

## BCR, H1 2020 financial results: open for business in supporting companies that create more than 200,000 jobs, accelerated digital solutions and focus on financial education

Summary\* :

- **Support for customers in the context of pandemic:**
  - Deferred instalments for about 38,000 loans for individuals, the majority choosing BCR solution. Out of the total, only 15,500 loans are still ongoing, having an active payment holiday agreement
  - Companies that create over 200,000 jobs have been supported in H1 2020 through deferred instalments, financing through the SME Invest programme, new loans and credit extensions
- **Accelerated digitization:**
  - George reached 900,000 users, up by 70% as compared to H1 2019
  - The number of digital transactions in George increased by 130% yoy in H1 2020
  - 93% of the new savings accounts in H1 2020 were opened through George platform
  - 14,000 cash loans granted on fully digital flow since the beginning of the year, reaching 28% of the total number of cash loans
- **Open for business:**
  - The stock of net customers loans granted by Banca Comercială Română (BCR) advanced by 7.3% yoy as of 30 June 2020 supported by the increase in both retail and corporate segments
  - New loans in local currency of RON 3.7 billion granted in H1 2020 for households (mortgage and unsecured consumer) and micro-businesses
  - Over RON 3.2 billion new approved corporate loans in H1 2020, of which 33% investment loans
  - Support for entrepreneurs, stock of financing for SME segment up by 9% yoy as of 30 June 2020
- **BCR achieved a net profit of RON 498.9 million (EUR 103.6 million) in H1 2020, against a net loss of RON 20.8 million (EUR 4.4 million) in H1 2019, mainly due to significant one-off provision allocation related to the activity of BCR Banca pentru Locuinte booked in Q2 2019**

“Our main focus in 2020 up to now has been to ensure our teams’ and customers’ safety and wellbeing, through all means necessary. In the first half of this year, we became stronger, more united and more determined than ever. Our team acted as one solid, fast growing organism, and I thank all colleagues for their hard work and involvement. During these past months we advised hundreds of thousands of people; we acted quickly, with accelerated digital solutions. Most of offline banking operations can now be done 100% online.

In order to support our clients, we did a lot of peer-to-peer consulting, continuing our financial and entrepreneurial education efforts. We believe we have an opportunity for growth, despite the current time's volatility, provided customers are proficiently informed. Through the measures taken to support corporate lending and payment deferral solutions, we have so far supported and assisted companies that create more than 200,000 jobs. We continue to be fully open for business and we aim to remain a trustworthy financial partner to all our customers, for the long run”, stated **Sergiu Manea, CEO Banca Comercială Română**.

### Measures taken in the context of Covid-19

- Deferred instalments for about 38,000 loans for individuals, two thirds choosing BCR solution. Out of the total, only 15,500 loans are still ongoing, having an active payment holiday agreement. Over 3,000 deferred instalments requests were made through a fully digital flow in George.

\* Below stated financial data are un-audited, consolidated business results of Banca Comercială Română Group for H1 2020, according to IFRS. Unless otherwise stated, financial results for H1 2020 are compared to financial results for H1 2019. 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 H1 2020 of 4.8173 RON/EUR when referring to QH 2020 results and using the average exchange rate for H1 2019 of 4.7422 RON/EUR when referring to the H1 2019 results. The balance sheets at 30 June 2020 and at 31 December 2019 are converted using the closing exchange rates at the respective dates (4.8397 RON/EUR at 30 June 2020 and 4.7830 RON/EUR at 31 December 2019, respectively). All the percentage changes refer to RON figures.

- Presently, the deferred instalments represent 7% out of the total loan portfolio for individuals, respectively 12% of the total loan portfolio for non-financial companies.
- 14,000 cash loans granted on fully digital flow since the beginning of the year, reaching 28% of the total number of cash loans.
- Currently, 85% of HQ colleagues are working from home, while the colleagues from the retail network are present in 50%-50% shifts, keeping all branches open.
- Safety measures for employees and customers: over 310,000 masks, 800,000 gloves, 1,800 plexiglass protection panels, 20,000 liters of disinfectants and 30,500 bottles of sanitary alcohol were purchased.

## BCR impact in the economy

**In retail banking business**, BCR generated total new loans in local currency to individuals and micro businesses of **RON 3.7 billion in H1 2020** mainly driven by mortgage loans. Cash loan sales decreased by 9.3% yoy, impacted in Q2 2020 by lower consumption and higher uncertainties generated by the pandemic context. Mortgage new sales grew by 25% yoy in H1 2020 mainly driven by standard product. New loans to micros went up by 24.0% yoy in H1 2020.

**In corporate banking business**, BCR (bank standalone) approved new corporate loans of **RON 3.2 billion in H1 2020**. The stock of financing for SME segment (including BCR Leasing subsidiary) increased by 9% yoy to RON 6.3 billion (EUR 1.3 billion) as of 30 June 2020, as a result of a high focus on new business and advance in leasing. Public Sector financing increased by 16.1% yoy. Real Estate segment strongly increased by 20.9% year-on-year on drawdowns within the office and commercial projects financed over the last year.

**The intelligent banking platform George** reached 900,000 users, up by 70% as compared to H1 2019. The number of transactions through George increased by 130% in H1 2020 as compared to the same period in 2019. In addition, there was an increase of over 150% in accessing banking products in the digital platform, the biggest appetite being for the 100% online George account, which reached a share of 52% of the total current accounts opened in 2020.

**The shared online platform Casa Mea App**, that runs document workflow for proprietary mortgage, has been already used for 44% of disbursed loans.

**The Money School programme** reached 13,000 adults and children in H1 2020, having organized financial education online sessions for adults and dedicated workshops for children.

**The entrepreneurial education platform The Business School** ([www.bcrscoaladebusiness.ro](http://www.bcrscoaladebusiness.ro)) reached over 7,500 users and launched a new module with useful advices for financing, which includes information on how SMEs and micro-enterprises can optimize their working capital and identify investment opportunities.

**BCR-INNOVX Accelerator** has selected 44 technology start-ups from Iași, Cluj and Bucharest to participate in the incubation programmes dedicated to the Start-ups group, with a turnover between EUR 100,000 and EUR 1 million, and Grinders group, with a turnover up to EUR 100,000. Out of these, 30 start-ups entered the six-week acceleration bootcamps.

## H1 2020 financial highlights

BCR achieved a **net profit of RON 498.9 million (EUR 103.6 million) in H1 2020**, against a net loss of RON 20.8 million (EUR 4.4 million) in H1 2019, mainly due to significant one-off provision allocation related to the activity of BCR Banca pentru Locuinte booked in Q2 2019.

**Operating result** improved by 9.3% to **RON 898.2 million (EUR 186.5 million) in H1 2020** from to RON 822.0 million (EUR 173.3 million) in H1 2019, on the back of higher operating income along with lower operating expenses.

**Net interest income** increased by 7.0%, to **RON 1,187.8 million (EUR 246.6 million) in H1 2020**, from RON 1,110.2 million (EUR 234.1 million) in H1 2019, favoured by higher loan volumes in both retail and corporate.

**Net fee and commission income** decreased by 14.3%, to **RON 316.2 million (EUR 65.6 million) in H1 2020**, from RON 368.9 million (EUR 77.8 million) in H1 2019, due to lower business activity and measures implemented for supporting clients during the current pandemic context.



**Net trading result** decreased by 12.3%, to **RON 142.9 million (EUR 29.7 million) in H1 2020**, from RON 162.9 million (EUR 34.4 million) in H1 2019, mainly driven by lower trading activity.

**Operating income** slightly increased by 0.8%, to **RON 1,703.5 million (EUR 353.6 million) in H1 2020**, from RON 1,690.2 million (EUR 356.4 million) in H1 2019, driven by higher net interest income, partly offset by lower fee income and net trading result.

**General administrative expenses** reached **RON 805.3 million (EUR 167.2 million) in H1 2020**, down by 7.2% in comparison to RON 868.2 million (EUR 183.1 million) in H1 2019, mainly due to lower contribution to deposit insurance fund in 2020 versus 2019 and lower depreciation, partly offset by one-off pandemic related personnel expenses in Q2 2020.

As such, **cost-income ratio** improved to **47.3% in H1 2020**, versus 51.4% in H1 2019.

### Risk costs and Asset Quality

**Impairment result from financial instruments** recorded an allocation of **RON 169.9 million (EUR 35.3 million) in H1 2020**, as compared to a release of RON 88.8 million (EUR 18.7 million) in H1 2019. This result has been mainly influenced by updated risk parameters to reflect the economic downturn coupled with the implementation of stricter rules for credit risk classification under IFRS 9 applied to client exposures affected by the current situation.

**NPL ratio** reached **4.5% as of June 2020**, slightly higher than 4.1% recorded at December 2019. This evolution is reflecting the effect of a one-off large new default registered in the corporate segment, after a long period of almost no new NPL formation, coupled with continuous trend of recoveries. At the same time, the **NPL provisioning coverage** remained relatively stable at **117.4% as of June 2020**.

### Capital position and funding

**Solvency ratio for BCR Bank standalone**, according to the capital requirements regulations (CRR) stood at **19.6% as of May 2020**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 17.9% (BCR Group) as of March 2020** is clearly showing BCR's strong capital adequacy and continuing support of Erste Group. In this respect, BCR enjoys one of the strongest capital and funding positions amongst the Romanian banks.

**Loans and advances to customers** increased by 1.2% to **RON 40,532.1 million (EUR 8,374.9 million) as of 30 June 2020** from 40,049.0 million (EUR 8,373.2 million) as of 31 December 2019, supported by the increase in retail segment (+2.7% ytd).

**Deposits from customers** increased by 3.1% to **RON 59,555.9 million (EUR 12,305.7 million) as of 30 June 2020** versus 57,791.8 million (EUR 12,082.8 million) as of 31 December 2019, supported by the increase in retail deposits (+5.1% ytd).

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BCR provides a full range of financial products and services, through a network of 19 business centers and 16 mobile offices dedicated to companies and 429 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 2,000, approximately 14,000 POS and complete services of Internet banking, Mobile banking, Phone-banking and E-commerce.

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This information is also available on our website: [www.bcr.ro](http://www.bcr.ro)

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

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**Profit or loss**

in RON million	30 Jun 2020	30 Jun 2019
Net interest income	1,187.8	1,110.2
Net fee and commission income	316.2	368.9
Net trading result and gain/losses from financial instruments at FVPL	142.9	162.9
Operating income	1,703.5	1,690.2
Operating expenses	(805.3)	(868.2)
Operating result	898.2	822.0
Impairment result from financial instruments	(169.9)	88.8
Other operating result	(56.6)	(769.5)
Pre-tax from continuing operations	671.7	111.3
<b>Net result attributable to owners of the parent</b>	<b>498.9</b>	<b>(20.8)</b>

**Statement of financial position**

in RON million	30 Jun 2020	31 Dec 2019
Cash and cash balances	10,572.6	9,006.5
Trading, financial assets	21,732.0	22,372.7
Loans and advances to banks	438.7	661.4
Loans and advances to customers	40,532.1	40,049.0
Intangible assets	347.7	359.1
Miscellaneous assets	2,585.7	2,489.6
<b>Total assets</b>	<b>76,208.8</b>	<b>74,938.4</b>
Financial liabilities held for trading	51.0	73.5
Deposits from banks	3,547.4	4,439.2
Deposits from customers	59,555.9	57,791.8
Debt securities issued	660.4	784.4
Miscellaneous liabilities	3,422.5	3,377.8
Total equity	8,971.6	8,471.7
<b>Total liabilities and equity</b>	<b>76,208.8</b>	<b>74,938.4</b>