

BANCA COMERCIALA CARPATICA'S FIRST QUARTER RESULTS, 2016

STABILITY GENERATED BY PATRIA BANK SA AS MAJORITY SHAREHOLDER AND INITIATION OF THE MERGER PROCESS

Highlights

- ❖ **Net reported result** of RON -8.9M in the first quarter of 2016 (Q1 2016) compared to RON 0.65M net profit in Q1 2015;
- ❖ **Solvency ratio** of 13.9, up from 4.9% as of 31 December 2015 as a result of the RON 98.8M capital injection made by Patria Bank;
- ❖ **Net interest income** decreased by 2% in Q1 2016 compared to the similar period of 2015; the constraints related to the lack of capital during 2015, which generated the decrease of interest income due to deleveraging from lending activities and maintaining low residual maturities of the bonds portfolio were offset by reduced interest expenses (-50% compared to Q1 2015);
- ❖ **Operating expenses** recorded a decrease of 13%, excluding the effect of the full recognition in Q1 2016 of the of the a contribution owed by the Bank to the Bank Deposit Guarantee Fund compared to Q1 2015, due to new accounting regulations;
- ❖ **Net Loans and advances to customers** decreased by 4% to RON 764M compared to year-end 2015 mainly due to reduced lending activity, considering that the capital injection made by Patria Bank was reflected in Bank's share capital starting with February 2016. The new capital raised by the Bank will allow the restarting of the lending activity in the coming quarters;
- ❖ **Deposits from customers** of RON 2,651M. Loans (gross)/due to customers ratio of 40% as of March 2016 reflects the liquidity surplus available to support the future growth.

The message of Banca Comerciala Carpatica's Management Board members

„The current capitalisation of Banca Carpatica and the territorial branch network will allow the restarting of the lending activity and the reversal of the current trend. We hope that our clients will be the first beneficiaries of the positive effects of Bank's repositioning process.

In the immediate future the Bank will redefine its business strategy and organizational structure, in order to increase its effectiveness. We expect this process to take place during Q2 and Q3 2016 and its effects will be visible starting with Q4 2016.

We have already started the prior analysis processes in order to merge the two banks – Carpatica and Patria Bank. We expect the synergies between them to produce positive effects shortly after the approval and completion of the merger.

Horia Manda

Chairman of Banca Comerciala Carpatica's Management Board