

BCR Group, Q1 2023 results: Financial health and tailored advisory to life and business goals

Summary¹:

Open for people, open for impactful business:

- The **stock of net customer loans** granted by Banca Comercială Română (BCR) **advanced by 10.4% year-on-year** as of 31 March 2023.
- **New loans of RON 1.7 billion** granted in **Q1 2023** to households (mortgage and unsecured consumer) and microenterprises.
- More than **40,000** financing for individuals, of which **30,000** customers have acquired a personal loan.
- **New corporate loans of RON 2.7 billion** granted in **Q1 2023**, of which over **40%** are aimed for investments. For the **SME sector alone, the stock financing increased by 18.8% year-on-year** as of **31 March 2023**.
- At the same time, the **stock of loans to micro-enterprises increased by 31% year-on-year**.
- Over **350 companies** accounting for more than **156,000 jobs** were funded by BCR in Q1 2023.

Accelerated digitalization:

- **2.04 million users of George digital ecosystem** (internet banking and mobile banking), of which more than **1.7 million active George app users, up by 17% year-on-year**.
- **74% 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**.
- **79% of the BCR customers who activated the Capital Plan product applied on a 100% digital flow, in George**. Capital Plan is an investment plan where monthly investments, of minimum RON 100, can be de made via automatic debit from the current account.
- **78% of all BCR protection and insurance products were purchased on a 100% digital flow**, directly from George.
- Approximately **131,000 companies are enrolled in George for business**, a unique digital ecosystem in Romania, which provides an integrated package: Digital Onboarding, Digital Overdraft and Multiprofile – single sign-in for both business and personal transactions. **In Q1 2023, more than 63% of eligible customers started their relationship with the bank through Digital Onboarding**, and **79% of standard credit lines for micro-enterprise customers were granted through Digital Overdraft**.
- Starting Q1 2023, **Digital Overdraft in George for businesses can be accessed by companies with multiple founders**.
- **KYC (know your customer) procedure update for legal entities (micro-enterprises and PFA) is available directly in George**, on a 100% digital flow.

¹ All the financial data presented below constitute the unaudited consolidated results of Banca Comercială Română (BCR) Group for Q1 2023, according to IFRS. Unless otherwise specified, the Q1 2023 financial results are compared to the Q1 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 Q1 2023, i.e. 4.9200 RON/EUR when referring to the Q1 2023 results, and using the average exchange rate for Q1 2022, i.e. 4.9465 RON/EUR with reference to the Q1 2022 results. The balance sheets as of 31 March 2023 and 31 December 2022 are converted using the closing exchange rates on those dates (4.9490 RON/EUR on 31 March 2023 and 4.9495 RON/EUR on 31 December 2022). All the percentage changes refer to the figures expressed in RON

- Digital integration continued in the Contact Center through:
 - **ADA chatbot, BCR's virtual assistant, available on www.bcr.ro/ADA and George Web.** ADA responded to **more than 189,000 conversations, and almost 50% of them where self-service**, as it provided personalized information without human intervention.
 - **Conversational IVR**, the interactive menu through which we take calls in the Contact Center, **provided approximately 31,000 personalized information** without human intervention.
 - **Voice ID, biometric authentication via voiceprint in a Contact Center.** In Q1 2023, **108,000 customers were authenticated via Voice ID, simple, secure, and fast, up by 193% compared to Q1 2022.**

Sustainable impact and development

- The green mortgage loan '**Casa Mea NaturA**' accounted for about **49% of the total standard mortgage volumes** disbursed by BCR in Q1 2023. The loan is granted for buildings with energy certificate A or for green houses certified by the Romanian Green Building Council.
- Over **RON 11 million (EUR 2.3 million) in green financing** (renewables, energy efficiency and green buildings), **up 360% compared to Q1 2022.**

BCR Group registered a net profit of RON 562.7 million (EUR 114.4 million) in Q1 2023.

"In the first three months of 2023, we made progress in normalising the talks about money, prevention and financial health. We did this alongside 50,000 customers who accessed our financial diagnosis tool in BCR branches, but also with more than 22,000 people, of all ages, who participated in the Money School financial literacy trainings. At the same time, we opened up the conversation about financial health in business and talked to over 500 entrepreneurs about the transition to a green and digital economy. About relevant solutions for business development and consolidation, the new pace of business, the importance of investing in people and the role technology plays in generating capital. Because prosperity and real impact in society can be achieved primarily through suitability and collaboration. Together with our colleagues and clients, we are cultivating this way of doing business, building the long-term perspective of financial planning for an educated, sustainable and resilient future."

Sergiu Manea, CEO Banca Comercială Română

Financial literacy and prevention for the whole life cycle

- **Money School** continued to organize online and offline financial education sessions for adults and children, **exceeding 620,000 participants in the program. In Q1 2023 alone, nearly 22,000 people learned how to have a better relationship with money and set financial goals** in our Money School workshops.
- Over **50,000 people benefited in Q1 2023 of a diagnosis for their financial situation 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.
- We have continued to encourage prevention and financial protection, and BCR's prudential advice proved its effectiveness in Q1 2023 with a significant increase in insurance products sales:
 - **The number of VenitProtect policies concluded in the first three months of 2023 increased by approximately 40 times compared to Q1 2022, reaching an insurance premium volume of**

- **RON 2.1 million.** VenitProtect protects all types of income in case of unforeseen events, from temporary incapacity for work, unemployment, hospitalization, disability, or death.
- **43% growth on the number of GARANT Amplus policies concluded in the first three months of 2023, with an insurance premium volume of RON 3.1 million.** GARANT Amplus is an optional home insurance policy covering a full range of risks, including earthquake, and can be chosen in addition to the mandatory natural disaster insurance policy (PAD).
- **BCR designed the Women and Finances workshop, with a qualitative approach to women's financial development, putting into the spotlight how financial and non-financial decisions influence our life plans.** The women attending the event had a private financial diagnosis session and an interdisciplinary dialogue, starting from their personal goals, with Adina Vlad - sociologist, Laura Hexan - BCR investment and financial markets specialist, Nansi Lungu - psychologist and behavioral analyst and Mihai Zânt - career coach.

Accelerated digitalization and customer engagement transformation

- **Record digital sales in George**
 - **Sustained growth of 24% in George transactions** as compared to T1 2022
 - **86% of the new cash loans in Q1 2023 were granted 100% on a fully digital flow,** versus 71% in Q1 2022
 - **85% of all credit cards and 87% of all overdraft products were granted on a fully digital flow**
 - **99% of the saving accounts and over 64% of deposits were opened on 100% digital flow**
- **George Moneyback, the loyalty program that gives money back,** as a discount, to BCR customers who use card payments, **has reached 940,000 users, up 40% compared to Q1 2022.** In the first three months of 2023, **more than RON 14 million have been gained by BCR customers** through this smart shopping system, which provides discounts at more than 100 companies from various fields – hypermarkets, IT&C stores, gas stations, pharmacies, bookstores, and many others.
- Open banking system development continued through local partnerships 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 **97 million digital payment transactions in public transport have been recorded over the past five years, while more than 11.7 million in Q1 2023 alone, up 47% compared to Q1 2022.** BCR has implemented the contactless payment solution in 17 cities in Romania including Bucharest.
- **Contactless operations for cash withdrawals at BCR ATMs and MFPs are implemented within 529 machines** across the country, while cash withdrawal in euro is available within 324 ATMs across the country.
- The Call Center capacity is distributed through the five regional centres in București, Ploiești, Timișoara, Iași and Sibiu, and in Q1 2023 **more than 760,000 requests received from individual and business customers were resolved, up 27% compared to Q1 2022.**

BCR impact in economy and society

In retail banking business, BCR generated total new loans to individuals and micro businesses of RON 1.7 billion in Q1 2023. The stock of mortgage loans 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 2.7 billion in Q1 2023, of which over 40% are aimed for investments.

The total **BCR Leasing financing portfolio granted to customers increased by 26% in Q1 2023 compared to the same period last year, reaching over RON 3.6 billion**, the growth being supported by the customers' appetite for investments and their sustainable transformation plans. The increase in BCR Leasing new financing volumes, up 33% yoy, is the result of the company strategy to encourage electromobility through financing solutions that boost the purchase of electric and hybrid cars.

In Q1 2023, BCR Social Finance financed more than 380 micro-enterprises and NGOs, supporting more than 1,000 jobs. In addition, BCR Social Finance IFN S.A. is the partnership leader for the HERO project, launched in February 2023 in Romania, in cooperation with the Resource Centre for Roma Communities and Habitat for Humanity Romania. The Hero project aims to improve the lives of marginalized Roma families, being funded by the European Parliament, and implemented by the European Commission and the Council of Europe Development Bank (CEB).

INNOVX-BCR, the technology business initiative, **has reached 171 accelerated start-ups out of 2,160 applicants in the program, with the completion of the bootcamp dedicated to the STARTUPS 2023 cohort.** In addition, in February 2023, BCR organized an Erste Seed Starter Summit event, in collaboration with Seed Starter, Erste Group's venture capital fund and Unicorn Attacks, where 5 startups from InnovX-BCR accelerator were invited. Prime Dash, a startup from Oradea, stood out in the pitching session and received an entry ticket for the accelerator program run by Seed Starter in Prague. Prime Dash is also the only Romanian company to qualify for the next round, which will take place in Silicon Valley, USA.

BCR Group financial highlights in Q1 2023

BCR achieved a net profit of RON 562.7 million (EUR 114.4 million) in Q1 2023, up by 17.8% against RON 477.5 million (EUR 96.5 million) in Q1 2022, driven by improved operating result underpinned by strong loan growth.

Operating result improved by 29.7% to RON 763.4 million (EUR 155.2 million) in Q1 2023 from RON 588.5 million (EUR 119.0 million) in Q1 2022, on the back of improved operating income, partly offset by higher operating expenses.

Net interest income increased by 34.0% to RON 883.2 million (EUR 179.5 million) in Q1 2023, from RON 659.2 million (EUR 133.3 million) in Q1 2022, driven by higher business volumes coupled with higher market rates.

Net fee and commission income decreased by 2.6%, to RON 220.4 million (EUR 44.8 million) in Q1 2023, from RON 226.2 million (EUR 45.7 million) in Q1 2022, driven by negative base effect from higher fee generation in Q1 2022 due to temporary higher cash transactions, partly compensated by increased fee income from corporate lending.

Net trading result dropped by 7.9%, to RON 137.2 million (EUR 27.9 million) in Q1 2023, from RON 149.0 million (EUR 30.1 million) in Q1 2022, on lower number of FX transactions.

Operating income increased by 18.2%, to RON 1,253.2 million (EUR 254.7 million) in Q1 2023, from RON 1,060.3 million (EUR 214.4 million) in Q1 2022, driven by higher net interest income.

General administrative expenses reached RON 489.8 million (EUR 99.6 million) in Q1 2023, up by 3.8% in comparison to RON 471.8 million (EUR 95.4 million) in Q1 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 39.1% in Q1 2023**, versus 44.5% in Q1 2022.

Risk costs and Asset Quality

Impairment result from financial instruments recorded a **net provision release of RON 2.3 million (EUR 0.5 million) in Q1 2023**, as compared to an allocation of RON 47.3 million (EUR 9.6 million) in Q1 2022. This result has been triggered by recoveries and rating upgrades in both retail and corporate segments, fully offsetting regular allocations for newly defaulted exposures.

NPL ratio stood at **2.9% as of March 2023**, marginally higher than 2.8% recorded as of December 2022. This evolution is reflecting the regular NPL formation, a good trend of recoveries in both retail and corporate segments, coupled with stable loans to customers. At the same time, the **NPL provisioning coverage was 170% as of March 2023**.

Capital position and funding

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at **21.9% as of February 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 2022** is clearly reflecting BCR's strong capital and funding positions.

Net loans and advances to customers increased marginally by **0.1% to RON 55,363.0 million (EUR 11,186.7 million) as of 31 March 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 **1.5% to RON 76,741.0 million (EUR 15,506.4 million) as of 31 March 2023** from RON 75,588.5 million (EUR 15,271.9 million) as of 31 December 2022, supported by the increase in corporate deposits.

BCR Group profit or loss

In RON million	31 MAR 2023	31 MAR 2022
Net interest income	883.2	659.2
Net fee and commission income	220.4	226.2
Net trading result and gain/losses from financial instruments at FVPL	137.2	149.0
Operating income	1,253.2	1,060.3
Operating expenses	(489.8)	(471.8)
Operating result	763.4	588.5
Impairment result from financial instruments	(2.3)	(47.3)
Other operating result	(93.5)	(31.7)
Pre-tax from continuing operations	672.2	572.9
Net result attributable to owners of the parent	562.7	477.5

BCR Group statement of financial position

In RON million	31 MAR 2023	31 DEC 2022
Cash and cash balances	14,505.5	15,224.6
Trading, financial assets	26,392.2	25,124.4
Loans and advances to banks	884.1	148.3
Loans and advances to customers	55,363.0	55,328.5
Retail segment	28,936.2	28,062.2
Corporate segment	26,108.6	26,036.5
Other segments (Group Markets, ALM, Local Corporate Center)	318.2	1,229.8
Intangible assets	397.4	394.8
Miscellaneous assets	2,650.4	2,629.4
Total assets	100,192.6	98,850.1
Financial liabilities held for trading	182.7	163.6
Deposits from banks	1,680.2	2,079.4
Deposits from customers	76,741.0	75,588.5
Retail segment	43,387.0	43,753.6
Corporate segment	30,535.1	28,847.4
Other segments (Group Markets, ALM, and Local Corporate Center)	2,818.9	2,987.5
Debt securities issued	5,555.3	5,424.4
Miscellaneous liabilities	4,361.0	4,539.3
Total equity	11,672.4	11,054.8
Total liabilities and equity	100,192.6	98,850.1

BCR offers a full range of financial products and services through a network of 20 business centres and 16 mobile offices dedicated to companies and 320 retail units located in most of the country's cities with more than 10,000 inhabitants, where 40% 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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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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