

BCR Group, 1-9 2023 results: Building prosperity through financial literacy and strategic investments

Summary¹:

Open for people, open for impactful business:

- The **stock of net customer loans** granted by Banca Comercială Română (BCR) **advanced by 4.6% year-on-year** as of 30 September 2023.
- **New loans of RON 6.5 billion** granted in 1-9 2023 to households (mortgage and unsecured consumer) and microenterprises, with a **40% year-on-year increase** in the loans stock for micro-enterprises.
- **New corporate loans of RON 8 billion** granted in 1-9 2023, of which **approximately 30% are aimed for investments**. For the SME sector alone, the stock financing granted by BCR Bank increased by **4% year-on-year** as of 30 September 2023.
- Over **900 companies** accounting for **approximately 250,000 jobs** were funded by BCR in 1-9 2023.

Accelerated digitalization:

- **2.25 million users of George digital ecosystem** (internet banking and mobile banking), of which **1.8 million active George app users** up by **13.7% year-on-year**.
- **CASA MEA is the first online mortgage loan in Romania**. BCR is the **only bank in Romania that offers a 100% online mortgage credit, directly from George, in a simple, transparent, and easy way**.
- **75% 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**.
- **80% growth for products sold digitally in 1-9 2023** compared to the same period in 2022.
- **77% of all BCR protection and insurance products were purchased on a 100% digital flow**, directly from George, up 49% compared to 1-9 2022.
- **Over 66% 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, multiple financing solutions available on a 100% digital flow (revolving or instalment credit facilities) and Multiprofile – single sign-in for both business and personal transactions. **In 1-9 2023, more than 70% of eligible customers started their relationship with the bank through Digital Onboarding**, and almost **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 1-9 2023, according to IFRS. Unless otherwise specified, the 1-9 2023 financial results are compared to the 1-9 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 are converted using the average exchange rate for 1-9 2023, i.e. 4.9389 RON/EUR when referring to the 1-9 2023 results, and using the average exchange rate for 1-9 2022, i.e. 4.9350 RON/EUR with reference to the 1-9 2022 results. The balance sheets as of 30 Sep 2023 and 31 December 2022 are converted using the closing exchange rates on those dates (4.9735 RON/EUR on 30 Sep 2023 and 4.9495 RON/EUR on 31 December 2022). All the percentage changes refer to the figures expressed in RON

Sustainable impact and development:

- Over **RON 415 million (EUR 83 million) in green financing** (renewables, energy efficiency and green buildings) in 1-9 2023, exclusively for corporate customers.
- Approximately **RON 470 million (EUR 94.5 million) for mortgage loans in 1-9 2023** for the purchase of buildings with energy certificate A.

BCR Group registered a net profit of RON 1,698.2 million (EUR 343.8 million) in 1-9 2023.

"We are advancing the financial literacy and knowledge transfer approach, whereby people gain confidence in their potential and make smart financial choices, both on a personal and business level. We are doing this through the 230,000 people who benefitted of a financial coach session in BCR branches in the first nine months of 2023, as well as the more than 645,000 people who went through Money School courses. We also do this through every conversation we have with the business community, which brings in attention the transformation of the Romanian economy, alongside industry 4.0 and the available sources of financing. Understanding how financial and entrepreneurship literacy, as well as strategic investment and innovation, can positively influence national GDP will help us build country financial resilience. We need to increase our security - financial, energy, food, technological - to navigate through the uncertainty prevailing the international scene. Therefore, our role at BCR is to provide solutions. To be close to the people, to listen and to bring together financial and societal capital, because this is the only way we can talk about a prosperous and inclusive economy despite the overall challenges."

Sergiu Manea, CEO Banca Comercială Română

Financial literacy and prevention for the whole life cycle

- **230,000 people benefited in 1-9 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.
- **29% of the customers who received financial coaching in 1-9 2023 have already implemented the savings goals they set in the session, while 33% have considered a private pension for financial comfort after retirement.**
- **Money School** continued to organize online and offline financial education sessions for adults and children, exceeding **645,000 participants in the program. In 1-9 2023 alone, 47,000 people learned how to have a better relationship with money and set financial goals** in our Money School workshops.
- **We continue "Bună Ziua, Schimbare!",** a campaign aimed to accelerate the level of banking and financial literacy in rural areas through the BCR mobile branch. Starting May 2023, the caravan has reached **11 localities in Romania - Băleni (Dâmbovița county), Brezoi (Vâlcea county), Saliște and Tălmăciu (Sibiu county), Băile Felix (Bihor county), Ilva Mică (Bistrița-Năsăud county), Mărginea (Suceava county), Matca (Galați county), Vânători and Săbăoani (Neamț county) and Stâlpeni (Argeș county)** to offer residents access to banking services and products, as well as financial literacy workshops.

Accelerated digitalization and customer engagement transformation

- **BCR acted as Joint Bookrunner in the Hidroelectrica IPO and offered retail investors extended trading options: 100% digital through George and BCR Broker app, by phone or directly in BCR branches.**
- **Record digital sales in George**
 - **Sustained growth of 27% in George transactions** as compared to 1-9 2022

- **86% of the new cash loans in 1-9 2023 were granted 100% on a fully digital flow**, versus 74% in 1-9 2022
- **88% 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**

- **Over 49,000 BCR customers have activated AliasPay**, George's feature that allows intra- and inter-bank payments via phone number.
- **George Junior scales up George experience for those between 7–14 years, with a new banking app featuring a free current account and card package with ZERO administration fees.** The app can also be managed by the parents who are George users, providing parental control and transparency in managing children's finances.
- **Open banking system development continued, and George account can now be opened 100% digitally from the Lidl Plus and Kaufland 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 300 lei on purchases in any Lidl store, while customers choosing Kaufland will get back 200 lei on their purchases in the Kaufland store network.
- **George store has a new design starting July 2023 and 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 123 million digital payment transactions in public transport have been recorded over the past five years, while more than 38 million in 1-9 2023 alone, up 35% compared to 1-9 2022.** BCR has implemented the contactless payment solution in 17 cities in Romania including Bucharest.
- **BCR implemented in Pitești, in August 2023, the first public transport pass associated with a bank card.** Romania ranks among the top countries in Europe on the transactions with this solution, where the transport pass can be used directly on the bank card from which it was purchased.
- **Over 1.25 million transactions have been registered, with a total value of RON 36.8 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 1-9 2023, we opened six new hubs in Bacău, Ploiești, Craiova, Bucharest, and Cluj**, 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 747 machines** across the country, while cash withdrawal in euro is available within 328 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 1-9 2023, ADA responded to **more than 607,000 conversations, and almost 48% of them were self-service**, as it provided personalized information without human intervention, about customers' products and services. Of the total conversations, 61,000 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 240,000 personalized information** without human intervention.

- **Voice ID, biometric authentication via voiceprint in a Contact Center. In 1-9 2023, 390,000 customers were authenticated via Voice ID, simple, secure, and easy way.**
- **BCR Contact Center receives, on average, 200,000 phone calls every month, with an average waiting time of less than 51 seconds.**

BCR's impact on economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 6.5 billion in 1-9 2023, with a 40% year-on-year increase in the loans stock for micro-enterprises. The stock of standard mortgage loans (Casa Mea) in local currency increased by 3.5% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 5.7% yoy.

In corporate banking business, BCR approved new corporate loans of RON 8 billion in 1-9 2023, of which approximately 30% are aimed for investments. The stock financing granted by BCR Bank to the SME sector increased by 4% year-on-year as of 30 September 2023.

The total **BCR Leasing financing portfolio granted to customers amounts RON 3.97 billion (EUR 805 million), with a 22% increase in new financing compared to 1-9 2022. With a dynamic customer portfolio and a strategy to support electromobility, which encourages the purchase of electric cars, BCR Leasing registered a 60% increase in sales volume for green financing in Q3 2023.** Individual and micro-enterprises customers can access directly from George the sustainable electric vehicle financing offers that BCR Leasing is developing with different car dealers. Digital integration also continues through the LEA chatbot, BCR Leasing's virtual assistant, which conducted more than 2,500 conversations in Q3 2023, 20% of which were financing requests. Moreover, BCR Leasing continues to support the Romanian entrepreneurial environment and finances companies in various fields of activity, which create more than 225,000 jobs.

In 1-9 2023, BCR Social Finance financed more than 1,300 micro-enterprises and NGOs, supporting more than 3,500 jobs. In addition, in the first nine months of the year, BCR Social Finance IFN S.A. granted 70 StudyUP loans for continuing education through university, master, doctorate, or specialization courses, supporting lifelong learning.

INNOVX-BCR, the technology business initiative, **has reached 181 accelerated start-ups out of 2,249 applicants, with the completion of the bootcamp dedicated to the SCALEUPS 2023 cohort.** In September 2023, InnovX-BCR program successfully launched its cohort of Scaleups, which attracted 18 companies in the pre-accelerator phase. Of these, 10 companies were selected to advance to the acceleration phase, representing a significant success for the development of the entrepreneurial environment. InnovX-BCR is recognized for attracting companies creating innovation in different sectors - from e-commerce, gaming, cloud, telecoms, health, deeptech, energy and proptech - and contributing to the development of a diverse and dynamic entrepreneurial ecosystem.

Financial highlights for BCR Group in 1-9 2023

BCR achieved a net profit of RON 1,698.2 million (EUR 343.8 million) in 1-9 2023, up by 10.3% against RON 1,539.7 million (EUR 312.0 million) in 1-9 2022, driven by improved operating result underpinned by advance in customer business.

Operating result improved by 18.2% to RON 2,324.5 million (EUR 470.7 million) in 1-9 2023 from RON 1,966.6 million (EUR 398.5 million) in 1-9 2022, on the back of higher operating income, partly offset by increased operating expenses.

Net interest income increased by 27.0% to RON 2,670.6 million (EUR 540.7 million) in 1-9 2023, from RON 2,102.1 million (EUR 426.0 million) in 1-9 2022, driven by higher business volumes and market rates.

Net fee and commission income improved by 4.4% to RON 723.9 million (EUR 146.6 million) in 1-9 2023, from RON 693.3 million (EUR 140.5 million) in 1-9 2022, driven by increased fee income from corporate lending as well as higher securities fees.

Net trading result dropped by 11.3% to RON 401.5 million (EUR 81.3 million) in 1-9 2023, from RON 452.9 million (EUR 91.8 million) in 1-9 2022, on lower trading activity.

Operating income increased by 15.5% to RON 3,838.6 million (EUR 777.2 million) in 1-9 2023, from RON 3,324.5 million (EUR 673.7 million) in 1-9 2022, driven by higher net interest income as well as higher net fee and commission income.

General administrative expenses reached RON 1,514.1 million (EUR 306.6 million) in 1-9 2023, up by 11.5% in comparison to RON 1,357.9 million (EUR 275.2 million) in 1-9 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 39.4% in 1-9 2023**, versus 40.8% in 1-9 2022.

Risk Costs and Asset Quality

Impairment result from financial instruments reflected a provision allocation of RON 188.8 million (EUR 38.2 million) in 1-9 2023, significantly lower versus the allocation of RON 291.8 million (EUR 59.1 million) in 1-9 2022. The current result mainly consisted of collective provisions booked for the performing portfolio, while the provision releases driven by further recoveries and healings in both retail and corporate segments fully offset the allocations for regular new defaults.

NPL ratio remained stable against previous quarter at 2.7% as of September 2023, slightly below 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 new NPL formation. At the same time, the **NPL provisioning coverage reached 187.8% as of September 2023**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **23.1% as of August 2023**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 21.9% (BCR Group) as of June 2023** is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased by 2.4% to RON 56,674.3 million (EUR 11,395.3 million) as of 30 September 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 slightly increased by 1.5% to RON 76,708.4 million (EUR 15,423.4 million) as of 30 September 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 SEP 2023	30 SEP 2022
Net interest income	2,670.6	2,102.1
Net fee and commission income	723.9	693.3
Net trading result and gain/losses from financial instruments at FVPL	401.5	452.9
Operating income	3,838.6	3,324.5
Operating expenses	(1,514.1)	(1,357.9)
Operating result	2,324.5	1,966.6
Impairment result from financial instruments	(188.8)	(291.8)
Other operating result	(119.0)	162.5
Pre-tax from continuing operations	2,016.7	1,837.3
Net result attributable to owners of the parent	1,698.2	1,539.7

BCR Group statement of financial position

In RON million	30 SEP 2023	31 DEC 2022
Cash and cash balances	12,842.8	15,224.6
Trading, financial assets	27,643.1	25,124.4
Loans and advances to banks	4,472.5	148.3
Loans and advances to customers	56,674.3	55,328.5
Retail segment	29,017.9	28,062.2
Corporate segment	26,848.7	26,036.5
Other segments (Group Markets, ALM, Local Corporate Center)	807.7	1,229.8
Intangible assets	428.6	394.8
Miscellaneous assets	2,641.2	2,629.3
Total assets	104,702.5	98,850.1
Financial liabilities held for trading	170.0	163.6
Deposits from banks	1,596.1	2,079.4
Deposits from customers	76,708.4	75,588.5
Retail segment	45,619.9	43,753.6
Corporate segment	29,134.6	28,847.4
Other segments (Group Markets, ALM, and Local Corporate Center)	1,953.8	2,987.5
Debt securities issued	9,165.3	5,424.4
Miscellaneous liabilities	5,320.5	4,539.3
Total equity	11,742.2	11,054.8
Total liabilities and equity	104,702.5	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 318 retail units located in most of the country's cities with more than 10,000 inhabitants, where 56% 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.

For more information, please contact the press office at: comunicare@bcr.ro

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



contact.center@bcr.ro



*2227, normal tariff from
fixed and mobile networks