

BANCA COMERCIALA CARPATICA

Highlights

- ❖ **Reported Net Loss** in the first half of 2016 (1H16) of 25.9M RON compared with a reported loss of 15M RON in the same period of 2015 (1H15). During the first semester of 2016, the net loss realised (25.9M RON) is less than the loss forecasted in the approved budget with 7.7M RON (-23%), due to some reduced expenses for loans' provisions with 5.5M RON and due to some bigger recoveries from off-balance sheet loans with 1.7M RON, compared with the budgeted level.
- ❖ **Solvability** – capital adequacy ratio of 12.7%, grew up from 4.9% at 31 December 2015; the solvability's return over the minimum regulated level is a consequence of the increased capital from February 2016.
- ❖ **Net Operating Incomes** of 42.7M RON down 26% in 1H16, compared with 58M RON in 1H15, primarily reflecting the increasing of risk cost (10M RON in 1H16) compared with the same period of the precedent year. During the first semester of 2016, the net operating income of 42.7M RON was bigger than the budgeted level of 33.6M RON with 9.2M RON (27%).
- ❖ **Operating Expenses** of 68.7M RON in 1H16 were down with 4.3M RON (6%) from 1H15 reflecting an efficient costs control.
- ❖ **Net loans to customers** decreased with 13% compared with the end of year 2015, trend which is due to the turned off credit activity mainly caused by the constraints of capital requirements in 2015, ended in February 2016. According to the internal policies, the Bank continued to make in 2016 write-off operations of 88M RON for loans fully covered with provisions and having reduced recoveries opportunities. As of 30 June 2016, the balance of written-off loans is of 428M RON (353M RON as of 31 December 2015). During June 2016 the General Shareholders Meeting approved the Bank's Activity Plan for 2016, under which the Bank re-started the credit activity.
- ❖ **Deposits due to customers** were lower with 214M (7%) from 31 December 2015, based on a reduced deposits base attracted from clients with the purpose of reducing the interest expenses and network optimisation actions
- ❖ **Loans-to-deposit ratio** of 34%, compared to 37% at 31 December 2015, reflecting an important surplus of liquidity available to support future growth.

Banca Comerciala Carpatica is in the middle of the activity restructuring process and of the implementing of the Activity Plan for 2016 which was recently approved.

Re-defining the Bank's commercial strategy is carried on in the same time with the preparation of the merger project with Patria Bank, which is going to be submitted for shareholders' approval in the next period and which is assumed to give to the Bank a new identity, a new approach in terms of the clientele segments and a returning in the positive territory of profitability.