

BCR, Q1 2022 results: Consistency in supporting clients for long-term value creation and smart financial choices

Summary¹ :

- **Open for people, open for business:**
 - The stock of net customer loans granted by Banca Comercială Română (BCR) advanced by 13.9% year-on-year as of 31 March 2022
 - New loans of RON 2.4 billion granted in Q1 2022 to households (mortgage and unsecured consumer) and micro-businesses. At the same time, BCR approved new corporate loans of RON 2.8 billion in Q1 2022, of which a quarter are aimed for investments. This way, over 1,500 companies which generate 190,000 jobs were financed.
 - Support for entrepreneurs, stock of financing for SME segment up by 12.1% yoy as of 31 March 2022
- **Accelerated digitalization:**
 - 2 million users of internet banking and mobile banking, of whom almost 1.45 million active users of George, up by 31% year-on-year
 - Over 120,000 companies enrolled in George for business, 6 months after its launch
 - In 3 weeks after release, ADA chatbot, the BCR virtual assistant, responded to over 30,000 conversations. In almost 5,500 of them, it provided personalized information (self service)
 - The development of the open banking system continued through local partnerships in different fields: Health (Regina Maria), Cyber Security (Bitdefender), Digital Solutions (Trans Sped digital signature for individuals and companies), Legal (Avocatnet.ro), Mobility (Splash), Services (Edenred) and Online Payments (Global Payments)
- **Sustainable impact and development**
 - The green mortgage loan `Casa Mea NaturA` accounted for 40% of the new mortgage volumes disbursed in March 2022
- **BCR achieved a net profit of RON 477.5 million (EUR 96.5 million) in Q1 2022.**

"In uncertain times, people need concrete, real-time support. I am proud of the way my colleagues from BCR have organized during this period, proving that together, through commitment, humanity is our main belief. We are sharing this guiding principle through our contribution to the education and financial health of Romanians, even at times when they feel constrained by uncertainty, continuously ensuring the needed information to make smart financial choices. We will continue to take an active role alongside our customers, listening to and supporting them, and learning together to build resilience.

¹ All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for Q1 2022, according to IFRS. Unless otherwise specified, the Q1 2022 financial results are compared to the Q1 2021 results. Also, unless otherwise specified, the exchange rates used to convert amounts into euros are those communicated by the European Central Bank. The profit and loss account is converted using the average exchange rate for Q1 2022, i.e. 4.9465 RON/EUR when referring to the Q1 2022 results, and using the average exchange rate for Q1 2021, i.e. 4.8796 RON/EUR with reference to the Q1 2021 results. The balance sheets as of 31 March 2022 and 31 December 2021 are converted using the closing exchange rates on those dates (4.9463 RON/EUR on 31 March 2022, and 4.9490 RON/EUR on 31 December 2021). All the percentage changes refer to the figures expressed in RON.

We are talking about Financial Education and it's important to understand the real needs, to support people, to offer them the tools for action when it comes to responsible decisions. We remain dedicated to our mission, to accelerate a new way of personal development, through which we create long-term value and build prosperity for Romania.

Today, more than ever, we are talking about relevance, resilience, and reciprocity. Because banking nowadays is about customers who believe in themselves and who make best investments for future, banking is about people", declared Sergiu Manea, CEO Banca Comercială Română.

Measures taken in the context of the war in Ukraine

- More than 10,000 Ukrainian citizens have so far benefited of **UAH-RON (hryvnia - lei) cash exchange, at the NBR exchange rate**. The exchange is valid for up to 1,000 lei per person/Ukrainian passport only for people with Ukrainian passports, as humanitarian aid.
- **Development of the BCR mobile office at the Isaccea border point and humanitarian assistance provided to Ukrainian refugees within the #StandwithUkraine caravan**. The caravan, supported with BCR volunteers and logistical partners, has provided refugees with some of the most essential services. More than 100 BCR volunteers attended in rotation the activities in Isaccea.
- **Zero costs for Ukrainian citizens** - 0 lei BCR costs for POS and ATM transactions with cards issued in Ukraine, 0 lei current account opening and management fee, 0 lei fees for inter and intra bank payments. **Over 1,500 accounts have been opened for Ukrainian citizens**.
- Romanian technology start-up Jobful and innovation accelerator **InnovX-BCR developed in record time the Jobs for Ukraine - www.jobs4ukr.com recruitment platform**, dedicated to Ukrainian refugees in Romania who are looking for a job. More than 3,000 applicants have created accounts and 1,500 employers have offered around 2,000 jobs to Ukrainian citizens.
- **Implementation of several assistance measures, both operational and humanitarian**, which included donations and support for NGOs that offered first aid for refugees: Save the Children, the Romanian Red Cross and the Association of Young Ukrainians in Romania.
- **Special online donation section in George to support children and young people in Ukraine**.

Care for people

- 22 families affected by the block fire in Constanta in December 2021, bank customers, were supported by BCR, in collaboration with CSALB, having their loan repayments covered for three months.

Accelerated digitalization and transformation of customer engagement

- **71% of the new cash loans in Q1 2022 were granted on a fully digital flow**
- Launched into the George ecosystem in 2020 as unique products in the banking market, **71% of all credit cards and 78% of all overdraft products are now granted through George**.
- **Record digital sales through George:**
 - **97% of the savings accounts and over 50% of the deposits**
 - **Over 55% of early loan repayments (total or partial)**
- **Over 120,000 companies enrolled in George for Business 6 months after its launch**, a platform that includes a complete package: Digital Onboarding, Digital Overdraft and single sign-in for business and personal accounts
- **Over 53 million digital payment transactions in public transport have been recorded in the last three years, of which 8 million in Q1 2022 alone, up by 60% compared to Q1 2021**. BCR has implemented the contactless payment solution in 16 cities in Romania.

BCR impact in economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 2.4 billion in Q1 2022, up by 23% yoy, on the back of mortgage sales increasing by 39% yoy and cash loan originations by 35% yoy. **Stock of mortgage in local currency increased by 17.5% yoy**, while the **stock of unsecured consumer loans (including credit cards and overdrafts) increased by 11.1% yoy as of 31 March 2022**.

In corporate banking business, BCR (bank standalone) approved new corporate loans of RON 2.8 billion in Q1 2022, up by 166% yoy, of which a quarter are aimed for investments. **The record 20.9% yoy advance in the stock of corporate financing was driven by significant increases in the large corporates, SMEs and public sector.** In the last two years, more than 4,500 loans with a total over RON 3 billion have been approved under the SME Invest programme.

The total **BCR Leasing financing portfolio granted to customers increased by 15% in Q1 2022**, compared to Q1 2021, to RON 2.9 billion.

In the first part of 2022, **The Money School** organized online and offline financial education sessions for almost 30,000 adults and children. **The entrepreneurial education platform BCR Școala de Business** has reached 18,000 users (entrepreneurs, managers, freelancers, teachers, and students). The platform currently includes 8 courses with a total of 73 modules, over 100 videos, and 95 tests, and has launched a course for entrepreneurs who are just starting out: **10 tips for successful startups, created together with Iancu Guda.** **INNOVX-BCR, the technology business program**, has reached 120 accelerated start-ups, along with companies that have become alumni in the first Startups group of 2022.

Q1 2022 financial highlights

BCR achieved a **net profit of RON 477.5 million (EUR 96.5 million) in Q1 2022, up by 12.5%** against RON 424.6 million (EUR 87.0 million) in Q1 2021, driven by improved operating result underpinned by continued strong loan growth.

Operating result improved by 20.8% to RON 588.5 million (EUR 119.0 million) in Q1 2022 from RON 487.1 million (EUR 99.8 million) in Q1 2021, on the back of improved operating income, partly offset by higher operating expenses.

Net interest income increased by 11.0% to RON 659.2 million (EUR 133.3 million) in Q1 2022, from RON 593.8 million (EUR 121.7 million) in Q1 2021, driven by higher business volumes in both retail and corporate coupled with higher market rates.

Net fee and commission income increased by 23.9%, to RON 226.2 million (EUR 45.7 million) in Q1 2022, from RON 182.6 million (EUR 37.4 million) in Q1 2021, driven by higher fee income across all fee categories.

Net trading result increased by 86.5%, to RON 149.0 million (EUR 30.1 million) in Q1 2022, from RON 79.9 million (EUR 16.4 million) in Q1 2021, on higher trading activity and also boosted by increased number of FX transactions driven by the current geopolitical context.

Operating income increased by 20.1%, to RON 1,060.3 million (EUR 214.4 million) in Q1 2022, from RON 882.9 million (EUR 180.9 million) in Q1 2021, driven by all major income components.

General administrative expenses reached RON 471.8 million (EUR 95.4 million) in Q1 2022, up by 19.2% in comparison to RON 395.8 million (EUR 81.1 million) in Q1 2021, mainly due to higher contribution to deposit insurance fund in 2022, IT related costs, utilities as well as seasonally higher marketing costs.

As such, **cost-income ratio remained stable at 44.5% in Q1 2022**, versus 44.8% in Q1 2021.

Risk costs and Asset Quality

Impairment result from financial instruments recorded an allocation of **RON 47.3 million (EUR 9.6 million) in Q1 2022**, as compared to a release of RON 34.7 million (EUR 7.1 million) in Q1 2021. This result mainly consisted of collective provisions booked for the performing portfolio, while the provision releases driven by recoveries in both retail and corporate segments fully offset the allocations for new defaults.



NPL ratio reached 3.7% as of March 2022, lower than 3.9% recorded as of December 2021. This evolution is reflecting the low NPL formation, a good trend of recoveries and healings in both retail and corporate segments and also the increase in loans to customers. At the same time, the **NPL provisioning coverage stood at 143.0% as of March 2022**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **19.8% as of February 2022**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 19.93% (BCR Group) as of December 2021** is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased by 4.8% to RON 50,168.0 million (EUR 10,142.5 million) as of 31 March 2022 from RON 47,868.5 million (EUR 9,672.4 million) as of 31 December 2021, supported by increases in both retail loans (+2.2% ytd to RON 27,548.2 million) and corporate loans (+7.5% ytd to RON 22,307.6 million).

Deposits from customers slightly decreased by 2.4% to RON 70,714.5 million (EUR 14,296.4 million) as of 31 March 2022 from RON 72,458.4 million (EUR 14,641.0 million) as of 31 December 2021, driven by slight declines in both retail deposits (-2.5% ytd to RON 45,019.8 million) driven by some cash withdrawals due to the current geopolitical context and corporate deposits (-1.2% ytd to RON 23,720.5 million).

BCR offers a comprehensive range of financial products and services, through a network of 18 business centers and 16 mobile offices dedicated to businesses, as well as 323 retail units in most towns with over 10,000 inhabitants across the country. BCR is the number 1 bank in Romania on the banking transactions market, as BCR clients have access to an extended national ATM and multifunctional terminal network – 1,700 units, and complete banking services via Internet banking, Mobile banking, Phone-banking and E-commerce.

BCR - Corporate Communication

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This information is also available on our website at: www.bcr.ro

For details on BCR products and services, please use the following contact channels:

- Website: www.bcr.ro
- Email: contact.center@bcr.ro
- TelVerde: * 2227 free in all national operator networks

Profit or loss

in RON million	Mar 22	Mar 21
Net interest income	659.2	593.8
Net fee and commission income	226.2	182.6
Net trading result and gain/losses from financial instruments at FVPL	149.0	79.9
Operating income	1,060.3	882.9
Operating expenses	(471.8)	(395.8)
Operating result	558.5	487.1
Impairment result from financial instruments	(47.3)	34.7
Other operating result	31.7	(11.2)
Pre-tax from continuing operations	572.9	510.6
Net result attributable to owners of the parent	477.5	424.6

Statement of financial position

in RON million	Mar 22	Dec 21
Cash and cash balances	11,430.9	13,317.4
Trading, financial assets	23,685.6	25,175.7
Loans and advances to banks	1,840.4	1,362.3
Loans and advances to customers	50,168.0	47,868.5
Intangible assets	353.4	361.7
Miscellaneous assets	2,270.2	2,169.4
Total assets	89,748.5	90,255.1
Financial liabilities held for trading	47.9	22.3
Deposits from banks	1,915.9	1,783.5
Deposits from customers	70,714.5	72,458.4
Debt securities issued	3,117.2	2,733.1
Miscellaneous liabilities	3,863.0	3,537.3
Total equity	10,090.0	9,720.4
Total liabilities and equity	89,748.5	90,255.1