

BCR Group, H1 2022 results: Responsibility in challenging times, support for sustaining jobs, impact in the economy and financial and digital inclusion

Summary¹ :

- BCR has been selected as the "Best Bank in Romania in 2022" by Euromoney, a recognition of the past year performance, highlighting BCR's top-notch products and banking experiences, and the care showed to all its customers
- Open for people, open for business:
 - The stock of net customer loans granted by Banca Comercială Română (BCR Group) advanced by 17.3% yoy as of 30 June 2022
 - New loans of RON 5 billion granted in H1 2022 to households (mortgage and unsecured consumer) and micro-businesses. At the same time, BCR approved new corporate loans of RON 8.1 billion in H1 2022, of which a quarter are aimed for investments. This way, over 3,700 companies which generate 232,000 jobs were financed
 - Support for entrepreneurs, stock of financing for SME segment went up by 21.4% yoy as of 30 June 2022
- Accelerated digitalization:
 - 2.1 million users of internet banking and mobile banking, of which more than 1.5 million active users of George, up by 29% yoy
 - Over 126,000 companies enrolled in George for business, 6 months after its launch. The platform includes a complete package: Digital Onboarding, Digital Overdraft and single sign-on for business and personal transactions
 - More than 100,000 BCR customers have activated the biometric voice authentication option via Contact Center phone call, 6 months after its launch, benefiting from simple, secure, and fast authentication
 - ADA chatbot, the BCR's virtual assistant, available on www.bcr.ro/ADA, responded to over 154,000 conversations. In almost 25% of them, it provided personalized information (self service). More than 4,700 of the total ADA conversations were on the topic of financing programmes for companies
 - The development of the open banking system continued through local partnerships in different fields: Health (Regina Maria, MedLife), Cyber Security (Bitdefender), Digital Solutions (Trans Sped digital signature for individuals and companies), Legal (Avocatnet.ro), Mobility (Splash), Services (Edenred), Online Payments (Global Payments) and Leasing (Financial auto, equipment)
 - George is currently building the digital investment structure by digitally signing the investment contract directly from the app and trading international investment funds 100% online through George web

¹ All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for H1 2022, according to IFRS. Unless otherwise specified, the H1 2022 financial results are compared to the H1 2021 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 2022, i.e. 4.9458 RON/EUR when referring to the H1 2022 results, and using the average exchange rate for H1 2021, i.e. 4.9015 RON/EUR with reference to the H1 2021 results. The balance sheets as of 30 June 2022 and 31 December 2021 are converted using the closing exchange rates on those dates (4.9464 RON/EUR on 30 June 2022, and 4.9490 RON/EUR on 31 December 2021). All the percentage changes refer to the figures expressed in RON.

- **Sustainable impact and development**
 - The mortgage loan `Casa Mea NaturA` maintained at about 40% of the new mortgage volumes disbursed
 - More than 90% of the cards issued in H1 2022 under BCR's new current account packages – George and George for Youth – are made of recycled materials, representing a reduction in carbon footprint of approximately 2.7 tons

- **BCR Group achieved a net profit of RON 1,042.1 million (EUR 210.7 million) in H1 2022**

"In the relationship with our clients, we have always searched to help them make the best economic decisions, suitable for their financial situation. We are guided by strong principles, and we are reinforcing the 2022 overall goal: the continuous development of Romania through key programs and projects that support resilience and increase financial literacy. I think the most important lesson we have learned in the first six months of the year is about kindness and generosity, about goodwill, real actions, and shared values. I am proud of what my colleagues have achieved, as they have shown their great characters. It is a great thing to be face-to-face with clients daily and calm their fears in these uncertain times, offering them solutions and improving their financial responsibility.

We continue to play an active role and support the sustainable development of the business environment, to create and safeguard jobs. At the same time, we are inspired by the resilience of our customers in different industries. We actively support government funding programs and believe in the essential role of the European financing in the development of Romania's strategic sectors. We need major structural reforms and investments to create jobs and incomes that build an effective economy," declared **Sergiu Manea, CEO of Banca Comercială Română.**

Accelerated digitalization and transformation of customer engagement

- **BCR is the first bank in Romania to be certified by the Authority for the Digitalization of Romania for the online opening process on the George platform. The operation takes approximately 10 minutes and includes verifying the provided phone number, sending a photo of the ID card, taking a profile photo, initiating a video call, and digitally signing the contract.**
- **73% of the new cash loans in H1 2022 were granted on a fully digital flow, versus 44% in H1 2021**
- **Launched into the George ecosystem in 2020 as unique products in the banking market, 75% of all credit cards and 73% of all overdraft products were granted through George in H1 2022.**
- **Record digital sales through George:**
 - **98% of the savings accounts and over 60% of the deposits**
 - **Over 58% of early loan repayments (total or partial)**
- **In June 2022, the first cash loans with a co-signer were granted, with a unique flow in the Romanian digital lending market.**
- **In H1 2022 we continued to bring new elements to the digital home-buying experience and alongside the Casa mea app, launched in 2019, through which customers can send documents to the bank without having to go to a branch, we brought the possibility of an advanced simulation, whereby customers can find out in less than 10 minutes the credit amount and cost conditions for a mortgage loan.**
- **Over 62 million digital payment transactions in public transport have been recorded in the last three years, of which more than 18 million in H1 2022 alone, up by 63% compared to H1 2021.** BCR has implemented the contactless payment solution in 16 cities in Romania.

BCR impact in economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 5 billion in H1 2022, up by 17.8% yoy, on the back of mortgage sales increasing by 42.8% yoy and cash loan originations by 22.7% yoy. Stock of mortgage in local currency increased by 18.5% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 10.2% yoy as of 30 June 2022.

In corporate banking business, BCR approved new corporate loans of RON 8.1 billion in H1 2022, more than triple versus H1 2021, of which a quarter are aimed for investments. **The record 29.9% yoy advance in the stock of corporate financing was driven by significant increases in the large corporates, SMEs and public sector. Within the financing programmes with state guarantee dedicated to the SMEs (IMM Invest, IMM Prod, Rural Invest, Garant Construct), BCR approved 1,654 loans totalling RON 1.4 billion in H1 2022.**

The total **BCR Leasing financing portfolio granted to customers increased by 15% in H1 2022** as compared to S1 2021, to over RON 3 billion.

In the first part of 2022, **The Money School** organized online and offline financial education sessions for almost 50,000 adults and children. The total number of those who attended the program exceeded 500,000 people, and the platform has expanded its course offer with a new module “Eco-Financial Guide: how to consume responsibly?”, which addresses everyone's behavior in relation to consumption habits and budgeting. **The entrepreneurial education platform BCR Școala de Business** has reached 20,000 users (entrepreneurs, managers, freelancers, teachers, and students). The platform currently includes 8 courses with a total of 73 modules, over 100 videos, and 95 tests, and has launched a course for entrepreneurs who are just starting out: **10 tips for successful startups, created together with Iancu Guda. INNOVX-BCR, the technology business programme**, has reached 126 accelerated start-ups, along with companies that have become alumni in the first Startups group of 2022. In June 2022, eight InnovX-BCR technology businesses took part in the biggest foreign direct investment event in the United States: The SelectUSA Investment Summit. Two of them won awards at the Summit's pitching competitions, in the Cybersecurity and Fintech categories.

H1 2022 financial highlights

BCR Group achieved a **net profit of RON 1,042.1 million (EUR 210.7 million) in H1 2022, up by 50.9%** against RON 690.8 million (EUR 140.9 million) in H1 2021, driven by improved operating result underpinned by continued strong loan growth.

Operating result improved by 25.2% to RON 1,268.1 million (EUR 256.4 million) in H1 2022 from RON 1,012.5 million (EUR 206.6 million) in H1 2021, on the back of improved operating income, partly offset by higher operating expenses.

Net interest income increased by 13.9% to RON 1,362.5 million (EUR 275.5 million) in H1 2022, from RON 1,196.0 million (EUR 244.0 million) in H1 2021, driven by higher business volumes in both retail and corporate coupled with higher market rates.

Net fee and commission income increased by 17.6%, to RON 451.3 million (EUR 91.2 million) in H1 2022, from RON 383.8 million (EUR 78.3 million) in H1 2021, driven by higher fee income across all fee categories.

Net trading result increased by 73.8%, to RON 302.5 million (EUR 61.2 million) in H1 2022, from RON 174.1 million (EUR 35.5 million) in H1 2021, on higher trading activity.

Operating income increased by 19.6%, to RON 2,169.5 million (EUR 438.7 million) in H1 2022, from RON 1,814.3 million (EUR 370.2 million) in H1 2021, driven by all major income components.

General administrative expenses reached RON 901.4 million (EUR 182.3 million) in H1 2022, up by 12.4% in comparison to RON 801.8 million (EUR 163.6 million) in H1 2021, mainly due to higher contribution to deposit insurance fund in 2022 and higher personnel expenses generated by the inflationary environment.

However, **cost-income ratio improved to 41.5% in H1 2022**, versus 44.2% in H1 2021.

Risk costs and Asset Quality

Impairment result from financial instruments recorded a provision allocation of **RON 209.4 million (EUR 42.3 million) in H1 2022**, as compared to an allocation of RON 77.2 million (EUR 15.8 million) in H1 2021. This result has been mainly influenced by the implementation of additional stricter rules for credit risk classification under IFRS 9 applied to clients from industries potentially affected by the current operating environment and geopolitical context. Secondly, the risk parameters have been updated to reflect the bank's prudent approach on the current and expected evolution of the macroeconomic environment.

NPL ratio reached 3.5% as of June 2022, lower than 3.9% recorded as of December 2021. This evolution is reflecting the low NPL formation, a good trend of recoveries in both retail and corporate segments and also the increase in loans to customers. At the same time, the **NPL provisioning coverage stood at 149.5% as of June 2022**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **19.1% as of May 2022**, well above the regulatory requirements of the National Bank of Romania. Furthermore, the **Tier 1+2 capital ratio of 20.4% (BCR Group, after profit capitalization) as of December 2021** is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased by 10.0% to RON 52,631.5 million (EUR 10,640.4 million) as of 30 June 2022 from RON 47,868.5 million (EUR 9,672.4 million) as of 31 December 2021, supported by increases in both retail loans (+4.6% ytd to RON 28,188.2 million) and corporate loans (+15.6% ytd to RON 23,999.9 million).

Deposits from customers slightly decreased by 2.7% to RON 70,476.4 million (EUR 14,248.0 million) as of 30 June 2022 from RON 72,458.4 million (EUR 14,641.0 million) as of 31 December 2021, due to slight decline in retail deposits (-3.8% ytd to RON 44,422.5 million), while the corporate deposits remained flat (-0.1% ytd to RON 24,003.6 million).

BCR offers a comprehensive range of financial products and services, through a network of 18 business centers and 16 mobile offices dedicated to businesses, as well as 323 retail units in most towns with over 10,000 inhabitants across the country, 40% of which are cashless. BCR is the number 1 bank in Romania on the banking transactions market, as BCR clients have access to an extended national ATM and multifunctional terminal network – about 2,000 units, and complete banking services via Internet banking, Mobile banking, Phone-banking and E-commerce.

BCR - Corporate Communication

For more information, contact comunicare@bcr.ro

This information is also available on our website at: www.bcr.ro

For details on BCR products and services, please use the following contact channels:

- Website: www.bcr.ro
- Email: contact.center@bcr.ro
- TelVerde: * 2227 free in all national operator networks

Profit or loss

in RON million	30 JUN 22	30 JUN 21
Net interest income	1,362.5	1,196.0
Net fee and commission income	451.3	383.8
Net trading result and gain/losses from financial instruments at FVPL	302.5	174.1
Operating income	2,169.5	1,814.3
Operating expenses	(901.4)	(801.8)
Operating result	1,268.1	1,012.5
Impairment result from financial instruments	(209.4)	(77.2)
Other operating result	184.4	(91.6)
Pre-tax from continuing operations	1,242.9	843.7
Net result attributable to owners of the parent	1,042.1	690.8

Statement of financial position

in RON million	30 JUN 22	31 DEC 21
Cash and cash balances	13,572.1	13,317.4
Trading, financial assets	23,708.0	25,175.7
Loans and advances to banks	792.5	1,362.3
Loans and advances to customers	52,631.5	47,868.5
Intangible assets	362.3	361.7
Miscellaneous assets	2,213.4	2,169.4
Total assets	93,279.8	90,255.1
Financial liabilities held for trading	72.9	22.3
Deposits from banks	6,255.4	1,783.5
Deposits from customers	70,476.4	72,458.4
Debt securities issued	3,822.0	2,733.1
Miscellaneous liabilities	3,213.1	3,537.3
Total equity	9,440.0	9,720.4
Total liabilities and equity	93,279.8	90,255.1