

BCR Group, 2023 results: Responsible banking through strategic investments and community development

Summary¹:

Open for people, open for impactful business:

- The **stock of net customer loans** granted by Banca Comercială Română (BCR) **advanced by 6.2% year-on-year** as of 31 December 2023.
- **New loans of RON 8.7 billion granted in 2023 to households (mortgage and unsecured consumer) and microenterprises, with a 57% year-on-year increase in the loans stock for micro-enterprises.**
- **New corporate loans of RON 11.6 billion granted in 2023, of which approximately 30% are aimed for investments. For the SME sector alone, the stock financing granted by BCR Bank increased by 6.1% year-on-year as of 31 December 2023.**
- **Over one thousand companies accounting for about 250,000 jobs** received financing from BCR in 2023.

Accelerated digitalization:

- **2.3 million users of George digital ecosystem** (internet banking and mobile banking), of which almost **1.9 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% digital mortgage credit, directly from George, in a simple, transparent, and easy way. Since its launch in August 2023, more than 500 customers have accessed this solution, either for loan purchase or offer reservation.**
- **75% 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.**
- **79% of all BCR protection and insurance products were purchased on a 100% digital flow, directly from George, up 52% compared to 2022.**
- **BCR is the only bank in Romania that offers customers the possibility to apply for BCR Plus Optional Pension Fund (Pillar III), managed by BCR Pensions, 100% online, directly from George, without going to the bank. Since its launch in October 2023, we recorded a 41% increase in applications to join BCR Plus Optional Pension Fund (Pillar III), compared to the same period in 2022. In addition, 1 out of 4 Romanians who own a voluntary pension fund chose BCR Pensii.**
- **Over 140,000 companies are enrolled in George for business, a unique digital ecosystem in Romania. In 2023, more than 65% 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 2023, according to IFRS. Unless otherwise specified, the 2023 financial results are compared to the 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 2023, i.e. 4.9463 RON/EUR when referring to the 2023 results, and using the average exchange rate for 2022, i.e. 4.9318 RON/EUR with reference to the 2022 results. The balance sheets as of 31 December 2023 and 31 December 2022 are converted using the closing exchange rates on those dates (4.9756 RON/EUR on 31 December 2023 and 4.9495 RON/EUR on 31 December 2022). All the percentage changes refer to the figures expressed in RON

- **65% of customers eligible for KYC verification in George for business, updated their company data within 4 minutes.**
- **Over 2,500 digital loans were granted to micro-enterprises since the launch of George for business**

Sustainable impact and development:

- **BCR has successfully debuted on the international capital market with a EUR 700 million green Eurobond issuance,** which marked a first on the Romanian financial-banking market: 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. The funds raised were directed towards renewable energy projects, green mortgages and green buildings.
- **Approximately RON 2 billion (EUR 400 million) in green financing for retail and corporate clients in 2023.**
- **More than RON 600 million (EUR 120 million) in financing the purchase of housing with energy certificate A.** The green mortgage loan 'Casa Mea Natura' accounted for 51% of new mortgage loans granted in 2023.
- **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 70% of the portfolio is issued on sustainable material.

BCR Group registered a net profit of RON 2,321 million (EUR 469 million) in 2023.

"For BCR, prosperity is also built through financial education, beyond everything that means real collaboration with all customers and access to a complete banking experience. Today, we are celebrating 1 million Romanians who have been open to hold honest money discussions with us. 650,000 people have put their trust and stepped into the basics of financial education with Money School, while over 400,000 people have benefited from a personalised financial plan in the last year and a half through BCR's financial coaching service.

This data helps primarily to building value over time through financial education and smart financial choices. It's the foundation we have for developing a society where people are more confident and able to achieve their financial goals. Further, our role is to deploy resources to support Romania as an economic force in the region by strengthening the local business ecosystem and developing human potential. Because absolutely all Romanians must have a fair chance to succeed and be valued in Romania, because we all need to be part of building country confidence and resilience."

Sergiu Manea, CEO Banca Comercială Română

Financial literacy and prevention for the whole life cycle

- **1 million Romanians educated through BCR's financial education programs – Money School and Financial Coaching**
- **650,000 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.
- **400,000 people benefited 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. The service is unique in Romania and is based on an innovative data analysis platform designed in BCR's digital labs. **In 2023 alone, over 360,000 people – customers and non-customers – benefited from a personalized financial plan with concrete solutions for their plans and goals.**

- **34% of the customers who received financial coaching in 1-9 2023 have already implemented the savings goals they set in the session, while 39% have considered a private pension for financial comfort after retirement.**
- **The LifeLab pilot educational project, developed by BCR through Money School, which aims to introduce elements of financial education in all learning cycles, within the various school subjects, has achieved remarkable results in the school year 2022-2023, in the two schools in Romania where it was carried out - "Dinicu Golescu" National College, Câmpulung Muscel and General School No. 1, Poiana Mărului. With the participation of 65 teachers and 1,200 students, the final evaluation showed a 19% increase in the financial knowledge of secondary school students and a 15% increase in the knowledge of high school students. Thus, LifeLab continues in the school year 2023-2024 and has been extended to 10 schools in 4 counties in Romania: Brasov, Mures, Prahova and Suceava.**
- **More than 2,000 people benefited from 60 financial and digital workshops as part of the "Buna Ziua, Schimbare!" campaign, an initiative to accelerate the level of banking and financial literacy in rural areas through the BCR mobile branch. Over the past year, the mobile unit has travelled more than 5,000 kilometres and reached 12 localities in Romania - Baleni (jud. Dâmbovița), Brezoi (Vâlcea county), Săliște and Tâlmăciu (Sibiu county), Băile Felix (Bihar county), Ilva Mică (Bistrița-Năsăud county), Marginea (Suceava county), Matca (Galați county), Vânători and Săbăoani (Neamț county), Stâlpeni (Argeș county) and Brezoi (Timiș county), in order 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 25% in George transactions** as compared to 2022
 - **Almost 90% of the new cash loans, credit cards and overdrafts were granted on a fully digital flow through George in 2023**
 - **20% increase in digital sales for loan products compared to 2022**
 - **99% of the saving accounts and almost 80% of deposits were opened on 100% digital flow**
- In 2023, we introduced George ID, an integrated solution that replaces eToken, whereby George users can enjoy an easy, seamless, log-in experience.
- **Monthly, over 2 million financial education tips are distributed through George Tips, George's functionality that provides personalized information to users based on their spending behavior. George Tips is helping our customers improve their financial lives and cover transaction monitoring, spending habits, cash optimization solutions or new George functionalities.**
- **BCR and Auchan have launched Romania's first digital solution for salaries advance pay (Salariu în Avans). The new functionality allows Auchan employees to have immediate access to up 50% of their salary for the days already worked, whenever they need it, regardless of whether or not they receive their salary through a BCR account. Instant cash receipt, with no extra cost, through the George digital platform, available 24/7.**
- **Over 22,000 children have access to George Junior app, which scales the George experience for children aged 7-14 and provides financial education solutions. The app can also be managed by the parents who are George users, providing parental control and transparency in managing children's finances.**
- **We continued the development of the open banking system in 2023, and George account can now be opened 100% digitally from the Lidl Plus, Kaufland and Vodafone apps. Over 2,000 accounts have been opened through these partnerships and customers have received cash back on the purchases made in our partners' store network.**
- **George Moneyback, the loyalty program that gives money back, as a discount, to BCR customers who use card payments, has reached over 1 million users. Since its launch, more than RON 21 million have gained by BCR customers through this smart shopping scheme, which provides discounts at more than 100 merchants in a variety of areas - hypermarkets, IT&C stores, petrol stations, pharmacies, bookshops and more.**

- **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 138 million digital payment transactions in public transport have been recorded over the past five years, while more than 53 million in 2023 alone, up 32% compared to 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 1.5 million transactions have been registered, with a total value of RON 46 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 49 branches modernized. In 2023, we opened 12 new hubs in Bacău, Ploiești, Craiova, Bucharest, Cluj, Galați, Târgu-Jiu, and Brașov** 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 807 machines** across the country, while cash withdrawal in euro is available within 327 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 2023, ADA responded to more than 864,650 conversations, and almost 43% 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 325,000 personalized information** without human intervention.
 - **Voice ID, biometric authentication via voiceprint in a Contact Center. In 2023, almost 550,000 customers were authenticated via Voice ID, simple, secure, and easy way.**
 - **From the end of 2023, we also directly authenticate customers calling from the Contact Area in George.**

BCR's impact on economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 8.7 billion in 2023, with a 57% year-on-year increase in the loans stock for micro-enterprises. The stock of standard mortgage loans (Casa Mea) in local currency increased by 3.4% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 6.1% yoy.

In corporate banking business, BCR approved new corporate loans of RON 11.6 billion in 2023, of which approximately 30% are aimed for investments. The stock financing granted by BCR Bank to the SME sector increased by 6.1% year-on-year as of 31 December 2023.

In 2023, the total **BCR Leasing financing portfolio granted to customers amounts RON 4.10 billion (EUR 829 million), with a 17% increase in new financing compared to 2022.** BCR's leasing subsidiary continued to support the Romanian entrepreneurial environment, financing more than 11,000 companies in 2023 alone. The financed companies are from different fields of activity, and they are creating more than 250,000 jobs.

With a dynamic customer portfolio and a strategy to support electromobility, which encourages the purchase of electric cars, BCR Leasing registered a 67% increase in sales volume for green financing in 2023. In addition, BCR Leasing has facilitated digital access to sustainable offers for financing electric vehicles for individual and micro-enterprises customers directly from George. Digital integration has continued through the LEA chatbot, BCR Leasing's virtual assistant, which conducted more than 3,800 conversations in 2023, of which 500 of them were financing requests.

In 2023, BCR Social Finance financed more than 1,700 micro-enterprises and NGOs, supporting more than 4,800 jobs. Involvement in the development of the NGO environment also continued with the launch of AmpliFY NGO, a multi-year project to increase the impact of NGOs in Romania, providing access to an extensive network of resources, potential partners and mentors, as well as educational programs aimed at developing the capacity of the civil society organizations.

In addition, in 2023, BCR Social Finance IFN S.A. granted 138 StudyUP loans for continuing education through university, master, doctorate, or specialization courses, supporting lifelong learning.

INNOVX-BCR, the technology business initiative, has reached 185 accelerated start-ups out of 3,119 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.

At the end of 2023, **BCR also announced the launch of BCR Seed Starter, the first corporate venture capital (CVC) company of a Romanian bank dedicated to equity investments in technology startups. With a financial commitment to invest EUR 5 million over the next five years,** BCR Seed Starter aims to provide capital for a portfolio of innovative startups that have the potential to optimize internal banking processes, improve the portfolio of services offered to BCR customers or support the integration of ESG standards.

Financial highlights for BCR Group in 2023

BCR achieved a net profit of RON 2,321 million (EUR 469 million) in 2023, up by 33% against RON 1,746 million (EUR 354 million) in 2022, driven by improved operating result underpinned by advance in customer business.

Operating result improved by 17.2% to RON 3,206 million (EUR 648 million) in 2023 from RON 2,735 million (EUR 555 million) in 2022, on the back of higher operating income, partly offset by increased operating expenses.

Net interest income increased by 24.0% to RON 3,656 million (EUR 739 million) in 2023, from RON 2,949 million (EUR 598 million) in 2022, driven by higher business volumes and market rates.

Net fee and commission income improved by 7.2% to RON 1,013 million (EUR 205 million) in 2023, from RON 944 million (EUR 191 million) in 2022, driven by increased fee income from corporate lending as well as higher securities and insurance fees.

Net trading result dropped by 12.5% to RON 552 million (EUR 112 million) in 2023, from RON 630 million (EUR 128 million) in 2022, on lower trading activity.

Operating income increased by 14.3% to RON 5,273 million (EUR 1,066 million) in 2023, from RON 4,615 million (EUR 936 million) in 2022, driven by higher net interest income as well as higher net fee and commission income.

General administrative expenses reached RON 2,067 million (EUR 418 million) in 2023, up by 9.9% in comparison to RON 1,880 million (EUR 381 million) in 2022, on the back of higher personnel expenses generated by the inflationary environment. As such, **cost-income ratio improved to 39.2% in 2023**, versus 40.7% in 2022.

Risk Costs and Asset Quality

Impairment result from financial instruments reflected a provision allocation of RON 46 million (EUR 9 million) in 2023, significantly lower versus the allocation of RON 394 million (EUR 80 million) in 2022. The current result mainly consisted of collective provisions booked for the performing portfolio, while the provision releases driven by further collection activities in both retail and corporate segments fully offset the allocations for regular new defaults.

NPL ratio stood at 2.9% as of December 2023, stable versus 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 168.7% as of December 2023**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **22.5% as of December 2023**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 20.8% (BCR Group) as of December 2023** is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased by 6.2% to RON 58,743 million (EUR 11,806 million) as of 31 December 2023 from RON 55,329 (EUR 11,179 million) as of 31 December 2022, supported by both retail and corporate segments.

Deposits from customers increased by 3.8% to RON 78,482 million (EUR 15,773 million) as of 31 December 2023 from RON 75,589 million (EUR 15,272 million) as of 31 December 2022, 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 63% 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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For more information on BCR products and services, you can contact us:



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*2227, normal tariff from fixed and mobile networks

BCR Group profit or loss

| In RON million | 31 DEC 2023 | 31 DEC 2022 |
|---|--------------|--------------|
| Net interest income | 3,656 | 2,949 |
| Net fee and commission income | 1,013 | 944 |
| Net trading result and gain/losses from financial instruments at FVPL | 552 | 630 |
| Operating income | 5,273 | 4,615 |
| Operating expenses | (2,067) | (1,880) |
| Operating result | 3,206 | 2,735 |
| Impairment result from financial instruments | (46) | (394) |
| Other operating result | (165) | (184) |
| Pre-tax from continuing operations | 2,995 | 2,158 |
| Net result attributable to owners of the parent | 2,321 | 1,746 |

BCR Group statement of financial position

| In RON million | 31 DEC 2023 | 31 DEC 2022 |
|---|----------------|---------------|
| Cash and cash balances | 16,764 | 15,225 |
| Trading, financial assets | 28,411 | 25,124 |
| Loans and advances to banks | 2,126 | 148 |
| Loans and advances to customers | 58,743 | 55,329 |
| Retail segment | 29,233 | 28,062 |
| Corporate segment | 28,397 | 26,037 |
| Other segments (Group Markets, ALM, Local Corporate Center) | 1,113 | 1,230 |
| Intangible assets | 454 | 395 |
| Miscellaneous assets | 2,353 | 2,629 |
| Total assets | 108,851 | 98,850 |
| Financial liabilities held for trading | 165 | 164 |
| Deposits from banks | 1,649 | 2,079 |
| Deposits from customers | 78,482 | 75,589 |
| Retail segment | 47,994 | 43,754 |
| Corporate segment | 28,969 | 28,847 |
| Other segments (Group Markets, ALM, and Local Corporate Center) | 1,519 | 2,987 |
| Debt securities issued | 10,170 | 5,424 |
| Miscellaneous liabilities | 5,907 | 4,539 |
| Total equity | 12,478 | 11,055 |
| Total liabilities and equity | 108,851 | 98,850 |