

BCR Group, H1 2023 results: Building prosperity through financial literacy put into practice

Summary¹:

Open for people, open for impactful business:

- The **stock of net customer loans** granted by Banca Comercială Română (BCR) **advanced by 5.6% year-on-year** as of 30 June 2023.
- **New loans of RON 3.7 billion** granted in **H1 2023** to households (mortgage and unsecured consumer) and microenterprises, with a **27% year-on-year increase** in the loans stock for micro-enterprises.
- Nearly **90,000** financing for individuals.
- **New corporate loans of RON 5.3 billion** granted in **H1 2023**, of which approximately **30%** are aimed for investments. **For the SME sector alone, the stock financing granted by BCR Bank increased by 12% year-on-year** as of 30 June 2023.
- Moreover, the **stock of loans to micro-enterprises increased by 27% year-on-year**. **BCR approved new loans to microenterprises worth RON 539 million in H1 2023**, of which more than **20%** are aimed for investments.
- Over **650 companies** accounting for more than **224,000 jobs** were funded by BCR in H1 2023.

Accelerated digitalization:

- **2.19 million users of George digital ecosystem** (internet banking and mobile banking), of which more than **1.74 million active George app users up by 15.5% year-on-year**.
- **71% of all BCR products for private individuals** (current account opening, mortgage and personal loans, savings account, deposits, insurance, and investment products) are granted on a **100% digital flow**.
- **68% of the BCR customers who activated the Capital Plan product applied on a 100% digital flow, in George**. Capital Plan is a service through which we encourage an investment behavior, offering our clients the option to allocate small monthly amounts, of at least 100 lei, to a medium and long-term investment plan.
- **74% of all BCR protection and insurance products were purchased on a 100% digital flow**, directly from George.
- **Over 50% of the loans' early repayments** are made on a 100% digital flow, directly in George.
- Approximately **140,000 companies are enrolled in George for business**, a unique digital ecosystem in Romania, which provides an integrated package: Digital Onboarding, Digital Overdraft and Multiprofile – single sign-in for both business and personal transactions. **In H1 2023, more than 60% of eligible customers started their relationship with the bank through Digital Onboarding**, and **80% of standard credit lines for micro-enterprise customers were granted through Digital Overdraft**.

¹ All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for H1 2023, according to IFRS. Unless otherwise specified, the H1 2023 financial results are compared to the H1 2022 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 H1 2023, i.e. 4.9336 RON/EUR when referring to the H1 2023 results, and using the average exchange rate for H1 2022, i.e. 4.9458 RON/EUR with reference to the H1 2022 results. The balance sheets as of 30 June 2023 and 31 December 2022 are converted using the closing exchange rates on those dates (4.9635 RON/EUR on 30 June 2023 and 4.9495 RON/EUR on 31 December 2022). All the percentage changes refer to the figures expressed in RON

- **BCR is the first bank in Romania to provide KYC (know your customer) procedure for legal entities (micro-enterprises and PFA) on a 100% digital flow, directly in George.**

Sustainable impact and development

- **BCR has successfully debuted on the international capital market with a EUR 700 million green Eurobond issuance.** This bond issue is considered a first on the Romanian financial-banking market, being the largest corporate bond issuance in the country and one of the most diversified in terms of investor distribution, in the universe of European financial institution issuers.
- **Over RON 40 million (EUR 8 million) in green financing** (renewables, energy efficiency and green buildings), exclusively for corporate customers.
- **100% of the cards issued by BCR from January 2023 onwards, for private individual and corporate customers, are made of environmentally friendly materials**, both recycled plastic and biodegradable material. BCR started issuing environmentally friendly cards as early as 2021, and so far about 50% of the portfolio is issued on sustainable material.
- The green mortgage loan '**Casa Mea NaturA**' **accounted for about 44% of the total standard mortgage volumes** disbursed by BCR in H1 2023. The loan is granted for buildings with energy certificate A or for green houses certified by the Romanian Green Building Council.
- **We continued the roundtables on ESG transformation of Romanian companies, organized by BCR in partnership with the Ecoteca Association**, with the involvement of institutional representatives, entrepreneurs and ESG experts. In March, together with the Academy of Economic Studies in Bucharest, we developed the topic of "Establishing and measuring ESG indicators", and in June, together with EFdeN, we discussed about "Energy efficiency in buildings: Best practices and challenges".

BCR Group registered a net profit of RON 1,110.8 million (EUR 225.1 million) in H1 2023.

"At BCR, we prioritize building prosperity through financial literacy put into practice. It starts with the investments we make in financial planning programs and tools, but also in how people understand and apply financial principles. That's why we're pleased to have more than 140,000 customers who have gone through a financial coaching session in BCR branches, and more than 630,000 people who have attended Money School workshops. In addition, we are committed to accelerating banking and financial literacy in rural areas. Because our role is to be a financial coach for Romania, facilitating financial growth and security for the whole population.

At the same time, in H1 2023, we funded companies that create more than 224,000 jobs. And we had the opportunity to discuss with entrepreneurs about the industrial chain transformation, human resources investments, and alternative sources of capital. With each of these interactions, we have had the opportunity to make a strategic leap towards developing a society where people are more confident, more informed and more able to achieve their own financial goals."

Sergiu Manea, CEO Banca Comercială Română

Financial literacy and prevention for the whole life cycle

- **BCR continues its efforts to accelerate banking and financial literacy in rural areas through the mobile branch "Bună Ziua, Schimbare!". Starting May 2023, the caravan has reached 4 localities in Romania - Băleni (Dâmbovița county), Brezoi (Vâlcea county), Saliște and Tălmăciu (Sibiu county), to offer residents access to banking services and products, as well as financial literacy workshops.** The mobile branch stays for two weeks in each community, during which time residents are advised and guided in the digital world of banking. At the mobile banking office, transactions such as opening current accounts and debit cards, opening deposits, savings accounts, purchasing

insurance and investment products are carried out digitally, assisted by our advisers. BCR's experts also provide information on access to financing from European funds for production and agricultural equipment.

- Over **140,000 people benefited in H1 2023 from a financial coaching experience in BCR's branches**. Through this financial coaching initiative, free of charge and easily accessible, we want to offer Romanians the long-term perspective on financial planning and prevention for unforeseen circumstances.
- **25% of the customers who received financial coaching in H1 2023 have already implemented the savings goals they set in the session, while 31% have considered a private pension for financial comfort after retirement.**
- We have continued to encourage prevention and financial protection, and BCR's prudential advice proved its effectiveness in H1 2023 with a significant increase in insurance products sales:
 - **The number of VenitProtect policies concluded in the first six months of 2023 increased by approximately 30 times compared to H1 2022, reaching an insurance premium volume of RON 2.8 million.** VenitProtect protects all types of income in case of unforeseen events, from temporary incapacity for work, unemployment, hospitalization, disability, or death.
 - **33% growth on the number of GARANT Amplus policies concluded in the first six months of 2023, with an insurance premium volume of RON 5.3 million.** GARANT Amplus is an optional home insurance policy covering a full range of risks, including earthquakes, and can be chosen in addition to the mandatory natural disaster insurance policy (PAD).
- **Money School** continued to organize online and offline financial education sessions for adults and children, exceeding **630,000 participants in the program**. In H1 2023 alone, nearly **32,000 people learned how to have a better relationship with money and set financial goals** in our Money School workshops.
- **On April 11, National Financial Education Day, BCR, through Money School, in collaboration with the Education for Success Association, organized the second edition of EduFinFest.** During the event, more than **50 students of Nicolae Kretzulescu Commercial School learned practical notions about how they can support their life plans through smart financial decisions**. In addition, they explored the Financial Independence Map, a career guidance tool developed by psychotherapist Diana Stănculeanu for Money School and EduFinFest, through which they were guided to set clear personal and financial goals for their adult lives.
- **In 2023, more than 100 worksheets were delivered by the teachers involved in the LifeLab project. At the same time, around 50 workshops were organized in the two schools, supported by BCR volunteers and the Pepper robot, with almost 1,000 children and pupils attendees. BCR and Money School launched LifeLab in 2022, a pilot program for financial education and life skills development for students, run in partnership with FabLab and Edupedu Association.** The program roll-out was set for the whole school year 2022-2023 in two schools in Romania, in Câmpulung Muscel and Poiana Mărului. More than 1,100 students from these two schools and over 50 teachers took part in the project, signing up to become "teachers for life".

Accelerated digitalization and customer engagement transformation

- **Record digital sales in George**
 - **Sustained growth of 29% in George transactions** as compared to H1 2022
 - **85% of the new cash loans in H1 2023 were granted 100% on a fully digital flow**, versus 73% in H1 2022
 - **86% of all credit cards and 87% of all overdraft products were granted on a fully digital flow**
 - **99% of the saving accounts and over 76% of deposits were opened on 100% digital flow**
- **AliasPay is the new George feature that allows intra- and inter-bank payments via phone number.** Since May this year, BCR customers can use George to transfer money using only the recipients' phone numbers, without using the IBAN code.
- **George Moneyback, the loyalty program that gives money back**, as a discount, to BCR customers who use card payments, **has reached 1 million users**. Since its launch, **more than RON 17.5 million have been gained by BCR customers** through this smart shopping system, which provides discounts at more than 100 companies from various fields – hypermarkets, IT&C stores, gas stations, pharmacies, bookstores, and many others.

- **Open banking system development continued, and George account can now be opened 100% digitally from the Lidl Plus and MyVodafone apps.** Users who choose to open their George account from one of the two platforms benefit from a special cashback offer - those using the Lidl Plus app will cashback 150 lei on purchases in any Lidl store, while customers choosing MyVodafone will get back 150 lei on their purchases in the Vodafone store network or on the www.vodafone.ro website.
- **George store offers a portfolio of special offers in different sectors:** Health (MedLife, Regina Maria), Cybersecurity (Bitdefender), Digital solutions (Trans Sped digital signature for private individuals and companies), Legal (Avocatnet.ro), Mobility (Splash), Services (Edenred), Online Payments (Global Payments), Leasing (Financial Auto, Equipment), telecommunications (Vodafone), Invoice solutions (through Banqup, the electronic administration, invoicing and payment platform for entrepreneurs) and Consultancy and Business Services (having the possibility to set up and change company status online through Regnet, directly in George).
- More than **RON 110 million digital payment transactions in public transport have been recorded over the past five years, while more than 25 million in H1 2023 alone, up 38% compared to H1 2022.** BCR has implemented the contactless payment solution in 17 cities in Romania including Bucharest.
- **Over 1 million transactions have been registered, with a total value of RON 28.5 million,** almost one year after **the smart parking payment system was implemented at the Henri Coandă International Airport terminals.** The smart solution implemented by BCR allows anyone to pay for parking contactless, by bank card or any smart device that allows payment through NFC technology, in an extremely easy and quickly way.
- BCR continued the development of the units based on a model that transforms the bank branch into a financial dialogue center and **reached a total of 42 branches modernized. In H1 2023, we opened five new hubs in Bacău, Ploiești, Craiova and Bucharest,** following the investment plan both in modernizing the space and equipping it with state-of-the-art technology.
- **Contactless operations for cash withdrawals at BCR ATMs and MFPs are implemented within 677 machines** across the country, while cash withdrawal in euro is available within 324 ATMs across the country.
- Digital integration continued in the Contact Center through:
 - **ADA chatbot, BCR's virtual assistant, is available on www.bcr.ro/ADA, George Web and George Mobile. In H1 2023, ADA responded to more than 375,000 conversations, and almost 50% of them were self-service,** as it provided personalized information without human intervention, about customers' products and services. Of the total conversations, 17,000 were directed to Contact Center colleagues who interacted with customers in ADA's live chat and provided relevant information in a simple and quick way.
 - **Conversational IVR, the interactive menu through which we take calls in the Contact Center, provided approximately 184,000 personalized information** without human intervention.
 - **Voice ID, biometric authentication via voiceprint in a Contact Center. In S1 2023, 240,000 customers were authenticated via Voice ID, simple, secure, and fast, up by 154% compared to S1 2022.**
- **BCR Contact Center receives, on average, 200,000 phone calls every month, with an average waiting time of less than 1 minute in more than 70% of cases.** This performance has led to increased customer satisfaction and an 8-percentage point improvement in the Contact Center NPS (Net Promoter Score - the indicator that measures the level of customer experience) in H1 2023 compared to the same period last year.
- **33% creștere a apelurilor pentru deschidere de cont – apel video pentru autentificare prin Contact Center – comparativ cu S1 2022.**

BCR's impact on economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 3.7 billion in H1 2023. The stock of standard mortgage loans (Casa Mea) in local currency as well as the stock of unsecured consumer loans (including credit cards and overdrafts) increased by about 5% yoy.

In corporate banking business, BCR approved new corporate loans of RON 5.3 billion in H1 2023, of which approximately 30% are aimed for investments.

The total BCR Leasing financing portfolio granted to customers amounts RON 3.8 billion (EUR 770 million), with a 32% increase in new financing in H1 2023. With almost 11,000 customers and a strategy aimed to support electromobility through financing solutions that boost electric and hybrid cars purchase, BCR Leasing recorded a 41% increase in H1 2023 in the green financing segment, compared to the same period last year.

In H1 2023, BCR Social Finance financed more than 780 micro-enterprises and NGOs, supporting more than 2,250 jobs. At the same, in the first six months of the year, BCR Social Finance IFN S.A. granted 55 StudyUP loans for continuing education through university, master, doctorate, or specialization courses, supporting lifelong learning.

INNOVX-BCR, the technology business initiative, **has reached 171 accelerated start-ups out of 2,160 applicants, with the completion of the bootcamp dedicated to the STARTUPS 2023 cohort.** In Q2 2023, InnovX-BCR's international scaling strategies generated strategic partnerships with three of the most developed democratic economies - USA, UK, and Japan. We have organized Europe's largest startup delegation to Select USA, with nine InnovX-BCR alumni and over 40 Romanian and CEE entrepreneurs. Moreover, a significant number of InnovX-BCR women in tech were selected to join the 2023 Select Global Women in Tech (SGWIT) Cohort. At London Tech Week, our delegation included 20 people, including seven startups and scaleups, and two emerging venture capital funds from InnovX-BCR's Scaleups and Investors Bootcamp programs.

Financial highlights for BCR Group in H1 2023

BCR achieved a net profit of RON 1,110.8 million (EUR 225.1 million) in H1 2023, up by 6.6% against RON 1,042.1 million (EUR 210.7 million) in H1 2022, driven by improved operating result underpinned by advance in customer business.

Operating result improved by 20.6% to RON 1,529.7 million (EUR 310.1 million) in H1 2023 from RON 1,268.1 million (EUR 256.4 million) in H1 2022, on the back of higher operating income, partly offset by increased operating expenses.

Net interest income increased by 29.9% to RON 1,770.1 million (EUR 358.8 million) in H1 2023, from RON 1,362.5 million (EUR 275.5 million) in H1 2022, driven by higher business volumes and market rates.

Net fee and commission income slightly decreased by 0.4% to RON 449.6 million (EUR 91.1 million) in H1 2023, from RON 451.3 million (EUR 91.2 million) in H1 2022, driven by negative base effect from higher fee generation in H1 2022 due to temporary higher cash transactions, partly compensated by increased fee income from corporate lending.

Net trading result dropped by 5.0% to RON 287.4 million (EUR 58.3 million) in H1 2023, from RON 302.5 million (EUR 61.2 million) in H1 2022, on lower number of foreign exchange transactions.

Operating income increased by 16.9% to RON 2,536.9 million (EUR 514.2 million) in H1 2023, from RON 2,169.5 million (EUR 438.7 million) in H1 2022, driven by higher net interest income.

General administrative expenses reached RON 1,007.2 million (EUR 204.2 million) in H1 2023, up by 11.7% in comparison to RON 901.4 million (EUR 182.3 million) in H1 2022, on the back of higher personnel expenses generated by the inflationary environment, partly offset by lower contribution to deposit insurance fund in 2023.

As such, **cost-income ratio improved to 39.7% in H1 2023**, versus 41.5% in H1 2022.

Risk Costs and Asset Quality

Impairment result from financial instruments recorded a **provision allocation of RON 128.1 million (EUR 26.0 million) in H1 2023**, as compared to an allocation of RON 209.4 million (EUR 42.3 million) in H1 2022. This result mainly consisted of collective provisions booked for the performing portfolio, while the provision releases driven by recoveries and healings in both retail and corporate segments fully offset the allocations for regular new defaults.

NPL ratio stood at **2.7% as of June 2023**, lower than 2.8% recorded as of December 2022. This evolution is reflecting the recoveries and healings in both retail and corporate segments which counterbalanced the regular NPL formation. At the same time, the **NPL provisioning coverage** was **182.6% as of June 2023**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **23.4% as of May 2023**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 22.8% (BCR Group, after profit capitalization) as of December 2022** is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased marginally by **0.4% to RON 55,568.6 million (EUR 11,195.4 million) as of 30 June 2023** from RON 55,328.5 (EUR 11,178.6 million) as of 31 December 2022, supported by both retail and corporate segments.

Deposits from customers increased by **4.2% to RON 78,744.9 million (EUR 15,864.8 million) as of 30 June 2023** from RON 75,588.5 million (EUR 15,271.9 million) as of 31 December 2022, supported by the increase in both retail and corporate deposits.

BCR Group profit or loss

In RON million	30 JUN 2023	30 JUN 2022
Net interest income	1,770.1	1,362.5
Net fee and commission income	449.6	451.3
Net trading result and gain/losses from financial instruments at FVPL	287.4	302.5
Operating income	2,536.9	2,169.5
Operating expenses	(1,007.2)	(901.4)
Operating result	1,529.7	1,268.1
Impairment result from financial instruments	(128.1)	(209.4)
Other operating result	(92.8)	184.4
Pre-tax from continuing operations	1,308.9	1,242.9
Net result attributable to owners of the parent	1,110.8	1,042.1

BCR Group statement of financial position

In RON million	30 JUN 2023	31 DEC 2022
Cash and cash balances	16,777.1	15,224.6
Trading, financial assets	26,918.3	25,124.4
Loans and advances to banks	2,825.4	148.3
Loans and advances to customers	55,568.6	55,328.5
Retail segment	28,831.0	28,062.2
Corporate segment	26,437.3	26,036.5
Other segments (Group Markets, ALM, Local Corporate Center)	300.4	1,229.8
Intangible assets	410.7	394.8
Miscellaneous assets	2,572.1	2,629.3
Total assets	105,072.2	98,850.1
Financial liabilities held for trading	167.4	163.6
Deposits from banks	1,165.4	2,079.4
Deposits from customers	78,744.9	75,588.5
Retail segment	45,039.8	43,753.6
Corporate segment	30,767.2	28,847.4
Other segments (Group Markets, ALM, and Local Corporate Center)	2,937.9	2,987.5
Debt securities issued	9,020.0	5,424.4
Miscellaneous liabilities	4,851.9	4,539.3
Total equity	11,122.6	11,054.8
Total liabilities and equity	105,072.2	98,850.1

BCR offers a full range of financial products and services through a network of 20 business centres and 18 mobile offices dedicated to companies and 319 retail units located in most of the country's cities with more than 10,000 inhabitants, where 54% of units are cashless. BCR is Romania's No.1 bank in the transaction banking market, with BCR customers having the largest national network of ATMs and multifunctional machines - almost 2000 machines, and full banking services through Internet banking, Mobile banking, Phone-banking and E-commerce.

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

For more information on BCR products and services, you can contact us:



www.bcr.ro



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