

BCR Group, H1 2024 results: Continuous support for raising financial literacy and multiplier investments in community

Summary¹:

Open for people, open for impactful business:

- The stock of net customer loans granted by Banca Comercială Română (BCR) advanced by 14.6% year-on-year as of 30 June 2024.
- New loans of RON 8.2 billion granted in H1 2024 to households (mortgage and unsecured consumer) and microenterprises, with a 39.6% year-on-year increase in the loans stock for microenterprises. The stock of standard mortgage loans (Casa Mea) in local currency increased by 8.1% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 40.4% yoy.
- “Alege bine pentru tine”/“Choose well for yourself”, one of the largest commercial offers on the Romanian banking market has attracted over 150,000 new customers. During the campaign, 170,000 customers transferred their salary to BCR, and 260,000 clients purchased a second product from the bank’s portfolio.
- New corporate loans of RON 5.7 billion granted in Q1 2024, of which approximately 27% are aimed for investments.
- Over 3,900 companies (micro-enterprises, SMEs and corporate), creating around 180,000 jobs, financed by BCR in H1 2024.
- BCR is partner for the European Investment Bank and signed in June an agreement for the implementation of the PNRR portfolio guarantee, through which the bank will grant loans of up to EUR 200 million to companies with over 500 employees, for investment projects and to support the working capital necessary for their implementation.

Accelerated digitalization:

- 2.4 million users of George digital ecosystem (internet banking and mobile banking), of which almost 2 million active George app users up by 15% year-on-year.
- 87% of all BCR products for private individuals (current account opening, mortgage and personal loans, savings account, deposits, insurance, and investment products) were granted on a 100% digital flow in H1 2024. June 2024 was a record month for digital sales, with 91% of total bank-wide sold products purchased on a 100% digital flow.
- One year after its launch, more than 2,500 customers have accessed Casa Mea mortgage loan on a 100% digital flow, either for loan purchase or offer reservation. BCR is the only bank in Romania that offers a 100% digital mortgage credit, directly from George, in a simple, transparent, and easy way.
- Over 160,000 companies are enrolled in George for business, a unique digital ecosystem in Romania. In H1 2024, more than 70% of eligible customers started their relationship with the bank through Digital Onboarding, and almost 80% of the microenterprise lending was granted through our

portfolio of digital products including Digital Overdraft, George Smart Credit, George Credit Card and IMM Invest Credit Line.

All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for H1 2024, according to IFRS. Unless otherwise specified, the H1 2024 financial results are compared to the H1 2023 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 are converted using the average exchange rate for H1 2024, i.e. 4.9742 RON/EUR when referring to the H1 2024 results, and using the average exchange rate for H1 2023, i.e. 4.9336 RON/EUR with reference to the H1 2023 results. The balance sheets as of 30 June 2024 and 31 December 2023 are converted using the closing exchange rates on those dates (4.9773 RON/EUR on 30 June 2024 and 4.9756 RON/EUR on 31 December 2023). All the percentage changes refer to the figures expressed in RON

- 82% of the IMM Plus 2024 loans granted to microenterprises, were approved on 100% digital flow, from George. BCR offered entrepreneurs the possibility to access the IMM Plus credit line directly from George, with credit approval within minutes.
- George's portfolio of business digital solutions has been extended with the launch of George SmartEU, a feature that facilitates entrepreneurs' access to comprehensive information about European or national funding programs. In two months since its launch, George SmartEU has been accessed by almost 3,000 users, with 36 funding programs included, of which 26 active as of June 30.
- In Q2, the expansion of the ecosystem also meant the launch of George Smart Protect, the first insurance dedicated to microenterprise and PFA customers, offered in partnership with OMNIASIG Vienna Insurance Group.

Sustainable impact and development:

- More than RON 780 million (EUR 156 million) in corporate green financing, about 20 times more than in H1 2023.
- Over RON 500 million (EUR 100 million) financing in H1 2024 for the purchase of housing with energy certificate A and B. The green mortgage loan 'Casa Mea NaturA' accounted for 56% of new mortgage loans granted in H1 2024.

BCR Group registered a net profit of RON 1,314 million (EUR 264 million) in H1 2024.

"The products and services we develop start from the added value they bring to our customers, but also from the impact and the multiplier effect they have in community. The first six months of the year have seen an increase of over 90% in the number of people who have benefited from a Money School training or a Financial Coaching session. This is something that makes us contented, as we reached over 1.35 million Romanians through BCR's financial literacy programs. But even more importantly, we are transferring this experience to George users, with new features that support smart financial choices and personalized budget analysis. In interacting with the business community, we are approaching financial planning within the lens of the green and digital economy transition, as well as the financing programs available. We launched George SmartEU, a tool that gives entrepreneurs real-time access to relevant data so they can create business and impact at scale. Along with investing in people and education, these are the real opportunities we have to generate long-term value prosperity in Romania."

Sergiu Manea, CEO Banca Comercială Română

Financial literacy and prevention for the whole life cycle

- Approximately 1.35 million Romanians educated through BCR's financial education programs – Money School and Financial Coaching
 - Over 740,000 children, teenagers, young people and adults are Money School graduates. The project was launched in 2016 and has become the largest financial education program in Romania, helping Romanians have a better relationship with money through smart financial decisions. In H1 2024, more than 95,000 people attended Money School trainings.
 - 606,000 people benefited from a personalized financial plan through Financial Coaching, of which more than 232,000 clients in H1 2024 alone. Those who access a Financial Coaching session change their saving behavior and learn to protect themselves for the unexpected. In the first half of the year, 55% of the customers who benefited from financial coaching set the goal to consolidate an emergency fund. In addition, within BCR, 26% of those who opened a saving account and 40% of those who accessed a private pension had gone through a financial coaching session prior to these decisions.

- Financial literacy efforts are supported both by colleagues in BCR's branches, but also by launching new George features, such as FinCoach, Spotlights and RoundUp. They coach healthy financial habits, by enabling better analysis and control over the financial life, while helping in developing an emergency fund. Moreover, George users receive over 3 million financial education tips monthly through George Tips, a feature that provides personalized financial insights based on the users consumption habits.

- In 2024, we continued "Bună ziua, schimbare!"/"Hello, Change!" campaign, an initiative set to accelerate banking and financial inclusion in rural areas, through a BCR mobile branch. During this year, the caravan traveled more than 1,600 kilometers and has reached five localities in Romania (Poienile de Sub Munte in Maramureș County, Crasna in Sălaj County, Pâncota in Arad County, Tășnad in Satu Mare County and Vorona in Suceava County), in order to provide access to banking services and products, as well as financial literacy workshops.

Accelerated digitalization and customer engagement transformation

- Record digital sales in George
 - Sustained growth of 23% in George transactions as compared to H1 2023;
 - 94% of total consumer cash loans were granted on 100% digital flow in H1 2024;
 - 97% of total credit cards and 99% of total overdraft products were granted on a 100% digital flow;
 - 99% of savings accounts and over 90% of deposits were sold digitally;
 - 92% of total BCR protection and insurance products were purchased on a 100% digital flow, directly from George, up from 74% in H1 2023.

- Starting Q2 2024, George is open to non-customers, who can explore the main benefits and features of the platform before the onboarding process.

- Approximately 45,000 children have access to George Junior app, which scales the George experience for children aged 7 to 14 and offers financial literacy tips. The app is managed by parents, as George provides parental control and transparency in managing children's finances.

- More than RON 27 million gained by BCR customers through George Moneyback, the loyalty program that gives money back, as a discount, to BCR clients using card payments. George Moneyback has reached over 1.25 million users, up 27% compared to H1 2023. Moreover, BCR became the bank with the highest number of Moneyback users across Erste Group.
- We have continued the development of the open banking system, and over 1,300 George accounts have already been opened, 100% digitally, from Kaufland, Lidl Plus, MyVodafone, Rompetrol and Profi platforms. Users who choose to open a George account by accessing one of the partners' platforms, benefit from a special offer on purchases made with their George card in the partners' stores.
- More than 168 million digital payment transactions in public transport have been recorded over the past five years, while more than RON 29 million in H1 2024 alone, up 16% compared to H1 2023. BCR has implemented the contactless payment solution in 18 cities in Romania including Bucharest.
- Over 2 million transactions have been registered, with a total value of RON 56 million since the smart parking payment system was implemented at the Henri Coanda 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 quick way, both at the payments terminals or directly at the access control barriers.
- 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 55 branches modernized. In H1 2024, we opened 6 new hubs in Iași, Râmnicu-Sărat, Vaslui, Carei, Reghin, and Bucharest, following the investment plan both in modernizing the space and equipping it with state-of-the-art technology.
- In H1 2024, BCR's Contact Center handled approximately 1 million calls, while the digital integration continued through:
 - Video Advisory, a new feature that meets the customers' needs, enabling them to interact with BCR experts simply, faster and from wherever they want, through video meetings. The Video Advisory option can be accessed on www.bcr.ro, as well as through the George app, giving customers the opportunity to request video assistance, learn about BCR products and services, and benefit from a personalized financial plan through a complete and efficient digital banking experience.
 - ADA chatbot, BCR's virtual assistant, is available on www.bcr.ro/ADA, George Web and George Mobile. In H1 2024, ADA responded to more than 455,500 conversations, and almost 35% of them were self-service, as it provided personalized information without human intervention, about customers' products and services.
 - Conversational IVR, the interactive menu through which we take calls in the Contact Center, provided approximately 82,000 personalized information without human intervention.
 - Voice ID, biometric authentication via voiceprint in a Contact Center. In H1 2024, almost 266,000 customers were authenticated via Voice ID, simple, secure, and easy way.

BCR's impact on economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 8.2 billion in H1 2024, with a 39.6% year-on-year increase in the loans stock for micro-enterprises. The stock of

standard mortgage loans (Casa Mea) in local currency increased by 8.1% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 40.4% yoy.

“Alege bine pentru tine”/“Choose good for yourself” campaign supported these results through one of the largest commercial offers on the banking market in Romania, which includes competitive interest rates, credit-related cost efficiency and cashback to shopping, alongside a broad portfolio of savings and investments products. With more than 150,000 new customers, 170,000 customers who transferred their salary to BCR and more than 260,000 customers who purchased a second product from the bank's portfolio, this approach supported customers' life decisions through balanced and intelligent financial products.

In corporate banking business, BCR approved new corporate loans of RON 5.7 billion in H1 2024, of which approximately 27% are aimed for investments.

The total BCR Leasing financing portfolio granted to customers amounts RON 4.39 billion (EUR 893 million), with a 16% increase compared to H1 2023. BCR's leasing subsidiary continued to support the Romanian entrepreneurial environment, and recorded the strongest growth in the construction, transportation, healthcare and trade sectors.

In H1 2024, BCR Leasing accelerated its digital transformation and launched eBCR Leasing, Romania's first 100% online car financial leasing solution for single-partner businesses. The platform allows entrepreneurs to access financing in a simply, fast and secure way, eliminating the bank trips. To support entrepreneurs, BCR Leasing launched Lease EduFin, a financial education initiative on leasing, which can be found on www.bcrleasing.ro. Here, entrepreneurs can access useful and up-to-date information on financing solutions, costs and benefits, as well as what is involved in accessing and managing financial leasing.

In addition, LEA, the AI chatbot available 24/7 on the BCR Leasing website, has facilitated quick access to information and services, helping customers to manage their leasing relationship in an easier way. To this date, 70% of BCR Leasing customers, regardless of ownership structure, have gone through the process of updating their personal data 100% online, directly from LEA.

In H1 2024, BCR Social Finance financed more than 1,035 micro-enterprises and NGOs, supporting more than 1,800 jobs.

In addition, in the first six months of 2024, BCR Social Finance IFN S.A. granted 110 StudyUP loans for continuing education through university, master, doctorate, or specialization courses, supporting lifelong learning.

AmpliFY ONG, the initiative of BCR Social Finance and Launch Romania, with the support of BCR, Bursa Binelui and ERSTE Foundation, which was launched in December 2023 with the aim of supporting the development of the NGO environment in Romania, has already reached over 1,000 people from the non-profit sector, who have registered in the community and participated in physical or online events. In H1 2024, AmpliFY NGO held eight online workshops and seven community events in four cities in Romania: Bucharest, Oradea, Craiova and Suceava. The last event, on diversifying funding sources for NGOs, which took place in a hybrid format, both physical and online, brought together more than 350 representatives from NGOs, social enterprises and impact businesses from all over the country.

Q2 2024 also marks the launch of Marc, the program for impact-focused businesses, a joint initiative of the ERSTE Foundation, ERSTE Social Finance, IFUA Nonprofit and SIMPACT, together with local partners including BCR. The program aims to respond to existing environmental and social challenges by boosting equity and prosperity in the CEE region. Marc builds the capacity of businesses and supports them on their journey to increase their social or environmental impact, access finance and investment opportunities.

Financial highlights for BCR Group in H1 2024

BCR achieved a net profit of RON 1,314 million (EUR 264 million) in H1 2024, up by 18.3% against RON 1,111 million (EUR 225 million) in H1 2023, driven by improved operating result underpinned by advance in customer business.

Operating result improved by 21.7% to RON 1,862 million (EUR 374 million) in H1 2024, from RON 1,530 million (EUR 310 million) in H1 2023, on the back of strong increase in operating income and well managed operating expenses.

Net interest income increased by 18.6% to RON 2,099 million (EUR 422 million) in H1 2024, from RON 1,770 million (EUR 359 million) in H1 2023, driven by higher business volumes.

Net fee and commission income improved by 16.8% to RON 525 million (EUR 106 million) in H1 2024, from RON 450 million (EUR 91 million) in H1 2023, driven by balanced growth in all fee categories.

Net trading result dropped by 12.0% to RON 253 million (EUR 51 million) in H1 2024, from RON 287 million (EUR 58 million) in H1 2023, on lower trading activity.

Operating income increased by 14.4% to RON 2,902 million (EUR 583 million) in H1 2024, from RON 2,537 million (EUR 514 million) in H1 2023, driven by higher net interest income as well as higher net fee and commission income.

General administrative expenses reached RON 1,041 million (EUR 209 million) in H1 2024, up by 3.3% in comparison to RON 1,007 million (EUR 204 million) in H1 2023, on the back of higher other administrative expenses mainly IT, consultancy and marketing costs, while personnel expenses declined. As such, cost-income ratio improved to 35.9% in H1 2024, versus 39.7% in H1 2023.

Risk Costs and Asset Quality

Impairment result from financial instruments reflected a provision allocation of RON 94 million (EUR 19 million) in H1 2024, as compared to a provision allocation of RON 128 million (EUR 26 million) in H1 2023. The current result has been triggered by allocations of collective provisions for rating downgrades and new business volumes, as well as for newly defaulted exposures, partially offset by recoveries and the update of risk parameters used in provisioning calculation based on the latest macroeconomic projections.

NPL ratio stood at 2.6% as of June 2024, down from the 2.9% level recorded as of December 2023. This evolution is reflecting the increase in loans to customers as well as the recoveries, healings and write-offs in both retail and corporate segments which partially counterbalanced the new NPL formation. At the same time, the NPL provisioning coverage stood at 176.2% as of June 2024.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at 23.3% as of May 2024, well above the regulatory requirements of the National Bank of Romania. Furthermore,

the Tier 1+2 capital ratio of 23.0% (BCR Group, after profit capitalization) as of December 2023 is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased by 8.4% to RON 63,679 million (EUR 12,794 million) as of 30 June 2024 from RON 58,743 million (EUR 11,806 million) as of 31 December 2023, supported by the increase in both retail and corporate segments.

Deposits from customers increased by 4.3% to RON 81,854 million (EUR 16,445 million) as of 30 June 2024 from RON 78,482 million (EUR 15,773 million) as of 31 December 2023, supported by the increase in both retail and corporate deposits.

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 318 retail units located in most of the country's cities with more than 10,000 inhabitants, where 71% of units are cashless. BCR customers have 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.

For more information, please contact the press office at: comunicare@bcr.ro
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For more information on BCR products and services, you can contact us:



www.bcr.ro



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*2227, normal tariff from fixed and mobile

BCR Group profit or loss

In RON million	30 JUN 2024	30 JUN 2023
Net interest income	2,099	1,770
Net fee and commission income	525	450
Net trading result and gain/losses from financial instruments at FVPL	253	287
Operating income	2,902	2,537
Operating expenses	(1,041)	(1,007)
Operating result	1,862	1,530
Impairment result from financial instruments	(94)	(128)
Other operating result	(181)	(93)
Pre-tax from continuing operations	1,586	1,309
Net result attributable to owners of the parent	1,314	1,111

BCR Group statement of financial position

In RON million	30 JUN 2024	31 DEC 2023
Cash and cash balances	13,543	16,764
Trading, financial assets	30,457	28,411
Loans and advances to banks	1,209	2,126
Loans and advances to customers	63,679	58,743
Retail segment	31,697	29,233
Corporate segment	29,074	28,397
Other segments (Group Markets, ALM, Local Corporate Center)	2,908	1,113
Intangible assets	467	454
Miscellaneous assets	1,600	2,353
Total assets	110,956	108,851
Financial liabilities held for trading	131	165
Deposits from banks	1,542	1,649
Deposits from customers	81,854	78,482
Retail segment	50,228	47,994
Corporate segment	29,283	28,969
Other segments (Group Markets, ALM, and Local Corporate Center)	2,343	1,519
Debt securities issued	10,304	10,170
Miscellaneous liabilities	4,555	5,907
Total equity	12,569	12,478
Total liabilities and equity	110,956	108,851