

CORRECTION: From an editing error, the chart on page two of this press release was submitted for the period 2009-2014est. This version contains the chart for the relevant period only: 2011-2014est.

PRESS RELEASE

2014 FULL YEAR RESULTS

FINANCIAL PERFORMANCE IMPACTED BY HIGHER RISK PROVISIONS, CARPATICA BANK AT THE MOMENT OF IMPORTANT DECISIONS

“Carpatica Bank is at a stage where important and urgent decisions need to be taken by its current shareholders. While we have now well provisioned the bad loans of the past, the bank needs a change of its shareholding structure and new capital if it wants to achieve its growth strategy.”

“The shareholders have granted the Directorate the mandate to raise new external capital to support the growth of the bank. Several proposals have already been discussed with the shareholders and we have the intention to present another plan during the next GSM on April 28th. However, the capital increase can only be successful within a changed shareholder structure.”

“Transforming the organization into a viable and profitable business in the long term requires significant change – both operationally and culturally. Despite all the events the Bank faced over the last year, we successfully achieved an operating profit well above budget.”

“Having dealt with the legacy portfolios, increasing operational profit, enjoying an excess liquidity with a solvency ratio still above 10%, the bank is now in a significant better position which makes me confident about our prospects and the future actions of our shareholders.”

Johan Gabriëls

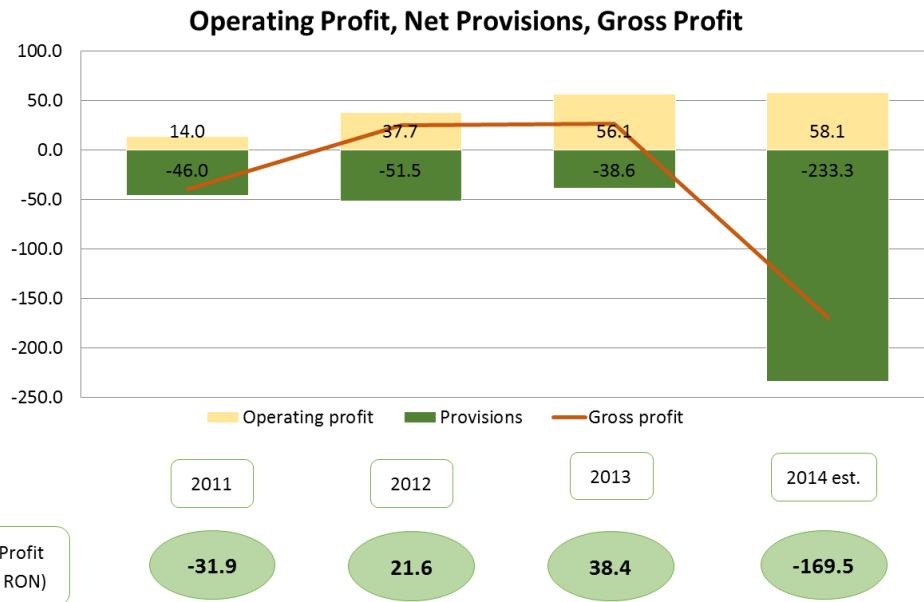
Carpatica's 2014 preliminary financial statements, prepared in accordance with IFRS, may be electronically viewed on the bank's website <http://www.carpatica.ro> section: about us/shareholders/financial results or on paper upon shareholders' request, at the bank's head office located in Sibiu, nr. 1, Autogarii St., phone: 0372/494.918.

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INCOME STATEMENT

- ❖ Net loss of RON 169.5M, including a RON 231.6M provision for non-performing loans
- ❖ Operating profit of RON 58.1M, +45% above budget and ahead of last year by 3.6%



Income performance

- ❖ Banking income decreased by 1.3% versus 2013 to RON 214.3M, reflecting a reduction in gross loans by 4%

Credit impairment

- ❖ Following discussions with the bank's auditors and the National Bank of Romania, the bank decided to increase its provisions under IFRS to equate to the level already recognized under the prudential provision methodology
- ❖ During 2014 the bank recorded provisions for non-performing loans up to RON 231.6M. The coverage ratio for non-performing loans is 73.4% as of December 2014
- ❖ The bank wrote-off RON 121M non-performing loans during September
- ❖ The bank has a non-performing loan ratio of 38%. The quality of the loans generated during over last two years shows a current cost of risk of c2%

Cost performance

- ❖ Operating expenses at RON 164.0M decreased by 1.1% versus 2013 despite some one-off expenses related to the bank search for new investors
- ❖ Cost-to-income ratio decreased to 71.9% (2013 at 74.5%)

BALANCE SHEET AND CAPITAL MANAGEMENT

- ❖ The estimated solvency ratio is 10.59%
- ❖ The banks equity is RON 223.6M at year-end 2014, a decrease of RON 172.7M
- ❖ Loans to deposits ratio at 51.6%, remains one of the lowest in the Romanian banking system
- ❖ The bank shows a very stable deposits base of RON 2.88B. The reputational issue the bank faced was handled well and had limited effect on our funding
- ❖ The bank's liquidity was mainly invested in government securities, the focus being the preservation of value and awaiting an upcoming capital increase needed to accelerate the loan building process
- ❖ Total assets decreased by RON 813M versus 2013 to RON 3.25B following the reduction of the banking book securities
- ❖ Gross loan balance to customers decreased by 4% reflecting a more prudent risk appetite

2014 ACHIEVEMENTS:

- ❖ During 2014 the bank originated new loans of RON 505M
- ❖ Compared to 2013, the bank's cost of funding dropped by 30%
- ❖ The bank's Internet clients increased number of transactions by c6% Y-o-Y while revenue from Internet banking increased by 21%
- ❖ Card payments increased by c12% versus 2013 reflecting an increase in payment revenues of c10% versus 2013.

STATEMENT OF FINANCIAL POSITION

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	December 31 st , 2014	December 31 st , 2013	Δ 2014/2013
ASSETS			
Cash in hand	110,375,632	112,219,647	-1.6%
Accounts with Central Bank	313,995,628	271,030,463	15.9%
Due from banks	6,597,622	64,838,713	-89.8%
Due from reverse repo operations	-	395,125,392	-100.0%
Financial assets held for trading	48,782,333	22,542,891	116.4%
Financial assets available for sale	1,279,517,172	1,544,968,787	-17.2%
Financial assets held to maturity	12,029,005	13,827,042	-13.0%
Loans, net	1,040,457,486	1,226,135,328	-15.1%
<i>Property and equipment</i>	144,769,887	149,380,809	-3.1%
<i>Investment properties</i>	121,412,148	115,223,154	5.4%
Intangibles	8,363,524	7,956,784	5.1%
Deferred tax assets	21,143,406	6,248,090	238.4%
Other assets	143,010,107	133,568,892	7.1%
Total ASSETS	3,250,453,950	4,063,065,992	-20.0%
LIABILITIES			
Due to banks	42,622,025	46,686,087	-8.7%
Due to repo operations and securities lent	-	693,493,892	0.0%
Due to customers	2,884,459,792	2,820,299,850	2.3%
Borrowings	71,205,093	77,473,760	-8.1%
Other liabilities	28,549,752	28,788,515	-0.8%
Total liabilities	3,026,836,662	3,666,742,104	-17.5%
Share capital	314,629,049	314,629,049	0.0%
Share premium	1,950,930	1,950,930	0.0%
Surplus from share capital revaluation	21,809,077	21,809,077	0.0%
Retained earnings	-224,984,441	-58,223,335	286.4%
Reserve for financial investments available for sale	11,375,280	15,557,690	-26.9%
Revaluation reserve	71,650,049	73,413,133	-2.4%
Other reserves	27,187,344	27,187,344	0.0%
Total equity	223,617,288	396,323,888	-43.6%
Total LIABILITIES AND EQUITY	3,250,453,950	4,063,065,992	-20.0%

Note: The preliminary financial statements are currently being audited; some of the issues that can generate additional adjustments refer to "Property and equipment", "Investment properties", "Other Assets" and „Deferred tax assets", which may have an impact on the profit and loss account and on bank's equity.

PROFIT AND LOSS ACCOUNT

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	December 31st, 2014	December 31st, 2013	Δ 2014/2013
Interest income	160,206,372	204,115,342	-21.5%
Interest expenses	-93,617,032	-132,697,601	-29.5%
Net interest income	66,589,340	71,417,741	-6.8%
Commission income	30,099,785	34,187,411	-12.0%
Commission expenses	-5,523,439	-6,032,503	-8.4%
Net commission income	24,576,346	28,154,908	-12.7%
Net trading income	13,578,991	19,584,112	-30.7%
Net gain from investments available for sale	95,999,334	84,236,474	14.0%
Other operating income	13,574,830	13,766,146	-1.4%
Total operating income	214,318,841	217,159,381	-1.3%
Credit loss expense	-231,578,122	-18,093,264	1179.9%
Expenses with adjustments of long term financial investments	-1,798,037	-6,806,966	-73.6%
Net operating income	-19,057,318	192,259,151	-109.9%
Expense with salaries and related items	-69,432,128	-76,066,207	-8.7%
Amortization and depreciation of tangibles and intangibles	-10,529,145	-10,938,849	-3.7%
Other operating expenses	-84,015,068	-78,745,095	6.7%
Total operating expenses	-163,976,341	-165,750,151	-1.1%
Profit /(loss) before tax	-183,033,659	26,509,000	-790.5%
Income tax	13,528,694	11,896,249	13.7%
Net profit/(loss) for the year	-169,504,965	38,405,249	-541.4%