

Banca Comercială Română S. A.
No. CFO Office 10 /16.08.2023
Supervisory Board

Semi-Annual Administrators' Report

as at 30 June 2023

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

Report issued: 14 August 2023

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
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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:	Bucharest Stock Exchange (BVB) (www.bvb.ro) Vienna Stock Exchange (www.wienerbourse.at)
The main characteristics of the bonds issued by BCR S.A.	<p>Issuance in amount of RON 600,000,000, ISIN ROEAZVK5DFP8 - listed BVB</p> <p>Issuance in amount of RON 351,500,000, ISIN RO451CMZH2K1 - listed BVB</p> <p>Issuance in amount of EUR 700,000,000, ISIN AT0000A34CN3 - listed Vienna Stock Exchange, BVB</p> <p>Issuance in amount of RON 702,000,000, ISIN ROPC9F84ZSG4 - listed BVB</p> <p>Issuance in amount of RON 1,000,000,000, ISIN RO1AQREPLMW7 – listed BVB</p> <p>Issuance in amount of RON 334,000,000, ISIN ROGJ5KD9L1W9 - listed BVB</p> <p>Issuance in amount of RON 500,000,000, ISIN ROMU2ND4VHC6 - listed Vienna Stock Exchange, BVB</p> <p>Issuance in amount of RON 600,000,000, ISIN ROPQT4NGMLM3 - listed BVB</p> <p>Issuance in amount of EUR 100,000,000, ISIN AT0000A2Z6V6 - unlisted</p> <p>Issuance in amount of USD 20,000,000, ISIN AT0000A32YQ4 - listed Vienna Stock Exchange</p> <p>Issuance in amount of EUR 150,000,000, ISIN AT0000A323A8 - unlisted</p>

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 operates through a network of 20 commercial centres and area centres and 18 mobile offices dedicated to companies and 319 retail units located in the majority cities with a population of over 10,000 inhabitants from across the country.

Bank and subsidiaries

During 2023, 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 2023	31 December 2022
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

During 2022, the Management Board of BCR approved the launch of the sale process of BCR Chisinau. Consequently, in December 2022, based on the assessment that all IFRS 5 criteria have been fulfilled, the investment in BCR Chisinau was classified as held for sale and measured at the lower of its carrying amount and fair value less costs to sell.

In December 2021, the Management Board of BCR decided to declassify BCR Fleet Management from asset held for sale as the criteria for classification under IFRS 5 was no longer met. The Management Board of BCR Fleet Management has evaluated the overall situation of the company and concluded that the appropriate approach is to prepare its financial statements for 2021 on a gone concern basis because it intends to cease concluding new lease contract and consequently to wind down the remaining portfolio.

As at December 2022, the Management Board of BCR Fleet Management has evaluated the overall situation of the company and concluded that the appropriate approach is to maintain the same classification as in the previous year and to prepare its financial statements for 2022 on a gone concern basis because the largest part of its portfolio was sold and the rest of it is subject to a run down strategy. For remaining assets impairment test was performed at December 31st 2022.

The Management of Suport Colect evaluated the overall situation of the company and concluded that the most appropriate approach is to adopt the gone concern basis in preparing the financial statements as of 31.12.2022.

The main arguments taken into consideration are as follows:

- the entity has no new business and has no intention to acquire any, the only activity relates to receivables acquired in the past (i.e., "cease trading" condition in IAS 10.14 is fulfilled);
- there is an obvious intention of the management to liquidate the company in the future proved by the approved budgets which no longer considered the company from 2024 onwards (IAS 1.25).

Group structure has not changed since 31 December 2022.

1. Economic and financial statements (continued)

1.2 Financial accounting statements

	Group			Bank		
in RON thousands	30.06.2023	31.12.2022	H1 2023/ 2022 %	30.06.2023	31.12.2022	H1 2023/ 2022 %
Assets						
Cash and cash balances	16,777,148	15,224,576	10.2%	16,730,701	15,224,262	9.9%
Financial assets held for trading	372,560	177,242	>100%	372,560	177,708	>100%
Derivatives financial instruments	197,172	177,213	11.3%	197,172	177,679	11.0%
Other financial assets held for trading	175,388	29	>100%	175,388	29	>100%
Non-trading financial assets mandatorily at fair value through profit or loss	69,809	67,179	3.9%	69,809	67,179	3.9%
Equity instruments	51,293	50,851	0.9%	51,293	50,851	0.9%
Debt securities	18,516	16,328	13.4%	18,516	16,328	13.4%
Financial assets at fair value through other comprehensive income	11,310,937	9,664,296	17.0%	11,310,937	9,664,296	17.0%
Debt securities	11,310,937	9,664,296	17.0%	11,310,937	9,664,296	17.0%
Financial assets at amortised cost	70,786,805	68,046,211	4.0%	72,285,766	69,264,841	4.4%
Debt securities	15,165,005	15,215,719	-0.3%	15,048,275	15,132,875	-0.6%
Loans and advances to credit institutions	2,825,429	148,344	>100%	2,862,622	156,699	>100%
Loans and advances with customers	52,796,371	52,682,148	0.2%	54,374,869	53,975,267	0.7%
Finance lease receivables	1945,134	1,745,363	11.4%	7,309	8,405	-13.0%
Property and equipment	1,003,748	1,029,207	-2.5%	818,814	820,797	-0.2%
Investment property	136,000	148,543	-8.4%	136,000	148,543	-8.4%
Intangible assets	410,656	394,847	4.0%	390,722	377,240	3.6%
Investments in joint ventures and associates	26,226	43,336	-39.5%	33,470	33,470	0.0%
Current tax assets	225,647	222,026	1.6%	222,785	219,164	1.7%
Deferred tax assets	153,346	197,778	-22.5%	138,167	184,550	-25.1%
Assets held for sale	736,064	749,318	-1.8%	1,620	51,499	-96.9%
Trade and other receivables	827,141	901,025	-8.2%	819,241	875,813	-6.5%
Investments in subsidiaries	-	-	-	555,717	500,943	10.9%
Other assets	290,998	239,113	21.7%	187,501	137,497	36.4%
Total assets	105,072,219	98,850,060	6.3%	104,081,119	97,756,207	6.5%
Liabilities and Equity						
Financial liabilities held for trading	167,437	163,579	2.4%	167,437	163,579	2.4%
Derivatives financial instruments	167,437	163,579	2.4%	167,437	163,579	2.4%
Financial liabilities measured at amortised cost	90,884,579	84,713,627	7.3%	91,127,961	84,930,411	7.3%
Deposits by banks	1,165,440	2,079,394	-44.0%	1,481,184	2,315,225	-36.0%
Deposits by customers	78,744,857	75,588,537	4.2%	78,692,904	75,609,053	4.1%
Debt securities issued	9,019,959	5,424,406	66.3%	9,019,959	5,424,406	66.3%
Other financial liabilities	1,954,323	1,621,290	20.5%	1,933,914	1,581,727	22.3%
Lease liabilities	444,108	444,486	-0.1%	442,730	442,538	0.0%
Provisions	975,165	1,000,507	-2.5%	846,389	885,531	-4.4%
Current tax liabilities	117,182	75,162	55.9%	116,215	70,202	65.5%
Deferred tax liabilities	19,928	19,443	2.5%	-	-	-
Liabilities associated with assets held for sale	516,188	568,508	-9.2%	-	-	-
Other liabilities	824,963	809,949	1.9%	381,986	357,525	6.8%
Total equity	11,122,669	11,054,799	0.6%	10,998,401	10,906,421	0.8%
Attributable to non-controlling interest	56	63	-11.1%	-	-	-
Attributable to owners of the parent	11,122,613	11,054,736	0.6%	10,998,401	10,906,421	0.8%
Share capital	2,952,565	2,952,565	0.0%	2,952,565	2,952,565	0.0%
Additional equity instruments	741,555	741,555	0.0%	741,555	741,555	0.0%
Retained earnings	5,751,550	5,904,001	-2.6%	5,621,758	5,745,545	-2.2%
Other reserves	1,676,943	1,456,615	15.1%	1,682,523	1,466,756	14.7%
Total liabilities and equity	105,072,219	98,850,060	6.3%	104,081,119	97,756,207	6.5%

As at 30 June 2023, total assets of the Group increased to RON 105,072,219 thousand versus RON 98,850,060 thousand as at 31st of December 2022. The significant variations are described in section 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	30.06.2023	30.06.2022	H 1 2023/ H 1 2022 %	30.06.2023	30.06.2022	H 1 2023/ H 1 2022 %
Net interest income	1,770,090	1,362,474	29.9%	1,673,093	1,287,072	30.0%
Interest income	2,842,908	1,673,543	69.9%	2,810,746	1,636,498	71.8%
Other similar income	61,464	33,345	84.3%	969	1,649	-412%
Interest expense	(1,122,817)	(332,795)	>100%	(1,127,281)	(339,566)	>100%
Other similar expense	(11,465)	(11,619)	-13%	(11,341)	(11,509)	-15%
Net fee and commission income	449,550	451,333	-0.4%	427,283	427,270	0.0%
Fee and commission income	578,319	585,905	-13%	551,226	557,081	-11%
Fee and commission expense	(128,769)	(134,572)	-4.3%	(123,943)	(129,811)	-4.5%
Dividend income	5,102	2,403	>100%	65,976	25,408	>100%
Net trading result	284,173	299,759	-5.2%	275,332	290,019	-5.1%
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss	3,216	2,754	16.8%	3,216	2,754	16.8%
Net result from equity method investments	2,354	(120)	<-100%	-	-	-
Rental income from investment properties and other operating leases	22,388	50,923	-56.0%	2,649	2,577	2.8%
Personnel expenses	(541,068)	(415,687)	30.2%	(499,614)	(384,755)	29.9%
Other administrative expenses	(345,249)	(359,063)	-3.8%	(335,836)	(352,903)	-4.8%
Depreciation and amortisation	(120,846)	(126,669)	-4.6%	(105,380)	(100,465)	4.9%
Net impairment loss on financial instruments	(128,075)	(209,428)	-38.8%	(104,267)	(201,183)	-48.2%
Other operating result	(92,781)	184,206	<-100%	(67,742)	167,024	<-100%
Profit before tax	1,308,854	1,242,885	5.3%	1,334,710	1,162,818	14.8%
Taxes on income	(198,021)	(200,804)	-14%	(195,221)	(188,717)	3.4%
Net result for the period	1,110,833	1,042,081	6.6%	1,139,489	974,101	17.0%
Attributable to non-controlling interests	7	11	-36.4%	-	-	-
Attributable to owners of the parent	1,110,826	1,042,070	6.6%	1,139,489	974,101	17.0%

1. Economic and financial statements (*continued*)1.2 Financial accounting statements (*continued*)

Statement of cash flows

	Group			Bank		
in RON thousands	30.06.2023	30.06.2022	H 1 2023/ H 1 2022 %	30.06.2023	30.06.2022	H 1 2023/ H 1 2022 %
Net result for the period	1,110,833	1,042,081	7%	1,139,489	974,101	17%
Non-cash adjustments for items in net profit/(loss) for the year						
Depreciation, amortisation of assets	120,846	126,669	-5%	105,380	100,465	5%
Allocation to and release of impairment of loans	150,070	174,281	-14%	127,440	185,761	-31%
Other provisions	(28,397)	(32,769)	-91%	(39,536)	(292,098)	-86%
Impairment of subsidiaries	-	-	-	10,195	-	-
Interest income received from investing activities	(308,367)	(245,379)	26%	(305,775)	(240,598)	27%
Interest expense paid for financing activities	210,673	91,947	>100%	201,776	89,628	>100%
Dividend income from investing activities	(5,102)	-	-	(65,976)	(23,063)	>100%
Other adjustments	24,156	(5,831)	<-100%	41613	(11,927)	<-100%
Changes in assets and liabilities from operating activities after adjustment for non-cash components						
Financial assets - held for trading	(175,358)	1,661,557	<-100%	(175,358)	1,661,557	<-100%
Financial assets at fair value through other comprehensive income	(1,478,357)	(1,095,910)	35%	(1,478,755)	(1,050,355)	41%
Financial assets at amortised cost						
Loans and advances to banks	(2,677,086)	569,791	<-100%	(2,705,923)	576,849	<-100%
Loans and advances to customers	(185,965)	(4,829,999)	-96%	(469,050)	(5,036,669)	-91%
Finance lease receivables	(199,771)	(107,361)	86%	1095	1342	-18%
Other assets from operating activities	42,838	(62,028)	<-100%	(244)	(16,847)	-92%
Deposits from banks	(834,847)	4,848,958	<-100%	(834,041)	4,706,617	<-100%
Deposits from customers	3,156,321	(1,982,059)	<-100%	3,083,851	(1,920,960)	<-100%
Other financial liabilities	382,872	322,630	19%	402,718	320,957	25%
Other liabilities from operating activities	(37,180)	7,329	<-100%	24,461	382	>100%
Cash flow from operating activities	(731,819)	203,907	<-100%	(936,641)	25,142	<-100%
Proceeds of disposal						
Debt securities at amortised cost	1,463,706	1,658,888	-12%	1,463,706	1,490,594	-2%
Property and equipment, intangible assets, investment properties and assets held for sale	28,714	49,056	-41%	19,491	16,318	19%
Acquisition of						
Debt securities at amortised cost	(1,504,067)	(868,311)	73%	(1,469,886)	(760,046)	93%
Property and equipment, intangible assets, investment properties and assets held for sale	(90,694)	(248,272)	-63%	(86,890)	(221,916)	-61%
Interest received from investing activities	319,793	276,120	16%	317,201	271,338	17%
Dividends received from investing activities	5,102	-	-	65,976	23,063	>100%
Cash flow from investing activities	222,553	867,481	-74%	309,599	819,351	-62%
Repayment of principal of lease liabilities (IFRS 16)	(50,339)	(45,187)	11%	(50,339)	(45,669)	10%
Dividends paid to equity holders of the parent	(1,144,291)	(963,452)	19%	(1,144,291)	(963,452)	19%
Dividends paid to non-controlling interests	(1,271)	(1,090)	17%	(1,271)	(1,090)	17%
AT1 Dividends	(44,168)	-	-	(44,168)	-	-
Debt securities issued	3,565,880	1,053,000	>100%	3,565,880	1,053,000	>100%
Outflows from other financing activities	(82,974)	(768,085)	-89%	(20,228)	(522,940)	-96%
Interest expense paid for financing activities	(180,999)	(91,947)	97%	(172,102)	(89,628)	92%
Other financing activities	(177,132)	(79,216)	>100%	(168,235)	(76,897)	>100%
Subordinated loans	(3,867)	(12,731)	-70%	(3,867)	(12,731)	-70%
Cash flow from financing activities	2,061,838	(816,761)	<-100%	2,133,481	(569,779)	<-100%
Cash and cash equivalents at beginning of period	15,224,576	13,317,439	14%	15,224,262	13,069,516	16%
Cash flow from operating activities	(731,819)	203,907	<-100%	(936,641)	25,142	<-100%
Cash flow from investing activities	222,553	867,481	-74%	309,599	819,351	-62%
Cash flow from financing activities	2,061,838	(816,761)	<-100%	2,133,481	(569,779)	<-100%
Cash and cash equivalents at end of period	16,777,148	13,572,066	24%	16,730,701	13,344,230	25%

2. Analysis of the issuer's activity

2.1. Outlook on issuer's activity

2023 economic outlook

Real GDP growth expected to decelerate to below potential in 2023 (+2.1% y/y, our estimate).

Investments are expected to support GDP growth this year, as EU funds inflows from both the Multiannual Financial Framework and Next Generation EU could climb to 4.0-5.0% of GDP in 2023 vs. 3.5% of GDP in 2022.

Average inflation rate anticipated to slow down at 10.7% in 2023. Short-term disinflation process is driven by statistical base effects from softer energy and commodities prices.

Average unemployment rate is expected virtually unchanged at 5.8% in 2023.

Real wage growth expected to be positive this year on the back of decelerating inflation rate.

Slightly lower short-term **interest rates**, with lower average 3M ROBOR due to persistent liquidity surplus in the banking system. We continue to see NBR keeping key rate flat at 7% by mid-2024.

Balance Sheet developments

Retail loans portfolio is assumed to remain stable in 2023 as growth generated by the own mortgage product and unsecured loans is offset by First House low demand. Micro lending is going to register a robust growth supported by digitalization, governmental programs and EU funds.

Corporate is expected to see double-digit increase in lending portfolio, with positive developments in all segments. On the liabilities side, deposits will remain at high levels, as a result of BCR's strategy to focus on increase the number of active customers and on digitalization, supported by new George for Business.

Income Statements developments

Operating income for H1 2023 is higher versus H1 Budget, supported mainly by net interest income due to higher market rates environment and net trading result coming from trading activity. For year-end, operating income is expected to remain at good level, overrunning the budget.

Operating expenses up by 11.7% in H1 2023 vs. 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.

Based on improved operating performance, return on equity registered a good evolution in H1 2023, expected to be in line with the budget for YE 2023.

Risk costs will bring additional allocations in 2023 given that inflation and interest rates, although on a decreasing trend, are expected to remain relatively high during this year

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

2.2. Issuer's tangible assets

Currently, the Bank has a portfolio of 60 properties, located in 35 counties, of which the largest number of buildings are located in Bucharest - 5 units, and the remaining 55 buildings are located in other counties in Romania.

In 2019, the Bank decided to pursue a strategy of optimizing the network of units and headquarter buildings including selling certain properties. Implementation of strategy continued.

Thus, the Bank's property portfolio is classified for accounting purposes in accordance with IAS 16, IFRS 5 and IAS 40 respectively, depending on the purpose for which the property is held.

During H1 2023, the Bank sold 10 properties (land and buildings), the net book value of which amounted to RON 22,562 thousand.

2.3. Issuer's performance¹

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.

¹ All the financial data presented 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.

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

2.3. Issuer's performance (continued)

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 impact in the 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.

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

2.3. Issuer's performance *(continued)*

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.

3. Changes affecting the issuer's 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

In 2023, BCR issued the first international green Eurobond issue, in amount of EUR 700 mn, the largest senior issue in the history for any financial or corporate issuer in Romania. BCR's new bond issue marks the bank's debut on the international capital markets and consists of 4NC3 senior non-preferred Eurobonds with a maturity of 4 years, with the possibility of early redemption after 3 years. The issue is listed on the Vienna and Bucharest Stock Exchange, being also the first international green Eurobond issued by a Romanian bank. In addition, this issuance is part of BCR's journey in the direction of the ESG (Environmental, Social and Governance) criteria, with the aim to build a sustainable economic development by encouraging environmentally responsible behavior, through better governance and increased social involvement.

5. Annexes

The following documents are annexed to this report:

1. Issuer's 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 2023.

Chairman of the Supervisory Board,



Manfred Wimmer

Annex 1- Issuer's Management

BCR's Supervisory Board and Management Board structure during 01.01 - 30.06.2023 is:

Supervisory Board

- Manfred Wimmer – Chairman;
- Stefan Dörfler – Deputy Chairman;
- Daniela Camelia Nemoianu – member;
- Hildegard Gacek – member;
- Elisabeth Krainer Senger -Weiss – member;
- Iris Bujatti – member;
- Christine Catasta – member.

Management Board

1. Sergiu Cristian Manea - Executive President;
2. Elke Meier - Executive Vice-president;
3. Ilinka Kajgana - Executive Vice-president;
4. Dana Luciana Dima - Executive Vice-president;
5. Thomas Kolarik – Executive Vice-president.