was mainly driven by the **operating income** strong growth (up by RON 757.7 million or 18% YOY) combined with the **operating expenses** moderate decrease (down by RON 34.8 million or 2% YOY) in the context of RON depreciation (14.4% average rate devaluation against EUR). **Net profit after taxes and minority interests** amounted at **RON 871.7 million** (EUR 206.3 million) down by around 43% on YE2008 (excluding discontinued operations – namely the one off sale of BCR insurance business) mainly on much higher provision expense and lower fee income due to lower consumer eligible demand for loans.

Main focus on improving efficiency and risk management in a very challenging economic environment

Cost-income ratio significantly improved to **34.4%** from 41.4% in financial year 2008. **Return on equity (ROE)** went down to **13.5%** as expected in an extremely difficult economic environment strongly impacting BCR's customers. NPLs increased across 2009, mainly on the retail loans in line with expectations, but remain manageable due to BCR's improved risk management limiting the losses as well as the negative impact on loan book quality – the NPL coverage ratio stays comfortably at **122%** (collateral and provisions). NPL development caused **Risk costs** to increase up to RON 2,282.4 million.

Business continued to grow above the market in a weaker economy

BCR (bank only) registered almost **0.5% market share gains on overall lending up to over 22%** driven by corporate loan growth. Retail lending was slowed by the sharp decrease in the eligible loan demand. The bank has a strong position in liquidity and capital base benefiting from the full support of its parent bank Erste Group. On the liabilities side BCR's overall market share remained at over 20% based on an appropriate pricing policy and on the strength of the BCR brand, the bank maintaining its leading position. Retail business is self-funding, loan to deposits ratio (LTD) standing at around 85%.

"In 2009 we worked well to raise our operating profit by 32%. Because of increased provisions our shareholders didn't benefit from the same improvement due extremely difficult market conditions. Our strong position in the market supported by our balanced business model, good liquidity, sound lending policy, broad customer base and by our parent bank Erste Group enables us to further help our customers as the economic conditions remain tough as we go forward" stated Dominic Bruynseels, BCR CEO. "We have the capabilities to achieve better performance and we will continue focusing on improving the way we serve our customers and operate our business" he added.

¹ All the below stated financial data are un-audited, consolidated business results of Banca Comercială Română (BCR) Group as of 31 December 2009 according to IFRS. Unless otherwise stated, the 2009 figures are compared to the figures as of 31 December 2008. 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 2009 of 4.2249 RON/EUR (2008: 3.6933 RON/EUR). The balance sheet is converted using the closing exchange rate as at 31 December 2009: 4.2363 RON/EUR (2008: 4.0225 RON/EUR). All the percentage changes refer to RON figures.

II. BUSINESS PERFORMANCE OVERVIEW FOR THE BCR GROUP¹

In the full year 2009 BCR Group's **operating profit** significantly improved by 32.1% from RON 2,469.0 million (EUR 668.5 million) to **RON 3,261.5 million** (EUR 772.0 million), as a result of an excellent operating income growth combined with efficient cost control.

The **operating income** went up by **18.0%** from RON 4,212.4 million (EUR 1,140.6 million) to **RON 4,970.1 million** (EUR 1,176.4 million) mainly driven by BCR Group's strong increase in **net interest income** (up by 26.2% or RON 797.9 million) to **RON 3,838.3 million** (EUR 908.5 million). This was mainly due to increasing lending volumes and solid margins in the corporate business.

The **fee and commission income** declined by 22.6% YOY on lower consumer expenditure and our revised pricing strategy aiming to encourage non-cash client transactions.

Operating expenses dropped by 2.0% from RON 1,743.4 million (EUR 472.1 million) to **RON 1,708.6 million** (EUR 404.4 million), as a result of an improved cost management. We continued to invest in "good costs" such as retail branch network expansion (20 new branches YOY), in alternative channels and cards business development as well as in IT development (strongly impacted by RON depreciation). Additional costs also came from the investment in BCR BpL - the savings-based building society subsidiary.

Net trading result increased by 65.0% YOY to RON 423.8 million.

Pre Tax profit decreased by 43.7% to **RON 1,036.5 million** (EUR 245.3 million) on mainly higher provision expense and lower net fee income due to lower consumer expenditure. Subsequently the **consolidated net profit after taxes and minority interests** went down to **RON 871.7 million** (EUR 206.3 million) which is around 43% down compared to the 2008 result from continued operations.

Risk costs

BCR adjusted risk provisioning appropriate to the difficult market conditions impacting its customers. In line with expectations BCR increased the net charge with **risk provisions for loans and advances** to RON 2,282.4 million (EUR 540.2 million). Q4 2009 saw a further increase of loan provisions though NPL growth has slowed. Customers continued to be under pressure as a result of unemployment and part time working and SMEs also felt the effects of the strong economic slowdown. The loan portfolio developed relatively well, given the circumstances – NPLs remain manageable, weighting **13.1%** of the customer loan portfolio (drawn loans to customers).

BCR took several measures across the year 2009 to support its customers in both the Retail and Corporate segments to cope with the difficult market conditions. On one side BCR proactively implemented the initiative of re-organizing overdue loans to help as many as possible of its customers facing temporary difficulties in re-paying their loans. At the same time BCR designed special lending products such as BCR Restart loan program to help SMEs and micro businesses. The bank is also successfully developing dedicated financing schemes such as mortgage loan "BCR Prima Casa" where EUR 420 million were available for individuals - the largest offer among the banks participating in this program based on governmental guarantees - and the "Farmer" governmental Program meant to finance agriculture at lower costs.

BCR Group is enjoying a comfortable NPL coverage ratio of approx. **122%** (collateral and provisions).

Solvency ratios remain comfortably above the required levels. Tier 1+2 capital ratio as of YE 09: approx. **11.9%** RAS ratio against min 10% according to the current requirements of the National Bank of Romania and approx. **15.8%** IFRS consolidated. Solvency ratio considerably improved in H2 09 clearly showing the BCR's strength and the continuing support of Erste Group.

III. BUSINESS ACTIVITIES BRIEF (bank only – unconsolidated, IFRS)

YE 2009 results are confirming the viability of BCR's business model and bank's capacity to develop a sound and sustainable business even in a troubled economic environment .

Total assets of the bank remained stable – they slightly rose from RON 64,503.8 million (EUR 16,035.8 million) as at 31 December 2008 to **RON 64,526.9 million** (EUR 15,231.9 million).

2009 saw an **overall loan growth** in line with expectations. The volume of aggregate loans to customers portfolio (before provisions, IFRS) **increased by 3.3% YOY** to RON 46,529.8 million (EUR 10,983.6 million) from RON 45,027.9 million (EUR 11,194.1 million) at YE 2008 and maintains well balanced by customer segment and industry.

In 2009 customer lending was driven by the corporate segment as expected. **Corporate lending** went up by 15.2% YOY mainly on increased working capital needs of the companies. BCR also has a dominant position on municipalities financing segment (70%).

Retail loan portfolio (including micro businesses) slightly declined by around 6.9% YOY on sharp decrease in eligible demand and tighter risk management. Secured lending (mortgage and secured consumer loans) continued to grow moderately but was outbalanced by the declining unsecured lending. A stronger revival on the mortgage lending was seen in Q4 09 due to Prima Casa program - BCR accounted for about half of the loans granted in 2009 by industry under Prima Casa program.

BCR has succeeded to **gain almost 0.5% market share on overall lending** – up to over 22% – and to consolidate its leading position on the Romanian loan market while benefiting from a sound lending policy and an improved risk management.

The share of loans in domestic currency in BCR's portfolio – around 42.5% of total loans – is showing a balanced structure. FX loan portfolio is EUR (96%) and USD (4%) denominated.

Corporate Loan portfolio is weighting 51.5% in the total customer loans while Retail Loans (including micro businesses) is 48.5%. In retail loans 47% is in secured products and 53% in unsecured.

Deposits from customers increased YOY by 7.4% to RON 35,824.9 million (EUR 8,456.6 million) from RON 33,351.4 million (EUR 8,262.8 million) as at 31 December 2008, mainly due to the corporate segment, the bank maintaining its No 1 position in the market.

BCR continued to extend its **branch network** in 2009 concurrently developing **the alternative distribution channels** based on a strategy to encourage the non-cash transactions of the customers. BCR opened **20** new retail branches YOY, reaching to a retail network of **661** outlets as of YE 2009. It also successfully improved the "24 Banking BCR" financial services, continued to develop the cards business and extended the range of services at ATMs as well.

BCR also continued to expand its **ATM** network up to **2,143** units by adding 355 new machines in 2009 (20% YOY increase) and its **POS** network to **16,322** units by installing 1,150 new devices at the merchants (8% YOY increase).

BCR is consolidating its leading position on the debit and credit card market in both number and volume of transactions. **The transactions with BCR cards** made on POS for merchant sales went up by 28.8% in number and by 17% in volume while cash transactions with BCR cards on ATMs increased by just 1.3% in number and by 5.2% in volume as a result of BCR's special campaigns promoting electronic payments. In the same time, **BCR's POS and ATM network** also saw an increase of cards transactions (irrespective of the card issuer) – transactions on POS rose by 34% in number and by 18% in volume while on BCR's ATMs the total number of cash transactions went down by 2% but the volumes went up by 5%.

IV. Exchange rate development (the official exchange rates of the European Central Bank)

	Rate at the end of the period			Average rate		
	December 2009	December 2008	% change	2009	2008	% change
RON/EUR	4.2363	4.0225	5.3%	4.2249	3.6933	14.4%

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

Enquiries to:

BCR, Communications Division
 5 Regina Elisabeta Blvd, Bucharest, Fax: +4021 313 0117, Phone: +4021 312 0056
 Corneliu Cojocaru, e-mail: cornel.cojocaru@bcr.ro
 Cezar Marin, e-mail: cezar.marin@bcr.ro
 Nicoleta Deliu, e-mail: nicoleta.deliu@bcr.ro

This text is also available on our website at <http://www.bcr.ro/press>

Appendix

I. BCR GROUP CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009 (IFRS, unaudited)

- amounts in RON million

	2009	2008	% change
Interest and similar income	8,840.4	7,164.7	23.4%
Interest and similar expenses	-5,002.1	-4,124.3	21.3%
Net interest income	3,838.3	3,040.4	26.2%
- Risk provisions for loans and advances	-2,282.4	-628.6	>100%
Fee and commission income	924.2	1,074.6	-14.0%
Fee and commission expenses	-216.2	-159.4	35.7%
Net commission income	708.0	915.2	-22.6%
Net trading result	423.8	256.8	65.0%
Personnel expenses	-921.7	-1,051.1	-12.3%
Other administrative expenses	-609.6	-536.5	13.6%
Depreciation on fixed assets	-177.2	-155.9	13.7%
Other operating results	-90.3	-91.7	-1.5%
Result from financial assets - at fair value through profit or loss	38.7	-45.8	>100%
Result from financial assets - available for sale	109.0	137.6	-20.8%
Pre-tax profit	1,036.5	1,840.5	-43.7%
Taxes on income	(170.5)	(308.9)	-44.8%
Net Profit Before Minority Interests (Continued Operations)	866.1	1,531.6	-43.5%
Profit From Discontinued Operations Net Of Tax	0.0	504.0	-100.0%
Minority interests	5.6	(2.9)	>100%
Net profit after minority interests	871.7	2,032.7	-57.1%

II. BCR GROUP CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009 (IFRS, unaudited)

- amounts in RON million

	31-Dec-09	31-Dec-08	% change
ASSETS			
Cash and balances with central banks	9,896.5	14,627.3	-32.3%
Loans and advances to credit institutions	1,893.0	1,131.6	67.3%
Loans and advances to customers	51,160.3	47,675.6	7.3%
Risk provisions for loans and advances	(3,777.4)	(2,154.0)	75.4%
Trading assets	401.4	223.0	80.0%
Financial assets - at fair value through profit or loss	165.5	191.6	-13.6%
Financial assets - available for sale	3,063.2	1,406.1	>100%
Financial assets - held to maturity	2,388.9	698.9	>100%
Intangible fixed assets	389.2	273.7	42.2%
Tangible fixed assets	1,726.6	1,720.5	0.4%
Tax assets	206.3	2.3	>100%
Other assets	1,823.7	1,330.7	37.1%
Assets Held For Sale And Discontinued Operations	65.5	1,953.2	-96.6%
Total assets	69,402.8	69,080.5	0.5%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to credit institutions	21,123.5	22,572.3	-6.4%
Amounts owed to customers	35,628.1	33,008.5	7.9%
Debts evidenced by certificates	534.7	985.8	-45.8%
Trading liabilities	1,756.8	1,098.5	59.9%
Other provisions	188.6	133.9	40.8%
Tax liabilities	364.8	306.6	20.5%
Other liabilities	1,298.8	1,911.0	-32.0%
Liabilities Associated With Assets Held For Sale And Discontinued Operations	-	1,379.1	-100.0%
Subordinated Liabilities	1,906.1	1,330.0	43.3%
Total equity	6,601.4	6,354.7	3.9%
<i>Parent shareholders' equity</i>	6,574.6	6,327.5	3.9%
<i>Minority interests</i>	26.8	27.3	-1.8%
Total liabilities and equity	69,402.8	69,080.5	0.5%