

BCR, 1-9 2021 financial results: anchor for financing the economy, large-scale financial education, and sustainable impact

Summary* :

- **Open for impactful business:**
 - The stock of net customer loans granted by Banca Comercială Română (BCR) advanced by 11.1% year-on-year as of 30 September 2021
 - New loans in local currency of RON 7.0 billion granted in 1-9 2021 for households (mortgage and unsecured consumer) and micro-businesses
 - 1 in 5 Romanians who purchased a mortgage loan chose BCR
 - New approved corporate loans exceed RON 4.7 billion in 1-9 2021, of which one third are investment loans. 4,100 companies were supported, creating over 240,000 jobs.
 - 1,300 micro-businesses, 14% more than in 1-9 2020, and 8 NGOs were supported by BCR Social Finance in 1-9 2021
- **Accelerated digitization:**
 - 2 million internet banking and mobile banking users, out of which over 1.32 million active George users, up by 30% as compared to 1-9 2020
 - Updates in George: the development of multiple local partnerships that expand the digital ecosystem, aggregated integration of the private individuals and companies' account activity via the Multiprofile option
- **Long-lasting impact and sustainability**
 - Partnership with **ROREG** (Association of Regional Development Agencies in Romania) to promote the EUR 4 billion European funding that will be available to entrepreneurs through POR 2021-2027
 - Green mortgage loan Casa Mea NaturA came to represent about 30% of the monthly applications for home loans
 - The first green bonds issuance of BCR, worth RON 500 million
- **BCR achieved a net profit of RON 1,141.8 million (EUR 232.5 million) in 1-9 2021.**

"Beyond the numbers and the financial results, in such moments of reflection, we look at the real impact and positive changes our projects are bringing to the society. We continue to actively develop the pillar of financial education and have placed practical savings tips for the general public at the heart of our communication this autumn, in order to contribute as directly as possible to increasing the financial resilience of Romanians.

Our aim is to act as an anchor that provides security to the economy, both by supporting the state guaranteed programmes and the European funds, and through tailor-made financing solutions. We see projects, ideas and the desire for development, as well as the need for modernisation and evolution, as along with well-prepared people. The proof of this are more than 4,000 companies financed this year, a third of the loans being investments, as well as the signing of the collaboration agreement between BCR and ROREG to accelerate the absorption of investments from European funds for Romania SA and Romania SRL. The business environment has often managed in the last 30 years to be a benchmark in difficult times, and we understand to stay close to society and to the issues relevant to Romanians, including the support for the vaccination campaign, for the safety and health of all of us", said Sergiu Manea, CEO of Banca Comercială Română.

* Below stated financial data are un-audited, consolidated business results of Banca Comercială Română Group for 1-9 2021, according to IFRS. Unless otherwise stated, financial results for 1-9 2021 are compared to financial results for 1-9 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 1-9 2021 of 4.9120 RON/EUR when referring to 1-9 2021 results and using the average exchange rate for 1-9 2020 of 4.8270 RON/EUR when referring to the 1-9 2020 results. The balance sheets at 30 September 2021 and at 31 December 2020 are converted using the closing exchange rates at the respective dates (4.9475 RON/EUR at 30 September 2021 and 4.8683 RON/EUR at 31 December 2020, respectively). All the percentage changes refer to RON figures.

Accelerated digitalization and customer experience transformation

- **62% of the personal loans were granted in 1-9 2021 on a fully digital flow**
- **Sustained growth in digital transactions and products:**
 - **60% increase in George transactions as compared to 1-9 2020**
 - **55% of all credit cards and 64% of all overdraft products are digitally delivered through George**
 - **George Moneyback**, the loyalty program that gives money back, as a discount, to BCR customers who use card payments, **has reached 565,000 users**
- **George expansion with local partnerships around 6 ecosystems:** Health, Education, Housing, Mobility, Business and Lifestyle. **Splash, Regina Maria Health Network or Bitdefender solutions** are just one click away, and new partnerships will be announced in the coming period.
- The bank continued to invest in the new business model implemented in units through customer scheduling management. It has expanded the program available online, so that the appointments can be done throughout the opening hours of bank branches. One year after its launch, **almost 5 million appointments** have been made by BCR customers, with an average of 20,000 appointments per day.

BCR impact in economy and society

In retail banking business, BCR generated total new loans in local currency to individuals and micro businesses of **RON 7.0 billion in 1-9 2021**. Mortgage new sales in local currency increased by 15.4% yoy and by 58% in Q3 2021 vs. Q2 2021 mainly driven by the acceleration in Q3 2021 of Noua Casa state-guaranteed program, but also due to the standard mortgage product Casa Mea which represents 62% of the total production. **The new green mortgage Casa Mea NaturA**, part of the bank's sustainability program, came to represent about 30% of the monthly applications for home loans.

New volumes for cash loans sales increased by 20.6% yoy and overdraft and credit cards by 15.6% yoy as compared to similar period of last year. **Stock of mortgage in local currency increased by 17.3% yoy in 1-9 2021, while the stock of consumer loans increased by 6.4% yoy.**

In corporate banking business, BCR (bank standalone) approved new corporate loans of **RON 4.7 billion in 1-9 2021**, of which one third investment loans. **The advance in the stock of financing was mainly driven by Large Corporate segment** which increased by 49.2% yoy. Also, the financing of Public Sector increased by 20.0% yoy. And that of the SME segment (including BCR Leasing subsidiary) by 9.5% yoy to RON 7.3 billion (EUR 1.5 billion) as of 30 September 2021, mainly due to BCR's participation in SME Invest program.

BCR Leasing financing increased by 40% in 1-9 2021, compared to the same period in 2020, to RON 1.2 billion, providing support to entrepreneurs in all business sectors.

The Money School program organized financial education online sessions and dedicated workshops for 45,000 adults and children in 1-9 2021. The total number of people that have interacted with the program reached 500.000. **The BCR Business School**, the entrepreneurial education program reached 17,500 users (entrepreneurs, managers, freelancers, teachers, and students), with a **new course being available on the platform: Financing Programmes for Entrepreneurs, prepared in partnership with Nord-East RDA. INNOVX-BCR**, the program dedicated to technology businesses, has reached 100 accelerated tech start-ups in the last 3 years.

1-9 2021 financial highlights

BCR achieved a **net profit of RON 1,141.8 million (EUR 232.5 million) in 1-9 2021**, up by 35.0% against RON 845.8 million (EUR 175.2 million) in 1-9 2020, on the back of both improved operating performance mainly due to higher business volumes and lower risk costs allocation.

Operating result improved by 12.3% to **RON 1,576.7 million (EUR 321.0 million) in 1-9 2021** from to RON 1,403.7 million (EUR 290.8 million) in 1-9 2020, on the back of higher operating income along with lower operating expenses.

Net interest income slightly improved by 1.1% to **RON 1,797.6 million (EUR 366.0 million) in 1-9 2021**, from RON 1,778.6 million (EUR 368.5 million) in 1-9 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 23.6%, to **RON 620.0 million (EUR 126.2 million) in 1-9 2021**, from RON 501.7 million (EUR 103.9 million) in 1-9 2020, on the back of higher transactional business.

Net trading result increased by 4.2%, to **RON 267.4 million (EUR 54.4 million) in 1-9 2021**, from RON 256.7 million (EUR 53.2 million) in 1-9 2020, mainly driven by higher trading activity.

Operating income increased by 6.0%, to **RON 2,776.9 million (EUR 565.3 million) in 1-9 2021**, from RON 2,618.5 million (EUR 542.5 million) in 1-9 2020, driven by higher business volumes.

General administrative expenses reached **RON 1,200.2 million (EUR 244.3 million) in 1-9 2021**, down by 1.2% in comparison to RON 1,214.8 million (EUR 251.7 million) in 1-9 2020, mainly due to positive impact from the deconsolidation of CIT One subsidiary and optimisation of retail branch network as well as slightly lower contribution in 2021 to deposit insurance fund.

As such, **cost-income ratio improved to 43.2% in 1-9 2021**, versus 46.4% in 1-9 2020.

Risk costs and Asset Quality

Impairment result from financial instruments recorded a low allocation of **RON 70.0 million (EUR 14.3 million) in 1-9 2021**, significantly below the amount of RON 277.5 million (EUR 57.5 million) booked in 1-9 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 **4.0% as of September 2021**, 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 **130.8% as of September 2021**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **21.17% as of August 2021**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 20.75% (BCR Group) as of June 2021** is clearly reflecting BCR's strong capital and funding positions.

Loans and advances to customers increased by 8.3% to **RON 46,573.2 million (EUR 9,413.5 million) as of 30 September 2021** from RON 43,002.5 million (EUR 8,833.2 million) as of 31 December 2020, supported by increases in both retail (+6.1% ytd to RON 26,716.8 million) and corporate (+12.1% ytd to RON 19,701.1 million) lending.

Deposits from customers increased by 1.2% to **RON 65,667.6 million (EUR 13,272.9 million) as of 30 September 2021** versus RON 64,876.8 million (EUR 13,326.4 million) as of 31 December 2020, supported by the increase in retail deposits (+1.9% ytd to RON 44,589.6 million), while corporate deposits declined by 1.6% versus 31 December 2020 to RON 19,468.8 million.

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 327 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

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Profit or loss

in RON million	30 SEP 2021	30 SEP 2020
Net interest income	1,797.6	1,778.6
Net fee and commission income	620.0	501.7
Net trading result and gain/losses from financial instruments at FVPL	267.4	256.7
Operating income	2,776.9	2,618.5
Operating expenses	(1,200.2)	(1,214.8)
Operating result	1,576.7	1,403.7
Impairment result from financial instruments	(70.0)	(277.5)
Other operating result	(132.2)	(54.0)
Pre-tax from continuing operations	1,374.5	1,072.2
Net result attributable to owners of the parent	1,141.8	845.8

Statement of financial position

in RON million	30 SEP 2021	31 DEC 2020
Cash and cash balances	9,320.2	10,538.2
Trading, financial assets	25,045.8	23,715.3
Loans and advances to banks	571.6	2,028.0
Loans and advances to customers	46,573.2	43,002.5
Intangible assets	333.2	348.9
Miscellaneous assets	2,169.1	2,353.7
Total assets	84,013.1	81,986.7
Financial liabilities held for trading	24.8	52.1
Deposits from banks	2,339.5	3,606.8
Deposits from customers	65,667.6	64,876.8
Debt securities issued	1,653.6	614.8
Miscellaneous liabilities	3,978.3	3,491.4
Total equity	10,349.3	9,344.9
Total liabilities and equity	84,013.1	81,986.7