



Banca Comercială Română S. A.
No. CFO Office: **14/10.08.2021**
Supervisory Board

Semi-Annual Administrators' Report

as at 30 June 2021

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

Report issued: 05 August 2021

Name of legal entity:	Banca Comercială Română S.A.
Headquarters:	159 Calea Plevnei street, Sector 6, Bucharest, postal code 060013
Contact:	
	Tel No. InfoBCR: 0800.801.227 +4021.407.42.00
	Website www.bcr.ro
	Email: contact.center@bcr.ro
Registration Number in the Trade Register:	J40/90/1991
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 lei
The regulated market on which the bonds are issued:	Luxemburg Stock Exchange (www.bourse.lu) Bucharest Stock Exchange (www.bvb.ro)
The main characteristics of the bonds issued by BCR S.A.	Issuance in amount of EUR 2,000,000, ISIN XS0675038649 Issuance in amount of RON 600,000,000, ISIN ROEAZVK5DFP8 Issuance in amount of RON 1,000,000,000, ISIN RO1AQREPLMW7



1. Economic and financial statements

1.1 Company presentation

Banca Comerciala Romana (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 18 commercial centres and area centres and 16 mobile offices dedicated to companies and 370 retail units located in the majority cities with a population of over 10,000 inhabitants from all across the country.

Bank and subsidiaries

During 2021, Banca Comerciala Romana Group ("BCR Group" or "the Group") comprised the parent bank, Banca Comerciala Romana S.A. and its subsidiaries, presented in the following table:

Company's Name	Country of incorporation	Nature of the business	Shareholding	
			30 June 2021	31 December 2020
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 Management	99.99%	99.99%
BCR Banca pentru Locuinte SA	Romania	Housing loans	99.99%	99.99%
Suport Colect SRL	Romania	Workout	99.99%	99.99%
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

The participation held in Fleet Management SRL was maintained as asset held for sale during 2021.

Group structure has not changed since 31 December 2020.

1. Economic and financial statements (continued)

1.2 Financial accounting statements

	Group			Bank		
In RON thousands	30.06.2021	31.12.2020	H1 2021/ 2020 %	30.06.2021	31.12.2020	H1 2021/ 2020 %
Assets						
Cash and cash balances	10,851,882	10,538,199	3.0%	10,628,215	10,193,736	4.3%
Financial assets held for trading	1,013,555	1,248,822	-18.8%	1,013,555	1,248,822	-18.8%
Derivatives	410,12	39,891	2.8%	410,12	39,891	2.8%
Other financial assets held for trading	972,543	1,208,931	-19.6%	972,543	1,208,931	-19.6%
Non-trading financial assets mandatorily at fair value through profit or loss	68,130	104,739	-35.0%	67,895	104,504	-35.0%
Equity instruments	35,238	75,033	-53.0%	35,003	74,798	-53.2%
Debt securities	312,886	27,781	12.6%	312,886	27,781	12.6%
Loans and advances to customers	1606	1925	-16.6%	1606	1925	-16.6%
Financial assets at fair value through other comprehensive income	8,308,171	7,536,126	10.2%	8,241,318	7,511,525	9.7%
Debt securities	8,308,171	7,536,126	10.2%	8,241,318	7,511,525	9.7%
Financial assets at amortised cost	58,503,245	57,990,947	0.9%	58,949,589	57,372,656	2.7%
Debt securities	14,217,455	14,827,570	-4.1%	14,039,671	13,986,991	0.4%
thereof pledged as collateral	289,367	421,310	-31.3%	174,638	141,847	23.3%
Loans and advances to banks	1,308,921	2,028,021	-35.5%	1,308,807	2,026,208	-35.4%
Loans and advances to customers	42,976,869	41,135,356	4.5%	43,601,111	41,359,457	5.4%
Finance lease receivables	1,393,084	1,301,380	7.0%	1,278,1	15,106	-15.4%
Property and equipment	820,366	863,743	-5.0%	765,089	803,005	-4.7%
Investment property	150,499	171,860	-12.4%	150,499	171,860	-12.4%
Intangible assets	332,749	348,900	-4.6%	322,342	339,662	-5.1%
Investments in joint ventures and associates	39,053	39,031	0.1%	33,470	33,470	0.0%
Current tax assets	185,156	230,979	-19.8%	182,155	227,831	-20.0%
Deferred tax assets	165,661	173,378	-4.5%	157,092	165,784	-5.2%
Assets held for sale	546,097	625,253	-12.7%	54,643	92,247	-71.6%
Trade and other receivables	500,962	563,885	-11.2%	485,703	548,097	-11.4%
Investments in subsidiaries	-	-	x	448,521	448,521	0.0%
Other assets	297,380	249,430	19.2%	199,443	161,407	23.6%
Total assets	83,175,990	81,986,672	1.5%	81,712,310	79,538,233	2.7%
Liabilities and Equity						
Financial liabilities held for trading	35,597	52,051	-31.6%	35,597	52,051	-31.6%
Derivatives	35,597	52,051	-31.6%	35,597	52,051	-31.6%
Financial liabilities measured at amortised cost	70,382,127	69,847,085	0.8%	70,010,897	68,527,999	2.2%
Deposits from banks	3,042,403	3,606,774	-16.6%	3,749,866	3,579,224	4.8%
Deposits from customers	64,712,545	64,876,774	-0.3%	63,648,415	63,591,718	0.1%
Debt securities issued	1,635,524	614,801	166.0%	1,635,524	614,801	166.0%
Other financial liabilities	99,1655	748,736	32.4%	977,092	742,256	31.6%
Finance lease liabilities	432,852	428,737	1.0%	432,329	426,424	1.4%
Provisions	1,892,135	1,857,633	1.9%	1,212,381	1,145,984	5.8%
Current tax liabilities	67,114	2,985	2148.4%	64,286	-	x
Deferred tax liabilities	14,482	11,833	22.4%	-	-	x
Liabilities associated with assets held for sale	111,319	150,294	-25.9%	-	-	x
Other liabilities	279,645	291,133	-3.9%	230,557	234,409	-1.6%
Total equity	9,960,719	9,344,921	6.6%	9,726,263	9,151,366	6.3%
Share capital	2,952,565	2,952,565	0.0%	2,952,565	2,952,565	0.0%
Retained earnings	5,224,517	4,630,443	12.8%	4,974,604	4,419,688	12.6%
Other reserves	1,783,637	1,761,913	1.2%	1,799,094	1,779,113	1.1%
attributable to non-controlling interest	45	43	4.7%	-	-	x
attributable to owners of the parent	9,960,674	9,344,878	6.6%	-	-	x
Total liabilities and equity	83,175,990	81,986,672	1.5%	81,712,310	79,538,233	2.7%

As at 30 June 2021, total assets of the Group increased to RON 83,175,990 thousand versus RON 81,986,672 thousand as at 31st of December 2020. The significant variations are described in chapter 2.3 "Issuer's performance"

1. Economic and financial statements (*continued*)

1.2 Financial accounting statements (*continued*)

Statement of income

	Group			Bank		
in RON thousands	30.06.2021	30.06.2020	H1 2021/ H1 2020 %	30.06.2021	30.06.2020	H1 2021/ H1 2020 %
Net interest income	1,196,032	1,187,833	0.7%	1,140,572	1,125,579	1.3%
Interest income	1,359,316	1,413,483	-4.0%	1,294,867	1,339,890	-3.5%
Interest expense	(163,284)	(225,650)	-38.2%	(154,295)	(214,311)	-38.9%
Net fee and commission income	383,774	316,235	17.6%	353,750	296,557	16.2%
Fee and commission income	499,389	417,111	16.5%	463,744	391,162	15.7%
Fee and commission expense	(115,615)	(100,876)	12.7%	(109,994)	(94,605)	14.0%
Dividend income	3,148	3,312	-5.2%	4,243	3,274	22.8%
Net trading result	171,466	142,922	16.6%	171,126	141,841	17.1%
Gain/(losses) from financial instruments measured at fair value through profit or loss	2,649	(25)	100.9%	2,649	(25)	100.9%
Net result from equity method investments	385	(442)	214.8%	-	-	x
Rental income from investment properties and other operating leases	56,838	53,702	5.5%	2,981	4,870	-63.4%
Personnel expenses	(384,272)	(411,059)	-7.0%	(355,103)	(348,958)	1.7%
Other administrative expenses	(302,486)	(288,177)	4.7%	(297,273)	(298,462)	-0.4%
Depreciation and amortisation	(115,018)	(106,058)	7.8%	(109,809)	(100,085)	8.9%
Net impairment loss on financial instruments	(77,234)	(169,935)	-120.0%	(59,522)	(157,077)	-163.9%
Other operating result	(91,588)	(56,559)	38.2%	(56,367)	(22,903)	59.4%
Pre-tax result from continuing operations	843,694	671,749	20.4%	797,247	644,611	19.1%
Taxes on income	(152,885)	(172,870)	-13.1%	(145,641)	(166,243)	-14.1%
Net result for the period	690,809	498,879	27.8%	651,606	478,368	26.6%
Net result attributable to non-controlling interests	2	2	0.0%	-	-	x
Net result attributable to owners of the parent	690,807	498,877	27.8%	651,606	478,368	26.6%

1. Economic and financial statements (continued)

1.2 Financial accounting statements (continued)

Statement of cash flows

in RON thousands	Group			Bank		
	30.06.2021	30.06.2020	H1 2021/ H1 2020 %	30.06.2021	30.06.2020	H1 2021/ H1 2020 %
Net result for the period	690,809	498,879	38%	651,606	478,368	36%
Non-cash adjustments for items in net profit/(loss) for the year						
Depreciation, amortisation of assets	115,018	106,058	8%	109,809	100,085	10%
Allocation to and release of impairment of loans	50,869	37,100	-86%	39,901	353,660	-89%
Gains/(losses) from the sale of tangible, intangible assets and assets held for sale	(93,641)	5,378	-164%	(18,296)	2,888	-733%
Other provisions	34,588	-	x	66,397	-	x
Impairment tangible and intangible assets	44,510	-	x	125	-	x
Interest income received from investing activities	(325,592)	(339,919)	-4%	(317,765)	(324,081)	-2%
Interest expense paid for financing activities	102,696	56,203	83%	38,781	61,546	-37%
Dividend income from investing activities	-	-	x	(722)	-	x
Other adjustments	(34,815)	(47,754)	-27%	2,172	(33,305)	-107%
Changes in assets and liabilities from operating activities after adjustment for non-cash components						
Financial assets - held for trading	236,389	(114,632)	-306%	236,389	(114,632)	-306%
Financial assets - at fair value through profit or loss	319	-	x	319	-	x
Financial assets at fair value through other comprehensive income	(775,897)	(37,067)	1993%	(735,662)	925	-79618%
Financial assets at amortised cost						
Loans and advances to banks	719,100	222,707	223%	718,940	226,874	217%
Loans and advances to customers	(1829,784)	(855,902)	114%	(2,220,601)	(1,084,996)	105%
Finance lease receivables	(91,703)	-	x	2,324	-	x
Other assets from operating activities	81,903	(60,807)	-235%	97,976	(72,853)	-234%
Deposits from banks	(217,234)	(713,920)	-70%	318,311	(669,428)	-148%
Deposits from customers	(64,229)	1,764,075	-109%	56,697	1,905,845	-97%
Other financial liabilities	242,919	244,984	-1%	234,836	233,304	1%
Other liabilities from operating activities	(14,423)	(20,517)	-30%	(3,854)	8,681	-144%
Cash flow from operating activities	(1,228,197)	1,078,774	-214%	(722,317)	1,072,880	-167%
Proceeds of disposal						
Financial assets at fair value through other comprehensive income	1,867,749	-	x	919,974	-	x
Property and equipment, intangible assets, investment properties and assets held for sale	201,176	39,016	416%	190,705	31,902	498%
Acquisition of						
Debt securities at amortised cost	(1,257,310)	817,538	-254%	(972,754)	320,901	-403%
Property and equipment, intangible assets and investment properties	(37,395)	(195,816)	-81%	(40,654)	(65,034)	-74%
Contribution to increase in share capital of subsidiaries	-	(4,535)	-100%	-	(4,535)	-100%
Interest received from investing activities	325,592	339,897	-4%	317,765	324,081	-2%
Dividends received from investing activities	-	-	x	722	-	x
Cash flow from investing activities	1,099,813	996,100	10%	415,758	517,315	-20%
Dividends paid to equity holders of the parent	(7,1695)	-	x	(7,1695)	-	x
Dividends paid to non-controlling interests	(84)	-	x	(84)	-	x
Debt securities issued	1,000,000	(141,488)	-807%	1,000,000	(141,488)	-807%
Outflows from other financing activities	(456,258)	(329,685)	38%	(160,205)	(57,635)	178%
Interest expense paid for financing activities	(29,896)	(37,594)	-20%	(26,979)	(28,845)	-6%
Other financing activities	(6,599)	(13,413)	-51%	(3,682)	(4,664)	-21%
Subordinated loans	(23,297)	(24,181)	-4%	(23,297)	(24,181)	-4%
Cash flow from financing activities	442,067	(508,767)	-187%	741,037	(227,968)	-425%
Cash and cash equivalents at beginning of period	10,538,199	9,006,518	17%	10,193,736	8,724,971	17%
Cash flow from operating activities	(1,228,197)	1,078,774	-214%	(722,317)	1,072,880	-167%
Cash flow from investing activities	1,099,813	996,100	10%	415,758	517,315	-20%
Cash flow from financing activities	442,067	(508,767)	-187%	741,037	(227,968)	-425%
Cash and cash equivalents at end of period	10,851,882	10,572,625	3%	10,628,215	10,087,198	5%

As at 30 June 2021, liquidity indicator calculated in accordance with NBR Regulation 25/2011 subsequently amended and supplemented was between 1.57 and 21.42 (considering the remaining maturity of assets and liabilities), while as at 31st of December 2020 was between 1.68 and 26.94.

2. Analysis of the issuer's activity

2.1. Outlook on issuer's activity

2021 – 2022 economic outlook

Our GDP growth forecast stands at +6.7% in 2021 and +4.5% in 2022.

Most mobility and business restrictions are already lifted, and large urban areas have significant immunization rates, enabling active population to resume consumer spending.

Inflows of EU funds from the Recovery and Resilience Program on top of allocation from the Multiannual Financial Framework should keep GDP growth close to 5.0% over the next five years. Our baseline scenario assumes that the government taps the allocated EU funds, though we considered a quite conservative GDP growth multiplier from state investments. The government has committed to a series of structural reforms, including pensions and state wage bills to address the rigid structure of government expenditures, in the agreement with the European Commission for the Recovery and Resilience Facility. The risk to our call is that the politicians would turn complacent due to significant resources and this would lead to reform fatigue, delaying the EU inflows and even risking losing some of the allocated funding as unpopular decisions are likely to be avoided as we approach 2024 with its heavy election calendar.

Over the next couple of years, risks are related to the immunization campaign and possible resurgence of new Covid waves triggered by new strains if the vaccination process stumbles.

The inflation resurgence after the heavy fiscal stimulus in the US in the context of ultra-loose monetary policy conditions across the globe could force central banks to pre-emptively raise interest rates before the recovery is well entrenched, derailing the strong growth prospects.

Balance Sheet developments

Loan production will continue to be key growth driver for the balance sheet, BCR Group expecting a high-single digit increase in 2021, sustained by both Retail and Corporate segments.

Retail loans portfolio is assumed to increase in 2021 on the account of dynamic consumer lending and strong mortgages, housing standard being predominant within growth composition. Corporate is expected to see in 2021 a high-single digit increase in lending portfolio, with positive developments in almost in all segments.

On the **liabilities side**, deposits will continue their upward trend in line with BCR strategy to capitalize on its customer deposit base and with focus on digitalization.

Income Statements developments

Net interest income will be expected to improve marginally in 2021 on the back of loose monetary policy during 2020-2021.

Following the decrease in 2020, second key income component, **net fee and commission income**, is expected to recover in 2021 driven by card payments and brokerage fees despite the challenging environment. **Net trading result** backslides in 2021 on base effect due to better results in trading activities of the previous year.

2. Analysis of the issuer's activity (continued)

2.1. Outlook on issuer's activity (continued)

In the current context, **operating income** will speed up in 2021.

Lower **operating expense** in 2021 vs. 2020 is targeted in an effort to improve operating efficiency underpinned by good cost management.

Lower **risk cost** forecasted for end of 2021 as compared to previous year, given the bank's conservative approach of provisioning in 2020, anticipating COVID-19 crisis' lagged effects (implementation of stage overlays methodology, update of risk parameters with new, worse forward-looking information, more conservative thresholds used in staging, unlikely to pay assessment performed for clients with payment deferral measures under COVID-19 moratoria), corroborated with better than expected 2021 results in terms of asset quality.

Based on the above-mentioned expected performance, BCR Group aims to deliver a double-digit return on equity (ROE) by the end of 2021.

2.2. Issuer's tangible assets

Currently BCR S.A. has a portfolio of 98 properties, located in 39 counties and in Bucharest. The largest number of properties are located in Bucharest - 10 units, in Hunedoara and Vaslui - 4 units in each county, and the remaining 80 properties being located in other counties in Romania.

In 2019, BCR S.A. decided to pursue a strategy of optimizing the network of branches and headquarter buildings by selling certain properties. The sale is followed in most cases by signing of a lease-back contract. The implementation of this strategy continued in 2021.

In the first 6 months of 2021, BCR sold 26 properties:

in RON thousands

Standard	No.	Gross Book Value	Cumulated Depreciation	Cumulated Impairment	Net Book Value
IAS 16	18	24,025	(6,395)	(2,004)	15,625
IFRS 5	3	159,531	-	(21,676)	137,855
IAS 40	5	25,921	(4,386)	(2,770)	18,765
Total	26	209,477	(10,781)	(26,450)	172,246

For 17 of these BCR continued to use the related space following a lease-back contract that partially or fully covers the space.

As of 30.06.2021 net tangible assets amounted to RON 915,588 thousand, of which investment property in amount of RON 150,499 thousand.

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

2. Analysis of the issuer's activity (continued)

2.3. Issuer's performance¹

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 and maintaining a prudent outlook on certain industries in the current context.

¹ 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.

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

2.3. Issuer's performance (*continued*)

NPL ratio stood **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, 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 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, mainly due to decrease of corporate deposits (-4.9% ytd), while the retail deposits increased by +1.7% ytd.

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 only) approved new corporate loans of RON 2.5 billion in H1 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, while Real Estate stayed flat yoy triggered by an early repayment.

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.

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

2.3. Issuer's performance (*continued*)

The **Money School** program reached over 20,000 adults and children in H1 2021, having organized financial education online sessions and dedicated workshops for children them. 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.

3. Changes affecting the issuers' capital

3.1 Description of the cases when the issuer was unable to meet its financial obligations during the reporting period

N/A

3.2 Description of any changes in the rights of the holders of debt securities issued

N/A

4. Significant transactions

N/A

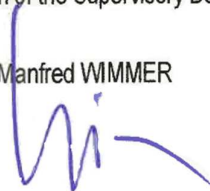
5. Annexes

The following documents are annexed to this report:

1. Issuers' Management;
2. Statement of Compliance of the members of the Executive Committee who assume responsibility for the preparation of the Financial Statements;
3. Interim Condensed Financial Statements prepared in accordance with IAS 34 and unaudited as at 30 June 2021.

Chairman of the Supervisory Board,

Manfred WIMMER

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

Annex - Issuer's Management

BCR's Supervisory Board and Management Board structure during 01.01 - 30.06.2021

Supervisory Board

- Manfred Wimmer – Chairman;
- Bernhard Spalt – Deputy Chairman;
- Daniela Camelia Nemoianu – member;
- Hildegard Gacek – member;
- Elisabeth Krainer Senger – Weiss – member;
- Birte Quitt – member;
- Vacant position* – member.

* On April 23rd 2021 the BCR General Shareholder Meeting approved the appointment of Mr. Stefan Dörfler in the position of member of the Supervisory Board for a mandate starting with October 1st 2021, but not earlier than NBR approval date.

Management Board

1. Sergiu Cristian Manea - Executive President;
2. Elke Meier - Executive Vice-president;
3. Dana Luciana Dima - Executive Vice-president;
4. Ilinka Kajgana - Executive Vice-president;
5. Thomas Kolarik – Executive Vice-president (took over the position after receiving the NBR approval on April 5th 2021).