

BRD GROUP RESULTS

1st quarter 2021 | 07.05.2021

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended March 31, 2021 were examined by the Board of Directors on May 5, 2021.

The financial information presented for the period ended March 31, 2021 and comparative periods has been prepared according to IFRS as adopted by the European Union and applicable at this date.

This financial information is at group level, does not constitute a full set of financial statements and is not audited.

This presentation may contain forward-looking statements relating to the targets and strategies of BRD, based on a series of assumptions. These forward-looking statements would have been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. BRD may be unable to anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences, and to evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document.

Investors and analysts are advised to take into account factors of uncertainty and risk likely to impact the operations of BRD when considering the information contained in any such forward-looking statements. Other than as required by applicable law, BRD does not undertake any obligation to update or revise any forward-looking information or statements.

1

INTRODUCTION



GRUPE SOCIETE GENERALE

STRONG START OF THE YEAR

Dynamic lending activity

Individuals' consumer loan production in strong rebound
Dynamic lending to corporates, especially on SME segment

At the forefront of sustainability transitions

Accelerated pace of digital channels' adoption

763k unique MyBRD Mobile & MyBRD Net active users
Increased no of transactions, +45% y/y vs Q1 2020

Stable revenues despite low market rates environment, thanks to growing volumes and higher non interest income

Costs under control while focusing on delivering the digital strategic roadmap

Solid quality of loan book

Low NPLs and high provision coverage
NCR at 55 bps for Q1 2021

Resilient profitability despite the prolonged crisis

+19% vs Q1 2020

+25% SME financing vs Mar 2020 end

Green financing

RON 1.25 bn investment loan

Digital banking

763k active users, +22% y/y vs Mar 2020 end

NBI

RON 759m vs. RON 767m in Q1 2020

OPEX

RON 438m, +1%* vs Q1 2020

NPL ratio

3.3% at Mar 2021 end

Coverage ratio

73.3% at Mar 2021 end

NCR

RON -54m vs. RON -60m in Q1 2020

Net profit

RON 222m vs. RON 241m in Q1 2020

* excl. FGDB&RF contributions and sanitary costs
NCR in bps, NPL and coverage ratios, at Bank level

2

MACROECONOMIC ENVIRONMENT



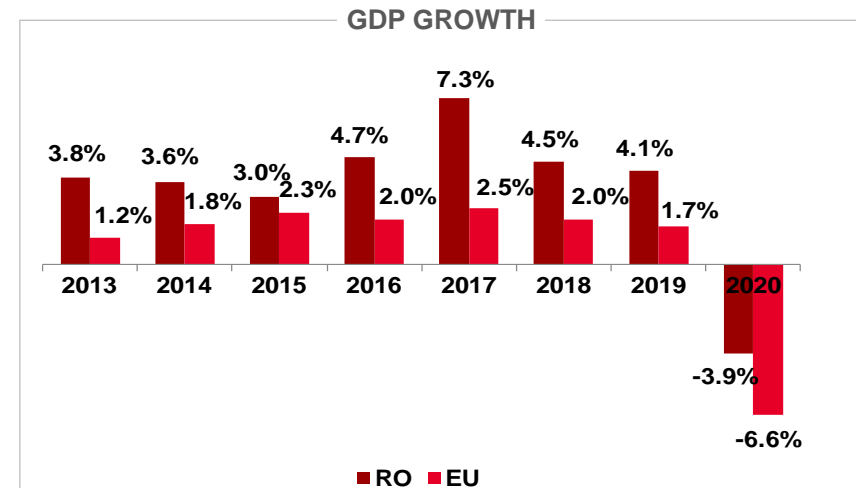
ROMANIAN ECONOMY RESISTED BETTER THAN EXPECTED

GDP -3.9% in 2020, printing much better than expectations

Romania's GDP witnessed a rebound in H2'20, recovering to a large extent the loss caused by the pandemic crisis, amid surprising resilience of some economic sectors along with extended support measures

Domestic demand remained a drag of economic expansion (-2.9 pts contribution to GDP growth), while gross fixed capital formation remained in positive territory (+1.5 pts)

Net exports' contribution to GDP growth still negative (-1.6 pts)



Inflation on an upward trend

CPI consolidated slightly above 3% in early 2021, close to the upper bound of the NBR target range (2.5% ± 1 pp), on the impact of electricity market liberalization for household consumers and increase in fuel prices

Inflation rate at 3.1% y/y in Mar-21 (from 2.1% y/y in Dec-20)

DECLINING INTEREST RATES

Policy rate cuts

To support the economy in the context of unfolding COVID-19 epidemic, the central bank reduced the monetary policy rate four times since March 2020, by 125 bps in total, to 1.25%.

Lessened quantitative easing

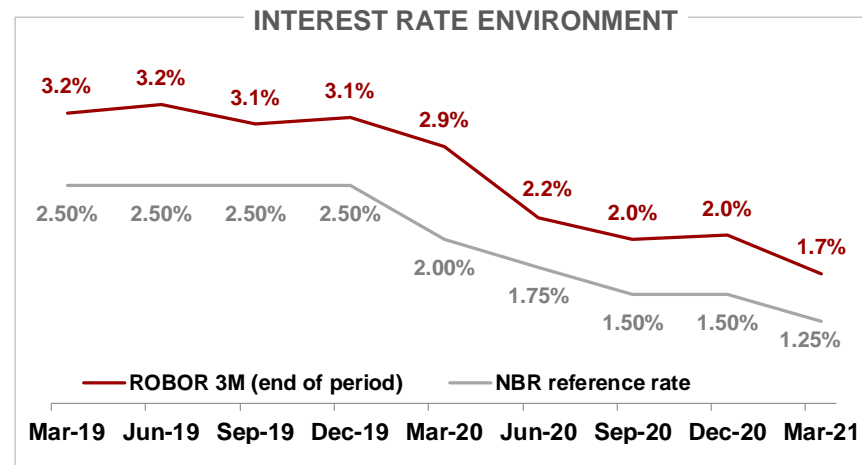
At the beginning of COVID-19 epidemic, NBR announced an unprecedented measure of purchasing RON denominated government bonds and stated that it shall provide necessary liquidity to financial institutions through repo operations.

In Apr-Aug 2020, NBR purchased local currency bonds in amount of RON 5.3 bn. No more acquisitions were done until Feb-21, signaling a recovery in the markets and a lower need for liquidity.

NBR also reduced the level of repo operations (daily average of RON 2.3 bn in Mar-21, compared to RON 13.6 bn in Apr-20).

Interbank RON interest rates on a downward path

With the policy rate cuts, interbank rates dropped and ROBOR 3M decreased to 1.7% at Mar-21 end (average ROBOR 3M at 1.65% in Q1 2021, -138 bps YoY).



SUPPORT MEASURES EXTENDED IN 2021

Extended relief measures to support the economy

- Income supporting measures : indemnity for technical unemployment (amounting to 75% of the net salary, capped at 75% of the average salary in the economy) for employees of companies affected by the crisis. The measure was extended until June 30th 2021
- Moratorium on loan repayments has been extended until March 15th 2021, with a 9 months cap on payments' suspension period (incl. the period of suspension under the 2020 moratorium)
- Flexibility for the payment of social and tax obligations
- State-guaranteed lending programs:
 - ✓ IMM Invest program extended until June 30th, 2021
AGRO IMM INVEST sub-program introduced, which aims to provide state guarantee facilities for loans to SME and small enterprises with average capitalisation, in the field of agriculture, fisheries, aquaculture and food sector
Envelope for 2021 of RON 15 bn, of which for the AGRO IMM INVEST a ceiling of RON 1 bn
 - ✓ IMM Leasing program (complementary to IMM INVEST) ongoing
 - ✓ IMM Factor program's period of validity between March - June 2021, with a limit of EUR 800 k per enterprise introduced
 - ✓ Large companies program (similar to IMM INVEST): envelope of RON 4 bn to facilitate access to working capital and investment loans to companies with turnover above RON 20 m. Credits and guarantees are granted until June 30th, 2021

National and EU recovery plan

- The Romanian Government has adopted in April 2021 the National Recovery and Resilience Plan, for the implementation of which are allocated EU funds of EUR 29.2 bn (EUR 14.3 bn subsidies and EUR 14.9 bn loans)

A VERY SOLID ROMANIAN BANKING SECTOR

Solvency and liquidity ratios standing at high levels

Loan to deposit ratio at 66% at 2020 end vs. 71% at 2019 end (122% at 2008 end) with accelerated growth of deposits

Average liquidity coverage ratio remains elevated, reaching 266% at 2020 end vs. 243% at 2019 end, well above regulatory requirement (100%) and European average (173%)

Capital adequacy ratio reaching the highest level in the last 13 years, 23.2% at 2020 end compared to 22.0% at 2019 end (vs. 13.8% at 2007 end)

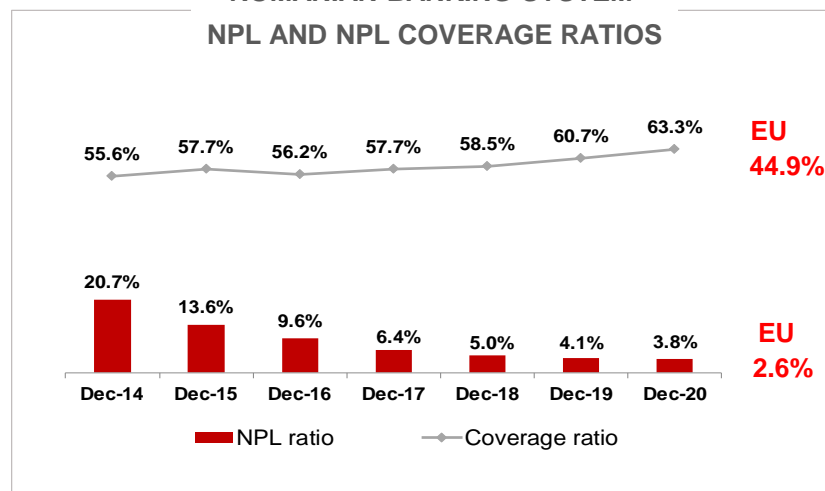
Sound risk profile

Reduced NPL ratio, 3.8% at 2020 end vs 4.1% at 2019 end

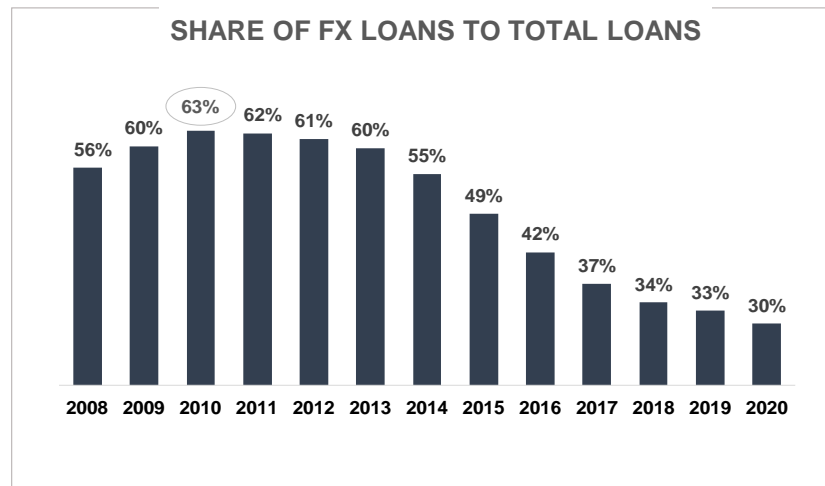
NPL coverage ratio improved to 63.3% at 2020 end (60.7% at 2019 end), well above the EU average of 44.9%

Further decrease of share of FX loans, at 30% at 2020 end (compared to 63% at 2010 end)

ROMANIAN BANKING SYSTEM
NPL AND NPL COVERAGE RATIOS



ROMANIAN BANKING SYSTEM
SHARE OF FX LOANS TO TOTAL LOANS



3

**1ST QUARTER 2021
BRD GROUP RESULTS**



GRUPE SOCIETE GENERALE

ACCELERATED DIGITAL ADOPTION



NEWLY LAUNCHED APPLICATION, YOU BRD, PAVING THE WAY TO THE OMNICHANNEL PLATFORM

MOBILE PAYMENT VIA GOOGLE PAY RECENTLY LAUNCHED



INCREASED DIGITAL PENETRATION

763k MyBRD Mobile & Net active clients at March 2021 end, **+22%** y/y

+45% nb of transactions vs Q1 2020

99% of large corporate clients' and **96%** of SMEs transactions performed via digital channels

75% of import L/Cs processed through the trade finance e-tool (as of Feb-21)

+43% nb of e-commerce transactions



HIGHLY REACTIVE CUSTOMER INTERACTION CENTER

Fast tracked Customer Interaction Centre capabilities to answer increased remote requests

✓ **+18%** answered customer calls vs Q1 2020

✓ **+33%** faster response time to customer calls vs Q1 2020

✓ **+12%** written interactions vs Q1 2020



ADAPTING NETWORK TO CHANGED CLIENT PREFERENCES

- ✓ Fewer branches
- ✓ More specialized
- ✓ Better service

Mar 2020

Mar 2021

-71 branches, to **569**

+14% 24/7 banking points

Number of branches reduced by 21% in last 2 years (vs March 2019)

LOAN GROWTH ALL ACROSS THE BOARD

Sustained corporate financing activity

Loans to SME up by +24.7% y/y

Large companies loans' advance of +2.4% y/y

Dynamic performance of leasing activity with overall portfolio increasing by +7.1% y/y

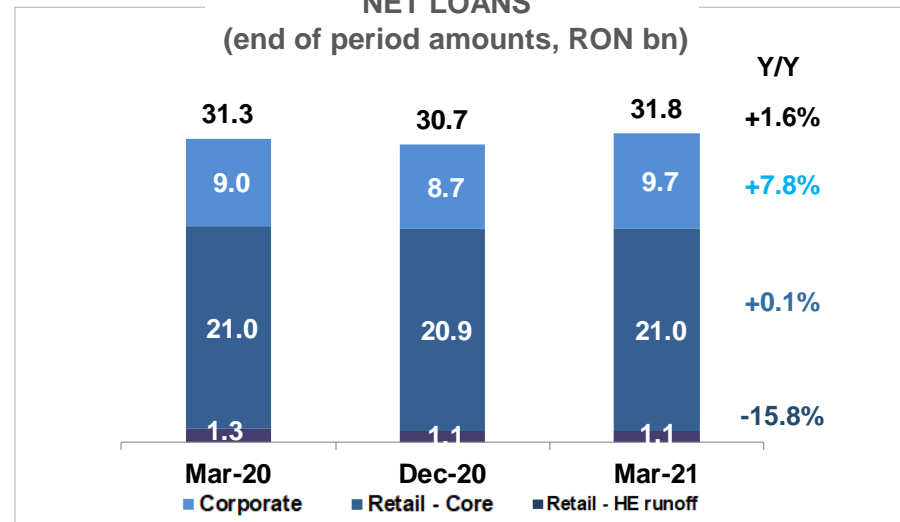
Strong individuals' loan production

Significant rebound of consumer loans production, up +19% in Q1 2021 y/y

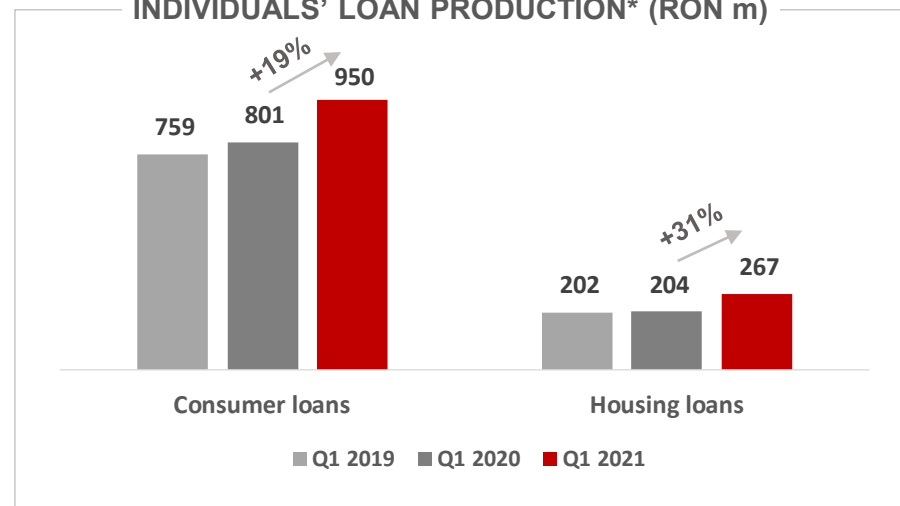
New housing loans, outside governmental programs up +31%

Non material production in Q1 2021 for Noua Casa (state supported program) due to delayed availability of the envelope

NET LOANS
(end of period amounts, RON bn)



INDIVIDUALS' LOAN PRODUCTION* (RON m)



* Standalone, Housing loans excluding Prima casa / Noua casa

MATERIALIZED COMMITMENT TO SUPPORT SUSTAINABILITY TRANSITIONS

Building on strong capabilities and expertise

Set up of a dedicated structure supporting the development of green financing and the integration of Environmental & Social Risk assessment



BRD structured the most important green loan granted so far in Romania

7 year investment loan of RON 1.25 billion, granted to the largest producer of green energy in Romania
to finance investments in wind and solar energy production projects
biggest bilateral loan in Romania since 1990

CONTINUED CONSOLIDATION OF BOTH RETAIL AND CORPORATE DEPOSITS

Large, diversified and growing deposit base

Retail deposits accelerating growth pace to +10.1% y/y

Corporate deposits up +8.1%, mainly driven by SME

Strong liquidity profile

Net loan to deposit ratio at 62%, -4.7 ppts y/y

High degree of financial autonomy with the share of deposits in total liabilities reaching 93% at March 2021 end, ensuring a stable funding base

Strong liquidity buffer at 33% of total assets, same level as in Mar-20

Rebound in asset management activity

Activity impacted by the crisis in Q2'20, in line with the market evolution

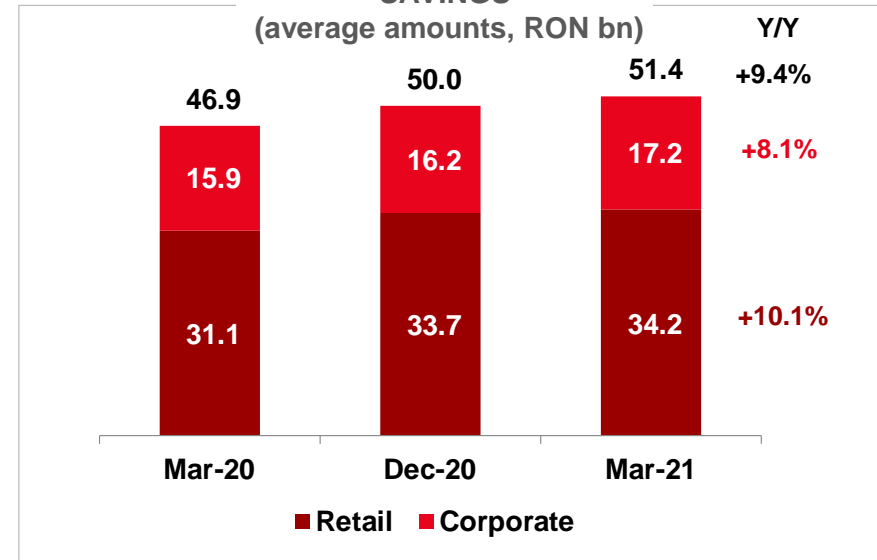
AUM back on an upward trend starting May 2020, reaching RON 4.61 bn at March 2021 end

Market share of 19.4% as of March 2021 end, +1.5 ppts y/y

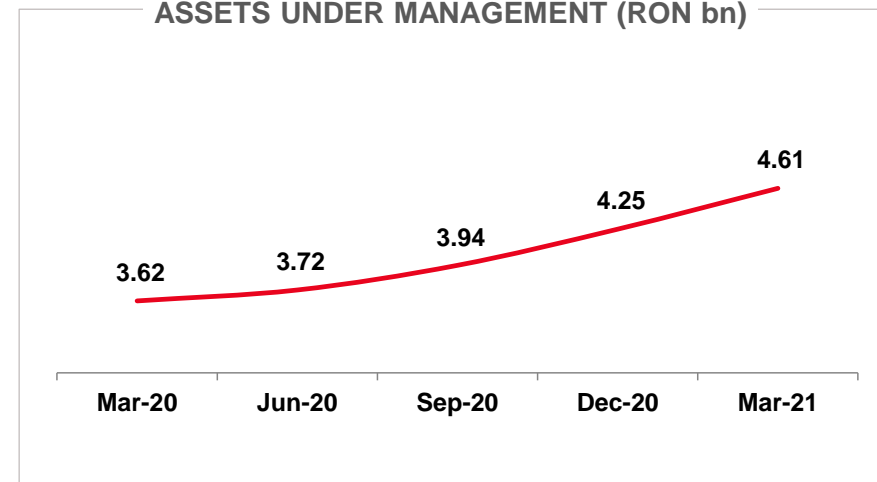
Very active participation in Fidelis program

53% market share on 3rd Romanian government bond issuance for individuals, completed in March 2021

SAVINGS
(average amounts, RON bn)



ASSETS UNDER MANAGEMENT (RON bn)



RESILIENT REVENUES

Quasi-stable revenues despite much lower market rates

Contraction in NII, -7.4% in Q1 2021 vs Q1 2020, reflecting the decrease of interest income from customer loans on lower market rates

- key rate reduced by 125 bps in total since beginning of 2020
- average ROBOR 3M of 1.65% in Q1 2021, -138 bps y/y

Improvement in net fees and commissions

Dynamic capital market activity

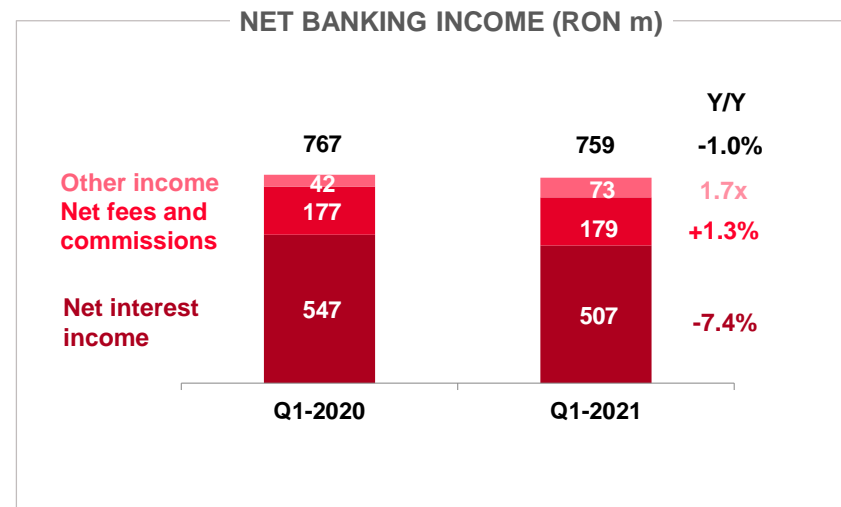
- 53% MS in the 3rd Romanian government bond issue for individuals

Growing volume of transactions

Other banking income (+74% y/y) back to a standard level

Trading revenues materially impacted in Q1 2020 by the crisis context

Positive revaluation effects in Q1 2021



CONTINUED STRONG COST DISCIPLINE

Important staff costs' reduction, -5.1% y/y in Q1 2021

- -410 FTEs vs March 2020 end
- freeze of hiring since March 2020
- network of branches adjustment, -71 vs March 2020 end

Non staff expenses influenced by sustained IT investments and extraordinary sanitary costs

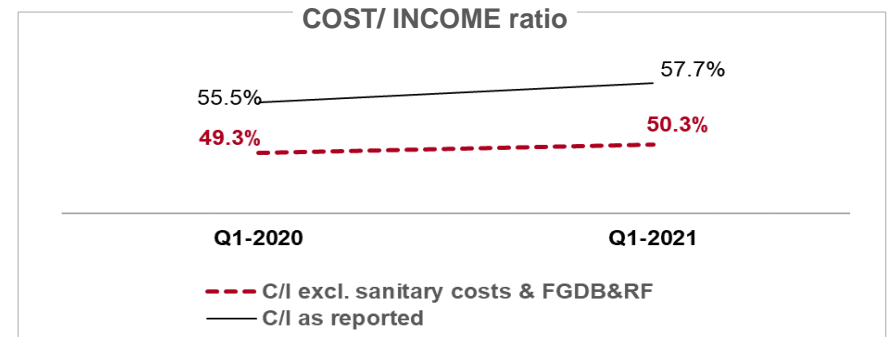
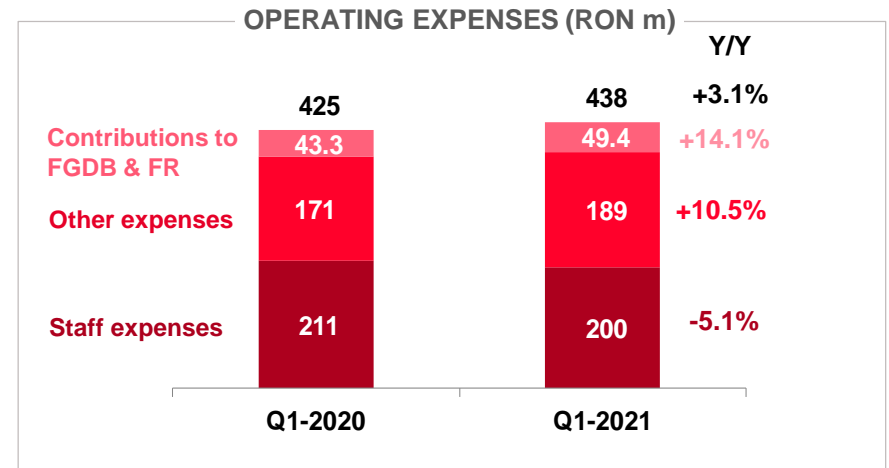
Increasing IT&C costs on strong investments in digitalization projects

Exceptional costs related to sanitary crisis management of RON 6.8m in Q1 2021

Well controlled overheads, flat y/y excluding contributions to Deposit Guarantee and Resolution Funds, IT costs and extraordinary sanitary expenses

Contained increase in C/I ratio

C/I at 50.3% in Q1 2021 vs 49.3% in Q1 2020, excluding sanitary costs and FGDB&RF contributions



STRONG ASSET QUALITY

Loan portfolio market mix

68% on individuals
32% on corporate segment

Consolidation of RON lending

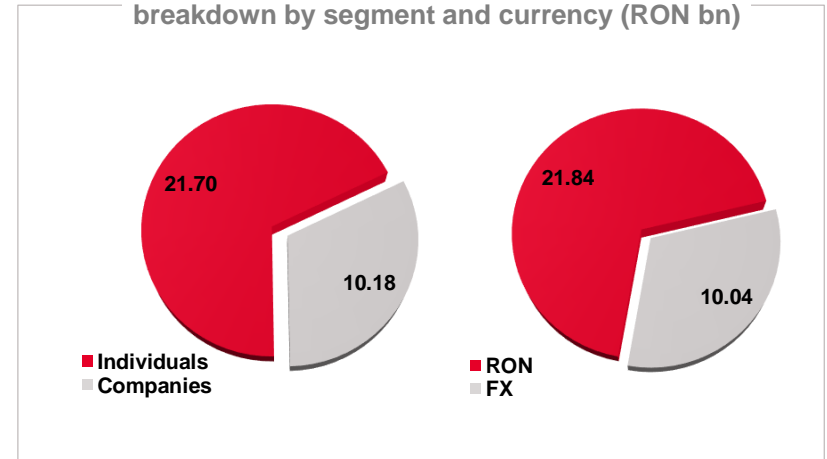
Share of RON denominated loans at 68.5% (vs 66.8% as of March 2020 end)
Trend in line with market evolution

NPL ratio and Outlook

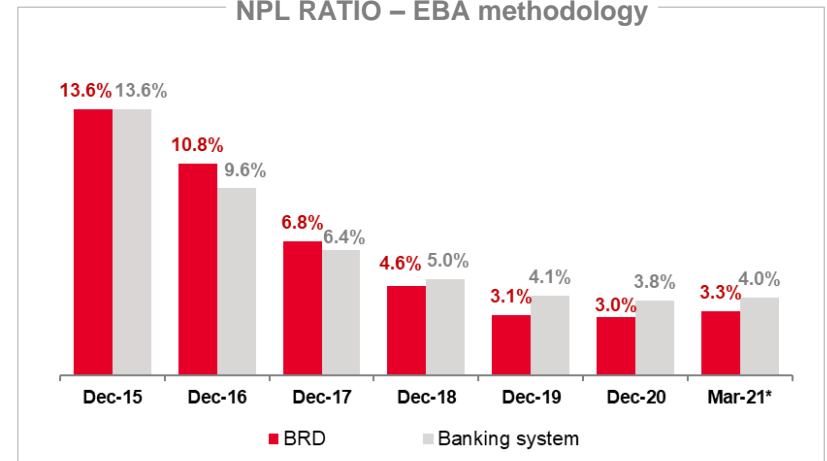
NPL ratio slight increase, observed also at banking sector level

After reaching historical lows in 2020, NPL ratio expected to grow up to a level however forecasted to remain below 5% in 2021

GROSS LOANS – March 31, 2021
breakdown by segment and currency (RON bn)



NPL RATIO – EBA methodology



* NPL for Banking System as of February 2021

Note: NPL computed acc. to EBA risk indicator AQT_3.2

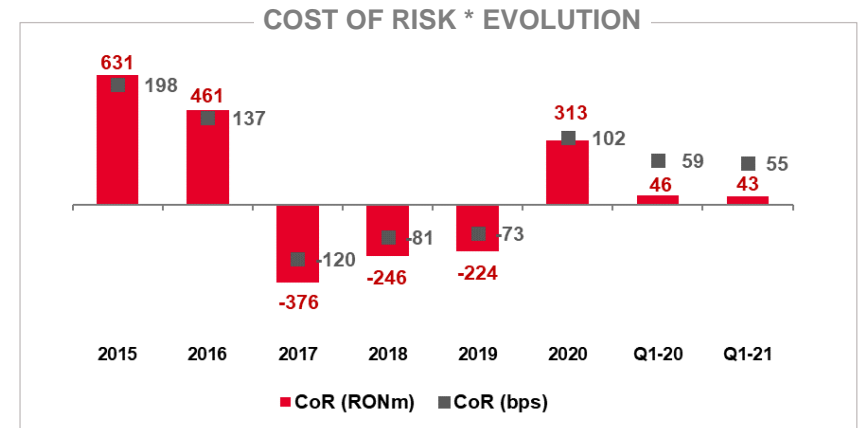
All figures at individual level



COST OF RISK AFFECTED BY MACROECONOMIC CONTEXT

Net cost of risk at 55 bps in Q1-21

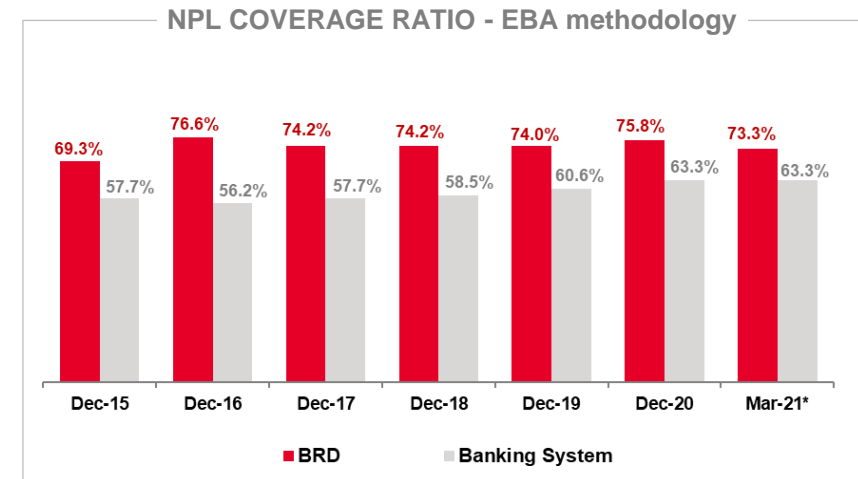
NCR driven by the joint effect of moratoria exits and regulatory impact from “New default definition” on retail portfolio, partially offset by good recovery performance on corporates



Note: Cost of risk in bps for Q1-2020 and Q1-2021 is annualized

Solid NPL coverage indicative of prudent recovery assessment

Consistent NPL coverage ratio over the period, well above banking sector average



* NPL coverage ratio for Banking System – as of December 2020

* All figures at individual level

ELEVATED CAPITAL POSITION

Strong high quality capital base

CAR of 31.6% at Mar 2021 end

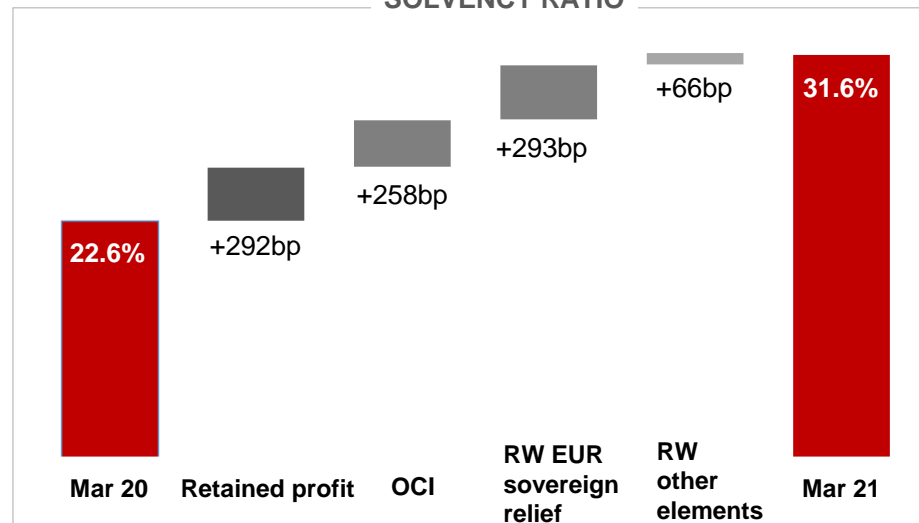
Regulatory own funds composed solely of Tier 1 capital

Increase in own funds on a yearly basis driven by

- ✓ incorporation of 2020 profit (net of dividends according to GSM resolution, strongly limited this year, in compliance with regulatory restrictions)
- ✓ higher reserves from revaluation of debt instruments accounted at fair value through other comprehensive income

Contraction in RWA (-11% y/y) mainly influenced by temporary relief on the RW of EUR sovereign exposures (+293 bps impact on CAR)

SOLVENCY RATIO



Bank only	Mar-20	Dec-20	Mar-21
Capital adequacy ratio	22.6%	33.7%	31.6%
Own funds (RONm)	6,972	8,808	8,642
Total risk exposure amount (RONm)	30,835	26,102	27,343
Capital requirements (RONm)	2,467	2,088	2,187

Note: Own funds for 2020 include the FY 2020 profit, net of dividends approved by the GSM on 22nd of April 2021

4

CONCLUSIONS



CONCLUSIONS

- **Q1 2021 still marked by restrictive measures to contain a third wave of the pandemic**
- **Romanian economy nevertheless performing better than expected**
- **Within this context, BRD's Q1 business dynamic was strong, marking a forceful start of the year**
 - **Significant increase of individuals' loan production**
 - **Solid growth of corporate loan portfolio**
 - **More than half of the March government bond issue for individuals intermediated by BRD**
- **Commitment for sustainable and positive impact financing materialized by the structuring of the largest green loan granted in Romania so far**
- **Accelerated digital adoption**
- **Resilient financial performance**
 - **Quasi-stable revenues despite significantly lower interest rates**
 - **Strictly controlled costs, without compromising on IT strategic investments**
 - **Resilient profitability overall**
- **Very solid fundamentals**
 - **elevated capital base**
 - **ample liquidity position**
 - **high quality of assets**

5

Q&A SESSION



GRUPE SOCIETE GENERALE

APPENDIX

BRD GROUP – KEY FIGURES

BRD STANDALONE – KEY FIGURES

STOCK PRICE PERFORMANCE

FINANCIAL CALENDAR FOR 2021

GLOSSARY – CLIENT SEGMENTATION



GRUPE SOCIETE GENERALE

BRD GROUP | KEY FIGURES

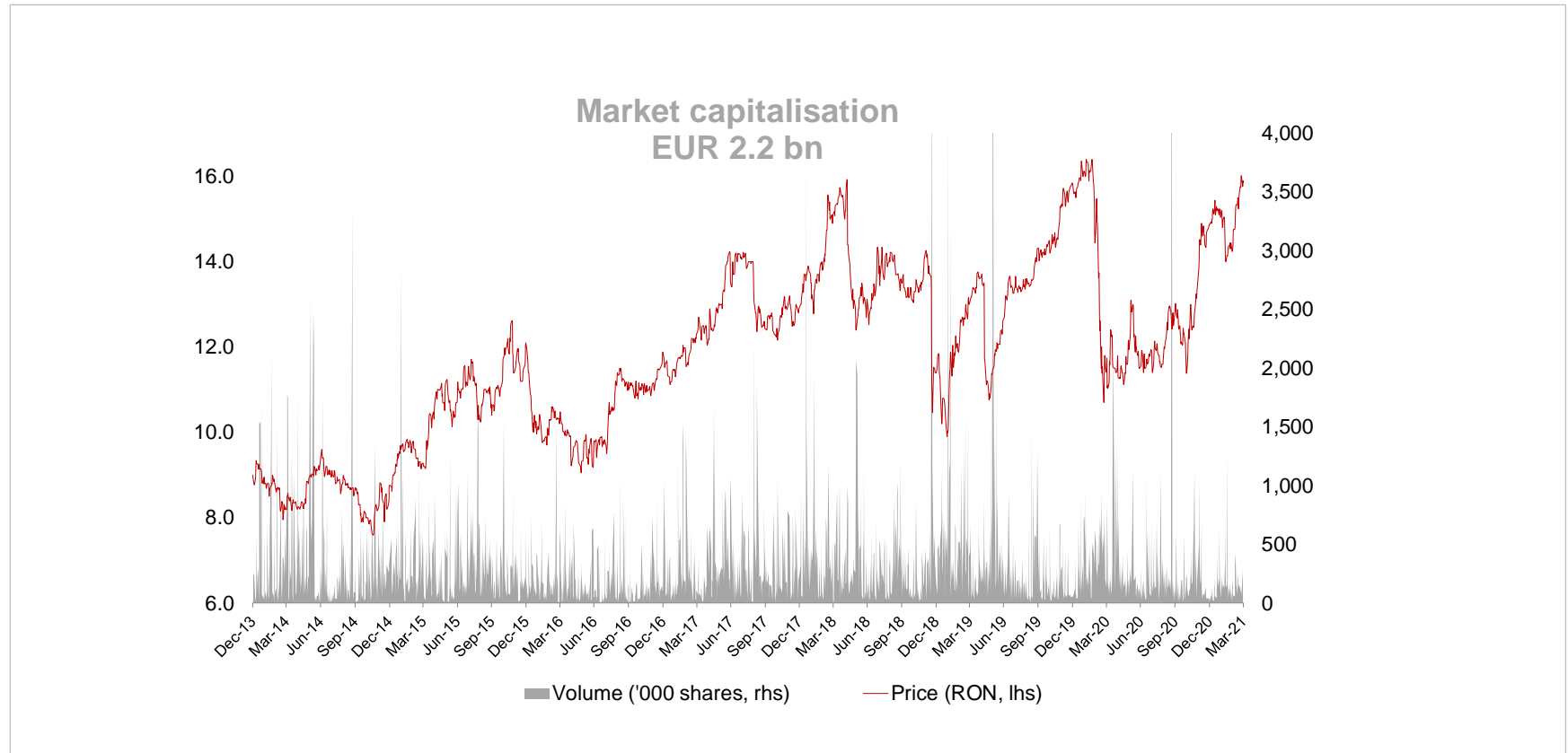
	RON m	Q1-2021	Q1-2020	Change
Financial results	Net banking income	759	767	-1.0%
	Operating expenses	(438)	(425)	+3.1%
	Gross operating income	321	342	-6.1%
	Net cost of risk	(54)	(60)	-9.2%
	Net profit	222	241	-7.6%
	Cost/Income	57.7%	55.5%	+2.3 pt
	ROE	9.1%	11.8%	-2.7 pt
	RON bn	Mar-21	Mar-20	vs. Mar-20
Capital adequacy	CAR *	31.6%	22.6%	+9.0 pt
Franchise	No of branches	569	640	(71)

(*) CAR at Bank level

BRD | KEY FIGURES FOR BANK ONLY

	RON m	Q1-2021	Q1-2020	Change
Financial results	Net banking income	720	721	-0.1%
	Operating expenses	(416)	(402)	+3.5%
	Gross operating income	304	319	-4.7%
	Net cost of risk	(43)	(46)	-6.6%
	Net profit	218	233	-6.5%
	Cost/Income	57.8%	55.8%	+2.0 pt
	ROE	9.2%	11.9%	-2.7 pt

BRD | STOCK PRICE PERFORMANCE



- BRD is part of the main market indices on the Bucharest Stock Exchange
- BRD is in Top 5 largest domestic companies listed on the local stock exchange
- BRD's share price reached RON 15.86 as of March 2021 end, +35% y/y and +6.7% ytd.

FINANCIAL CALENDAR FOR 2021

10th February: Preliminary 2020 financial results and annual press conference

22nd April: General Shareholders Meeting for approving the 2020 annual financial results

6th May: Presentation of the 1st quarter 2021 financial results

3rd August: Presentation of the 2nd quarter and 1st half 2021 financial results

4th November: Presentation of the 3rd quarter and 9 months 2021 financial results

GLOSSARY – CLIENT SEGMENTATION

- The **Retail** category is comprised of the following customer segments:
 - **Individuals** – BRD provides individual customers with a range of banking products such as: savings and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities.
 - **Small business** – business entities with annual turnover lower than EUR 1m and having an aggregated exposure at group level less than EUR 0.3m. Standardized range of banking products is offered to small companies and professionals: savings and deposits taking, loans, transfers and payment services.
- The **Corporate** category is comprised of the following customer segments:
 - **Small and medium enterprises** - companies with annual turnover between EUR 1m and EUR 50m and the aggregated exposure at group level higher than EUR 0.3m. The Bank provides SMEs with a range of banking products such as: savings and deposits taking, loans and other credit facilities, transfers and payment services.
 - **Large corporate** - within corporate banking BRD provides customers with a range of banking products and services, including lending and deposit taking, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions. The large corporate customers include companies with annual turnover higher than EUR 50m, municipalities, public sector and other financial institutions.



BRD GROUPE SOCIETE GENERALE - INVESTOR RELATIONS

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