

BCR Group, Q1 2024 results: Support for financially intelligent choices throughout the entire life and across all business stages

Summary¹:

Open for people, open for impactful business:

- The stock of net customer loans granted by Banca Comercială Română (BCR) advanced by 7% year-on-year as of 31 March 2024.
- New loans of RON 3.1 billion granted in Q1 2024 to households (mortgage and unsecured consumer) and microenterprises, with a 54% year-on-year increase in the loans stock for microenterprises.
- New corporate loans of RON 2.8 billion granted in Q1 2024, of which approximately 20% are aimed for investments.
- BCR supports the BCR Romania Purchasing Managers' Index™ (PMI®), an essential indicator in determining the health of the economy, which offers accurate and timely insights about the Romanian manufacturing sector, according to the global methodology provided by S&P Global.

Accelerated digitalization:

- 2.34 million users of George digital ecosystem (internet banking and mobile banking), of which more than 1.9 million active George app users up by 13% year-on-year.
- In Q1 2024, more than 800 customers have accessed Casa Mea mortgage loan on a 100% digital flow, either for loan purchase or offer reservation. Casa Mea is the first online mortgage loan in Romania, and BCR is the only bank in Romania that offers a 100% digital mortgage credit, directly from George, in a simple, transparent, and easy way.
- 84% 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. March 2024 was a record month for digital sales, with 89% of total bank-wide sold products purchased on a 100% digital flow.
- 91% of all BCR protection and insurance products were purchased on a 100% digital flow, directly from George, up from 71% in Q1 2023.
- Over 140,000 companies are enrolled in George for business, a unique digital ecosystem in Romania. In Q1 2024, 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.
- Approximately 1,100 digital loans were granted to micro-enterprises in Q1 2024, on a 100% digital flow, directly in George for business.
- In the first three months of 2024, George for Business continued to expand its portfolio of digital financing for microenterprises, which now includes George Visa Business credit card, the first credit card for microenterprises available 100% online, with a credit limit up to 80,000 lei.

All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for Q1 2024, according to IFRS. Unless otherwise specified, the Q1 2024 financial results are compared to the Q1 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 Q1 2024, i.e. 4.9735 RON/EUR when referring to the Q1 2024 results, and using the average exchange rate for Q1 2023, i.e. 4.9200 RON/EUR with reference to the Q1 2023 results. The balance sheets as of 31 March 2024 and 31 December 2023 are converted using the closing exchange rates on those dates (4.9735 RON/EUR on 31 March 2024 and 4.9756 RON/EUR on 31 December 2023). All the percentage changes refer to the figures expressed in RON

Sustainable impact and development:

- More than RON 212 million (EUR 42 million) in financing the purchase of housing with energy certificate A and B. The green mortgage loan 'Casa Mea Natura' accounted for 50% of new mortgage loans granted in Q1 2024.
- Main partner for Academia de Sustenabilitate, a platform for networking and real solutions to the sustainability challenges faced by Romanian businesses. BCR is the curator and content creator for the *Prioritize Green Finance (Prioritizează Finanțările Verzi)* module, which contains two chapters with eight learning sessions in the form of theoretical and video materials. By going through this course, entrepreneurs can learn what green finance means, how it differs from other financing instruments, how it can be accessed and what opportunities SMEs that develop and invest in sustainability policy can benefit from. Furthermore, in the latest module launched by the Sustainability Academy for HoReCa entrepreneurs, a sub-chapter is dedicated to green finance options for the hospitality industry.

BCR Group registered a net profit of RON 620 million (EUR 125 million) in Q1 2024.

"In 2024, we continue to develop a banking business model anchored in prosperity, as a result of financially intelligent choices. This model is based on understanding people's needs and financing the real economy. In fact, the first quarter represented the planning and launch of the *Alege bine pentru tine* campaign, which is a concrete response to the conversations we have with our customers on a daily basis: whether we are talking about more than 675,000 people who have graduated Money School or to over 513,000 who have accessed a personalized financial plan through Financial Coaching sessions. BCR's offer has been created with our clients and provides smart financial solutions in all the aspects - from competitive interest rates, credit-related cost efficiency and cash back to shopping, alongside a broad portfolio of savings and investment products.

All together, we provide expertise and financing to make Romanian businesses long term relevant and create jobs in value-added sectors. Every interaction we have with entrepreneurs is based on knowledge transfer, strategic management and business performance, with essential information about diversifying sources of funding, access the European funds and the importance of the twin transition to a green and digital economy."

Sergiu Manea, CEO Banca Comercială Română

Financial literacy and prevention for the whole life cycle

- Approximately 1.2 million Romanians educated through BCR's financial education programs – Money School and Financial Coaching
 - Over 675,000 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.

- 513,000 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 Q1 2024 alone, more than 137,000 people – customers and non-customers – benefited from a personalized financial plan with concrete solutions for their plans and goals.
- 54% of the customers who received financial coaching in Q1 2024 have already implemented the savings goals they set in the session, while 37% have accessed an insurance or a private pension.

Accelerated digitalization and customer engagement transformation

- Record digital sales in George
 - Sustained growth of 28% in George transactions as compared to Q1 2023
 - 99% of all overdraft products were granted on a 100% digital flow, in George
 - 96% of all credit cards were granted on 100% digital flow in Q1 2024, up 85% from Q1 2023 in terms of products sold
 - 93% of total consumer cash loans were granted on 100% digital flow in Q1 2024, with an increase of more than 75% compared to Q1 2023 in terms of products sold.
- More than RON 25 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 1.2 million users who benefit of this smart shopping scheme, providing discounts at more than 100 merchants in a variety of areas - hypermarkets, IT&C stores, petrol stations, pharmacies, bookshops and more.
- More than RON 153 million digital payment transactions in public transport have been recorded over the past five years, while more than RON 14 million in Q1 2024 alone, up 17% compared to Q1 2023. BCR has implemented the contactless payment solution in 17 cities in Romania including Bucharest.
- Over 1.7 million transactions have been registered, with a total value of RON 48.7 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 53 branches modernized. In Q1 2024, we opened 4 new hubs in Iași, Râmnicu-Sărat, Carei and Reghin, following the investment plan both in modernizing the space and equipping it with state-of-the-art technology.
- Almost all BCR branches across the country are equipped with at least one multifunctional device. In addition, contactless operations for cash withdrawals at BCR ATMs and MFPs are implemented within 883 machines across the country, while 99% of BCR branches permit cash withdrawal in euro.
- 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 Q1 2024, ADA responded to more than 218,500 conversations, and

almost 36% 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 56,700 personalized information without human intervention.
- Voice ID, biometric authentication via voiceprint in a Contact Center. In Q1 2024, almost 140,000 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 3.1 billion in Q1 2024, with a 54% year-on-year increase in the loans stock for micro-enterprises. The stock of standard mortgage loans (Casa Mea) in local currency increased by 4.6% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 15.5% yoy.

In corporate banking business, BCR approved new corporate loans of RON 2.8 billion in Q1 2024, of which approximately 20% are aimed for investments.

In Q1 2024, the total BCR Leasing financing portfolio granted to customers amounts RON 4.27 billion (EUR 854 million), with a 18% increase compared to Q1 2023. BCR's leasing subsidiary continued to support the Romanian entrepreneurial environment, financing more than 11,000 companies in different fields of activity, and recording a steady increase in new financing.

With a dynamic customer portfolio and a proactive strategy to support electromobility, BCR Leasing has facilitated digital access to sustainable offers directly in George. In addition, a new feature for micro-businesses and licensed individuals customers is available in George for business ecosystem, allowing direct management of the BCR Leasing active financing contracts. This innovation, a first in the Romanian banking sector, increases transparency, efficiency and customer control over their financing, reflecting BCR Leasing's commitment to provide solutions tailored to the current needs of Romanian entrepreneurs.

Since Q1 2024, LEA chatbot, BCR Leasing's virtual assistant, has provided 24/7 support to over 10,900 active users of Self Service, a platform that allows customers to efficiently manage their financing contracts. Moreover, legal requirements regarding know your customer procedure is ensured digitally through Lea, where BCR Leasing customers, regardless of their shareholder structure, can update their personal data 100% online.

In Q1 2024, BCR Social Finance financed more than 465 micro-enterprises and NGOs, supporting more than 4,800 jobs.

In addition, in the first three months of 2024, BCR Social Finance IFN S.A. granted 78 StudyUP loans for continuing education through university, master, doctorate, or specialization courses, supporting lifelong learning.

AmpliFY NGO, an 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 developing the NGO environment in Romania, has already reached over 400 people from the non-profit sector, who have registered in the online community and participated in physical or online events. Three local community events have already taken place in Oradea, Craiova and Suceava within AmpliFY NGO, bringing together over 80 NGOs.

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, and

alongside the official end of the program. This moment was marked by the attendance to South by South West (SXSW) 2024, in Austin, Texas, one of the most important and influential technology, innovation and digital culture events in the world. Thought leaders and experts from diverse fields presented on current and future megatrends shaping society and the economy in the digital age. Keynote speakers included Amy Webb, CEO of the Future Today Institute, who presented emerging trends in technology, and Peter Deng, head of ChatGPT at OpenAI, who discussed the impact of artificial intelligence on humanity. The InnovX-BCR delegation included BCR representatives, as well as innovative startups such as Plant an App, BOLD or Tap Tasty, along with Future Now Capital (alumnus of the program's investment fund bootcamp). BCR's presence at SXSW once again underlined our commitment to fostering innovation and entrepreneurship in Romania.

BCR Seed Starter, the first corporate venture capital (CVC) company of a bank in Romania, dedicated to equity investments in technology startups, has officially launched the application process and the first startups have started to submit their business proposals. 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 Q1 2024

BCR achieved a net profit of RON 620 million (EUR 125 million) in Q1 2024, up by 10.1% against RON 563 million (EUR 114 million) in Q1 2023, driven by improved operating result underpinned by advance in customer business.

Operating result improved by 20.3% to RON 918 million (EUR 185 million) in Q1 2024 from RON 763 million (EUR 155 million) in Q1 2023, on the back of higher operating income, partly offset by increased operating expenses.

Net interest income increased by 17.1% to RON 1,034 million (EUR 208 million) in Q1 2024, from RON 883 million (EUR 180 million) in Q1 2023, driven by higher business volumes and financial assets.

Net fee and commission income improved by 15.4% to RON 254 million (EUR 51 million) in Q1 2024, from RON 220 million (EUR 45 million) in Q1 2023, driven by higher insurance fees, maintenance fees as well as higher volume of cash and non-cash operations.

Net trading result dropped by 9.4% to RON 124 million (EUR 25 million) in Q1 2024, from RON 137 million (EUR 28 million) in Q1 2023, on lower trading activity.

Operating income increased by 13.5% to RON 1,423 million (EUR 286 million) in Q1 2024, from RON 1,253 million (EUR 255 million) in Q1 2023, driven by higher net interest income as well as higher net fee and commission income.

General administrative expenses reached RON 505 million (EUR 101 million) in Q1 2024, up by 3.0% in comparison to RON 490 million (EUR 100 million) in Q1 2023, on the back of higher IT as well as marketing costs.

As such, cost-income ratio improved to 35.5% in Q1 2024, versus 39.1% in Q1 2023.

Risk Costs and Asset Quality

Impairment result from financial instruments reflected a provision allocation of RON 70 million (EUR 14 million) in Q1 2024, as compared to a net provision release of RON 2.3 million (EUR 0.5 million) in Q1 2023. The current result has been triggered by provisions for regular newly defaulted exposures and rating downgrades, partially mitigated by lower provision releases for cash recoveries and healings.

NPL ratio stood at 2.6% as of March 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 and healings in both retail and corporate segments which partially counterbalanced the new NPL formation. At the same time, the NPL provisioning coverage rose to 187.1% as of March 2024.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at 22.3% as of February 2024, 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 inched up by 0.9% to RON 59,252 million (EUR 11,914 million) as of 31 March 2024 from RON 58,743 million (EUR 11,806 million) as of 31 December 2023, supported by the increase in retail segment.

Deposits from customers increased by 5.3% to RON 82,644 million (EUR 16,617 million) as of 31 March 2024 from RON 78,482 million (EUR 15,773 million) as of 31 December 2023, mainly supported by the increase in 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 69% 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
This information is also available on our website at: www.bcr.ro

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 MAR 2024	31 MAR 2023
Net interest income	1,034	883
Net fee and commission income	254	220
Net trading result and gain/losses from financial instruments at FVPL	124	137
Operating income	1,423	1,253
Operating expenses	(505)	(490)
Operating result	918	763
Impairment result from financial instruments	(70)	2
Other operating result	(101)	(94)
Pre-tax from continuing operations	748	672
Net result attributable to owners of the parent	620	563

BCR Group statement of financial position

In RON million	31 MAR 2024	31 DEC 2023
Cash and cash balances	15,221	16,764
Trading, financial assets	31,094	28,411
Loans and advances to banks	3,876	2,126
Loans and advances to customers	59,252	58,743
Retail segment	29,720	29,233
Corporate segment	27,634	28,397
Other segments (Group Markets, ALM, Local Corporate Center)	1,898	1,113
Intangible assets	455	454
Miscellaneous assets	2,092	2,353
Total assets	111,991	108,851
Financial liabilities held for trading	145	165
Deposits from banks	1,267	1,649
Deposits from customers	82,644	78,482
Retail segment	48,556	47,994
Corporate segment	31,576	28,969
Other segments (Group Markets, ALM, and Local Corporate Center)	2,511	1,519
Debt securities issued	10,317	10,170
Miscellaneous liabilities	4,476	5,907
Total equity	13,141	12,478
Total liabilities and equity	111,991	108,851