

BCR, H1 2021 financial results: consistent financing for the real economy, followed by further digital progress

Summary* :

- **Open for impactful business:**
 - The stock of net customer loans granted by Banca Comercială Română (BCR) advanced by 10.7% year-on-year as of 30 June 2021
 - New loans in local currency of RON 4.2 billion granted in H1 2021 for households (mortgage and unsecured consumer) and micro-businesses
 - 1 in 6 Romanians who purchased a mortgage loan or consumer loan chose BCR
 - New approved corporate loans exceed RON 2.6 billion in H1 2021, of which 37% investment loans. More than 15% increase in funding for Romania SA and Romania SRL, supporting over 1,750 companies that create 120,000 jobs.
 - 1,000 micro-businesses and 5 NGOs were supported by BCR Social Finance in H1 2021
- **Accelerated digitization:**
 - 1.9 million users for internet and mobile banking, out of which over 1.2 million active users in George, up by 39% as compared to H1 2020
 - Relevant updates in George ecosystem: Multi-banking, George for entrepreneurs, pension contributions overview, early repayment of credit instalments, KYC and online purchase of digital security products
 - Romania ranks 2nd in Europe in the number of transactions made with card, phone or other devices for public transportation payments. BCR implemented this NFC (contactless) payment solution in 16 cities.
- **BCR achieved a net profit of RON 690.8 million (EUR 140.9 million) in H1 2021.**

"We continue to evolve at the economic and societal level, and 2021 came to show us that flexibility helps us grow at all levels – digitalisation, improved customer experience and financial education. We are now seeing a recovery in the economy and a favourable context, we are seeing new projects expanding and we are committed to support sustainable initiatives. During this period, we have been communicating intensively with our clients about their interest in key topics such as climate impact, social inequality, and education. Together we create relevant approaches to capture the transformational opportunity for a better and equitable future.

Moreover, we expect EU funding of more than EUR 80 billion from the Multiannual Financial Framework 2021-2027 and NRRP to be the accelerating momentum in our country's evolution. We are ready to contribute vigorously to this process at different levels, from education and process factors to co-financing and direct funding. This is a unique opportunity to take the step towards a high-performing and sustainable economy and society, and the success of the national plans is a key priority for the BCR team in the coming years," said **Sergiu Manea, CEO of Banca Comercială Română.**

Transforming interactions with customers

- The Bank has implemented a new way of operating across the entire branch network, whereby customers have access only by telephone or online appointment. **There have been 3.7 million appointments** since October 2020 to date, with an average of 20,000 appointments per day.
- **Over 40% of the personal loans were granted in S1 2021 on a fully digital flow**

* Below stated financial data are un-audited, consolidated business results of Banca Comercială Română Group for S1 2021, according to IFRS. Unless otherwise stated, financial results for S1 2021 are compared to financial results for S1 2020. 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 S1 2021 of 4.9015 RON/EUR when referring to S1 2021 results and using the average exchange rate for S1 2020 of 4.8173 RON/EUR when referring to the S1 2020 results. The balance sheets at 30 June 2021 and at 31 December 2020 are converted using the closing exchange rates at the respective dates (4.9280 RON/EUR at 30 June 2021 and 4.8683 RON/EUR at 31 December 2020, respectively). All the percentage changes refer to RON figures.

- BCR introduced a new way of interacting with customers, whereby BCR front-office teams are provided with digitized systems that help them deliver personalized solutions. **1,800 BCR advisors have used these systems to help tens of thousands of people to make better decisions for their financial life.**
- BCR supports the digitization of SMEs at European level, being the only company in Romania to be recognized by the European Commission in the **Digital Mentors-Volunteers** project, through which 36 BCR volunteers' mentor 58 start-ups and NGOs in Romania to increase their level of digitization. In addition, **BCR is part of the European Leadership4SMEs project**, through which 15 European start-ups and SMEs have been selected to learn how to leverage intellectual property assets.

Accelerated digitalization for intelligent financial choices

- **H1 relevant updates in George ecosystem: George for entrepreneurs (micro-enterprises), multi-banking** (option for customers to view all their accounts, including those held at other banks), **multiprofile** (entrepreneurs can control both their personal and business accounts 100% online in one single app), **contributions to pensions fund overview** (personal assets registered at BCR Pensii, Pillar 2 and Pillar 3), **early repayment of credit instalments, KYC** (updating people's data directly from the app) and **online purchase of digital security products** (Bitdefender licence).
- Sustained growth in digital transactions and products:
 - **10 million transactions in George, up by 55% compared to H1 2020**
 - **50% of all credit cards, 60% of all overdraft products and 20% of refinancing are now granted digitally through George**
 - **George Moneyback**, the loyalty programme that gives money back as a discount to BCR customers using card payments, **has reached 500,000 users a year after launch**
- **11.5 million payment with card, phone or other device on public transportation in the first half of the year**, Romania ranking 2nd in Europe, with the BCR NFC (contactless) solution being implemented in 16 cities.

BCR impact in the economy

In retail banking business, BCR generated total new loans in local currency to individuals and micro businesses of **RON 4.2 billion in H1 2021**. Mortgage new sales in local currency increased by 11.4% yoy, mainly driven by **Casa Mea mortgage product** which represents 70% of the total production. Also, BCR continued to support **the state guaranteed product Noua Casa**, the funds allocated to the bank representing 30% of the total guarantees provided by the Romanian Government for this program. New volumes for cash loans sales increased by 19.6% yoy and overdraft and credit cards by 16.1% yoy as compared to similar period of last year. **Stock of mortgage in local currency increased by 17.7% yoy in H1 2021, while the stock of consumer loans increased by 7.2% yoy.**

In corporate banking business, BCR (bank standalone) approved new corporate loans of **RON 2.6 billion in S1 2021**, of which 37% investment loans. **The main driver was the advance of stock of financing granted to SME segment (including BCR Leasing subsidiary)** which increased by 12.3% yoy to RON 7.1 billion (EUR 1.4 billion) as of 30 June 2021, as a result of a high focus on new business and advance in leasing and BCR's participation in SME Invest program. Also, the financing of Public Sector increased by 21.5% yoy, of Large Corporate by 19.0% yoy.

BCR Leasing financing increased by 45% in H1 2021, compared to H1 2020, to RON 800 million, providing support to entrepreneurs in all business sectors.

The Money School program organized financial education online sessions and dedicated workshops for 20,000 adults and children in H1 2021. The total number of people that have interacted with the program exceeded 450,000. **The BCR Business School**, the entrepreneurial education program reached 16,500 users (entrepreneurs, managers, freelancers, teachers, and students), with **new courses being available on the platform: Sales Success and Legal ABC**. Within the **INNOVX-BCR** program were accelerated 15 tech start-ups, with turnovers or attracted funds between EUR 500,000 and EUR 1,000,000.

H1 2021 financial highlights

BCR achieved a **net profit of RON 690.8 million (EUR 140.9 million) in H1 2021**, up by 38.5% against RON 498.9 million (EUR 103.6 million) in H1 2020, on the back of both improved operating performance mainly due to higher business volume and lower risk costs allocation.

Operating result improved by 12.7% to **RON 1,012.5 million (EUR 206.6 million) in H1 2021** from to RON 898.2 million (EUR 186.5 million) in H1 2020, on the back of higher operating income along with lower operating expenses.

Net interest income slightly improved by 0.7% to **RON 1,196.0 million (EUR 244.0 million) in H1 2021**, from RON 1,187.8 million (EUR 246.6 million) in H1 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 21.4%, to **RON 383.8 million (EUR 78.3 million) in H1 2021**, from RON 316.2 million (EUR 65.6 million) in H1 2020, on the back of higher transaction business compared to lower business activity and measures implemented for supporting clients during the pandemic context.

Net trading result increased by 21.8%, to **RON 174.1 million (EUR 35.5 million) in H1 2021**, from RON 142.9 million (EUR 29.7 million) in H1 2020, mainly driven by higher trading activity.

Operating income increased by 6.5%, to **RON 1,814.3 million (EUR 370.2 million) in H1 2021**, from RON 1,703.5 million (EUR 353.6 million) in H1 2020, driven by higher business volumes.

General administrative expenses reached **RON 801.8 million (EUR 163.6 million) in H1 2021**, down by 0.4% in comparison to RON 805.3 million (EUR 167.2 million) in H1 2020, mainly due to positive impact from the deconsolidation of CIT One subsidiary as well as slightly lower contribution to deposit insurance fund in 2021.

As such, **cost-income ratio improved to 44.2% in H1 2021**, versus 47.3% in H1 2020.

Risk costs and Asset Quality

Impairment result from financial instruments recorded an allocation of **RON 77.2 million (EUR 15.8 million) in H1 2021**, significantly lower as compared to RON 169.9 million (EUR 35.3 million) booked in H1 2020. This result has been mainly triggered by allocations of portfolio provisions in H1 2021 reflecting the bank's conservative risk approach, by maintaining a prudent outlook on certain industries in the current context.

NPL ratio stood at **4.3% as of June 2021**, slightly lower than 4.5% recorded as of December 2020. This evolution is reflecting the positive trend in loans to customers and was also supported by a low NPL formation. At the same time, the **NPL provisioning coverage** stood at **125.3% as of June 2021**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **21,95% as of May 2021**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 21.4% (BCR Group, after 2020 profit capitalization) as of December 2020** is clearly reflecting BCR's strong capital and funding positions.

Loans and advances to customers increased by 4.3% to **RON 44,872.5 million (EUR 9,105.6 million) as of 30 June 2021** from RON 43,002.5 million (EUR 8,833.2 million) as of 31 December 2020, supported by increases in both retail (+3.0% ytd) and corporate (+5.1% ytd).

Deposits from customers decreased by 0.3% to **RON 64,712.5 million (EUR 13,131.6 million) as of 30 June 2021** versus RON 64,876.8 million (EUR 13,326.4 million) as of 31 December 2020, supported by the increase in retail deposits (+1.7% ytd), while corporate deposits declined by 4.9% versus 31 December 2020.

BCR provides a full range of financial products and services, through a network of 18 business centres and 16 mobile offices dedicated to companies and 370 retail units located in most cities across the country with over 10,000 inhabitants. BCR is the No. 1 bank in Romania in the market of bank transactions, BCR customers having available the largest national network of ATM and multifunctional machines - almost 1,800, 11,300 POS and complete services of Internet banking, Mobile banking, Phone-banking and E-commerce.

BCR – Corporate Communication

Cătălin Lupoai, e-mail: catalin.lupoai@bcr.ro, Phone: 0786.347.229

This information is also available on our website: www.bcr.ro

For more details about the products and services provided by BCR, please contact us at:

- Internet page: www.bcr.ro
- Email: contact.center@bcr.ro
- Telverde: *2227, toll-free from all national networks

Profit or loss		
in RON million	30 JUN 2021	30 JUN 2020
Net interest income	1,196.0	1,187.8
Net fee and commission income	383.8	316.2
Net trading result and gain/losses from financial instruments at FVPL	174.1	142.9
Operating income	1,814.3	1,703.5
Operating expenses	(801.8)	(805.3)
Operating result	1,012.5	898.2
Impairment result from financial instruments	(77.2)	(169.9)
Other operating result	(91.6)	(56.6)
Pre-tax from continuing operations	843.7	617.7
Net result attributable to owners of the parent	690.8	498.9

Statement of financial position		
in RON million	30 JUN 2021	31 DEC 2020
Cash and cash balances	10,851.9	10,538.2
Trading, financial assets	23,605.7	23,715.3
Loans and advances to banks	1,308.9	2,028.0
Loans and advances to customers	44,872.5	43,002.5
Intangible assets	332.7	348.9
Miscellaneous assets	2,204.2	2,353.7
Total assets	83,175.9	81,986.7
Financial liabilities held for trading	35.6	52.1
Deposits from banks	3,042.4	3,606.8
Deposits from customers	64,712.5	64,876.8
Debt securities issued	1,635.5	614.8
Miscellaneous liabilities	3,789.2	3,491.4
Total equity	9,960.7	9,344.9
Total liabilities and equity	83,175.9	81,986.7