

## **BCR, Q1 2021 financial results: solid support for economy development, video and digital personalized client assistance for helping people make intelligent financial choices**

Summary\* :

- **Open for business:**
  - The stock of net customer loans granted by Banca Comercială Română (BCR) advanced by 8.5% yoy as of 31 March 2021 supported by both retail and corporate segments
  - New loans in local currency of RON 2 billion granted in Q1 2021 for households (mortgage and unsecured consumer) and micro-businesses
  - 1 in 5 Romanians who purchased a mortgage chose BCR
  - New approved corporate loans exceed RON 1 billion, of which 47% investment loans
  - Support for entrepreneurs, stock of financing for SME segment up by 17.6% yoy as of 31 March 2021
- **Support for customers in the current context:**
  - Over 900 companies that create 80,000 jobs were supported in Q1 2021 through new loans and credit extensions
  - Over 1,818 loans in total amount of RON 1.3 billion approved within the SME Invest program
- **Accelerated digitization:**
  - 1.8 million users for internet and mobile banking, out of which over 1.1 million active users in George, up by 37% as compared to Q1 2020
  - Video and digital client financial assistance for thousands of individuals, a complementary service to the one that ensures opening George accounts
  - The number of transactions in George increased by 70% in Q1 2021 compared to Q1 2020
- **BCR achieved a net profit of RON 424.6 million (EUR 87 million) in Q1 2021**

*"In a time of accelerated change, the most important thing is how we interact with the public. We understand the necessity of people to be able to make informed decisions for a better life, and we act as advisors for intelligent financial choices, through all possible means: online, video, social media and branches. I thank our colleagues for their flexibility and creativity in helping our customers advance on this journey.*

*Clients are looking for accessibility, speed and convenience, and we are grateful to them for challenging us to become better and more efficient. In our team we aim to generate practical solutions for our clients, and digitalisation contributes greatly to this. We create intuitive processes through agile digital labs and through the development of the George evolutionary ecosystem, both for individuals and companies.*

*The growing interest of companies in doing investments, which accounted for half of the new financing we granted this past quarter, gives us confidence that this pandemic is a test of the maturity that the economy will pass effectively", said Sergiu Manea, CEO Banca Comercială Română.*

\* Below stated financial data are un-audited, consolidated business results of Banca Comercială Română Group for Q1 2021, according to IFRS. Unless otherwise stated, financial results for Q1 2021 are compared to financial results for Q1 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 Q1 2021 of 4.8796 RON/EUR when referring to Q1 2021 results and using the average exchange rate for Q1 2020 of 4.7977 RON/EUR when referring to the Q1 2020 results. The balance sheets at 31 March 2021 and at 31 December 2020 are converted using the closing exchange rates at the respective dates (4.9223 RON/EUR at 31 March 2021 and 4.8683 RON/EUR at 31 December 2020, respectively). All the percentage changes refer to RON figures.

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

- According to GEO 227/30.12.2020, clients were able to submit only between 15<sup>th</sup> of February and 5<sup>th</sup> of March 2021 their requests for new deferrals of ongoing loans for a maximum of 9 months, this period including also any deferrals from which they benefited during 2020. On this basis, on March 31, **BCR registered loan volumes that still benefit from certain deferred payments of 0.5% for retail loans, respectively 2% for corporate loans.**
- **BCR is the only bank to offer 100% online solution for deferring instalments**, with 60% of all applications being made through George.
- **40% of the personal loans were granted in Q1 2021 on a fully digital flow**, up by 30% as compared to the similar period of last year.
- **BCR introduced this year a new way of customers interaction, by creating online mobile offices that provide video consultancy**, a complementary service to the one that launches George accounts. Since the beginning of the year, hundreds of customers attended one-to-one meetings where they received tailored solutions for their needs.

### Accelerated digitalization for intelligent financial choices

- **George offers most retail banking specific products online (current accounts, savings, loans and insurance).** Launched on the George ecosystem in 2020 as unique products in the banking market, **48% of all credit cards and 61% of all overdraft products were granted through digital channels.**
- **BCR consolidated in an intuitive platform the financial profile of the clients in order to be able to serve them better.** Through this, bank advisors can offer solutions for taking intelligent financial decisions, and **thousands of clients were helped in this way in Q1 2021.**
- Over 22.4 million transactions with digital payments in public transport were registered in the past three years, **of which approximately 2 million only in March 2021. BCR implemented the contactless payment solution in 16 cities in Romania.**

### BCR impact in the economy

**In retail banking business**, BCR generated total new loans in local currency to individuals and micro businesses of **RON 2 billion in Q1 2021**. Mortgage new sales in local currency increased by 17% yoy, mainly driven by **Casa Mea mortgage product** which represents 66% 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 declined by 9.5% yoy as compared to similar period of last year, when the first three months were not impacted by the pandemic, while overdraft and credit cards increased by 3.6% yoy. Stock of mortgage in local currency increased by 19.5% yoy in Q1 2021, while the stock of consumer loans increased by 5.1% yoy.

**In corporate banking business**, BCR (bank standalone) approved new corporate loans of **RON 1 billion in Q1 2021**, of which 47% investment loans. **The main driver was the advance of stock of financing granted to SME segment (including BCR Leasing subsidiary)** which increased by 17.6% yoy to RON 7.3 billion (EUR 1.5 billion) as of 31 March 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 17.7% yoy, of Real Estate by 6.1% yoy and of Large Corporate by 2.4% yoy.

**The Money School program** reached over 11,500 adults and children in Q1 2021, having organized financial education online sessions and dedicated workshops for them. The total number of people that have interacted with the program exceeds 450,000. **The BCR Business School**, the entrepreneurial education program reached 15,500 users (entrepreneurs, managers, freelancers, teachers, and students) that have subscribed on the platform. Within the **INNOVX-BCR** program, 19 tech start-ups, companies with turnovers or attracted funds between EUR 50,000 and EUR 500,000, were accelerated.

### Q1 2021 financial highlights

BCR achieved a **net profit of RON 424.6 million (EUR 87.0 million) in Q1 2021**, slightly down by 0.9% against RON 428.3 million (EUR 89.3 million) in Q1 2020, on the background of lower credit risk provision releases, while the operating performance improved underpinned by continued strong loan growth.

**Operating result** improved by 10.7% to **RON 487.1 million (EUR 99.8 million) in Q1 2021** from to RON 440.1 million (EUR 91.7 million) in Q1 2020, on the back of higher operating income along with lower operating expenses.

**Net interest income** slightly declined by 0.7% to **RON 593.8 million (EUR 121.7 million) in Q1 2021**, from RON 597.9 million (EUR 124.6 million) in Q1 2020, driven by lower market rates, partly compensated by higher loan and deposit volumes in both retail and corporate.

**Net fee and commission income** increased by 11.5%, to **RON 182.6 million (EUR 37.4 million) in Q1 2021**, from RON 163.7 million (EUR 34.1 million) in Q1 2020, due to a larger number of transactions.

**Net trading result** increased by 24.1%, to **RON 79.9 million (EUR 16.4 million) in Q1 2021**, from RON 64.4 million (EUR 13.4 million) in Q1 2020, mainly driven by higher trading activity.

**Operating income** increased by 3.6%, to **RON 882.9 million (EUR 180.9 million) in Q1 2021**, from RON 852.0 million (EUR 177.6 million) in Q1 2020, driven by higher net fee income and better net trading result.

**General administrative expenses** reached **RON 395.8 million (EUR 81.1 million) in Q1 2021**, down by 3.9% in comparison to RON 411.9 million (EUR 85.9 million) in Q1 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 **44.8% in Q1 2021**, versus 48.3% in Q1 2020.

#### **Risk costs and Asset Quality**

**Impairment result from financial instruments** recorded a release of **RON 34.7 million (EUR 7.1 million) in Q1 2021**, as compared to a release of RON 212.3 million (EUR 44.3 million) in Q1 2020. This result has been positively impacted by cash recoveries in both retail and corporate segments, correlated with very low new NPL formation particularly in the corporate segment.

**NPL ratio remained fairly stable at 4.4% as of March 2021** against 4.5% recorded as of December 2020. This evolution is reflecting the positive trend in loans to customers and the slight reduction in NPL stock due to recoveries achieved on both retail and corporate segments. At the same time, the **NPL provisioning coverage** stood at **122.3% as of March 2021**.

#### **Capital position and funding**

**Solvency ratio for BCR Bank standalone**, according to the capital requirements regulations (CRR) stood at **20.4% as of February 2021**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 19.4% (BCR Group, before 2020 profit capitalization) as of December 2020** is clearly reflecting BCR's strong capital and funding positions.

**Loans and advances to customers** increased by 2.5% to RON 44,062.4 million (EUR 8,951.6 million) as of 31 March 2021 from RON 43,002.5 million (EUR 8,833.2 million) as of 31 December 2020, supported by increases in both retail (+1.2% ytd) and corporate (+5.0% ytd).

**Deposits from customers** increased by 1.6% to RON 65,903.6 million (EUR 13,388.8 million) as of 31 March 2021 versus RON 64,876.8 million (EUR 13,326.4 million) as of 31 December 2020, supported by increase in retail (+1.3% ytd), while corporate deposits stayed flat versus 31 December 2020.

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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, approximately 11,400 POS and complete services of Internet banking, Mobile banking, Phone-banking and E-commerce.

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- For more information please contact press office at: [comunicare@bcr.ro](mailto:comunicare@bcr.ro)
- 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 us at
- Internet page: [www.bcr.ro](http://www.bcr.ro)
- Email: [contact.center@bcr.ro](mailto:contact.center@bcr.ro)
- Tolverde: \*227, toll-free from all national networks

#### Profit or loss

in RON million	31 MAR 2021	31 MAR 2020
Net interest income	593.8	597.9
Net fee and commission income	182.6	163.7
Net trading result and gain/losses from financial instruments at FVPL	79.9	64.4
Operating income	882.9	852.0
Operating expenses	(395.8)	(411.9)
Operating result	487.1	440.1
Impairment result from financial instruments	34.7	212.3
Other operating result	(11.2)	(62.7)
Pre-tax from continuing operations	510.6	589.6
<b>Net result attributable to owners of the parent</b>	<b>424.6</b>	<b>428.3</b>

#### Statement of financial position

in RON million	31 MAR 2021	31 DEC 2020
Cash and cash balances	9,639.7	10,538.2
Trading, financial assets	24,114.9	23,715.3
Loans and advances to banks	3,075.9	2,028.0
Loans and advances to customers	44,062.4	43,002.5
Intangible assets	337.1	348.9
Miscellaneous assets	2,211.2	2,353.7
<b>Total assets</b>	<b>83,441.2</b>	<b>81,986.7</b>
Financial liabilities held for trading	43.8	52.1
Deposits from banks	3,272.6	3,606.8
Deposits from customers	65,903.6	64,876.8
Debt securities issued	623.0	614.8
Miscellaneous liabilities	3,812.5	3,491.4
Total equity	9,785.7	9,344.9
<b>Total liabilities and equity</b>	<b>83,441.2</b>	<b>81,986.7</b>