

## BCR Group, 1-9 2022 results: Capacity to sustain the economy of the future, strategic support for job retention and key financial inclusion projects

Summary<sup>1</sup> :

- **Open for people, open for business:**
  - The stock of net customer loans granted by Banca Comercială Română (BCR Group) advanced by 16.4% yoy as of 30 September 2022
  - New loans of RON 7.7 billion granted in 1-9 2022 to households (mortgage and unsecured consumer) and micro-businesses. At the same time, BCR approved new corporate loans of RON 11.6 billion in 1-9 2022, of which more than a quarter are aimed for investments. This way, over 5,300 companies which generate over 316,000 jobs were financed
  - Support for entrepreneurs, stock of financing for SME segment went up by 28.9% yoy as of 30 September 2022
- **Accelerated digitalization:**
  - 2.1 million users of internet banking and mobile banking, of which almost 1.6 million active users of George, up by 28% yoy
  - Record digital sales through George: 99% of the savings accounts and over 60% of the deposits are opened through the application, Customers have the possibility to repay loans early in George, with over 60% of repaid volumes accessed through this functionality. Customers can receive in George app messaging the documentation and proof for closing the loans, as well as instructions for clearing the mortgage for loans with a mortgage
  - Over 127,000 companies enrolled in George for business, platform that includes a complete package: Digital Onboarding, Digital Overdraft and single sign-on for business and personal transactions
  - ADA chatbot, the BCR's virtual assistant, available on [www.bcr.ro/ADA](http://www.bcr.ro/ADA), responded to over 277,000 conversations. In almost 32% of them, it provided personalized information (self service). ADA currently has over 40 financing programs mapped and had conversations with over 7,000 entrepreneurs in 1-9 2022 to help them identify active financing programs for their development needs
  - BCR is the first bank in Romania to offer children and teenagers the possibility to open 100% online their relationship with the bank, accompanied by their parents. The opening process is available on the George digital banking platform and is free and fast, in about 10 minutes, with digital signature and digital card activated immediately. Since launch, 3,000 children have opened George accounts accompanied by their parents
  - In less than a year since the availability of biometric voice authentication option via Contact Center phone call, more than 200,000 customers have logged in at least once using it

<sup>1</sup> All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for 1-9 2022, according to IFRS. Unless otherwise specified, the 1-9 2022 financial results are compared to the 1-9 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 1-9 2022, i.e. 4.9350 RON/EUR when referring to the 1-9 2022 results, and using the average exchange rate for 1-9 2021, i.e. 4.9120 RON/EUR with reference to the 1-9 2021 results. The balance sheets as of 30 September 2022 and 31 December 2021 are converted using the closing exchange rates on those dates (4.9490 RON/EUR on 30 September 2022, and 4.9490 RON/EUR on 31 December 2021). All the percentage changes refer to the figures expressed in RON.

- George is currently building the digital investment structure by digitally signing the investment contract directly from the app and trading international investment funds 100% online through George web and George app
- Sustainable impact and development
  - The green mortgage loan `Casa Mea NaturA` held a share of about 40% in total standard mortgage volumes disbursed in 1-9 2022. The loan is granted for buildings with energy certificate A or for green houses certified by the Romanian Green Building Council
  - BCR Social Finance supports those who want to continue their studies by launching StudyUP, a financing product that facilitates access to university, master's, doctorate, or specialization courses in Romania. StudyUP benefits from an 80% guarantee from the European Investment Fund, with a grace period of up to 42 months and a simplified approval process
  - BCR and the Money School, together with FabLab and the Edupedu Association, launched in Câmpulung the LifeLab program, an innovative project that aims to bring a practical education format into the school system, whereby financial education concepts are introduced into the teaching of several subjects, from grade 0 to grade 12th. In this way, teachers, regardless of their specialization, are assisted to become "life teachers" and empower their students to fulfil their desires through financial education
- BCR Group achieved a net profit of RON 1,539.7 million (EUR 312.0 million) in 1-9 2022

*"All the interactions with our clients have revealed that 2022 is the year of transformation, the year we talk about how change is an investment in long-term financial balance. The discussions with people about fears, opportunities, and solutions have shown us that there is openness for increasing resilience and evolution. All these conversations served as an inspiration for our key financial inclusion projects, but also for the products and services we are developing. At the same time, they are a source of motivation for my colleagues, to whom I am grateful for the genuine care they show every day.*

*The current state of capitalization and good financial results display our ability to support the economy, and they are confirming us as a pillar of stability and predictability. The best evidence is our involvement in securing over 316,000 jobs, by funding more than 5,300 companies, with ¼ loans allocated to investments. We stand for our clients and provide all the resources we have in order to strengthen their growth potential and the ability to adapt to the new context: from entrepreneurial, financial and digital know how, to financial diagnostics and personalized financial health plans, to guidance on accessing government funding and European funds."* declared **Sergiu Manea, CEO of Banca Comercială Română.**

#### Care for people

- 1,037 customers affected by the energy crisis and effects of the war between Ukraine and Russia were supported in Q3 by the 100% digital implementation of the rate suspension solution under OUG 90/2022, in the George app
- Contact Center capacity increased and a new regional centre was opened in Sibiu to respond more quickly to requests received through all available channels, BCR now has a total of 5 such centres. Moreover, the contact area available on the [www.bcr.ro](http://www.bcr.ro) website displays real-time information on average waiting times and the number of customers waiting in the Contact Center

#### Accelerated digitalization and transformation of customer engagement

- Launched in the George ecosystem in 2020 as unique products in the banking market, 76% of all credit cards and 83% of all overdraft products were granted in 1-9 2022 through the digital flow in George
- 74% of new personal loans in 1-9 2022 were also granted on a fully digital flow, versus 51% in 1-9 2021; more than 300 customers obtained credit with a co-borrower using the 100% digital flow, a unique online process in the lending market in Romania. On average, a personal loan is obtained in 7 minutes

- 22% of the solutions offered to customers facing financial difficulties happen on a fully digital flow, directly from George's store, in about 5 minutes
- Another novelty is that, since the end of June, BCR customers can find out the credit amount and cost conditions in less than 10 minutes and send documents to the bank without having to go to a branch. Thus, 88% of customers have requested digitally, in George, an offer calculation for a digital credit for a property purchase, without coming to the bank
- More than 72 million digital payment transactions in public transport have been recorded over the past four years, including more than 10 million in Q3 2022 alone, up 38% from the same period last year. BCR has implemented the contactless payment solution in 17 cities in Romania
- BCR continued the development of the units based on a model that transforms the bank branch into a financial dialogue center. We've opened such new branches in Cluj-Napoca, Timisoara, Brăila and Galati
- Contactless cash withdrawal at BCR ATMs and MFPs is implemented within 315 ATMs across the country. Customers can make transactions with bank cards, but also with phones, watches, bracelets, or other smart devices equipped with NFC technology
- Since September, cash withdrawal in euro is available within 260 ATMs across the country

### BCR impact in economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 7.7 billion in 1-9 2022, up by 9% yoy, on the back of mortgage sales increasing by 35.4% yoy and cash loan originations by 8.4% yoy. Stock of mortgage in local currency increased by 14.5% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 8.6% yoy as of 30 September 2022.

In corporate banking business, BCR approved new corporate loans of RON 11.6 billion in 1-9 2022, up 2.5 times versus 1-9 2021, of which more than a quarter are aimed for investments. The advance of 29.5% yoy in the stock of corporate financing was driven by significant increases in the large corporates, SMEs, and public sector.

The total BCR Leasing financing portfolio granted to customers increased by 20% in 1-9 2022 versus 1-9 2021, to over RON 3.3 billion.

In 1-9 2022, The Money School continued to organize online and offline financial education sessions, reaching a total number of 52,000 adults and children. INNOVX-BCR, the technology business programme, has reached 136 accelerated start-ups, along with companies that have become alumni in the Scaleups group of 2022. In October, 10 InnovX-BCR technology businesses were selected to attend Wolves Summit, one of the most important technology events in CEE. All 10 companies were invited to pitch their innovations, and three of them were awarded for their performances.

### 1-9 2022 financial highlights

BCR achieved a net profit of RON 1,539.7 million (EUR 312.0 million) in 1-9 2022, up by 34.8% against RON 1,141.8 million (EUR 232.5 million) in 1-9 2021, driven by improved operating result underpinned by continued strong loan growth.

Operating result improved by 24.7% to RON 1,966.6 million (EUR 398.5 million) in 1-9 2022 from RON 1,576.7 million (EUR 321.0 million) in 1-9 2021, on the back of improved operating income, partly offset by higher operating expenses.

**Net interest income increased by 16.9% to RON 2,102.1 million (EUR 426.0 million) in 1-9 2022**, from RON 1,797.6 million (EUR 366.0 million) in 1-9 2021, driven by higher business volumes coupled with higher market rates.

**Net fee and commission income increased by 11.8%, to RON 693.3 million (EUR 140.5 million) in 1-9 2022**, from RON 620.0 million (EUR 126.2 million) in 1-9 2021, driven by higher fee income across all fee categories.

**Net trading result increased by 69.4%, to RON 452.9 million (EUR 91.8 million) in 1-9 2022**, from RON 267.4 million (EUR 54.4 million) in 1-9 2021, on higher trading activity.

**Operating income increased by 19.7%, to RON 3,324.5 million (EUR 673.7 million) in 1-9 2022**, from RON 2,776.9 million (EUR 565.3 million) in 1-9 2021, driven by all major income components.

**General administrative expenses reached RON 1,357.9 million (EUR 275.2 million) in 1-9 2022**, up by 13.1% in comparison to RON 1,200.2 million (EUR 244.3 million) in 1-9 2021, mainly due to higher contribution to deposit insurance fund in 2022 as well as higher personnel and other administrative expenses generated by the inflationary environment.

As such, **cost-income ratio improved to 40.8% in 1-9 2022**, versus 43.2% in 1-9 2021.

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

**Impairment result from financial instruments** recorded a provision allocation of **RON 291.8 million (EUR 59.1 million) in 1-9 2022**, as compared to an allocation of RON 70.0 million (EUR 14.3 million) in 1-9 2021. This allocation mainly consisted of collective provisions and has been mainly triggered by the update of risk parameters, including the current expectations on the evolution of the macroeconomic environment.

**NPL ratio reached 2.8% as of September 2022**, significantly lower than 3.9% recorded as of December 2021. This evolution is reflecting the low NPL formation, a good trend of recoveries in both retail and corporate segments and also the increase in loans to customers. At the same time, the **NPL provisioning coverage reached 172% as of September 2022**.

### **Capital position and funding**

**Solvency ratio for BCR Bank standalone**, according to the capital requirements regulations (CRR) stood at **20.5% as of August 2022**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 18.7% (BCR Group, after profit capitalization) as of June 2022** is clearly reflecting BCR's strong capital and funding positions.

**Net loans and advances to customers increased by 13.2% to RON 54,202.8 million (EUR 10,952.3 million) as of 30 September 2022** from RON 47,868.5 million (EUR 9,672.4 million) as of 31 December 2021, supported by increases in both retail loans (+5.2% ytd to RON 28,348.4 million) and corporate loans (+23.0% ytd to RON 25,518.8 million).

**Deposits from customers slightly increased by 0.9% to RON 73,120.6 million (EUR 14,774.8 million) as of 30 September 2022** from RON 72,458.4 million (EUR 14,641.0 million) as of 31 December 2021, due to decline in retail deposits (-5.3% ytd to RON 43,726.4 million) counterbalanced by the increase in corporate deposits (+9.9% ytd to RON 26,405.8 million).

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BCR offers a comprehensive range of financial products and services, through a network of 20 business centers and 16 mobile offices dedicated to businesses, as well as 321 retail units in most towns with over 10,000 inhabitants across the country, 40% of which are cashless. 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 – about 2,000 units, and complete banking services via Internet banking, Mobile banking, Phone-banking and E-commerce.

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#### BCR - Corporate Communication

For more information, contact [comunicare@bcr.ro](mailto:comunicare@bcr.ro)

This information is also available on our website at: [www.bcr.ro](http://www.bcr.ro)

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

- Website: [www.bcr.ro](http://www.bcr.ro)
- Email: [contact.center@bcr.ro](mailto:contact.center@bcr.ro)
- TelVerde: \* 2227 free in all national operator networks

#### **Profit or loss**

<b>in RON million</b>	<b>30 SEP 22</b>	<b>30 JUN 21</b>
Net interest income	2,102.1	1,797.6
Net fee and commission income	693.3	620.0
Net trading result and gain/losses from financial instruments at FVPL	452.9	267.4
Operating income	3,324.5	2,776.9
Operating expenses	(1,357.9)	(1,200.2)
Operating result	1,966.6	1,576.7
Impairment result from financial instruments	(291.8)	(70.0)
Other operating result	162.5	(132.2)
Pre-tax from continuing operations	1,837.3	1,374.5
<b>Net result attributable to owners of the parent</b>	<b>1,539.7</b>	<b>1,141.8</b>

#### **Statement of financial position**

<b>in RON million</b>	<b>30 SEP 22</b>	<b>31 DEC 21</b>
Cash and cash balances	13,020.8	13,317.4
Trading, financial assets	24,523.6	25,175.7
Loans and advances to banks	314.2	1,362.3
Loans and advances to customers	54,202.8	47,868.5
Intangible assets	368.4	361.7
Miscellaneous assets	2,126.3	2,169.4
<b>Total assets</b>	<b>94,556.1</b>	<b>90,255.1</b>

Financial liabilities held for trading	161.6	22.3
Deposits from banks	2,959.8	1,783.5
Deposits from customers	73,120.6	72,458.4
Debt securities issued	4,375.5	2,733.1
Miscellaneous liabilities	3,233.1	3,537.3
Total equity	10,705.5	9,720.4
<b>Total liabilities and equity</b>	<b>94,556.1</b>	<b>90,255.1</b>