



No. CEO Office: 6 / 20.03.2020  
Supervisory Board

# Annual Report

for the year ended at 31 December 2019

This report is prepared in accordance with requirements of ASF Regulation 5/2018.

Report issued: 10 March 2020

Name of legal entity:	<b>Banca Comercială Română SA</b>
Headquarters:	15 Calea Victoriei street, Sector 3, Bucharest, postal code 030023
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	Website www.bcr.ro
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Registration Number in the Trade Register:	J40/90/1991
Company Registration Number:	361757
Banking Register Number:	RB-PJR-40-008/18.02.1999
Notification registered as Personal Data Operator at ANSPDCP under No:	3776 and 3772
Subscribed and paid-up capital:	1,625,341,625.40 RON
The regulated market on which the bonds are issued:	Luxemburg Stock Exchange ( <a href="http://www.bourse.lu">www.bourse.lu</a> )
The main characteristics of the bonds issued by BCR S.A.	Issuance in amount of RON 134,000,000, ISIN XS0496326223 Issuance in amount of EUR 4,158,000, ISIN XS0550567142 Issuance in amount of EUR 2,000,000, ISIN XS0675038649 Issuance in amount of RON 600,000,000, ISIN ROEAZVK5DFP8



## 1. Analysis of the issuer's activity

### 1.1. Company presentation

Banca Comercială Română (BCR) was established in 1990, when it took over the commercial operations of the National Bank of Romania. Today, BCR Group (member of Erste Group) is one of the most important financial group in Romania, including universal banking operations (retail, corporate & investment banking, treasury and capital markets) as well as leasing companies, private pension and housing banks.

The Bank offers a complete range of financial services and financial solutions dedicated to each stage of the financial cycle in a lifetime, as a "one-stop shop": savings, investment, lending, consulting and advisory, leasing. BCR encourages long-term relationships with its clients belonging to all segments, offers affordable and transparent products, but also personalized consulting services.

### Network

BCR offers a full range of financial products and services through a network of 19 business centres and 17 mobile offices dedicated to companies and 430 retail units located in the majority cities with a population of over 10,000 inhabitants from all across the country.

### Bank and subsidiaries

During 2019, Banca Comercială Română Group ("BCR Group" or "the Group") comprised the parent bank, Banca Comercială Română S.A. and its subsidiaries, presented in the following table:

Company's name	Country of incorporation	Nature of the business	Shareholding	
			2019	2018
BCR Chisinau SA	Moldova	Banking	100.00%	100.00%
BCR Leasing IFN SA	Romania	Financial leasing	99.97%	99.97%
BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA	Romania	Pension Fund	99.99%	99.99%
BCR Banca pentru Locuinte SA	Romania	Banking	99.99%	99.99%
Suport Colect SRL	Romania	Workout	99.99%	99.99%
CIT One SRL	Romania	Cash processing and storing	100.00%	100.00%
BCR Payments Services SRL	Romania	Payments transactions	99.99%	99.99%
BCR Fleet Management SRL *	Romania	Operational leasing	99.97%	99.97%

\* Company held indirectly by BCR through BCR Leasing SA

Group structure has not changed since 31 December 2018 regarding subsidiaries. During 2019, the Bank acquired 49% of BCR Social Finance IFN SA whose main role is to provide loans to customers, which is consolidated through equity method.



## 1. Analysis of the issuer's activity (continued)

### 1.2. General evaluation elements

#### The BCR impact in the economy

In retail banking business, BCR generated total new loans in local currency to individuals and micro business of over RON 7.8 billion (EUR 1.7 billion) in 2019 driven by mortgage, cash loans and loans to micros. New loans to micros went up by 31.5% year-on-year, significant contribution of loans granted within Start-Up Nation. Unsecured lending sales up by 3.4% year-on-year due to cash loans and increase in credit cards and overdrafts.

In corporate banking business, BCR (bank only) approved new corporate loans of RON 7.4 billion (EUR 1.6 billion). The stock of the financing for SME segment (including BCR Leasing subsidiary) increased by 12.3% year-on-year to RON 6.1 billion (EUR 1.3 billion) as of 31 December 2019, as a result of a high focus on new business and advance in leasing. Real Estate segment has registered a strong performance, up by 34.3% year-on-year, boosted by financing the new office and commercial projects.

The number of total customers has increased to 3.3 million at the end of last year, as compared to 3.1 million in 2018.

BCR has channelled all efforts towards building digital processes to the core. The intelligent banking platform George reached 720,000 users, with 84 new built-in functionalities in both mobile and web. The George universe has registered a 76% increase of sold digital products, as compared to 2018. BCR has launched George Credit, the first fully digital unsecured loan, with 3,800 cash loans granted online in just three months, and the first online credit refinancing facility.

BCR continued the strategic partnership with IKEA, through which the bank provided more than 26,200 credit cards in 2019.

The Money School reached a total of more than 370,000 adults and children in one-to-one interactions by BCR colleagues in the past three years.

The shared online platform Casa Mea App, that runs document workflow for proprietary mortgage, launched in 2019, has been already used for one in four new disbursed loans.

#### BCR performance in 2019

BCR registered a **net profit** of RON 593.2 million in 2019 (EUR 125 million), lower by 50.7% against RON 1,202.3 million (EUR 258.3 million) in 2018, as impacted by the significant one-off provision allocation related to the activity of BCR Banca pentru Locuinte, despite the best operating result in the last five years underpinned by strong loan growth.

The **operating result** improved by 9.3% to RON 1,786.9 million (EUR 376.5 million) in 2019, from RON 1,635.4 million (EUR 351.4 million) in 2018, supported by better operating income along with strict cost control.

**Net interest income** increased significantly by 10.2%, to RON 2,256.3 million (EUR 475.4 million) in 2019, from RON 2,047.2 million (EUR 439.9 million) in 2018, on the back of a higher interest rate environment and higher customer loans and deposits, improvement of balance sheet structure towards higher share of interest bearing assets and lower funding cost as per early repayment of intragroup funding.

**Net fee income** advanced by 10.4%, to RON 780.6 million (EUR 164.5 million) in 2019, from RON 706.8 million (EUR 151.9 million) in 2018, mainly driven by higher result in maintenance fees for current accounts and insurance fees coupled with better result from cash activities.

**Net trading result** decreased by 21.1%, to RON 352.4 million (EUR 74.3 million) in 2019, from RON 446.8 million (EUR 96.0 million) in 2018.

The **operating income** increased by 6.2% to RON 3,490.4 million (EUR 735.5 million) in 2019 from RON 3,285.6 million (EUR 706 million) in 2018, driven by higher net interest income and fee income.

**General administrative expenses** in 2019 stood at RON 1,703.5 million (EUR 359 million), up by 3.2% as compared to RON 1,650.2 million (EUR 354.6 million) in 2018, mainly driven by higher annual contribution to deposit insurance fund in 2019.

As such, **cost-income ratio** improved to 48.8% in 2019, versus 50.2% in 2018.

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The income statement is converted using the average exchange rate for 2019 of 4.7456 RON/EUR when referring to 2019 results and using the average exchange rate for 2018 of 4.6541 RON/EUR when referring to the 2018 results. The balance sheets at 31 December 2019 and at 31 December 2018 are converted using the closing exchange rates at the respective dates (4.7830 RON/EUR at 31 December 2019 and 4.6635 RON/EUR at 31 December 2018, respectively). All the percentage changes refer to RON figures.



## 1. Analysis of the issuer's activity (continued)

### Risk costs and Asset Quality

In terms of **net impairment loss on non-fair value financial assets**, BCR recorded a provision release of RON 61.8 million in 2019, versus a provision allocation of RON 121.2 million in 2018. This result has been triggered by very low new NPL formation mostly in corporate correlated with a good trend of recoveries and healings in both retail and corporate segments.

The **NPL ratio** reached 4.1% in December 2019, the lowest level of the past decade, from 5.8% in December 2018. This evolution is reflecting the strong positive development in loans to customers and continuous improvement in portfolio quality based on sustained NPL resolution and good trend in recoveries and healings. At the same time, the NPL provisioning coverage reached 116.3% as of December 2019.

**Loans and advances to customers** increased significantly by 10% to RON 40,049 million (EUR 8,373.2 million) as of 31 December 2019 from RON 36,400.1 million (EUR 7,805.3 million) as of 31 December 2018, supported by both corporate (+13.4% year-on-year) and retail (+8.7% year-on-year) segments.

**Deposits from customers** increased by 4.9% to RON 57,791.8 million (EUR 12,082.8 million) as of 31 December 2019 versus RON 55,099 million (EUR 11,814.9 million) as of 31 December 2018, supported by the increase in both retail and corporate deposits.

**The solvency ratio**, for BCR Bank standalone, according to the capital requirements regulations (CRR) was 20.4% as of December 2019, well above the regulatory requirements of the National Bank of Romania. Furthermore, Tier 1+2 capital ratio of 19.6% (BCR Group) as of December 2019 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 Romanian banks.

In December 2019, BCR launched the first senior non-preferred bond issue in Romania and the CEE region, worth RON 600 million and listed on the Bucharest Stock Exchange. This shows BCR's commitment to further strengthen its fortress balance sheet and to diversify the funding sources and instruments as part of its long term development strategy.

**Consolidated turnover** for year ended at 31 December 2019 is RON 4,272,269 thousands (2018: RON 4,094,522 thousands) calculated according to NBR Regulation 5/2013 article 644 regarding prudential requirements for credit institution.

**Liquidity** in RON equivalents at 31 December 2019, calculated according to NBR Regulation 25/2011 was between 1.68 and 17.07 depending on residual maturity of assets and liabilities (2018, between 1.88 and 30.77).

#### 1.2.1. Description of the main products

The Group provides day-to-day banking services and other financial services to governmental institutions, corporate and individual clients operating in Romania and abroad. These services include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium and long term facilities, retail loans, finance micro and small enterprises, bank guarantees, letters of credit and through subsidiaries also leasing, brokerage, financial consultancy services and asset management.

#### 1.2.2. Evaluation of the technical-material supply activity

N/A

#### 1.2.3. Valuation of sales activity

BCR is one of the most important financial groups on the Romanian market for banking-transaction, having the largest national ATM network with almost 2,000 automatic teller machines.



## 1. Analysis of the issuer's activity (*continued*)

BCR serves the following groups of clients:

**Private Individuals:** BCR supports its customers to fulfil their aspirations, insuring their current and future financial well-being. BCR offers a full range of services and products, from real estate financing (mortgages), personal loans, personal accounts (including packages for entrepreneurs, students, NGOs and Foundations), debit and credit cards, investment and savings products, consultancy and sale of treasury products and financial market to private individual customers. BCR offers full Internet banking, Mobile Banking, Phone banking and E-commerce services.

**Small and Medium Enterprises as well as large companies:** as a leader in many banking areas, BCR plays a key role on the commercial companies segment by offering customized products, specialized programs and advice to micro-enterprises, small and medium-sized businesses as well as for large commercial companies.

**Municipal authorities, public and non-profit sector:** Thanks to the long and solid relationship with municipal authorities, as well as with the public and non for profit sector, BCR became the first choice for dedicated financial solutions (including special funding for infrastructure projects at national, regional and municipal level).

### 1.2.4. Evaluation related to issuer's employees

The number of own employees of the Bank at 31 December 2019 was 5,412 employees (31 December 2018: 6,054 employees).

The number of own employees of the Group at 31 December 2019 was 6,766 employees (31 December 2018: 7,237 employees).

#### Key statistics related to BCR's workforce:

- Gender distribution: 75.18% women and 24.82% men;
- Average age: 39.5 years;
- Level of studies: 85.14% employees with higher education and 14.86% employees with secondary education.

#### Improvement and professional development

During 2019, there were 8,902 participations in various trainings and workshops organized according to the annual training plan of which 50% represents participation in technical training courses.

The total average number of training days was 4.09 days per employee of which in class 2.39 days/employee and 1.7 days/employee in e-learning format.

Employees from the BCR retail units benefited of specialized programs for development of technical skills and other skills necessary in their daily activity. Thus, they participated in courses focused more on customer service in light of the new MIFID regulations, as well as in courses designed to improve the client-bank relationship.

The e-learning platform, produced internally, is actively used for on-line education as well as for regular testing sessions, such as: prevention and combating money laundering, information security, market abuse, financial sanctions, transparency and consumer protection, health and safety at work (SSM), compliance, etc.

In 2019, BCR started a process of continuous transformation in line with worldwide digitalisation trends and ever changing customer expectations and, for this purpose, a series of events and workshops were organized on relevant topics such as new ways of working, design thinking and agile methodologies.

The bank continued to focus on management education by providing managers with various courses on management & leadership skills so as to ensure they are prepared to contribute to overall achievement of strategic objectives.

### 1.2.5. Evaluation related the impact of the issuer's core business on environment

Environmental protection and the responsible use of resources are endeavours integrated in the business strategies of environmentally conscious companies world-wide, and in Romania.

## 1. Analysis of the issuer's activity (*continued*)

Banca Comercială Română:

- admits and accepts the fundamental importance of an integrated approach of the environmental and social factors, as well as of lasting development principles within its financing activity;
- pays adequate attention to its financing processes, securing before making the financing decision, the compliance of the respective projects with the minimal environmental protection, social protection and occupational safety standards applicable in Romania.

BCR does not finance activities which do not meet environmental requirements specified in the Romanian legislation, relevant international conventions and agreements to which Romania adhered expressly. Analysis of environmental issues is part of the lending process and is mandatory for every transaction.

### 1.2.6. Evaluation of Research and Development

N/A

### 1.2.7. Evaluating the issuer's risk management activity

The overall focus of risk and capital management throughout 2019 was on maintaining the BCR Group risk profile in line with the BCR Risk Strategy, increasing the capital base and supporting the strategic management initiatives with a focus on balance sheet optimization.

BCR Group uses a risk management and control system that is forward-looking and tailored to its business and risk profile. This system is based on a clear risk strategy that is consistent with the business strategy and focused on early identification and management of risks and trends.

The overall risk profile for BCR Group, as well as the individual risk profiles are implemented through the BCR Group Risk Strategy and are subject to an annual comprehensive review process. A quarterly assessment of the risk profiles is considered to check if there are changes in respect of the risks materiality or if new risks occurred in the Bank activity.

Given BCR Group business strategy, the key risks for BCR Group are credit risk, market risk (including interest rate risk in the banking book), liquidity and funding risk and operational risk. All material risks are covered by BCR Group's control and risk management framework. This entails a set of different tools and governance to ensure adequate oversight of the overall risk profile and sound execution of the risk strategy, including appropriate monitoring and escalation of issues that could materially impact the risk profile of BCR Group.

Based on the BCR Group Risk Strategy and BCR Group overall and individual risk profiles, BCR Group subsidiaries, including BCR, set up their local risk profile. Also, BCR Group's capital management framework serves to ensure that the group and its subsidiaries are capitalized in line with the risk profile, regulatory requirements and economic capital requirements.

As part of its risk strategy, BCR Group analyses its actual risk profile and determines a target risk profile based on its strategic goals. The target risk profile is a result of the risk assessment process in combination with the boundaries set by the business strategy and the risk appetite framework. In terms of governance, full oversight of the risk profile and a sound execution of the risk strategy is ensured including appropriate monitoring and escalation of issues that could materially impact the risk profile of the Group.

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The proportionality principle is a crucial and integral part of BCR Group's overall risk framework and strategy. The proportionality principle is applied for the core components of BCR Group ICAAP framework (Risk Materiality Assessment/Risk taxonomy, Risk-bearing Capacity Calculation, Risk Appetite & Risk Profile, Stress testing, Risk Concentration Analysis).

BCR Group level risk management principles, concepts and processes are generally designed, developed and implemented to address over-arching organizational needs across both group and local entities/subsidiaries reflecting a high degree of granularity and detail.

However, subsequent implementation and application at BCR Group subsidiaries requires an approach that takes differences in business structures, size, complexity and relevance into account. This will ensure a meaningful, suitable and adequate application across BCR Group in line with local needs and capabilities while still fulfilling overall BCR Group level requirements and standards.

The evaluation of proportionality criteria is reviewed on an annual basis and included in the Risk Strategy. In addition, a reassessment might be carried out outside the annual review cycle if changed business parameters indicate a need for a respective reclassification.

## 1. Analysis of the issuer's activity (*continued*)

Starting from the volume and nature of BCR activity as part of BCR Group, the risk profile of BCR Group is driven by the Bank risk profile. Thus, the Risk Profile for BCR Group follows in general the same directions as the Bank, both with regard to overall risk profile and individual risks profiles based on the following considerations:

- the volume and nature of BCR activity as part of BCR Group;
- the categorization of BCR as a full subsidiary based on the Proportionality Principles.

### 1.2.8. Outlook on issuer's activity

#### 2020 expected macroeconomic development

Economic growth is seen as moderating further in 2020, due to external headwinds and little chance of seeing fiscal policy as loose as in previous years, except for the implementation of the new pensions' law. Household consumption will remain the major driver, helped by solid increases in net wages and pensions. Investments should be supported by higher inflows of EU funds. Foreign demand could become, on the other hand, less supportive, amid slower growth in the Eurozone and external uncertainties coming from Brexit and global trade tensions. However, if the pension law implementation is delayed or diluted, GDP growth could be even lower.

In 2020, inflation could remain close to the upper limit of the NBR's targeted band of 2.5%±1pp, in the absence of strong supply-side shocks. Additional upside risks for 2020 could come from the likely adoption of a new calendar for the liberalization of natural gas and electricity prices. Uncertainties surrounding the budget deficit should also be closely monitored in the future, given the tense situation of local administration budgets and some municipalities, which so far appear to be keen to talk about prospective higher local taxes.

The external environment will play a greater role in the decisions taken by the NBR, given the ECB's current loose monetary policy stance. The central bank will also keep an eye on the decisions of other central banks in CEE to avoid a high interest rate differential between Romania and its regional peers that would fuel speculative capital flows into the local market. Our baseline scenario is that the central bank will keep the key rate at 2.5% next year.

Labour market conditions are expected to remain fairly tight. The unemployment rate is likely to hover close to its all-time low level, but with chances of seeing a slight pick-up over the forecast horizon.

#### Balance Sheet developments

Loan production will be the main balance sheet growth driver, BCR Group expecting a mid-single digit growth, maintaining the pace of 2019 and being supported by both Retail and Corporate segments.

Retail loans development in 2020 will feature double digit growth in cash loans coupled with strong increase in mortgages, with standard mortgage production being the main contributor. Corporate lending in 2020 is expected to grow at a mid-single digit rate, with increases in all segments.

On the liabilities side, both Retail and Corporate deposits will continue their strong growth in line with BCR strategy to capitalize on its customer deposit base and with focus on digitalization. In order to fulfil the upcoming MREL requirement (Minimum requirement for eligible liabilities) a mix of eligible instruments has been planned for issuance in 2020. The final split between instruments will be defined after the official MREL limit is received from the Resolution Authority.

#### Income Statements developments

**Net interest income** will increase in 2020 driven by loan growth, while preserving net interest income margin level.

**Net fee and commission income**, the second key income component, is expected to decrease in 2020 in both Retail and Corporate affected by SEPA implementation and cash related fees reduction following transaction shift from branch to digital & equipment.

All in all, the **operating income** should grow by low single digit growth in 2020, with NII remaining the biggest contributor.

**Operating expenses** in 2020 are in line with our ambition to keep local costs flat except deposit insurance as a consequence of efficiency initiatives implemented during last two years allowing further investments in order to deliver our Strategy. Sound cost management and constant business growth will further support improvements in the cost-income ratio.

**Risk cost development** for 2020 driven by allocations of provisions for new defaults given the slowdown in the economic growth and methodological changes in the default recognition.

Based on the above-mentioned expected performance, BCR Group aims to deliver a net profit in 2020 close to its strategic target.



## 2. Issuer's tangible and intangible assets

Currently, BCR S.A. has a portfolio of 167 properties, located in 42 counties, of which the largest number of buildings are located in Bucharest - 22 units, Alba - 8 units, Bacau, Hunedoara - 7 units, Brasov, Mures and Prahova - 6 units in each county, and the remaining 105 buildings are located in other counties in Romania.

In 2019, BCR S.A. decided to pursue a strategy of optimizing the network of units and headquarter buildings by selling certain properties. The real estate elements included in the sale plan could be sold in the current real estate market without requiring any change for the purpose of the sale.

The business plan within the current strategy presented the Bank's intention to recover the book value of the buildings included in the sale-optimization strategy rather than through their use, hence reclassified from tangible assets (IAS 16 / IAS 40) into non-current assets held for sale (IFRS5) 9 properties in net amount of RON 146,451 thousands and into the category investment properties (IAS 40) 5 properties with net amount of RON 31,134 thousands.

As of 31 December 2019, net tangible assets amounted to RON 998,686 thousands, out of which investment property amounted to RON 161,181 thousands. In total net tangible assets, buildings and lands are 50%.

During 2019, BCR sold 44 properties (buildings and lands), the net book value of which amounted to RON 91,260 thousands.

### **Description and analysis of depreciation degree of Bank's property**

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 30 to 50 years (mainly 50 years)
- Office equipment 3 to 10 years
- Other furniture and equipment 3 to 10 years



### 3. Securities Market

#### 3.1. Romanian and foreign markets where the securities issued by the Bank are traded

BCR's current Debt Issuance Programme (DIP) implemented in 2013 is a programme for issuing debt instruments in various currencies and maturities with a limited range of interest rate structures. In April 2018, BCR's Extraordinary Shareholders General Meeting has approved the extension of the Debt Issuing Programme for a period of 10 years, as well as new bond structures (e.g. subordinated notes, Minimum requirement for eligible liabilities (MREL) notes). The Programme is approved by Financial Market Authority (Austria) and listed on the Vienna Stock Exchange

In 2019, under the DIP, BCR issued a number of 1,200 senior non preferred bonds, due 16 December 2026, each with a nominal value of RON 500,000, and a total value of RON 600,000,000. The issue was made available for subscription through private placement to qualified investors only and bears an interest rate of 5.35% per year. The bonds became tradable on the regulated market managed by the Bucharest Stock Exchange under the ISIN ROEAZVK5DFP8 and DBFNFR symbol starting with 19 December 2019.

In 2009, BCR launched a EUR 3,000,000,000 Medium Term Notes Programme (MTN) approved by Commission de Surveillance du Secteur Financier Luxembourg and listed on the Luxembourg Stock Exchange and stopped in 2012.

As of 31 December 2019, BCR had 3 bond issues outstanding, issued out of the previous MTN and listed on the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The summary of these bonds issued is presented below:

ISIN	Issue date	Maturity date	Category	Type	Currency	Issue value	Paying Agent
XS0496326223	07.04.2010	07.04.2020	SENIOR	Fix rate Notes	RON	134,000,000	BNP Paribas, Lux
XS0550567142	02.12.2010	02.12.2020	SENIOR	Index Linked Notes	EUR	4,158,000	BNP Paribas, Lux
XS0675038649	02.12.2011	02.12.2021	SENIOR	Index Linked Notes	EUR	2,000,000	BNP Paribas, Lux

Additional information regarding these bonds is available on the web page of the Luxembourg Stock Exchange: <https://www.bourse.lu/programme/Programme-BancaComRomana/13618>.

In 2019, 4 bond issues were redeemed, totalling approximately EUR 31.75 million.

### 3.2. Description regarding issuer's dividends policy

The proposal for the distribution of profit is in accordance with art. 29 para. 1 of the Accounting Law no. 82/1991, republished as subsequently amended and supplemented, para. 67 of the Law no. 31/1990, republished as subsequently amended and supplemented and para. 27 of BCR Charter. The Supervisory Board proposes to the General Meeting of Shareholders the distribution of 2019 net profit as follows:

Item	Amount - in RON
Other reserves <sup>[1]</sup>	66,795,846
Dividend distribution <sup>[2]</sup>	325,954,833
Result reported <sup>[3]</sup>	259,158,987
<b>Total</b>	<b>651,909,666</b>

<sup>[1]</sup>The amount of 66,795,846 RON represents the reinvested accounting profit of BCR which was exempt from applying corporate income tax, in accordance with the provisions of the Fiscal Code in force and which should be mandatorily allocated to Reserves.

<sup>[2]</sup>The amount of RON 325,954,833 represents the gross amount of the dividends.

<sup>[3]</sup> The retained earnings totalling RON 259,158,987 will be used in accordance with the Bank's business strategy.

During 2019, dividends in amount of RON 485,117 thousand were paid (2018: RON 228,063 thousand), out of which RON 484,630 thousand to equity holders of the parent (2018: RON 213,476 thousand) and RON 487 thousand to non-controlling interests (2018: RON 14,587 thousand). Difference up to RON 485,286 thousand represents dividends distributed but not yet paid. Dividend paid per share was RON 0.02985.

### 3.3. Description of any activities of the issuer to acquire its own shares

N/A

### 3.4. The number and nominal value of the shares issued by the parent company and owned by the subsidiaries

At 31<sup>st</sup> December 2019 and 31<sup>st</sup> December 2018, BCR Leasing IFN SA holds 109 BCR shares with nominal value of 0.10 RON/share.

### 3.5. Presentation of the methods used by the bank for paying its obligation towards the owners of these types of securities in case that the bank issued bonds and/or other debt securities

The coupon payments and principal repayments of the bonds issued out of the MTN Programme are made in accordance with the provisions of sections "Terms and Conditions" of the Base Prospectus, as well as the Final Terms of the bonds, published on the web page of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), direct link: <https://www.bourse.lu/programme/Programme-BancaComRomana/13618>.

The coupon payment and principal repayments of the RON 600,000,000 senior non preferred bonds are made in accordance with the provisions of sections "Securities Note" of the Base Prospectus, as well as the Final Terms of the bonds, published on the web page of the Bucharest Stock Exchange ([www.bvb.ro](http://www.bvb.ro)), direct link:

<http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=BCR26>.

#### 4. Issuer's Management

As of 31.12.2019, the members of the Supervisory Board were:

- Manfred Wimmer – chairman;
- Andreas Treichl – deputy chairman ;
- Hildegard Gacek – member;
- Elisabeth Krainer Senger Weiss – member;
- Nemoianu Istocescu Daniela Camelia – member;
- Vacancy 2 positions – members.

The General Shareholders Meeting as of September 2<sup>nd</sup> 2019 approved the appointment of Mrs. Alexandra Habeler-Drabek and Mr. Bernhard Spalt in the position of members of the Supervisory Board. At December 31<sup>st</sup> 2019, the 2 members were under NBR authorization process.

During 2019, the following changes in the Supervisory Board membership took place:

- Mr. Gernot Mittendorfer resigned from the position of Supervisory Board member as of 01.07.2019;
- Mr. Andreas Treichl resigned from the position of Supervisory Board deputy chairman as of 1.01.2020;
- BCR was informed on December 20th 2019 about the death of Mr. Brian O'Neill.

#### **The Members of the Management Board as of 31.12.2019 were as follows:**

1. **Sergiu Cristian MANEA** – Executive President, Chairman of the Management Board - mandate valid until 28.02.2022;
2. **Elke MEIER** – Executive Vice-President coordinating the Financial functional line, Member of the Management Board - mandate valid until 31.12.2020;
3. **Frank Michael BEITZ** – Executive Vice-President, coordinator of the Risk functional line, Member of the Management Board - mandate valid until 31.12.2019;
4. **Dana Luciana DIMA** - Executive Vice-President coordinating the Retail and Private Banking functional line, Member of the Management Board - mandate valid until 31.10.2021;
5. **Ryszard Ferdynand DRUŻYŃSKI** - Executive Vice-President coordinating the Operations & IT functional line, Member of the Management Board - mandate valid until 31.12.2020.

In the meeting of the Supervisory Board of the BCR on 14.06.2019, Mrs Ilinka Kajgana was appointed as Executive Vice President, coordinator of the Risk functional line, taking over the duties as of 1.01.2020, after receiving the approval of the NBR on 17.12.2019.

Management Board members meet the general conditions provided by the law and the special conditions of the Banking Law, National Bank's regulations, and Recruitment and Remuneration Policy of BCR Group management.

Professional experience details of Management Board may be found on the following link: <https://www.bcr.ro/en/about-us/bcr-management>.

There are no litigation or administrative proceedings in the records of the bank involving the members of the Supervisory Board or the Management Board of BCR.



## 5. Financial highlights

### 5.1. Statements of financial position

The structure and evolution of the Group's main asset, liability and equity categories are presented below.

ASSETS	Group				Bank			
	31.12.2019	31.12.2018	31.12.2017	2019/2018%	31.12.2019	31.12.2018	31.12.2017	2019/2018%
<b>in RON thousands</b>								
Cash and cash balances	9,006,518	11,123,191	11,369,344	-19.0%	8,724,971	10,862,852	11,245,387	-19.7%
Financial assets held for trading	429,356	213,965	104,694	100.7%	429,356	214,032	104,694	100.5%
Derivatives	40,100	31,062	41,449	29.1%	40,100	31,189	41,449	28.6%
Other financial assets held for trading	389,256	182,903	63,245	112.8%	389,256	182,903	63,245	112.8%
Financial assets designated at fair value through profit or loss			15,131	x			5,131	x
Non-trading financial assets mandatorily at fair value through profit or loss	93,872	39,395	-	138.3%	93,620	39,152	-	139.1%
Equity instruments	40,388	33,475	-	20.7%	40,136	33,232	-	20.8%
Debt securities	49,922	-	-	x	49,922	-	-	x
Loans and advances to customers	3,562	5,920	-	-39.8%	3,562	5,920	-	-39.8%
Financial assets available for sale			6,599,950	x			6,146,992	x
thereof pledged as collateral			141,831	x			557,101	x
Financial assets at fair value through other comprehensive income	6,117,844	5,222,081	-	17.2%	6,115,902	5,187,019	-	17.9%
Equity investments	-	40,721	-	-100.0%	-	40,721	-	-100.0%
Debt securities	6,117,844	5,181,360	-	18.1%	6,115,902	5,146,298	-	18.8%
thereof pledged as collateral	56,341	-	-	x	56,341	41,748	-	35.0%
Financial assets - held to maturity			14,756,894	x			13,375,729	x
thereof pledged as collateral			-	x			551,355	x
Loans and advances to banks			2,215,113	x			2,420,035	x
Loans and advances to customers			33,490,883	x			32,020,306	x
Financial assets at amortised cost	54,899,081	50,843,219	-	8.0%	53,019,313	48,732,568	-	8.8%
thereof pledged as collateral	739,503	690,952	-	7.0%	2,087,276	1,693,280	-	23.3%
Debt securities	15,735,188	15,879,108	-	-0.9%	14,422,788	14,297,905	-	0.9%
Loans and advances to banks	661,437	123,840	-	434.1%	661,086	388,848	-	70.0%
Loans and advances to customers	38,502,456	34,840,271	-	10.5%	37,935,439	34,045,815	-	11.4%
Finance lease receivables	1,117,933	990,868	-	12.8%	3,399	-	-	x
Property and equipment	937,267	1,189,260	-	-19.8%	837,505	760,646	-	10.1%
Investment property	161,181	162,806	1,315,683	-1.0%	161,181	162,806	1,015,988	-1.0%
Intangible assets	359,085	361,898	121,490	-0.8%	348,582	354,020	121,490	-1.5%
Investments in joint ventures and associates	24,553	20,027	320,872	22.6%	17,035	7,509	314,231	126.9%
Current tax assets	238,752	181,800	17,375	31.3%	235,928	178,822	7,509	31.9%
Deferred tax assets	133,857	202,165	86,736	-9.1%	172,780	197,061	83,435	-12.3%
Assets held for sale	646,396	161,114	168,778	301.2%	210,704	117,699	157,361	79.0%
Trade and other receivables	425,060	563,014	43,039	-24.5%	408,778	543,179	14,792	-24.7%
Investments in subsidiaries	-	-	-	x	488,077	403,152	533,510	21.1%
Other assets	297,604	275,502	305,257	8.0%	173,821	148,677	157,895	16.9%
<b>Total assets</b>	<b>74,938,359</b>	<b>71,530,305</b>	<b>70,931,239</b>	<b>4.8%</b>	<b>71,440,952</b>	<b>67,909,254</b>	<b>67,734,485</b>	<b>5.2%</b>

Total assets of BCR as at 31 December 2019 amounted to RON 71,440,952 thousands, increasing by 5.2% compared to 31 December 2018 (RON 67,909,254 thousands). At Group level, the total assets increased by 4.8% from RON 71,530,305 thousands as at 31 December 2018 to RON 74,938,359 thousands as at 31 December 2019.



Liabilities and Equity in RON thousands	Group				Bank			
	31.12.2019	31.12.2018	31.12.2017	2019/2018%	31.12.2019	31.12.2018	31.12.2017	2019/2018%
Financial liabilities held for trading	73,498	32,988	44,661	122.8%	73,498	32,988	44,661	122.8%
Derivatives	73,498	32,988	44,661	122.8%	73,498	32,988	44,661	122.8%
Financial liabilities measured at amortised cost	63,678,655	6168,808	62,007,067	3.3%	61,395,958	58,326,984	58,920,983	5.3%
Deposits from banks	1,266,201	2,127,723	3,205,191	-40.5%	2,534,084	3,076,973	4,180,001	-17.6%
Borrowings and financing lines	2,105,646	2,408,375	2,249,500	-12.6%	572,786	672,249	838,133	-14.8%
Deposits from customers	57,791,780	55,098,959	52,496,062	4.9%	55,775,424	52,593,690	49,885,158	6.0%
Debt securities issued	784,402	349,153	539,648	124.7%	784,402	349,153	539,648	124.7%
Subordinated loans	1,067,313	1,041,982	2,371,499	2.4%	1,067,313	1,041,982	2,371,499	2.4%
Other financial liabilities	663,313	592,616	1,145,167	11.9%	661,949	592,937	1,106,544	11.6%
Finance lease liabilities	327,050	-	-	x	323,721	-	-	x
Provisions	1,779,611	1,516,888	1,192,565	54.5%	1,049,481	1,120,255	1,149,625	-6.3%
Current tax liabilities	2,882	97,782	230	-97.1%	-	97,110	-	-100.0%
Deferred tax liabilities	8,303	-	25	x	-	-	-	x
Liabilities associated with assets held for sale	244,193	15,438	12,819	1481.8%	-	-	-	x
Other liabilities	352,457	246,887	234,759	42.8%	293,240	193,842	174,559	51.3%
<b>Total equity</b>	<b>8,471,710</b>	<b>8,366,714</b>	<b>7,439,113</b>	<b>1.3%</b>	<b>8,305,054</b>	<b>8,138,075</b>	<b>7,444,657</b>	<b>2.1%</b>
Share capital	2,952,565	2,952,565	2,952,565	0.0%	2,952,565	2,952,565	2,952,565	0.0%
Retained earnings	3,882,594	3,766,482	2,667,566	3.1%	3,706,526	3,525,615	2,654,298	5.1%
Other reserves	1,636,551	1,647,667	1,818,982	-0.7%	1,645,963	1,659,895	1,837,794	-0.8%
attributable to non-controlling interest	52	46	36	13.0%	-	-	-	x
attributable to owners of the parent	8,471,658	8,366,668	7,439,077	1.3%	-	-	-	x
<b>Total liabilities and equity</b>	<b>74,938,359</b>	<b>71,530,305</b>	<b>70,931,239</b>	<b>4.8%</b>	<b>71,440,952</b>	<b>67,909,254</b>	<b>67,734,485</b>	<b>5.2%</b>



## 5. Financial highlights (continued)

### 5.2. Profit or Loss

in RON thousands	Group				Bank			
	31.12.2019	31.12.2018	31.12.2017	2019/2018%	31.12.2019	31.12.2018	31.12.2017	2019/2018%
<b>Net interest income (1)</b>	<b>2,256,271</b>	<b>2,047,195</b>	<b>1,764,197</b>	<b>10.2%</b>	<b>2,139,209</b>	<b>1,946,477</b>	<b>1,678,727</b>	<b>9.9%</b>
Interest income	2,661,708	2,488,627	2,195,669	7.0%	2,568,106	2,392,496	2,038,192	7.3%
Other similar income	86,783	95,434	40,835	-9.1%	26,923	38,489	40,571	-30.1%
Interest expense	(451,566)	(513,662)	(451,079)	-12.1%	(416,360)	(461,631)	(378,830)	-9.8%
Other similar expense	(40,654)	(23,204)	(21,228)	75.2%	(39,460)	(22,877)	(21,206)	72.5%
<b>Net fee and commission income (2)</b>	<b>780,609</b>	<b>706,814</b>	<b>700,738</b>	<b>10.4%</b>	<b>747,972</b>	<b>673,853</b>	<b>661,160</b>	<b>11.0%</b>
Fee and commission income	946,460	881,176	845,336	7.4%	900,910	824,162	792,219	9.3%
Fee and commission expense	(165,851)	(174,362)	(144,598)	-4.9%	(152,938)	(160,309)	(131,059)	17%
Dividend income (3)	2,569	3,731	4,155	-31.1%	5,994	11,684	19,872	36.9%
Net trading result (4)	346,346	431,709	329,191	-19.8%	337,792	426,985	329,214	-20.9%
Gains(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss (5)	15,569	18,429	1,689	-15.5%	15,569	18,429	1,689	-15.5%
Foreign currency translation (6)	(9,475)	(3,347)	23,815	183.1%	(5,307)	(6,209)	17,251	-14.5%
Net result from equity method investments (7)	(390)	2,651	807	-114.7%	-	-	-	x
Rental income from investment properties and other operating leases (8)	98,919	78,388	63,289	26.2%	11,158	11,045	9,840	10%
Personnel expenses (9)	(775,980)	(780,810)	(741,664)	-0.6%	(688,348)	(684,947)	(661,913)	-2.4%
Other administrative expenses (10)	(685,214)	(671,461)	(635,573)	2.0%	(713,793)	(689,897)	(652,791)	3.5%
Depreciation and amortisation (11)	(242,258)	(197,901)	(166,983)	22.4%	(211,820)	(136,238)	(117,269)	55.5%
<b>Operating Income (1+2+3+4+5+6+7+8)</b>	<b>3,490,418</b>	<b>3,285,570</b>	<b>2,887,881</b>	<b>6.2%</b>	<b>3,262,387</b>	<b>3,082,264</b>	<b>2,717,753</b>	<b>5.8%</b>
<b>Operating Expenses (9+10+11)</b>	<b>(1,703,462)</b>	<b>(1,650,172)</b>	<b>(1,544,220)</b>	<b>3.2%</b>	<b>(1,593,961)</b>	<b>(1,511,082)</b>	<b>(1,431,973)</b>	<b>5.5%</b>
<b>Operating Result</b>	<b>1,786,956</b>	<b>1,635,398</b>	<b>1,343,661</b>	<b>9.3%</b>	<b>1,668,426</b>	<b>1,571,182</b>	<b>1,285,780</b>	<b>6.2%</b>
Gains(losses) from derecognition of financial assets measured at amortised cost	(485)	-	-	x	(485)	-	-	x
Other gains(losses) from derecognition of financial instruments not measured at fair value through profit or loss	(29,413)	2,221	151	-1424.3%	(29,413)	2,221	151	-1424.3%
Net impairment loss on financial instruments	61,816	(121,217)	(32,418)	-1510%	6,273	(122,361)	(22,699)	-105.1%
Other operating result	(923,113)	(87,920)	(406,259)	949.9%	(705,238)	(260,487)	(456,210)	170.7%
<b>Pre-tax result from continuing operations</b>	<b>895,761</b>	<b>1,428,482</b>	<b>905,135</b>	<b>-37.3%</b>	<b>939,563</b>	<b>1,190,555</b>	<b>807,022</b>	<b>-21.1%</b>
Taxes on income	(302,495)	(226,219)	(237,008)	33.7%	(287,654)	(220,108)	(236,712)	30.7%
<b>Net result for the period</b>	<b>593,266</b>	<b>1,202,263</b>	<b>668,127</b>	<b>-50.7%</b>	<b>651,909</b>	<b>970,447</b>	<b>570,310</b>	<b>-32.8%</b>
Net result attributable to non-controlling interests	6	10	6	-40.0%	-	-	-	x
<b>Net result attributable to owners of the parent</b>	<b>593,260</b>	<b>1,202,253</b>	<b>668,121</b>	<b>-50.7%</b>	<b>651,909</b>	<b>970,447</b>	<b>570,310</b>	<b>-32.8%</b>



## 5. Financial highlights (continued)

### 5.3. Cash Flow

in RON thousands	Group			Bank		
	31.12.2019	31.12.2018	31.12.2017	31.12.2019	31.12.2018	31.12.2017
<b>Net result for the period</b>	<b>593,266</b>	<b>1,202,263</b>	<b>668,127</b>	<b>651,909</b>	<b>970,447</b>	<b>570,310</b>
<b>Non-cash adjustments for items in net result for the period</b>						
Depreciation, amortisation of assets	242,258	197,901	166,983	211,820	136,238	117,269
Allocation and release of impairment of loans	105,368	170,821	123,719	152,367	146,466	83,983
Gains/(losses) from the sale of tangible and intangible assets	8,827	(7,945)	(2,194)	(30,014)	(12,648)	(2,790)
Gains/(Losses) on disposal of non-current assets held for sale	(99,969)	-	-	(82,727)	-	-
Other provisions	630,290	(28,969)	131,401	(70,774)	(17,448)	131,401
Impairment of subsidiaries	-	-	-	583,430	166,410	97,410
Impairment tangible and intangible assets	93,528	94,636	73,560	48,065	96,024	70,375
Current and deferred tax not paid	-	(6,908)	237,008	-	(3,610)	236,712
Other adjustments	60,804	(12,284)	186,978	48,767	(12,242)	214,581
<b>Adjustments for items in net profit/(loss) for the year</b>	<b>(547,247)</b>	<b>(542,504)</b>	<b>(345,444)</b>	<b>(511,594)</b>	<b>(510,827)</b>	<b>(326,015)</b>
Interest income from investing activities	(668,354)	(672,116)	(480,410)	(628,884)	(615,632)	(433,008)
Interest expense for financing activities	121,107	129,612	134,966	129,828	112,758	122,710
Dividend income from investing activities	-	-	-	(12,538)	(7,953)	(15,717)
<b>Changes in assets and liabilities from operating activities after adjustment for non-cash components</b>						
Financial assets - held for trading	(206,353)	(119,658)	496,468	(206,353)	(119,658)	496,468
Non-trading financial assets mandatorily at fair value through profit or loss	2,358	14,720	-	2,358	14,720	-
Financial assets - available for sale	-	-	(1,076,739)	-	-	(1,328,131)
Financial assets at fair value through other comprehensive income	(936,332)	51,679	-	(967,632)	58,044	-
<b>Financial assets - held to maturity</b>	<b>-</b>	<b>-</b>	<b>(3,117,152)</b>	<b>-</b>	<b>-</b>	<b>(2,841,802)</b>
Loans and advances to credit institutions	-	-	(1,663,796)	-	-	(1,770,134)
Loans and advances to customers	-	-	(1,453,356)	-	-	(1,071,668)
<b>Financial assets at amortised cost</b>	<b>(4,294,261)</b>	<b>(1,067,033)</b>	<b>-</b>	<b>(4,183,227)</b>	<b>(769,762)</b>	<b>-</b>
Loans and advances to banks	(537,597)	2,075,058	-	(336,785)	2,015,026	-
Loans and advances to customers	(3,629,599)	(3,142,091)	-	(3,843,043)	(2,784,788)	-
Finance lease receivables	(127,065)	-	-	(3,399)	-	-
Other assets from operating activities	(201,049)	29,754	47,667	(183,480)	9,771	27,539
Financial liabilities - held for trading	-	-	-	-	-	-
Financial liabilities - at fair value through profit or loss	-	-	-	-	-	-
Financial liabilities measured at amortised cost	1,743,887	1,002,933	2,966,909	2,657,962	1,120,652	3,483,210
Deposits from banks	(1,019,631)	(1,048,821)	(1,742,276)	(592,784)	(1,075,682)	(1,446,082)
Deposits from customers	2,692,822	2,604,305	4,273,014	3,181,734	2,709,941	4,530,880
Debt securities issued	-	-	-	-	-	-
Other financial liabilities	70,697	(552,551)	436,171	69,013	(513,607)	398,412
Repayment of principal of lease liabilities (IFRS 16)	(42,906)	-	-	(41,745)	-	-
Other liabilities from operating activities	132,390	12,131	(82,544)	99,396	19,283	(68,167)
<b>Cash flow from operating activities</b>	<b>(2,715,141)</b>	<b>991,537</b>	<b>474,747</b>	<b>(1,821,471)</b>	<b>1,291,860</b>	<b>962,353</b>

## 5. Financial highlights (continued)

in RON thousands	Group			Bank		
	31.12.2019	31.12.2018	31.12.2017	31.12.2019	31.12.2018	31.12.2017
<b>Proceeds of disposal</b>	<b>1,364,712</b>	<b>1,261,843</b>	<b>1,851,159</b>	<b>1,011,954</b>	<b>922,799</b>	<b>1,549,878</b>
Financial assets - held to maturity	-	-	1,761,132	-	-	1,536,610
Debt securities at amortised cost	1,119,754	998,355	-	804,821	684,090	-
Financial assets at fair value through other comprehensive income	727	198,641	-	727	198,641	-
Property and equipment, intangible assets and investment properties	103,414	64,847	90,027	65,588	40,068	13,268
Assets held for sale	140,817	-	-	140,817	-	-
<b>Acquisition of</b>	<b>(1,352,129)</b>	<b>(1,408,856)</b>	<b>(3,002,011)</b>	<b>(1,083,327)</b>	<b>(1,122,831)</b>	<b>(2,804,596)</b>
Financial assets - held to maturity	-	-	(2,640,477)	-	-	(2,594,013)
Debt securities at amortised cost	(976,785)	(1,013,296)	-	(928,609)	(926,943)	-
Property and equipment, intangible assets and investment properties	(375,344)	(395,560)	(361,534)	(154,718)	(195,888)	(210,583)
Contribution to increase in share capital of subsidiaries and investments in associates	(4,526)	-	-	(682,525)	(30,000)	(22,079)
Interest received from investing activities	668,354	656,890	480,410	628,884	603,157	433,008
Dividends received from investing activities	-	-	-	12,538	7,953	15,717
<b>Cash flow from investing activities</b>	<b>676,411</b>	<b>509,877</b>	<b>(670,442)</b>	<b>(112,477)</b>	<b>381,078</b>	<b>(828,072)</b>
Dividends paid to equity holders of the parent	(484,630)	(213,476)	-	(484,630)	(213,476)	-
Dividends paid to non-controlling interests	(487)	(14,587)	-	(487)	(14,587)	-
Debt securities redeemed	(187,233)	(219,251)	(80,005)	(187,233)	(219,251)	(80,005)
Debt securities issued	600,000	-	-	600,000	-	-
Inflows from other financing activities	364,106	782,144	460,257	-	-	-
Outflows from other financing activities	(302,394)	(1,950,510)	(592,142)	(73,785)	(1,492,303)	(335,057)
Interest expense paid for financing activities	(67,305)	(131,887)	(134,966)	(57,798)	(115,856)	(122,710)
Other financing activities	(19,268)	(32,004)	(33,209)	(9,761)	(15,973)	(20,953)
Subordinated loans	(48,037)	(99,883)	(101,757)	(48,037)	(99,883)	(101,757)
<b>Cash flow from financing activities</b>	<b>(77,943)</b>	<b>(1,747,567)</b>	<b>(346,856)</b>	<b>(203,933)</b>	<b>(2,055,473)</b>	<b>(537,772)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,123,191</b>	<b>11,369,344</b>	<b>11,911,895</b>	<b>10,862,852</b>	<b>11,245,387</b>	<b>11,648,878</b>
Cash flow from operating activities	(2,715,141)	991,537	474,747	(1,821,471)	1,291,860	962,353
Cash flow from investing activities	676,411	509,877	(670,442)	(112,477)	381,078	(828,072)
Cash flow from financing activities	(77,943)	(1,747,567)	(346,856)	(203,933)	(2,055,473)	(537,772)
<b>Cash and cash equivalents at end of period</b>	<b>9,006,518</b>	<b>11,123,191</b>	<b>11,369,344</b>	<b>8,724,971</b>	<b>10,862,852</b>	<b>11,245,387</b>



**Subsequent events:**

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). The situation at year end, was that a limited number of cases of an unknown virus had been reported to the World Health Organization. In the first few months of 2020, the virus had spread globally and its negative impact has gained momentum. Management considers that this outbreak to be a non-adjusting post balance sheet event. While this is still an evolving situation at the time of issuing these financial statements, to date there has been no discernible impact on the Group's operations, however the future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

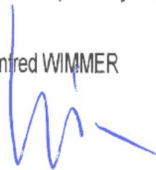
**6. Annexes**

The following documents are annexed to this report:

1. The bank's constitutive act valid at 31 December 2019;
2. Resignation/dismissal acts among members of the executive management;
3. List of the subsidiaries of the issuer and entities controlled or controlling the issuer;
4. Statement of Compliance of the members of the Executive Committee who assume responsibility for the preparation of the Financial Statements;
5. Financial Statements as at 31 December 2019;
6. Auditors' report.

Chairman of the Supervisory Board,

Manfred WIMMER

A handwritten signature in blue ink, appearing to read 'Manfred Wimmer', is written over the printed name.