

BCR, 2021 financial results: accelerating the new way of doing banking, long-term prosperity for people and digitalization for intelligent businesses

Summary¹ :

- **Open for impactful business:**
 - The stock of net customer loans granted by Banca Comercială Română (BCR) advanced by 11.3% year-on-year as of 31 December 2021
 - New loans of RON 9.4 billion granted in 2021 to households (mortgage and unsecured consumer) and micro-businesses. The same amount, of RON 9.4 billion in 2021 was registered for new approved corporate loans to companies active in Romania, of which more than one quarter were aimed for investments
 - 13.000 families which purchased a mortgage loan chose BCR, while 130.000 people have acquired personal loans
 - Support was given to over 5,600 companies accounting for over 350,000 jobs
 - 1,560 micro-businesses, 12% more than in 2020, and 14 NGOs and social enterprises were financed through BCR Social Finance in 2021
- **Accelerated digitalization:**
 - 2 million users of internet banking and mobile banking, of whom almost 1.4 million active users of George, up by 33% versus 2020
 - 100,000 companies enrolled on George for business, a platform which includes a full package: Digital Onboarding, Digital Overdraft and unique authentication for both business and personal operations
- **Sustainable impact and development**
 - The green mortgage loan `Casa Mea Natura` accounted for 32% of the monthly housing loan applications at the end of last year
 - Over EUR 85 million in green financing (renewables, energy efficiency and green buildings)
- **BCR registered a net income of RON 1,409.8 million (EUR 286.5 million) in 2021.**

“My colleagues have 25,000 conversations with the public every day, whether face-to-face, by phone or online, which in one-year totals over 5 million advice, solutions and ideas for a better future. Over the past few years, we have changed how we interact with our clients, talking about financial intelligence and prudent decisions that people can make for themselves, their families, or their businesses.

Despite the pandemic, 2021 was a far better year for more than 5,600 companies in România SA and România SRL, that generate over 350,000 jobs, companies which chose to grow with us. We’ve also supported over 13,000 families, who moved to a new home, and I would like to thank to all our clients for giving us their trust. We appreciate their feedback, which helps us learn and improve the BCR experience. We strengthen our commitment to be a pillar that supports the economy and society, and we invest in large scale sustainable education and technology projects.

We stand for the new way of doing banking, helping our customers to avoid spending more than they earn, to be balanced and have control over their own money, knowing how to invest in creating long-term prosperity”, declared **Sergiu Manea, CEO Banca Comercială Română.**

¹ All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for 2021, according to IFRS. Unless otherwise specified, the 2021 financial results are compared to the 2020 results. Also, unless otherwise specified, the exchange rates used to convert amounts into euros are those communicated by the European Central Bank. The profit and loss account is converted using the average exchange rate for 2021, i.e. 4.9210 RON/EUR when referring to the 2021 results, and using the average exchange rate for 2020, i.e. 4.8381 RON/EUR with reference to the 2020 results. The balance sheets as of 31 December 2021 and 31 December 2020 are converted using the closing exchange rates on those dates (4.9490 RON/EUR on 31 December 2021, and 4.8683 RON/EUR on 31 December 2020). All the percentage changes refer to the figures expressed in RON.

Accelerated digitalization and transformation of customer engagement

- **56% of the personal loans in 2021 were granted 100% on a fully digital flow**
- **Sustained growth of 44% in George transactions as compared to 2020**
- **Record digital sales through George:**
 - **58% of all credit cards and 73% of all overdraft products**
 - **97% of the savings accounts and over 50% of the deposits**
 - **Over 50% of early loan repayments (total or partial)**
- **George Moneyback**, the loyalty program that gives money back, as a discount, to BCR customers who use card payments, **has reached 600,000 users.**
- **Open banking system development continued through local partnerships in different sectors:** Health (Regina Maria), Security (Bitdefender), Digital solutions (Trans Sped digital signature for private individuals and companies), Legal (Avocatnet.ro) and Mobility (Splash).

Care for people

- **Thousands of clients received financial intelligence advice** in direct conversations, through a digital platform that helps the colleagues in the network provide customized solutions.
- The **Call Center capacity increased by more than 50%**, to provide faster response after migrating to a new digital and opening new regional centres in Timișoara, Iași and Bucharest.
- **Approx. 45,000 people activated the biometric voice authentication function by phone in just two months after launch**, and over 35,000 authenticated at least once.
- **Payment solutions for clients facing financial difficulties** - may be accessed directly through George, for the extension of the lending period by up to 12 months or of the grace period.

BCR impact in economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 9.4 billion in 2021, up by 18% yoy, on the back of mortgage sales increasing by 16% yoy and cash loan originations by 30% yoy. **Stock of mortgage in local currency increased by 16.9% yoy in 2021**, while the **stock of unsecured consumer loans (including credit cards and overdrafts) increased by 10% yoy.**

In corporate banking business, BCR (bank standalone) approved new corporate loans of RON 9.4 billion in 2021, up by 7% yoy, of which more than a quarter were aimed for investments. **The record 18% yoy advance in the stock of corporate financing was driven by significant increases in the large corporates, SMEs and public sector.**

BCR Leasing financing increased by 35% in 2021, compared to the same period in 2020, to RON 1.5 billion, providing support to entrepreneurs in all business sectors.

In 2021, **The Money School** program organized online financial education sessions and workshops for 50,000 children and adults. **The entrepreneurial education platform BCR Școala de Business** reached 7 free courses, consisting of 63 chapters, over 90 videos and 85 quizzes after the launch of the new module: **Entrepreneurs in technology, how to build a viable product. INNOVX-BCR, the program dedicated to technology businesses, reached 110 accelerated start-ups, after 7 companies joined as alumni in the Scaleups group in 2021.**

FYE 2021 financial highlights

BCR achieved a **net profit of RON 1,409.8 million (EUR 286.5 million) in 2021**, up by 73.0% against RON 814.1 million (EUR 168.3 million) in 2020, on the back of both improved operating performance mainly due to higher business volumes and lower risk cost allocation.

Operating result improved by 12.9% to **RON 2,120.1 million (EUR 430.8 million) in 2021** from to RON 1,877.5 million (EUR 388.1 million) in 2020, on the back of higher operating income, while operating expenses marginally increased.

Net interest income slightly improved by 2.2% to **RON 2,422.1 million (EUR 492.2 million) in 2021**, from RON 2,371.0 million (EUR 490.1 million) in 2020, driven by higher loan and deposit volumes in both retail and corporate, partly offset by lower market rates.

Net fee and commission income strongly increased by 22.2%, to **RON 867.9 million (EUR 176.4 million) in 2021**, from RON 710.0 million (EUR 146.8 million) in 2020, on the back of higher transactional business.

Net trading result increased by 7.6%, to **RON 383.5 million (EUR 77.9 million) in 2021**, from RON 356.5 million (EUR 73.7 million) in 2020, mainly driven by higher trading activity.

Operating income increased by 6.9%, to **RON 3,791.7 million (EUR 770.5 million) in 2021**, from RON 3,546.3 million (EUR 733.0 million) in 2020, driven by higher business volumes.

General administrative expenses reached **RON 1,671.6 million (EUR 339.7 million) in 2021**, similar to RON 1,668.8 million (EUR 344.9 million) in 2020 mainly due to higher investments in IT, partly compensated by deconsolidation of CIT One subsidiary as well as by further efficiency gains.

As such, **cost-income ratio improved to 44.1% in 2021**, versus 47.1% in 2020.

Risk costs and Asset Quality

Impairment result from financial instruments recorded an allocation of **RON 228.4 million (EUR 46.4 million) in 2021**, significantly below the amount of RON 521.3 million (EUR 107.7 million) booked in 2020. This allocation consisted mainly of collective provisions booked for the performing portfolio, which is in line with the bank's prudent risk approach in the current context.

NPL ratio reached **3.9% as of December 2021**, lower than 4.5% recorded as of December 2020. This evolution is reflecting the low NPL formation, a good trend of recoveries and healings in both retail and corporate segments and also the increase in loans to customers. At the same time, the **NPL provisioning coverage** stood at **138.2% as of December 2021**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **20.8% as of December 2021**, well above the regulatory requirements. Furthermore, the **Tier 1+2 capital ratio of 19.93% (BCR Group)** as of December 2021 is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased by 11.3% to **RON 47,868.5 million (EUR 9,672.4 million) as of 31 December 2021** from RON 43,002.5 million (EUR 8,833.2 million) as of 31 December 2020, supported by increases in both retail loans (+7.0% ytd to RON 26,957.1 million) and corporate loans (+18.1% ytd to RON 20,753.7 million).

Deposits from customers increased by 11.7% to **RON 72,458.4 million (EUR 14,641.0 million) as of 31 December 2021** versus RON 64,876.8 million (EUR 13,326.4 million) as of 31 December 2020, supported by increases in both retail deposits (+5.6% ytd to RON 46,184.6 million) and corporate deposits (+21.4% ytd to RON 24,019.3 million).

Profit or loss

in RON million	Dec 21	Dec 20
Net interest income	2,422.1	2,371.0
Net fee and commission income	867.9	710.0
Net trading result and gain/losses from financial instruments at FVPL	383.5	356.5
Operating income	3,791.7	3,546.3
Operating expenses	(1,671.6)	(1,668.8)
Operating result	2,120.1	1,877.5
Impairment result from financial instruments	(228.4)	(521.3)
Other operating result	(161.3)	(291.1)
Pre-tax from continuing operations	1,730.4	1,065.1
Net result attributable to owners of the parent	1,409.8	814.1

Statement of financial position

in RON million	Dec 21	Dec 20
Cash and cash balances	13,317.4	10,538.2
Trading, financial assets	25,175.7	23,715.3
Loans and advances to banks	1,362.3	2,028.0
Loans and advances to customers	47,868.5	43,002.5
Intangible assets	361.7	348.9
Miscellaneous assets	2,169.4	2,353.7
Total assets	90,255.0	81,986.7
Financial liabilities held for trading	22.3	52.1
Deposits from banks	1,783.5	3,606.8
Deposits from customers	72,458.4	64,876.8
Debt securities issued	2,733.1	614.8
Miscellaneous liabilities	3,537.3	3,491.2
Total equity	9,720.4	9,344.9
Total liabilities and equity	90,255.0	81,986.7

BCR offers a comprehensive range of financial products and services, through a network of 18 business centers and 16 mobile offices dedicated to businesses, as well as 326 retail units in most towns with over 10,000 inhabitants across the country. BCR is the number 1 bank in Romania on the banking transactions market, as BCR clients have access to an extended national ATM and multifunctional terminal network – 1,700 units, and complete banking services via Internet banking, Mobile banking, Phone-banking and E-commerce.

BCR - Corporate Communication

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