

BRD – Groupe Société Générale S.A.

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2022

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
for the period ended March 31, 2022
(Amounts in thousands RON)

	Note	Group		Bank	
		Unaudited (*) March 31, 2022	December 31, 2021	Unaudited (*) March 31, 2022	December 31, 2021
ASSETS					
Cash in hand	4, 34	3,330,538	1,894,448	3,330,537	1,894,415
Due from Central Bank	5	5,130,714	4,311,908	5,130,714	4,311,908
Due from banks	6	7,719,014	4,537,941	7,702,269	4,521,357
Derivatives and other financial instruments held for trading	7	1,122,999	2,274,924	1,094,308	2,274,924
Loans and advances to customers	8	33,479,971	32,913,875	32,762,269	32,183,856
Finance lease receivables	9	1,270,045	1,222,595	-	-
Financial assets at fair value through profit and loss	10	7,209	6,947	7,209	6,947
Financial assets at fair value through other comprehensive income	11	18,791,485	19,863,825	18,791,485	19,863,825
Investments in subsidiaries, associates and joint ventures		97,938	107,205	149,287	158,916
Property, plant and equipment	12	1,053,105	1,072,099	1,033,671	1,051,254
Investment property		16,104	16,312	16,104	16,312
Goodwill	13	50,130	50,130	50,130	50,130
Intangible assets	14	329,386	321,063	328,033	319,656
Current tax assets	20	7,484	7,484	7,484	7,484
Deferred tax asset	20	296,694	180,089	283,899	166,173
Other assets	15	417,035	271,256	315,054	176,910
Non-current assets held for sale		11,105	11,196	11,105	11,196
Total assets		73,130,956	69,063,297	71,013,558	67,015,263
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	16	614,436	156,810	614,436	156,810
Due to customers	17	53,329,382	52,683,581	53,488,823	52,917,886
Borrowed funds	18	7,330,535	4,056,470	5,529,318	2,230,572
Subordinated debt	19	494,885	495,022	494,885	495,022
Derivatives and other financial instruments held for trading	7	603,193	498,651	603,193	498,651
Current tax liability	20	48,438	83,963	42,314	79,979
Provisions	21	366,083	383,185	356,710	374,745
Other liabilities	22	2,550,400	826,710	2,447,402	722,260
Total liabilities		65,337,352	59,184,392	63,577,081	57,475,925
Share capital	39	2,515,622	2,515,622	2,515,622	2,515,622
Other reserves		(1,049,912)	(385,380)	(1,049,912)	(385,380)
Retained earnings and capital reserves		6,266,986	7,690,955	5,970,767	7,409,096
Non-controlling interest		60,908	57,708	-	-
Total equity		7,793,604	9,878,905	7,436,477	9,539,338
Total liabilities and equity		73,130,956	69,063,297	71,013,558	67,015,263

The financial statements have been authorized by the Group's management on May 4, 2022 and are signed on the Group's behalf by:

Giovanni Luca Soma
Chairman of the Board of
Directors

François Bloch
Chief Executive Officer

Etienne Loulergue
Chief Financial Officer

The accompanying notes are an integral part of this financial statements
(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE PROFIT OR LOSS
for the period ended March 31, 2022
(Amounts in thousands RON)

	Note	Group Unaudited (*)		Bank Unaudited (*)	
		Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
Interest and similar income	24	608,480	545,813	571,108	507,369
Interest and similar expense	25	(52,317)	(39,134)	(48,510)	(33,697)
Net interest income		556,163	506,679	522,598	473,672
Fees and commission income	26	260,969	247,307	249,375	237,124
Fees and commission expense	26	(80,961)	(73,147)	(78,453)	(71,303)
Fees and commissions, net		180,008	174,160	170,922	165,821
Gain on derivative, other financial instruments held for trading and foreign exchange	27	77,770	63,404	77,377	63,067
Gain from financial instruments at fair value through other comprehensive income		2,453	11,960	2,453	11,960
Gain from financial instruments at fair value through profit and loss		259	1,149	261	974
Net (loss)/Income from associates and joint ventures		(9,269)	(3,982)	(9,629)	-
Other income/(expense) from banking activities	28	2,148	(421)	1,350	(1,588)
Net banking income		809,532	752,949	765,332	713,906
Personnel expenses	30	(205,122)	(200,079)	(192,535)	(187,692)
Depreciation, amortisation and impairment on tangible and intangible assets	31	(56,794)	(64,145)	(55,032)	(61,933)
Contribution to Guarantee Scheme and Resolution Fund	29	(69,165)	(49,396)	(69,165)	(49,396)
Other operating expenses	32	(128,716)	(118,534)	(120,745)	(111,054)
Total operating expenses		(459,797)	(432,154)	(437,477)	(410,075)
Gross operating profit		349,735	320,795	327,855	303,831
Cost of risk	33	(32,002)	(54,394)	(31,053)	(42,702)
Operating profit		317,733	266,401	296,802	261,129
Profit before income tax		317,733	266,401	296,802	261,129
Current tax expense	20	(44,565)	(34,039)	(42,314)	(31,976)
Deferred tax income/(expense)		(9,946)	(9,891)	(8,825)	(11,035)
Total income tax		(54,511)	(43,930)	(51,139)	(43,011)
Profit for the period		263,222	222,471	245,663	218,118
Profit attributable to equity holders of the parent		260,022	220,230	-	-
Profit attributable to non-controlling interests		3,200	2,241	-	-
Basic earnings per share (in RON)	39	0.3731	0.3160	0.3525	0.3130

The accompanying notes are an integral part of this financial statements
 (*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the period ended March 31, 2022
(Amounts in thousands RON)

Note	Group Unaudited (*)		Bank Unaudited (*)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Profit for the period	263,222	222,472	245,663	218,119
Other comprehensive income				
Net comprehensive income that may be reclassified to profit and loss in subsequent periods	(664,532)	(142,226)	(664,532)	(142,226)
Net gain/(loss) on financial assets at fair value through other comprehensive income	(664,532)	(142,226)	(664,532)	(142,226)
Reclassifications to profit and loss during the period	2,578	11,841	2,578	11,841
Revaluation differences	(793,661)	(181,180)	(793,661)	(181,180)
Income tax	126,551	27,113	126,551	27,113
Other comprehensive income for the period, net of tax	(664,532)	(142,226)	(664,532)	(142,226)
Total comprehensive income for the period, net of tax	(401,310)	80,246	(418,869)	75,893
Attributable to:				
Equity holders of the parent	(404,510)	78,005	-	-
Non-controlling interest	3,200	2,241	-	-

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BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended March 31, 2022
(Amounts in thousands RON)

Group

	Attributable to equity holders of the parent				Non-controlling interest	Total equity
	Other reserves					
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves		
December 31, 2020	2,515,622	789,030	15,412	6,403,510	48,491	9,772,065
Total comprehensive income	-	(142,226)	-	220,232	2,241	80,247
Net Profit for the period	-	-	-	220,232	2,241	222,473
Other comprehensive income	-	(142,226)	-	-	-	(142,226)
March 31, 2021	2,515,622	646,804	15,412	6,623,742	50,732	9,852,312

	Attributable to equity holders of the parent				Non-controlling interest	Total equity
	Other reserves					
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves		
December 31, 2021	2,515,622	(401,602)	16,222	7,690,955	57,708	9,878,905
Total comprehensive income	-	(664,532)	-	260,022	3,200	(401,310)
Net Profit for the period	-	-	-	260,022	3,200	263,222
Other comprehensive income	-	(664,532)	-	-	-	(664,532)
Equity dividends	-	-	-	(1,683,991)	-	(1,683,991)
March 31, 2022	2,515,622	(1,066,134)	16,222	6,266,986	60,908	7,793,604

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BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended March 31, 2022
(Amounts in thousands RON)

Bank

	<u>Other reserves</u>				Total equity
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	
December 31, 2020	2,515,622	789,030	15,412	6,152,079	9,472,142
Total comprehensive income	-	(142,226)	-	218,120	75,894
Net Profit for the period	-	-	-	218,120	218,120
Other comprehensive income	-	(142,226)	-	-	(142,226)
March 31, 2021	2,515,622	646,804	15,412	6,370,199	9,548,036

	<u>Other reserves</u>				Total equity
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	
December 31, 2021	2,515,622	(401,602)	16,222	7,409,095	9,539,338
Total comprehensive income	-	(664,532)	-	245,663	(418,869)
Net Profit for the period	-	-	-	245,663	245,663
Other comprehensive income	-	(664,532)	-	-	(664,532)
Equity dividends	-	-	-	(1,683,991)	(1,683,991)
March 31, 2022	2,515,622	(1,066,134)	16,222	5,970,767	7,436,478

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(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
for the year ended March 31, 2022
(Amounts in thousands RON)

Note	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
Cash flows from operating activities				
Profit before tax	317,735	266,402	296,801	261,130
<i>Adjustments for:</i>				
Depreciation and amortization expense	56,794	64,145	55,032	61,933
Loss from investment in associates and joint ventures	9,267	3,982	9,267	-
Loss/ (Gain) from revaluation of assets at fair value through profit and loss	(262)	(3,041)	(262)	(2,866)
Impairment adjustments and provisions	78,296	79,484	75,374	67,483
Adjusted profit	461,830	410,972	436,212	387,680
Changes in operating assets and liabilities				
Due from Central Bank	(818,806)	808,107	(818,806)	808,107
Accounts and deposits with banks	9,235	29,444	9,396	29,607
Financial assets at fair value through other comprehensive income	407,808	(139,579)	407,808	(139,579)
Loans and advances to customers	(635,811)	(1,152,283)	(647,518)	(1,194,257)
Lease receivables	(48,641)	(24,187)	-	-
Other assets including trading	854,058	(398,329)	891,072	(386,465)
Due to banks	457,626	155,551	457,626	155,551
Due to customers	645,801	1,398,583	570,937	1,401,191
Other liabilities	154,062	(70,039)	153,851	(89,741)
Total changes in operating assets and liabilities	1,025,332	607,268	1,024,366	584,414
Income tax paid	(80,125)	(499)	(79,979)	-
Cash flow from operating activities	1,407,037	1,017,741	1,380,599	972,094
Investing activities				
Acquisition of investments in associates and joint ventures	-	-	362	-
Acquisition of tangible and intangible assets	(32,023)	(24,464)	(31,972)	(24,417)
Proceeds from sale of tangible and intangible assets	4	699	4	699
Cash flow from investing activities	(32,019)	(23,765)	(31,606)	(23,718)
Financing activities				
Proceeds from borrowings	36,203,019	230,771	36,005,854	107
Repayment of borrowings	(32,929,091)	(276,021)	(32,707,245)	(1,226)
Repayment of principal lease liabilities	(22,546)	(22,816)	(21,171)	(21,347)
Net cash from financing activities	3,251,382	(68,066)	3,277,438	(22,466)
Net movements in cash and cash equivalents	4,626,400	925,910	4,626,431	925,910
Cash and cash equivalents at beginning of the period	6,301,478	7,259,265	6,301,445	7,259,261
Cash and cash equivalents at the end of the period	10,927,877	8,185,175	10,927,876	8,185,171

Additional information on operational cash flows from interest and dividends:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
Interest paid	153,570	38,291	136,880	33,889
Interest received	2,242,909	545,685	2,107,487	520,764

The amount of undrawn borrowing facilities that may be available for future operating activities is 0 (December 31, 2021: 0) and represents a stand by line concluded with the parent for contingency funding purposes as requested by the Romanian banking regulations on liquidity management. The stand by line with the parent was closed in May 2021.

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

1. Corporate information

BRD – Groupe Société Générale (the “Bank” or “BRD”) is a joint stock company incorporated in Romania. The Bank commenced business as a state owned credit institution in 1990 by acquiring assets and liabilities of the former Banca de Investitii. The Bank headquarters and registered office is 1-7 Ion Mihalache Blvd, Bucharest.

BRD together with its subsidiaries (the “Group”) offers a wide range of banking and financial services to corporates and individuals, as allowed by law. The Group accepts deposits from the public and grants loans and leases, carries out funds transfer in Romania and abroad, exchanges currencies and provides other financial services for its commercial and retail customers.

The ultimate parent is Société Générale S.A. as at March 31, 2022 (the “Parent” or “SG”).

The Bank has as at March 31, 2022 499 units throughout the country (December 31, 2021: 499).

The average number of active employees of the Group during first quarter of 2022 was 6,284 (2021: 6,620), and the number of active employees of the Group as of the period-end was 6,239 (December 31, 2021: 6,408).

The average number of active employees of the Bank during first quarter of 2022 was 5,916 (2021: 6,156), and the number of active employees of the Bank as of the period-end was 5,888 (December 31, 2021: 5,974).

The active employees are the full time employees (excluding maternity leave and long-term sick leave).

BRD – Groupe Société Générale has been quoted on Bucharest Stock Exchange (“BVB”) since January 15, 2001.

The shareholding structure of the Bank is as follows:

	March 31, 2022	December 31, 2021
Societe Generale	60.17%	60.17%
Fondul De Pensii Administrat Privat NN/NN Pensii S.A.F.P.A.P. S.A.	5.56%	5.31%
S.I.F. Oltenia	3.95%	4.11%
Fondul De Pensii Administrat Privat AZT Viitorul Tau	3.67%	4.26%
Fondul De Pensii Administrat Privat Metropolitan Life	3.17%	2.96%
TRANSILVANIA INVESTMENTS ALLIANCE S.A.	2.46%	3.17%
Legal entities	15.84%	15.65%
Individuals	5.19%	4.37%
Total	100.00%	100.00%

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

2. Basis of preparation

a) Basis of preparation

The separate interim financial statements as at March 31, 2022 are of the Bank BRD – Groupe Société Générale. The consolidated and separate interim financial statements as at March 31, 2022 and March 31, 2021 are not audited nor reviewed (references included in the financial statements and selected explanatory notes).

The interim financial statements for the three months ended March 31, 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2021. In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, and Order of the National Bank of Romania Governor no. 27/2010, as amended, BRD prepared consolidated and separate financial statements for the year ended December 31, 2021 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (“EU”).

The consolidated interim financial statements includes the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in shareholders’ equity, the consolidated cash flow statement, and selected explanatory notes.

The separate interim financial statements includes the separate statement of financial position, the separate income statement, the separate statement of comprehensive income, the statement of changes in shareholders’ equity, the separate cash flow statement, and selected explanatory notes.

The consolidated and separate interim financial statements are presented in Romanian lei (“RON”), which is the Group’s and its subsidiaries’ functional and presentation currency, rounded to the nearest thousand, except when otherwise indicated. The consolidated and separate financial statements has been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, financial assets through other comprehensive income, derivative financial instruments, other financial assets and liabilities held for trading, which have all been measured at fair value.

The Bank’s management has made an assessment of the Bank’s ability to continue as a going concern and is satisfied that the bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

b) Basis for consolidation

The consolidated interim financial statements comprise the financial statements of the credit institution and its subsidiaries as at March 31, 2022. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include the financial statements of BRD – Groupe Société Générale S.A. and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2021: 99.98%), BRD Finance IFN S.A (49% ownership, 2021: 49%) and BRD Asset Management SAI SA (99.98% ownership, 2021: 99.98%).

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

According to IFRS 12 9(b), the Group controls BRD Finance IFN S.A even though it holds less than half of the voting rights, through the power to govern the financial and operating policies of the entity under various agreements. All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date such control ceases.

Equity and net income attributable to non-controlling interest are shown separately in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of comprehensive income, respectively.

The Bank is accounting the investments in subsidiaries, associates and joint ventures in the separate financial statements at cost less impairment adjustment.

Group			
Associates	Field of activity	Address	%
ALD Automotive SRL	Operational leasing	1-7, Ion Mihalache Street, floor 3, district 1, Bucharest	20.00%
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Fondul de Garantare a Creditului Rural IFN SA	Loans guarantee	5 Occidentului Street, district 1, Bucharest	33.33%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	49.00%
BRD Sogelease Asset Rental SRL	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%
Joint ventures			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest,	33.33%
Bank			
Associates	Field of activity	Address	%
ALD Automotive SRL	Operational leasing	1-7, Ion Mihalache Street, floor 3, district 1, Bucharest	20.00%
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Fondul de Garantare a Creditului Rural IFN SA	Loans guarantee	5 Occidentului Street, district 1, Bucharest	33.33%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	49.00%
Joint ventures			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest,	33.33%
Subsidiaries			
BRD Sogelease IFN SA	Financial lease	1-7, Ion Mihalache Street, floor 12, district 1, Bucharest	99.98%
BRD Finance IFN SA	Financial institution	1-7, Ion Mihalache Street, floor 15, district 1, Bucharest	49.00%
BRD Asset Management SAI SA	Fund administration	2 Doctor Staicovici Street, district 5, floor 5, Bucharest	99.98%

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

2. Basis of preparation (continued)

c) Changes in accounting policies and adoption of revised/amended IFRS

The accounting policies adopted are consistent with those of the previous financial year.

d) Standards and Interpretations that are issued but have not yet come into effect

• Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

• IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period.

Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need to be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect (continued)

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

- **IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)**

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

3. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect (continued)

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU.

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

2. Basis of preparation (continued)

e) Significant accounting judgments and estimates

In the process of applying the Group and Bank's accounting policies, management is required to use its judgments and make estimates in determining the amounts recognized in the consolidated and separate financial statements. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 40.

Expected credit losses on financial assets at amortised cost and FVOCI

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank reviews its loans and advances to customers at each reporting date to assess whether there is any objective evidence of impairment. The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days, whether a severe alteration in the counterparty's financial standing is observed, entailing a high probability that the debtor will not be able to fully meet its credit obligations, whether concessions in the form of restructuring were consented under the circumstances of financial hardship experienced by the debtor, whether legal procedures were initiated or the debtor was transferred to specialized recovery structures (regardless of the number of days past due).

The Bank's expected credit loss model (ECL) relies on several underlying assumptions regarding the choice of variable inputs and their interdependencies, which affect the level of allowances:

- The internal credit grading model, which assigns probabilities of default (PDs) to the individual grades
- The criteria defined (both in relative and absolute terms) for the assessment of significant increase in credit risk since initial recognition and consequently the computation of allowances based on life time expected credit loss (LTECL)
- The grouping of financial assets when their ECL is measured on a collective basis
- The development of ECL model, including the various formulas and the choice of inputs
- The macroeconomic scenarios and their probability weightings based on which ECL is derived
- The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, the Bank assesses the need/opportunity for additional amounts of provisions in the form of overlays, in order to address:
 - Sector of activity specific risks (adjustment of ECL on sectors that have a different default behavior from the whole calibration segment)
 - Visible macroeconomic threat impossible to be captured by the models (typically, when the predicted stress did not occur in the observed past serving as a base for models).
- For individually significant loans and advances, the Group and Bank identify and quantify the expected future cash flows to be used for a total or partial reimbursement of the obligations, based on the capacity of the client/business to generate revenues, proceeds resulting from sale of collaterals and other clearly identified sources of repayment. The individual assessment threshold is defined in between 500 - 1,500 thousands EUR, depending on the client type and customers' management departments.

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

Provisions for other risks and charges

The Bank operates in a regulatory and legal environment that, by nature has a heightened element of litigation risk inherent to its operations and, as a result it is involved in various litigations or is subject to various obligations arising from legislation in force.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case, as mentioned in this note. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Generally, the first step is to establish the existence of the present obligation followed by the estimation of the amount needed to settle that obligation taking into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

In case of litigations:

- i. For a single individual litigation the Bank assess whether there is more likely than not to have an unfavourable court decision considering the factors mentioned above; then it estimates the amount at risk; in case there are several scenarios possible with different outcomes, the amount at risk is the weighted average of the amounts at risk for each scenario using the probability distribution for all scenarios (100% is allocated to the possible scenarios) and provisions 100% of the estimated amount;
- ii. For multiple litigations, the assessment of “more likely than not” could be substantiated for the entire population using statistics and provision computation to be made at pool level.

In case of obligations arising from various legislation, the bank assesses first if there is no realistic alternative of settling that obligation, and if not, it estimates the amount needed to settle that obligation (using similar approach as above) and books provisions representing 100% of the estimated amount.

Please refer to Note 21 for more details.

f) Segment information

A segment is a component of the Group and Bank:

- That engages in business activity from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and;
- For which distinct financial information is available;

The Group and Bank’s segment reporting is based on the following segments: *Retail* including Individuals and Small Business, *Non-retail* including Small and medium enterprises (“SMEs”) and Large corporate and *Corporate Center* including: treasury activities, ALM and other categories unallocated to the business lines mentioned above (fixed assets, taxes, equity investments, etc.).

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

3. Segment information

The segments used for management purposes are based on customer type and size, products and services offered as follows:

In Retail (Individuals & Small Business) category the following customer's segments are identified:

- Individuals – the Bank provides individual customers with a range of banking products such as: saving and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities, etc.
- Small business – business entities with annual turnover lower than EUR 1 million and having an aggregated exposure at group level less than EUR 0.3 million. Standardised range of banking products is offered to small companies and professional: saving and deposits taking, loans and other credit facilities, etc.

Retail customers include clients with similar characteristics in terms of financing needs, complexity of the activity performed and size of business for which a range of banking products and services with medium to low complexity is provided.

In Non-Retail category the following customer's segments are identified:

- Small and medium enterprises (companies with annual turnover between EUR 1 million and EUR 50 million and the aggregated exposure at group level higher than EUR 0.3 million);
- Large corporate (corporate banking and companies with annual turnover higher than 50 million EUR, municipalities, public sector and other financial institutions).

The Bank provides these customers with a range of banking products and services, including saving and deposits taking, loans and other credit facilities, transfers and payment services, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions.

The Corporate Center includes: treasury activities, ALM and other categories unallocated to Retail and Non-Retail business lines.

The Executive Committee monitors the activity of each segment separately for the purpose of making decisions about resource allocation and performance assessment.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

3. Segment information (continued)

	Group							
	March 31, 2022 Unaudited (*)				December 31, 2021			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Total assets	73,130,957	23,259,565	11,490,451	38,380,941	69,063,298	23,148,761	10,987,709	34,926,827
Loans and advances to customers, net & Finance lease receivables	34,750,016	23,259,565	11,490,451	-	34,136,470	23,148,761	10,987,709	-
Other assets	38,380,941	-	-	38,380,941	34,926,827	-	-	34,926,827
Total liabilities	73,130,957	35,355,700	17,973,682	19,801,575	69,063,297	35,988,622	16,694,959	16,379,716
Due to customers	53,329,382	35,355,700	17,973,682	-	52,683,581	35,988,622	16,694,959	-
Other liabilities	19,801,575	-	-	19,801,575	16,379,716	-	-	16,379,716

	Bank							
	March 31, 2022 Unaudited (*)				December 31, 2021			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Total assets	71,013,559	22,211,912	10,550,357	38,251,290	67,015,263	22,070,310	10,113,546	34,831,407
Loans and advances to customers, net	32,762,269	22,211,912	10,550,357	-	32,183,856	22,070,310	10,113,546	-
Other assets	38,251,290	-	-	38,251,290	34,831,407	-	-	34,831,407
Total liabilities	71,013,559	35,355,700	18,133,123	17,524,736	67,015,263	35,988,622	16,929,264	14,097,377
Due to customers	53,488,823	35,355,700	18,133,123	-	52,917,886	35,988,622	16,929,264	-
Other liabilities	17,524,736	-	-	17,524,736	14,097,377	-	-	14,097,377

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

3. Segment information (continued)

	Group							
	Unaudited (*)				Unaudited (*)			
	Three months ended March 31, 2022				Three months ended March 31, 2021			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Net interest income	556,188	371,000	146,469	38,719	506,678	341,550	105,747	59,381
Fees and commissions, net	180,234	123,650	58,324	(1,740)	179,446	128,118	54,685	(3,357)
Total non-interest income	73,361	35,025	24,845	13,491	73,084	21,021	19,486	32,576
Operating income	809,783	529,675	229,638	50,470	759,208	490,688	179,918	88,601
Total operating expenses	(459,822)	(323,298)	(118,346)	(18,178)	(438,413)	(290,092)	(101,327)	(46,994)
Cost of risk	(32,001)	(20,679)	3,526	(14,848)	(54,394)	(72,303)	22,101	(4,192)
Profit before income tax	317,960	185,698	114,818	17,444	266,401	128,294	100,692	37,415
Total income tax	(54,547)	(30,921)	(19,118)	(4,508)	(43,930)	(21,135)	(16,588)	(6,208)
Profit for the period	263,413	154,777	95,700	12,936	222,471	107,160	84,105	31,208
Cost Income Ratio	51.9%	61.0%	51.5%	30.2%	51.4%	58.3%	53.1%	10.8%

The accompanying notes are an integral part of this financial statements

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

3. Segment information (continued)

	Unaudited (*)				Bank	Unaudited (*)			
	Three months ended March 31, 2022					Three months ended March 31, 2021			
	Total	Retail	Non retail	Corporate Center		Total	Retail	Non retail	Corporate Center
Net interest income	522,599	351,649	129,375	41,576		473,672	320,581	92,285	60,808
Fees and commissions, net	170,922	114,538	55,892	492		171,106	129,330	56,292	(14,516)
Total non-interest income	71,812	34,985	23,438	13,389		75,387	20,850	18,362	36,175
Operating income	765,333	501,171	208,705	55,457		720,165	470,759	166,939	82,467
Total operating expenses	(437,477)	(307,843)	(111,425)	(18,209)		(416,334)	(274,078)	(95,183)	(47,072)
Cost of risk	(31,052)	(38,568)	20,139	(12,623)		(42,703)	(68,456)	29,947	(4,194)
Profit before income tax	296,804	154,760	117,419	24,625		261,128	128,225	101,703	31,201
Total income tax	(51,139)	(25,827)	(19,595)	(5,717)		(43,011)	(21,120)	(16,752)	(5,139)
Profit for the period	245,665	128,933	97,824	18,908		218,117	107,105	84,951	26,062
Cost Income Ratio	51.3%	61.4%	53.4%	28.0%		50.6%	57.5%	54.0%	10.4%

The accompanying notes are an integral part of this financial statements
 (*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

4. Cash in hand

	Group		Bank	
	Unaudited (*) March 31, 2022	December 31, 2021	Unaudited (*) March 31, 2022	December 31, 2021
Cash in vaults	2,823,233	1,323,877	2,823,232	1,323,844
Cash in ATM	507,305	570,571	507,305	570,571
Total	3,330,538	1,894,448	3,330,537	1,894,415

5. Due from Central Bank

	Group		Bank	
	Unaudited (*) March 31, 2022	December 31, 2021	Unaudited (*) March 31, 2022	December 31, 2021
Current accounts	5,130,714	4,311,908	5,130,714	4,311,908
Total	5,130,714	4,311,908	5,130,714	4,311,908

6. Due from banks

	Group		Bank	
	Unaudited (*) March 31, 2022	December 31, 2021	Unaudited (*) March 31, 2022	December 31, 2021
Deposits at Romanian banks	171,720	124,453	171,720	124,453
Deposits at foreign banks	4,781,113	3,755,293	4,764,368	3,738,708
Current accounts at foreign banks	588,258	507,149	588,258	507,149
Reverse repo	2,025,931	-	2,025,931	-
Bonds	151,992	151,046	151,992	151,046
Total	7,719,014	4,537,941	7,702,269	4,521,357

The Due from banks portfolio is classified as Stage 1. The Group and Bank registered an impairment allowance for Due from banks of 151 as at March 31, 2022 (December 31, 2021: 146).

7. Derivative and other financial instruments held for trading

Group Unaudited (*)	March 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	18,464	142,858	2,110,853
Currency swaps	10,970	7,980	1,997,741
Forward foreign exchange contracts	9,333	9,143	1,253,216
Options	47,165	47,278	3,820,532
Total derivative financial instruments	85,932	207,259	9,182,342
	March 31, 2022		
	Assets	Liabilities	
Treasury notes	431,392	187,978	
Trading loans/deposits	-	167,047	
Reverse repo/Repo	605,675	40,909	
Total financial assets and liabilities held for trading	1,037,067	395,934	

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(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

7. Derivative and other financial instruments held for trading (continued)

Group	December 31, 2021		
	Assets	Liabilities	Notional (total)
Interest rate swaps	33,962	48,399	5,101,371
Currency swaps	8,386	4,593	3,012,164
Forward foreign exchange contracts	7,126	6,056	1,110,385
Options	35,214	35,258	3,775,969
Total derivative financial instruments	84,688	94,306	12,999,889

	December 31, 2021	
	Assets	Liabilities
Treasury notes	768,334	207,534
Trading deposits	-	76,830
Repo/Reverse repo	1,421,902	119,981
Total financial assets and liabilities held for trading	2,190,236	404,345

Bank
Unaudited (*)

	March 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	18,464	142,858	2,110,853
Currency swaps	10,970	7,980	1,997,741
Forward foreign exchange contracts	9,381	9,143	1,277,949
Options	47,165	47,278	3,820,532
Total derivative financial instruments	85,980	207,259	9,207,075

	March 31, 2022	
	Assets	Liabilities
Treasury notes	402,653	187,978
Trading loans/deposits	-	167,047
Reverse repo/Repo	605,675	40,909
Total financial assets and liabilities held for trading	1,008,328	395,934

	December 31, 2021		
	Assets	Liabilities	Notional (total)
Interest rate swaps	33,962	48,399	5,101,371
Currency swaps	8,386	4,593	3,012,164
Forward foreign exchange contracts	7,126	6,056	1,110,385
Options	35,214	35,258	3,775,969
Total derivative financial instruments	84,688	94,306	12,999,889

	December 31, 2021	
	Assets	Liabilities
Treasury notes	768,334	207,534
Trading deposits	-	76,830
Reverse repo	1,421,902	119,981
Total financial assets and liabilities held for trading	2,190,236	404,345

The accompanying notes are an integral part of this financial statements
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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

7. Derivative and other financial instruments held for trading (continued)

The Group continue to apply hedge accounting (fair value hedge) as at March 31, 2022 and has 4 hedging relationships (4 hedging relationships as at December 31, 2021).

- On June 30, 2018, the Bank initiated two macro fair value hedges one in EUR and one in USD of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged items are represented by the portion of the current accounts portfolio equal to the swaps nominal values of:
 - 126 million EUR yearly with a fixed interest rate of 0.42%, the remaining period of 6.26 years.
 - 32 million EUR yearly with a fixed interest rate of -0.0125%, the remaining period of 1.25 years.
 - 40 million EUR yearly with a fixed interest rate of 0.171%, the remaining period of 3.26 years.
 - 28 million EUR yearly with a fixed interest rate of -0.0125%; the remaining period of 1.25 years.
 - 28 million USD yearly with a fixed interest rate of 2.813%; the remaining period of 6.26 years.
 - 12 million USD yearly with a fixed interest rate of 2.765%; the remaining period of 1.25 years.
- In October 30, 2020 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 315 million EUR with a fixed interest rate of -0.403%. The remaining period for the hedging instrument is of 8.59 years.
- On September 30, 2021 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 150 million EUR with a fixed interest rate of -0.337%. The remaining period for the hedging instrument is of 4.50 years.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

7. Derivative and other financial instruments held for trading (continued)

All hedging relationships have quarterly settlement periods for both fixed and variable legs. The hedging relationships were effective throughout the reporting period.

Main source of hedge ineffectiveness that might be expected to affect the hedging relationships is the amortization model of current accounts. However, the amortization of the hedged item is based on a behavioral ALM model that is reviewed / back tested on a yearly basis. In order to avoid inefficiency generated by the underestimated amortization of the current accounts, maximum 70% of the current accounts portfolio per each time band is designated as hedged item.

The hedging relationship were designated on the date of the IRS origination. At that date, the theoretical derivative was built as to match the interest rate behavior of the current accounts, the hedged item (i.e. a spread was added to the variable leg so that the fair value of the theoretical swap on the designation date to be zero). Consequently no other major sources of ineffectiveness were identified.

As at March 31, 2022, the accumulated amount of fair value hedge adjustments on the current accounts hedged item are included in the carrying amount and presented in due to customer line in the statement of financial position and amounts to -128,356. The change in value of the hedged item during the period is explained by the cumulated effect of a gain from revaluation in amount of 109,445 and of the exchange rate evolution effect in amount of -146.

The fair value of hedging instrument for Group and Bank was the following:

	March 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	1,833	129,715	3,596,133
	December 31, 2021		
	Assets	Liabilities	Notional (total)
Interest rate swaps	21,192	39,703	3,593,965

Forwards

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts concluded by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

7. Derivative and other financial instruments held for trading (continued)

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period. The Bank purchases and sells options in the over-the-counter markets.

Options purchased by the Bank provide the Bank with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option.

The Bank is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options written by the Bank provide the purchaser the opportunity to purchase from or sell to the Bank the underlying asset at an agreed-upon value either on or before the expiration of the option. The options are kept in order to neutralize the customer deals.

Trading treasury notes are treasury discount notes and coupon bonds held for trading purposes. All the treasury notes in Bank's portfolio are issued by the Romanian Government in RON, EUR and USD.

8. Loans and advances to customers

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Loans, gross	35,248,033	34,668,675	34,444,114	33,853,032
Loans impairment	(1,768,062)	(1,754,800)	(1,681,845)	(1,669,176)
Total	33,479,971	32,913,875	32,762,269	32,183,856

The structure of loans is the following:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Working capital loans	5,567,498	4,706,233	5,567,498	4,706,233
Loans for equipment	3,486,471	3,428,885	3,204,980	3,171,233
Trade activities financing	943,736	1,318,133	943,736	1,318,133
Acquisition of real estate, including mortgage for individuals	14,025,952	13,747,465	14,025,952	13,747,465
Consumer loans	9,058,108	9,104,171	8,535,680	8,546,180
Other	2,166,267	2,363,788	2,166,267	2,363,788
Total	35,248,033	34,668,675	34,444,114	33,853,032

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

During 2022 the gross loan portfolio increased by 592 million RON as compared with 31 December 2021.

As at 31 March 2022 the Bank's gross loan portfolio and movements were distributed as follows:

- Stage 1: 25,256 million RON, with a 724 million increase compared to 31 December 2021
- Stage 2: 8,062 million RON, with a 102 million RON decrease compared to 31 December 2021
- Stage 3: 1,069 million RON, with a 29 million RON decrease compared to 31 December 2021
- POCI: 58 million RON, with 1 million decrease compared to 31 December 2021.

As of March 31, 2022 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 3,970,260 (December 31, 2021: 3,614,157), while the value of letters of guarantee and letters of credit issued in favour of these clients amounts for the Group and Bank to 5,012,142 (December 31, 2021: 4,961,898).

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance

Group Unaudited (*) %	March 31, 2022									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	60.7%	43.5%	81.6%	82.1%	70.1%	69.8%	51.8%	13.8%	65.8%	67.9%
Agriculture, forestry and fishing	2.5%	4.5%	1.8%	3.4%	5.2%	5.2%	0.0%	0.0%	2.4%	4.4%
Mining and quarrying	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	6.1%	9.2%	6.1%	4.3%	2.5%	2.5%	2.0%	0.8%	6.0%	4.3%
Electricity, gas, steam and air conditioning supply	5.9%	5.5%	0.0%	0.0%	5.1%	2.0%	0.0%	0.0%	4.5%	2.0%
Water supply	0.4%	1.0%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%
Construction	1.8%	2.9%	0.2%	0.2%	6.1%	7.3%	1.0%	0.8%	1.6%	4.2%
Wholesale and retail trade	9.1%	11.4%	1.8%	2.4%	1.9%	1.7%	43.7%	82.9%	7.2%	5.0%
Transport and storage	2.4%	5.0%	0.7%	0.7%	0.4%	0.5%	0.2%	0.0%	2.0%	1.4%
Accommodation and food service activities	0.6%	1.5%	0.9%	1.0%	3.9%	5.1%	0.0%	0.0%	0.8%	3.0%
Information and communication	1.3%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.3%
Financial institutions	2.0%	2.1%	3.4%	1.4%	0.0%	0.0%	0.0%	0.0%	2.2%	0.8%
Real estate activities	1.3%	3.5%	1.8%	2.0%	1.1%	1.4%	0.5%	0.3%	1.4%	2.0%
Professional, scientific and technical activities	0.4%	0.4%	0.1%	0.1%	3.1%	4.0%	0.0%	0.0%	0.4%	2.1%
Administrative and support service activities	0.3%	0.9%	0.1%	0.1%	0.2%	0.2%	0.8%	1.5%	0.2%	0.3%
Public administration and defence, compulsory social security	3.5%	3.3%	0.8%	1.2%	0.0%	0.0%	0.0%	0.0%	2.7%	1.0%
Education	0.0%	0.2%	0.3%	0.7%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
Human health services and social work activities	1.1%	3.0%	0.1%	0.1%	0.2%	0.3%	0.0%	0.0%	0.9%	0.7%
Arts, entertainment and recreation	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Other services	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank Unaudited (*) %	March 31, 2022									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	60.4%	41.3%	82.1%	82.4%	68.9%	68.3%	51.8%	13.8%	65.7%	66.9%
Agriculture, forestry and fishing	2.1%	4.6%	1.5%	3.2%	5.0%	5.1%	0.0%	0.0%	2.0%	4.3%
Mining and quarrying	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	6.3%	9.6%	6.2%	4.4%	2.7%	2.7%	2.0%	0.8%	6.1%	4.5%
Electricity, gas, steam and air conditioning supply	6.1%	5.7%	0.0%	0.0%	5.5%	2.2%	0.0%	0.0%	4.6%	2.1%
Water supply	0.4%	1.0%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%
Construction	1.9%	3.0%	0.2%	0.2%	6.5%	7.9%	1.0%	0.8%	1.6%	4.4%
Wholesale and retail trade	9.3%	11.9%	1.7%	2.4%	2.0%	1.7%	43.7%	82.9%	7.3%	5.2%
Transport and storage	2.2%	5.1%	0.4%	0.5%	0.2%	0.2%	0.2%	0.0%	1.7%	1.2%
Accommodation and food service activities	0.7%	1.5%	0.9%	1.0%	4.2%	5.5%	0.0%	0.0%	0.8%	3.2%
Information and communication	1.4%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.3%
Financial institutions	2.1%	2.2%	3.4%	1.4%	0.0%	0.0%	0.0%	0.0%	2.4%	0.9%
Real estate activities	1.4%	3.6%	1.8%	2.0%	1.2%	1.5%	0.5%	0.3%	1.5%	2.1%
Professional, scientific and technical activities	0.4%	0.4%	0.1%	0.1%	3.3%	4.3%	0.0%	0.0%	0.5%	2.2%
Administrative and support service activities	0.3%	0.9%	0.1%	0.1%	0.2%	0.2%	0.8%	1.5%	0.2%	0.3%
Public administration and defence, compulsory social security	3.5%	3.4%	0.9%	1.3%	0.0%	0.0%	0.0%	0.0%	2.8%	1.0%
Education	0.0%	0.2%	0.3%	0.7%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
Human health services and social work activities	1.2%	3.1%	0.1%	0.1%	0.2%	0.3%	0.0%	0.0%	0.9%	0.8%
Arts, entertainment and recreation	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Other services	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

The accompanying notes are an integral part of this financial statements

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Group %	December 31, 2021									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	61.4%	41.9%	81.8%	81.2%	68.2%	67.9%	50.5%	13.4%	66.5%	66.6%
Agriculture, forestry and fishing	2.8%	5.8%	1.9%	3.7%	5.3%	5.2%	0.0%	0.0%	2.7%	4.7%
Mining and quarrying	0.2%	0.1%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
Manufacturing	6.1%	8.5%	5.2%	3.6%	3.1%	3.2%	2.0%	0.1%	5.8%	4.2%
Electricity, gas, steam and air conditioning supply	4.7%	3.9%	0.0%	0.0%	5.5%	2.1%	0.0%	0.0%	3.6%	1.7%
Water supply	0.6%	1.1%	0.1%	0.2%	0.1%	0.2%	0.0%	0.0%	0.4%	0.3%
Construction	1.6%	2.6%	0.2%	0.2%	6.7%	8.1%	0.0%	0.0%	1.4%	4.5%
Wholesale and retail trade	8.2%	15.4%	1.9%	2.3%	2.0%	1.7%	4.2%	2.9%	6.5%	4.3%
Transport and storage	2.3%	4.2%	1.5%	1.8%	0.5%	0.5%	0.2%	0.0%	2.1%	1.6%
Accommodation and food service activities	0.8%	1.4%	0.1%	0.2%	3.9%	5.1%	0.0%	0.0%	0.8%	2.8%
Information and communication	2.3%	2.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	1.7%	0.5%
Financial institutions	2.0%	2.1%	3.5%	1.7%	0.0%	0.0%	0.0%	0.0%	2.3%	0.9%
Real estate activities	1.3%	3.5%	1.9%	2.0%	1.1%	1.4%	41.9%	81.5%	1.5%	3.3%
Professional, scientific and technical activities	0.4%	0.3%	0.2%	0.1%	3.1%	4.0%	0.0%	0.0%	0.4%	2.1%
Administrative and support service activities	0.2%	0.3%	0.1%	0.1%	0.2%	0.2%	1.1%	2.0%	0.2%	0.2%
Public administration and defence, compulsory social security	3.6%	3.1%	0.9%	1.4%	0.0%	0.0%	0.0%	0.0%	2.8%	1.0%
Education	0.0%	0.3%	0.3%	0.7%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
Human health services and social work activities	1.1%	2.4%	0.1%	0.2%	0.2%	0.3%	0.0%	0.0%	0.8%	0.6%
Arts, entertainment and recreation	0.1%	0.1%	0.2%	0.6%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Other services	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank %	December 31, 2021									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	60.9%	39.2%	82.4%	81.4%	67.0%	66.2%	50.5%	13.4%	66.3%	65.5%
Agriculture, forestry and fishing	2.5%	6.0%	1.6%	3.5%	5.1%	5.2%	0.0%	0.0%	2.3%	4.7%
Mining and quarrying	0.2%	0.1%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
Manufacturing	6.2%	8.9%	5.2%	3.6%	3.3%	3.5%	2.0%	0.1%	5.9%	4.4%
Electricity, gas, steam and air conditioning supply	4.8%	4.1%	0.0%	0.0%	5.9%	2.2%	0.0%	0.0%	3.7%	1.8%
Water supply	0.6%	1.2%	0.1%	0.2%	0.1%	0.2%	0.0%	0.0%	0.4%	0.3%
Construction	1.7%	2.7%	0.2%	0.2%	7.2%	8.7%	0.0%	0.0%	1.5%	4.7%
Wholesale and retail trade	8.4%	16.2%	1.9%	2.3%	2.0%	1.7%	4.2%	2.9%	6.6%	4.5%
Transport and storage	2.1%	4.3%	1.2%	1.5%	0.2%	0.3%	0.2%	0.0%	1.8%	1.4%
Accommodation and food service activities	0.9%	1.4%	0.1%	0.2%	4.1%	5.5%	0.0%	0.0%	0.8%	2.9%
Information and communication	2.4%	2.8%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	1.7%	0.5%
Financial institutions	2.3%	2.2%	3.5%	1.7%	0.0%	0.0%	0.0%	0.0%	2.5%	1.0%
Real estate activities	1.4%	3.7%	1.9%	2.1%	1.2%	1.6%	41.9%	81.5%	1.6%	3.5%
Professional, scientific and technical activities	0.4%	0.3%	0.2%	0.1%	3.3%	4.3%	0.0%	0.0%	0.4%	2.2%
Administrative and support service activities	0.2%	0.4%	0.1%	0.1%	0.2%	0.3%	1.1%	2.0%	0.2%	0.3%
Public administration and defence, compulsory social security	3.7%	3.2%	0.9%	1.4%	0.0%	0.0%	0.0%	0.0%	2.9%	1.0%
Education	0.0%	0.3%	0.3%	0.7%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
Human health services and social work activities	1.1%	2.5%	0.1%	0.2%	0.3%	0.3%	0.0%	0.0%	0.8%	0.6%
Arts, entertainment and recreation	0.1%	0.1%	0.2%	0.6%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Other services	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Rating analysis of loans

Considering the internal rating quality, the exposures of the counterparties not impaired are split in 4 categories which are defined below:

Very good – The counterparty is considered to be very reliable. The capacity to service its debt is very strong.

Good – The counterparty is judged to be of good quality. The capacity to service its debt is strong but counterparty is somewhat more sensitive to adverse changes in circumstances and economic conditions.

Standard grade – The counterparty has an average solvency. The ability to service its debt is still sufficient, but more likely to be undermined by unfavourable economic conditions and changes in circumstances.

Sub-standard grade - The counterparty reflected credit behaviour or financial deterioration implying increased credit risk. Timely debt service repayment is uncertain and depends on favourable economic and financial conditions. Close and more frequent monitoring of the client's capacity to service the bank debt is needed, in order to be able to react to a potential deterioration via implementation of corrective measures.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Group Unaudited (*)	Retail lending				
	March 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,768,081	5,374	-	-	9,773,455
Good grade	5,065,061	4,584,808	-	-	9,649,869
Standard grade	1,062,984	1,420,468	-	-	2,483,453
Sub-standard grade	-	669,703	-	16,068	685,771
Non- performing	-	-	756,512	14,010	770,522
(out of which) Individual assessment	-	-	28,323	63	28,386
Not rated internally	556,482	18,998	73,394	-	648,875
Total	16,452,609	6,699,351	829,907	30,078	24,011,945
Less allowance	(147,705)	(462,180)	(617,675)	(3,965)	(1,231,526)
Net Carrying amount	16,304,904	6,237,171	212,232	26,112	22,780,419

Non-Retail lending

March 31, 2022

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	424,119	-	-	-	424,119
Good grade	6,011,842	718,877	-	-	6,730,719
Standard grade	2,980,619	384,106	-	-	3,364,725
Sub-standard grade	44,568	327,228	-	1,258	373,055
Non- performing	-	-	316,989	26,481	343,471
(out of which) Individual assessment	-	-	282,573	25,992	308,565
Total	9,461,148	1,430,211	316,989	27,739	11,236,088
Less allowance	(178,376)	(93,888)	(239,568)	(24,706)	(536,537)
Net Carrying amount	9,282,773	1,336,323	77,422	3,034	10,699,551

Total

March 31, 2022

	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,192,201	5,374	-	-	10,197,574
Good grade	11,076,903	5,303,685	-	-	16,380,588
Standard grade	4,043,603	1,804,574	-	-	5,848,177
Sub-standard grade	44,568	996,931	-	17,326	1,058,826
Non- performing	-	-	1,073,502	40,491	1,113,993
(out of which) Individual assessment	-	-	310,896	26,056	336,951
Not rated internally	556,482	18,998	73,394	-	648,875
Total	25,913,757	8,129,562	1,146,896	57,817	35,248,033
Less allowance	(326,081)	(556,067)	(857,243)	(28,671)	(1,768,062)
Net Carrying amount	25,587,676	7,573,495	289,653	29,146	33,479,970

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Bank Unaudited (*)	Retail lending				
	March 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,768,081	5,374	-	-	9,773,455
Good grade	5,065,061	4,584,808	-	-	9,649,869
Standard grade	1,062,984	1,420,468	-	-	2,483,453
Sub-standard grade	-	669,703	-	16,068	685,771
Non- performing	-	-	756,512	14,010	770,522
(out of which) Individual assessment	-	-	28,323	63	28,386
Not rated internally	476	-	-	-	476
Total	15,896,603	6,680,353	756,512	30,078	23,363,546
Less allowance	(134,343)	(456,528)	(556,798)	(3,966)	(1,151,635)
Net Carrying amount	15,762,260	6,223,825	199,715	26,111	22,211,912

	Non-Retail lending				
	March 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	424,119	-	-	-	424,119
Good grade	5,988,870	718,767	-	-	6,707,636
Standard grade	2,901,411	370,499	-	-	3,271,910
Sub-standard grade	44,568	291,839	-	1,258	337,665
Non- performing	-	-	312,756	26,481	339,237
(out of which) Individual assessment	-	-	282,573	25,992	308,565
Total	9,358,968	1,381,104	312,756	27,739	11,080,568
Less allowance	(177,955)	(91,355)	(236,194)	(24,706)	(530,210)
Net Carrying amount	9,181,013	1,289,749	76,562	3,034	10,550,358

	Total				
	March 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,192,201	5,374	-	-	10,197,574
Good grade	11,053,931	5,303,575	-	-	16,357,505
Standard grade	3,964,395	1,790,968	-	-	5,755,363
Sub-standard grade	44,568	961,542	-	17,326	1,023,436
Non- performing	-	-	1,069,268	40,491	1,109,759
(out of which) Individual assessment	-	-	310,896	26,056	336,951
Not rated internally	476	-	-	-	476
Total	25,255,571	8,061,457	1,069,268	57,817	34,444,114
Less allowance	(312,298)	(547,884)	(792,992)	(28,671)	(1,681,845)
Net Carrying amount	24,943,273	7,513,574	276,276	29,146	32,762,270

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Group	Retail lending December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,582,650	5,962	-	-	9,588,612
Good grade	5,070,420	4,713,135	-	-	9,783,555
Standard grade	970,014	1,407,731	-	-	2,377,746
Sub-standard grade	-	652,675	-	15,793	668,468
Non- performing	-	-	756,316	13,903	770,220
(out of which) Individual assessment	-	-	32,639	454	33,092
Not rated internally	615,749	17,196	72,168	-	705,113
Total	16,238,832	6,796,699	828,484	29,697	23,893,712
Less allowance	(133,801)	(457,955)	(602,990)	(3,874)	(1,198,620)
Net Carrying amount	16,105,031	6,338,744	225,495	25,822	22,695,092
	Non-Retail lending December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	422,745	-	-	-	422,745
Good grade	5,669,791	746,615	-	-	6,416,406
Standard grade	2,829,625	314,204	-	-	3,143,829
Sub-standard grade	38,449	378,575	-	1,337	418,361
Non- performing	-	-	345,992	27,495	373,487
(out of which) Individual assessment	-	-	305,958	26,915	332,873
Total	8,960,744	1,439,393	345,992	28,832	10,774,962
Less allowance	(175,459)	(100,572)	(255,406)	(24,742)	(556,180)
Net Carrying amount	8,785,285	1,338,820	90,586	4,090	10,218,782
	Total December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	10,005,395	5,962	-	-	10,011,357
Good grade	10,740,211	5,459,750	-	-	16,199,961
Standard grade	3,799,639	1,721,935	-	-	5,521,574
Sub-standard grade	38,449	1,031,249	-	17,131	1,086,829
Non- performing	-	-	1,102,309	41,398	1,143,707
(out of which) Individual assessment	-	-	338,596	27,369	365,965
Not rated internally	615,882	17,196	72,168	-	705,246
Total	25,199,576	8,236,092	1,174,477	58,529	34,668,674
Less allowance	(309,260)	(558,527)	(858,396)	(28,617)	(1,754,800)
Net Carrying amount	24,890,317	7,677,565	316,081	29,912	32,913,874

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Rating analysis of loans (continued)

Bank	Retail lending				Total
	December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	
Gross carrying amount					
Internal rating grade					
Very good grade	9,582,650	5,962	-	-	9,588,612
Good grade	5,070,420	4,713,135	-	-	9,783,555
Standard grade	970,014	1,407,731	-	-	2,377,746
Sub-standard grade	-	652,675	-	15,793	668,468
Non- performing	-	-	756,316	13,903	770,220
(out of which) Individual assessment	-	-	32,639	454	33,092
Not rated internally	345	-	-	-	345
Total	15,623,428	6,779,503	756,316	29,697	23,188,944
Less allowance	(118,916)	(451,772)	(544,071)	(3,875)	(1,118,634)
Net Carrying amount	15,504,512	6,327,731	212,245	25,821	22,070,310

	Non-Retail lending				Total
	December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	
Gross carrying amount					
Internal rating grade					
Very good grade	422,745	-	-	-	422,745
Good grade	5,708,101	743,744	-	-	6,451,844
Standard grade	2,738,943	303,762	-	-	3,042,705
Sub-standard grade	38,449	337,317	-	1,337	377,104
Non- performing	-	-	342,062	27,495	369,557
(out of which) Individual assessment	-	-	305,958	26,915	332,873
Total	8,908,371	1,384,823	342,062	28,832	10,664,088
Less allowance	(175,057)	(97,758)	(252,985)	(24,742)	(550,542)
Net Carrying amount	8,733,314	1,287,065	89,077	4,090	10,113,546

	Total				Total
	December 31, 2021				
	Stage 1	Stage 2	Stage 3	POCI	
Gross carrying amount					
Internal rating grade					
Very good grade	10,005,395	5,962	-	-	10,011,357
Good grade	10,778,520	5,456,879	-	-	16,235,399
Standard grade	3,708,957	1,711,493	-	-	5,420,450
Sub-standard grade	38,449	989,992	-	17,131	1,045,572
Non- performing	-	-	1,098,378	41,398	1,139,776
(out of which) Individual assessment	-	-	338,596	27,369	365,965
Not rated internally	478	-	-	-	478
Total	24,531,799	8,164,326	1,098,378	58,529	33,853,032
Less allowance	(293,973)	(549,531)	(797,056)	(28,617)	(1,669,176)
Net Carrying amount	24,237,826	7,614,795	301,322	29,912	32,183,855

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Impairment allowance movement

Group

Unaudited (*)

	Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2022	133,801	457,954	602,990	3,875	1,198,619
New assets originated or purchased	21,563	4,619	2,909	3	29,094
Assets derecognised or repaid (excluding write offs)	(2,728)	(5,192)	(5,728)	(52)	(13,699)
Net provision movement for assets that did not change classification	(2,481)	(2,498)	(165)	168	(4,976)
Movements due to change in classification	(2,444)	7,340	39,213	7	44,115
Amounts written off	-	-	(21,506)	(35)	(21,541)
Other adjustments	(5)	(44)	(37)	(0)	(86)
Impairment allowance as at 31 March 2022	147,706	462,180	617,675	3,965	1,231,526

	Non-Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2022	175,458	100,573	255,406	24,742	556,180
New assets originated or purchased	16,618	10,192	-	-	26,810
Assets derecognised or repaid (excluding write offs)	(6,510)	(9,992)	(4,632)	-	(21,134)
Net provision movement for assets that did not change classification	(9,203)	(4,363)	(2,497)	(29)	(16,092)
Movements due to change in classification	2,011	(2,507)	(2,795)	-	(3,291)
Amounts written off	-	-	(5,864)	-	(5,864)
Other adjustments	0	(15)	(51)	(7)	(73)
Impairment allowance as at 31 March 2022	178,375	93,887	239,568	24,706	536,536

	Total			POCI	Total
	Stage 1	Stage 2	Stage 3		
Impairment allowance as at 1 st January 2022	309,259	558,527	858,398	28,617	1,754,801
New assets originated or purchased	38,181	14,810	2,909	3	55,904
Assets derecognised or repaid (excluding write offs)	(9,238)	(15,184)	(10,360)	(52)	(34,833)
Net provision movement for assets that did not change classification	(11,684)	(6,861)	(2,662)	139	(21,068)
Movements due to change in classification	(433)	4,833	36,418	7	40,825
Amounts written off	-	-	(27,371)	(35)	(27,406)
Other adjustments	(5)	(58)	(90)	(8)	(160)
Impairment allowance as at 31 March 2022	326,081	556,068	857,243	28,671	1,768,063

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank

Unaudited (*)

	Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2022	118,917	451,772	544,071	3,875	1,118,635
New assets originated or purchased	21,456	4,108	695	3	26,262
Assets derecognised or repaid (excluding write offs)	(2,727)	(5,191)	(5,693)	(52)	(13,663)
Net provision movement for assets that did not change classification	(2,411)	(2,541)	2	168	(4,782)
Movements due to change in classification	(885)	8,424	39,238	7	46,784
Amounts written off	-	-	(21,479)	(35)	(21,514)
Other adjustments	(7)	(44)	(36)	(0)	(87)
Impairment allowance as at 31 March 2022	134,343	456,528	556,798	3,965	1,151,635

	Non-Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2022	175,057	97,758	252,985	24,742	550,542
New assets originated or purchased	16,571	10,027	-	-	26,598
Assets derecognised or repaid (excluding write offs)	(6,506)	(9,929)	(4,632)	-	(21,066)
Net provision movement for assets that did not change classification	(8,903)	(4,328)	(3,378)	(29)	(16,638)
Movements due to change in classification	1,735	(2,159)	(2,867)	-	(3,291)
Amounts written off	-	-	(5,864)	-	(5,864)
Other adjustments	0	(14)	(50)	(7)	(71)
Impairment allowance as at 31 March 2022	177,955	91,355	236,194	24,706	530,210

	Total				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2022	293,973	549,531	797,056	28,617	1,669,176
New assets originated or purchased	38,027	14,135	695	3	52,861
Assets derecognised or repaid (excluding write offs)	(9,233)	(15,120)	(10,324)	(52)	(34,729)
Net provision movement for assets that did not change classification	(11,314)	(6,869)	(3,376)	139	(21,420)
Movements due to change in classification	850	6,265	36,371	7	43,493
Amounts written off	-	-	(27,343)	(35)	(27,378)
Other adjustments	(7)	(58)	(86)	(8)	(158)
Impairment allowance as at 31 March 2022	312,298	547,883	792,992	28,671	1,681,844

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Group

	Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	136,253	597,234	572,879	3,955	1,310,321
New assets originated or purchased	93,146	24,232	18,924	24	136,326
Assets derecognised or repaid (excluding write offs)	(13,595)	(45,764)	(105,908)	(273)	(165,540)
Net provision movement for assets that did not change classification	(67,011)	(55,945)	(14,927)	1,554	(136,328)
Movements due to change in classification	(15,903)	(64,171)	208,292	8	128,226
Amounts written off	-	-	(79,061)	(1,412)	(80,474)
Other adjustments	910	2,369	2,791	18	6,088
Impairment allowance as at 31 March 2021	133,801	457,954	602,990	3,875	1,198,619

	Non-Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	72,612	157,710	320,906	29,502	580,730
New assets originated or purchased	91,947	54,735	2,173	192	149,047
Assets derecognised or repaid (excluding write offs)	(29,847)	(19,511)	(38,276)	(465)	(88,099)
Net provision movement for assets that did not change classification	14,207	(25,946)	491	(3,736)	(14,984)
Movements due to change in classification	25,502	(67,906)	32,994	(1,171)	(10,581)
Amounts written off	-	-	(66,312)	(5)	(66,317)
Other adjustments	1,037	1,491	3,432	425	6,384
Impairment allowance as at 31 March 2021	175,458	100,573	255,406	24,742	556,180

	Total				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	208,865	754,944	893,787	33,457	1,891,052
New assets originated or purchased	185,094	78,967	21,096	216	285,373
Assets derecognised or repaid (excluding write offs)	(43,442)	(65,275)	(144,184)	(738)	(253,639)
Net provision movement for assets that did not change classification	(52,804)	(81,891)	(14,436)	(2,182)	(151,312)
Movements due to change in classification	9,600	(132,077)	241,285	(1,163)	117,645
Amounts written off	-	-	(145,373)	(1,417)	(146,791)
Other adjustments	1,947	3,859	6,222	443	12,471
Impairment allowance as at 31 March 2021	309,259	558,527	858,397	28,617	1,754,800

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

8. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank

	Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	116,439	588,819	477,017	3,955	1,186,230
New assets originated or purchased	92,928	21,637	2,988	24	117,577
Assets derecognised or repaid (excluding write offs)	(13,548)	(45,750)	(105,566)	(273)	(165,137)
Net provision movement for assets that did not change classification	(66,858)	(55,706)	(15,524)	1,554	(136,534)
Movements due to change in classification	(10,951)	(59,590)	210,010	8	139,477
Amounts written off	-	-	(27,596)	(1,412)	(29,008)
Other adjustments	907	2,362	2,742	18	6,029
Impairment allowance as at 31 March 2021	118,917	451,772	544,071	3,875	1,118,635

	Non-Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	72,115	154,895	318,100	29,502	574,612
New assets originated or purchased	91,759	53,457	1,926	192	147,335
Assets derecognised or repaid (excluding write offs)	(29,816)	(19,366)	(37,785)	(465)	(87,432)
Net provision movement for assets that did not change classification	15,398	(25,770)	739	(3,736)	(13,369)
Movements due to change in classification	24,585	(66,919)	32,924	(1,171)	(10,581)
Amounts written off	-	-	(66,312)	(5)	(66,317)
Other adjustments	1,015	1,461	3,393	425	6,294
Impairment allowance as at 31 March 2021	175,057	97,758	252,985	24,742	550,542

	Total				Total
	Stage 1	Stage 2	Stage 3	POCI	
Impairment allowance as at 1 st January 2021	188,554	743,714	795,117	33,457	1,760,842
New assets originated or purchased	184,687	75,094	4,914	216	264,912
Assets derecognised or repaid (excluding write offs)	(43,365)	(65,116)	(143,350)	(738)	(252,569)
Net provision movement for assets that did not change classification	(51,460)	(81,476)	(14,785)	(2,182)	(149,902)
Movements due to change in classification	13,634	(126,509)	242,933	(1,163)	128,896
Amounts written off	-	-	(93,908)	(1,417)	(95,325)
Other adjustments	1,922	3,823	6,135	443	12,323
Impairment allowance as at 31 March 2021	293,973	549,531	797,056	28,617	1,669,176

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

9. Finance lease receivables

The Group acts as a lessor through the subsidiary BRD Soglease IFN SA, having in the portfolio vehicles, equipment (industrial, agricultural) and real estate leases. The leases are denominated mainly in EUR and RON, with transfer of ownership of the leased asset at the end of the lease term. The receivables are secured by the underlying assets and by other collateral. The payment timing analysis of lease receivables is as follows:

	Group	
	Unaudited (*)	
	March 31, 2022	December 31, 2021
Gross investment in finance lease:		
Under 1 year	526,308	561,433
Between 1 and 5 years	906,678	824,401
Higher than 5 years	12,366	8,625
	1,445,352	1,394,459
Unearned finance income	(86,583)	(82,656)
Net investment in finance lease	1,358,769	1,311,803
Net investment in finance lease:		
Under 1 year	486,227	528,107
Between 1 and 5 years	860,476	775,580
Higher than 5 years	12,065	8,115
	1,358,768	1,311,802
	March 31, 2022	December 31, 2021
Net investment in the lease	1,358,768	1,311,802
Accumulated allowance for uncollectible minimum lease payments receivable	(88,723)	(89,207)
Total	1,270,045	1,222,595

As at March 31, 2022 and December 31, 2021, the future minimum lease receipts regarding operating leases (rents) concluded by the Group and Bank as a lessor are:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Less than one year	385	393	385	393
Between one and five years	340	373	340	373
More than five years	166	184	166	184
Total	891	950	891	950

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

9. Finance lease receivables (continued)

Impairment allowance movement

	Retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2022	1,450	3,544	19,701	24,695
New assets originated or purchased	240	516	-	756
Assets derecognised or fully repaid (excluding write offs)	(26)	(41)	(139)	(206)
Movements due to change in classification	25	121	(146)	-
Net movement for assets that did not change classification	(187)	(200)	1,160	772
Amounts written off	-	-	(9)	(9)
Other adjustments	(0)	(1)	(6)	(7)
Impairment allowance as at 31 March 2022	1,503	3,938	20,560	26,001

	Non-retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2022	1,866	16,210	46,436	64,512
New assets originated or purchased	305	1,739	49	2,093
Assets derecognised or fully repaid (excluding write offs)	(10)	(164)	192	18
Movements due to change in classification	4,103	(4,277)	173	0
Net movement for assets that did not change classification	(4,101)	(30)	1,132	(2,999)
Amounts written off	-	-	(558)	(558)
Other adjustments	(1)	(15)	(328)	(344)
Impairment allowance as at 31 March 2022	2,161	13,464	47,097	62,722

	Total			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2022	3,316	19,754	66,137	89,207
New assets originated or purchased	546	2,255	49	2,849
Assets derecognised or fully repaid (excluding write offs)	(36)	(206)	54	(188)
Movements due to change in classification	4,129	(4,156)	27	0
Net movement for assets that did not change classification	(4,289)	(230)	2,292	(2,227)
Amounts written off	-	-	(567)	(567)
Other adjustments	(2)	(16)	(334)	(351)
Impairment allowance as at 31 March 2022	3,664	17,402	67,657	88,723

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

9. Finance lease receivables (continued)

Impairment allowance movement (continued)

	Retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2021	1,291	1,927	16,476	19,694
New assets originated or purchased	877	2,034	1,797	4,708
Assets derecognised or fully repaid (excluding write offs)	(158)	(285)	(921)	(1,365)
Movements due to change in classification	113	(860)	747	-
Net movement for assets that did not change classification	(691)	718	4,181	4,209
Amounts written off	(0)	(2)	(2,780)	(2,783)
Other adjustments	19	12	201	232
Impairment allowance as at 31 December 2021	1,450	3,544	19,701	24,695

	Non-retail			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2021	2,710	16,351	41,566	60,626
New assets originated or purchased	851	6,700	4,324	11,875
Assets derecognised or fully repaid (excluding write offs)	(319)	(1,345)	(1,858)	(3,523)
Movements due to change in classification	2,667	(3,819)	1,153	-
Net movement for assets that did not change classification	(4,113)	(1,749)	4,320	(1,542)
Amounts written off	(6)	-	(2,107)	(2,113)
Other adjustments	76	74	(962)	(812)
Impairment allowance as at 31 December 2021	1,866	16,211	46,435	64,512

	Total			Total
	Stage 1	Stage 2	Stage 3	
Impairment allowance as at 1 st January 2021	4,000	18,279	58,042	80,321
New assets originated or purchased	1,728	8,735	6,121	16,583
Assets derecognised or fully repaid (excluding write offs)	(478)	(1,630)	(2,779)	(4,887)
Movements due to change in classification	2,780	(4,679)	1,899	-
Net movement for assets that did not change classification	(4,803)	(1,031)	8,501	2,667
Amounts written off	(7)	(2)	(4,887)	(4,896)
Other adjustments	95	85	(761)	(581)
Impairment allowance as at 31 December 2021	3,316	19,755	66,136	89,207

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

10. Financial assets at fair value through profit or loss

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Equity investments	7,209	6,947	7,209	6,947
Total	7,209	6,947	7,209	6,947

Equity investments

Other equity investments represent shares in Romanian Commodities Exchange (Bursa de Valori Bucuresti), Romanian Credit Guarantee Fund for Private Investors (Fondul Roman de Garantare a Creditorilor pentru Intreprinzatorii Privati SA), National Society for Transfer of Funds and Settlements-TransFonD (Societatea Nationala de Transfer de Fonduri si Decontari), SWIFT, Shareholders' Register for the National Securities Commission (Depozitarul Central S.A.), Bucharest Stock Exchange (Bursa Romana de Marfuri SA).

11. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include treasury notes, respectively treasury discount notes and coupon bonds issued by the Ministry of Public Finance, in amount of 14,876,663 rated as very good according to internal rating, bonds issued by French State in amount of 3,275,150 and bonds issued by the Belgian State in amount of 639,672 rated as very good according to internal rating.

As at March 31, 2022, these financial assets at fair value through other comprehensive income are classified as Stage 1 and ECL impairment allowance amounts to 2,905 (December 31, 2021: 3,045).

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

12. Property, plant and equipment

	Group					Right of use	Total
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress		
Cost:							
as of December 31, 2020	1,297,082	40,437	262,158	518,662	53,957	453,816	2,626,112
Additions	-	-	918	10	85,220	112,934	199,082
Transfers	23,931	(1,219)	27,248	26,877	(76,837)	-	-
Transfers into/from inventory	(16,800)	(331)	-	-	-	-	(17,131)
Disposals	(39,770)	(644)	(10,688)	(60,002)	(7,169)	(45,354)	(163,627)
as of December 31, 2021	1,264,443	38,243	279,636	485,547	55,171	521,396	2,644,436
Additions	-	-	4	-	12,624	21,862	34,490
Transfers	8,692	(293)	5,318	3,011	(16,728)	-	-
Disposals	(2,091)	-	(57)	(5,984)	(2,203)	(18,672)	(29,007)
as of March 31, 2022 Unaudited	1,271,044	37,950	284,901	482,574	48,864	524,586	2,649,919
Depreciation and impairment:							
as of December 31, 2020	(785,792)	(22,639)	(195,804)	(416,769)	(1,954)	(119,500)	(1,542,458)
Depreciation	(36,145)	(625)	(29,525)	(32,538)	-	(90,425)	(189,258)
Impairment	1,009	-	-	351	-	-	1,360
Disposals	32,442	610	10,612	56,587	-	69,249	169,500
Transfers	(723)	723	-	-	-	-	-
Transfers into/from inventory	4,831	-	-	-	-	-	4,831
as of December 31, 2021	(784,378)	(21,931)	(214,717)	(392,369)	(1,954)	(140,676)	(1,556,025)
Depreciation	(8,625)	(121)	(7,131)	(7,318)	-	(22,848)	(46,043)
Impairment	228	-	-	88	-	-	316
Disposals	1,935	-	52	5,429	-	13,625	21,041
Transfers	(184)	207	-	(22)	-	-	1
as of March 31, 2022 Unaudited	(791,024)	(21,845)	(221,796)	(394,192)	(1,954)	(149,899)	(1,580,710)
Net book value:							
as of December 31, 2020	511,290	17,798	66,354	101,893	52,003	334,316	1,083,654
as of December 31, 2021	480,065	16,312	64,919	93,178	53,217	380,720	1,088,411
as of March 31, 2022 Unaudited	480,020	16,105	63,105	88,382	46,910	374,687	1,069,209

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

12. Property, plant and equipment (continued)

The Group and Bank holds investment property as a consequence of the ongoing rationalisation of its retail branch network. Investment properties comprise a number of commercial properties that are leased to third parties. The investment properties have a fair value of 12,583 as at March 31, 2022 (December 31, 2021: 12,705). The fair value has been determined based on a valuation by an independent valuer in 2022. Rental income from investment property of 666 (December 31, 2021: 1,708) has been recognised in other income.

	Bank						
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Right of use	Total
Cost:							
as of December 31, 2020	1,286,971	40,437	253,160	518,092	53,955	436,399	2,589,013
Additions	-	-	-	6	85,220	103,796	189,022
Transfers	23,931	(1,219)	27,248	26,877	(76,837)	-	-
Transfers into/from inventory	(16,800)	(331)	-	-	-	-	(17,131)
Disposals	(39,770)	(644)	(9,914)	(59,717)	(7,169)	(44,945)	(162,159)
as of December 31, 2021	1,254,332	38,243	270,494	485,258	55,169	495,250	2,598,745
Additions	-	-	-	-	12,624	21,672	34,296
Transfers	8,692	(293)	5,318	3,011	(16,728)	-	-
Disposals	(1,979)	-	(1)	(5,967)	(2,203)	(18,672)	(28,822)
as of March 31, 2022 Unaudited	1,261,045	37,950	275,811	482,302	48,862	498,250	2,604,219
Depreciation and impairment:							
as of December 31, 2020	(780,567)	(22,638)	(188,990)	(416,462)	(1,954)	(108,019)	(1,518,630)
Depreciation	(35,894)	(625)	(28,387)	(32,375)	-	(84,695)	(181,976)
Impairment	1,009	-	-	351	-	-	1,360
Disposals	32,441	610	9,913	56,304	-	63,970	163,238
Transfers	(723)	723	-	-	-	-	-
Transfers into/from inventory	4,829	-	-	-	-	-	4,829
as of December 31, 2021	(778,905)	(21,930)	(207,464)	(392,182)	(1,954)	(128,744)	(1,531,179)
Depreciation	(8,562)	(121)	(6,904)	(7,310)	-	(21,485)	(44,382)
Impairment	228	-	-	88	-	-	316
Disposals	1,823	-	1	5,415	-	13,561	20,800
as of March 31, 2022 Unaudited	(785,600)	(21,844)	(214,367)	(394,011)	(1,954)	(136,668)	(1,554,444)
Net book value:							
as of December 31, 2020	506,404	17,799	64,170	101,630	52,001	328,380	1,070,383
as of December 31, 2021	475,427	16,313	63,030	93,076	53,215	366,506	1,067,566
as of March 31, 2022 Unaudited	475,445	16,106	61,444	88,291	46,908	361,582	1,049,775

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

12. Property, plant and equipment (continued)

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
Unaudited (*)				
as of January 1, 2022	366,047	4,220	10,453	380,720
Additions	9,768	11,904	-	21,672
Depreciation expense	(20,467)	(848)	(1,533)	(22,848)
Disposals and other decreases	(5,836)	-	(16)	(5,852)
Contractual changes	750	245	-	995
as of March 31, 2022	350,262	15,521	8,904	374,687
	Lease liabilities			
as of January 1, 2022	392,275			
Additions	21,672			
Disposals and other decreases	(11,793)			
Other movements (FX, other contractual changes)	9,870			
Interest expense	1,157			
Payments	(27,218)			
as of March 31, 2022	385,963			
Bank	Right-of-use assets			
Unaudited (*)	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2022	353,107	3,187	10,212	366,506
Additions	9,768	11,903	-	21,671
Depreciation expense	(19,342)	(848)	(1,295)	(21,485)
Disposals and other decreases	(5,835)	-	-	(5,835)
Contractual changes	750	(9)	(16)	725
as of March 31, 2022	338,448	14,233	8,901	361,582
	Lease liabilities			
as of January 1, 2022	377,699			
Additions	21,672			
Disposals and other decreases	(11,566)			
Other movements (FX, other contractual changes)	5,556			
Interest expense	1,122			
Payments	(22,293)			
as of March 31, 2022	372,190			

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

12. Property, plant and equipment (continued)

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2021	323,403	5,510	5,403	334,316
Additions	91,995	1,470	10,837	104,302
Depreciation expense	(81,861)	(2,862)	(5,702)	(90,425)
Disposals and other decreases	(15,785)	-	-	(15,785)
Contractual changes	48,295	102	(85)	48,312
as of December 31, 2021	366,047	4,220	10,453	380,720
	Lease liabilities			
as of January 1, 2021	342,813			
Additions	104,302			
Disposals and other decreases	(21,100)			
Other movements (FX, other contractual changes)	56,872			
Interest expense	4,618			
Payments	(95,230)			
as of December 31, 2021	392,275			
	Bank			
	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2021	319,395	4,514	4,471	328,380
Additions	91,683	1,470	10,643	103,796
Depreciation expense	(76,931)	(2,862)	(4,902)	(84,695)
Disposals and other decreases	(15,784)	-	-	(15,784)
Contractual changes	34,744	65	-	34,809
as of December 31, 2021	353,107	3,187	10,212	366,506
	Lease liabilities			
as of January 1, 2021	336,838			
Additions	103,796			
Disposals and other decreases	(20,416)			
Other movements (FX, other contractual changes)	42,879			
Interest expense	4,450			
Payments	(89,848)			
as of December 31, 2021	377,699			

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

13. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Group in 1999.

Following the acquisition, the branch become the present Sucursala Mari Clienti Corporativi (“SMCC”) – the branch dedicated to large significant clients, most of them taken over from the former Société Générale Bucharest.

As at March 31, 2022, the branch had a number of 3,575 active customers (2021: 3,507), with loans representing approximately 15% from total loans managed by the network (2021: 14%) and with deposits representing about 12% of networks’ deposits (2021: 11%). Most of the SMCC non-retail clients are large multinational and national customers.

Taking into account the stable base of clients and the contribution to the bank’s net banking income, the branch which generated the goodwill is considered profitable, without any need of impairment.

14. Intangible assets

The balance of the intangible assets as of March 31, 2022 and December 31, 2021 represents mainly software.

	Group	Bank
Cost:		
as of December 31, 2020	728,832	696,109
Additions	126,837	126,025
Disposals	(7,212)	(201)
as of December 31, 2021	848,457	821,933
Additions	19,756	19,453
Disposals	(573)	-
as of March 31, 2022 Unaudited	867,640	841,386
 Amortization:		
as of December 31, 2020	(481,453)	(451,810)
Amortization expense	(51,673)	(50,468)
as of December 31, 2021	(527,394)	(502,278)
Amortization expense	(11,256)	(11,077)
Disposals	396	-
as of March 31, 2022 Unaudited	(538,254)	(513,355)
 Net book value:		
as of December 31, 2020	247,379	244,299
as of December 31, 2021	321,063	319,655
as of March 31, 2022 Unaudited	329,386	328,031

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

15. Other assets

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Advances to suppliers	72,655	66,480	-	-
Sundry receivable	260,623	143,706	250,430	133,450
Prepaid expenses	74,330	52,377	61,458	39,780
Repossessed assets	2,773	3,242	924	924
Other assets	6,655	5,451	2,242	2,756
Total	417,035	271,256	315,054	176,910

The sundry receivables balances includes various commissions, sundry debtors and are net of impairment allowance, which at Group level is 172,452 (December 31, 2021: 165,640) and at Bank level is 163,224 (December 31, 2021: 156,860).

As of March 31, 2022 the carrying value of repossessed assets for Group is 2,773 (December 31, 2021: 3,242). As of March 31, 2022 the carrying value of repossessed assets for Bank is 924 (December 31, 2021: 924), representing 3 residential buildings (December 31, 2021: 4 residential buildings).

Group Unaudited (*)

	Total (Stage3)
Sundry receivables	
Impairment allowance as at January 1, 2022	165,641
Additional expenses	14,747
Reversals of provisions	(3,068)
Receivables written off	(4,890)
Foreign exchange adjustments	22
Impairment allowance as at March 31, 2022	172,452
	Total (Stage3)
Impairment allowance as at 1 st January 2021	117,001
Additional expenses	83,383
Reversals of provisions	(14,068)
Receivables written off	(21,106)
Foreign exchange adjustments	430
Impairment allowance as at 31 December 2021	165,641

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

15. Other assets (continued)

Bank Unaudited (*)

	Total (Stage3)
Sundry receivables	
Impairment allowance as at January 1, 2022	156,860
Additional expenses	14,187
Reversals of provisions	(2,998)
Receivables written off	(4,847)
Foreign exchange adjustments	21
Impairment allowance as at March 31, 2022	163,223
	Total (Stage3)
Impairment allowance as at 1 st January 2021	107,223
Additional expenses	82,126
Reversals of provisions	(12,872)
Receivables written off	(20,047)
Foreign exchange adjustments	429
Impairment allowance as at 31 December 2021	156,860

16. Due to banks

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31,	December 31,	March 31,	December 31,
	2022	2021	2022	2021
Demand deposits	575,540	156,810	575,540	156,810
Term deposits	38,896	-	38,896	-
Due to banks	614,436	156,810	614,436	156,810

17. Due to customers

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31,	December 31,	March 31,	December 31,
	2022	2021	2022	2021
Demand deposits	43,569,941	43,299,719	43,623,012	43,417,784
Term deposits	9,759,441	9,383,862	9,865,811	9,500,102
Due to customers	53,329,382	52,683,581	53,488,823	52,917,886

18. Borrowed funds

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31,	December 31,	March 31,	December 31,
	2022	2021	2022	2021
Borrowings from related parties	3,742,341	3,737,904	2,226,791	2,227,448
Borrowings from international financial institutions	287,873	318,566	2,206	3,124
Other borrowings	3,300,321	-	3,300,321	-
Total	7,330,535	4,056,470	5,529,318	2,230,572

Borrowings from related parties includes a senior non-preferred loan from Société Générale in amount of 450 million EUR, with an interest rate of EURIBOR 3M+0.86% and an initial term of three years. Other funds borrowed from related parties are senior unsecured and are used in the normal course of business.

Line Other borrowings includes a lombard loan from National Bank of Romania.

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

19. Subordinated debt

Subordinated debt in amount of 100 million EUR was received from Société Générale in December 2021, with an interest rate of EURIBOR 3M+1.98% and an initial term of ten years.

20. Taxation

Current income tax is calculated based on the taxable income as per the tax statement derived from the stand alone accounts of each consolidated entity. As of March 31, 2022 the Group has a current tax liability in total amount of 48,438 (December 31, 2021: 83,963) and 7,484 current tax asset (December 31, 2021: 7,484) and at Bank level a current tax liability in total amount of 42,314 (December 31, 2021: 79,979) and 7,484 current tax asset (December 31, 2021: 7,484).

The deferred tax liability/asset is reconciled as follows:

	Group			
	March 31, 2022 Unaudited (*)			
	Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	54,752	(8,760)	-	-
Investments and other securities	(1,272,666)	203,626	-	126,551
Tangible and intangible assets	(66,286)	10,606	(2,573)	-
Provisions and other liabilities	(570,135)	91,222	(7,373)	-
Taxable items	(1,854,335)			
Deferred tax		296,694	(9,946)	126,550

	Bank			
	March 31, 2022 Unaudited (*)			
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	54,752	(8,760)	-	-
Investments and other securities	(1,272,666)	203,626	-	126,550
Tangible and intangible assets	(66,286)	10,606	(2,604)	-
Provisions and other liabilities	(490,167)	78,428	(6,221)	-
Taxable items	(1,774,367)			
Deferred tax		283,899	(8,825)	126,550

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

20. Taxation (continued)

	Group December 31, 2021				
	Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income	Retained earnings
<i>Elements generating deferred tax</i>					
Defined benefit obligation	54,752	(8,760)	-	(154)	(5,706)
Investments and other securities	(481,722)	77,076	-	226,856	
Tangible and intangible assets	(82,368)	13,179	(8,460)	-	
Provisions and other liabilities	(616,221)	98,593	(4,826)	-	
Taxable items	(1,125,559)				
Deferred tax		180,089	(13,286)	226,702	(5,706)

	Bank December 31, 2021				
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income	Retained earnings
<i>Elements generating deferred tax</i>					
Defined benefit obligation	54,752	(8,760)	-	(154)	(5,706)
Investments and other securities	(481,722)	77,076	-	226,856	
Tangible and intangible assets	(82,561)	13,210	(8,457)	-	
Provisions and other liabilities	(529,050)	84,647	(8,459)	-	
Taxable items	(1,038,581)				
Deferred tax		166,173	(16,916)	226,702	(5,706)

Movement in deferred tax is as follows:

	Group	Bank
Deferred tax asset, net as of December 31, 2020	(27,620)	(37,907)
Deferred tax recognized in other comprehensive income	226,701	226,702
Deferred tax recognized in profit and loss	(13,287)	(16,916)
Deferred tax recognized in retained earnings	(5,706)	(5,706)
Deferred tax liability, net as of December 31, 2021	180,089	166,173
Deferred tax recognized in other comprehensive income	126,551	126,551
Deferred tax recognized in profit and loss	(9,946)	(8,825)
Deferred tax asset, net as of March 31, 2022	296,693	283,898

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

20. Taxation (continued)

Reconciliation of total tax charge

	Group		Bank	
	Unaudited (*) Three months ended March 31, 2022	Unaudited (*) Three months ended March 31, 2021	Unaudited (*) Three months ended March 31, 2022	Unaudited (*) Three months ended March 31, 2021
Profit before income tax	327,362	266,402	306,431	261,130
Income tax (16%)	52,378	42,624	49,029	41,781
Fiscal credit	(488)	(2,139)	(786)	(1,833)
Income tax without basis	-	-	-	-
Non-deductible elements	5,283	6,428	3,943	3,732
Non-taxable elements	(2,661)	(2,984)	(1,046)	(669)
Expense from income tax at effective tax rate	54,512	43,930	51,140	43,011
Effective tax rate	16.7%	16.5%	16.7%	16.5%

Recognition of deferred tax asset is based on the management's profit forecasts, which indicates that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

At the Bank level, as at March 31, 2022, permanent non-deductible elements include the impact of provisions for overdue commissions 2,270 (December 31, 2021: 9,535), sponsorship expenses with an impact of 271 (December 31, 2021: 1,099), and portfolio sales and other operations with limited deductibility in amount of 187 (December 31, 2021: 15,142); permanent non-taxable elements are mainly a result of releases for provisions for over-due commissions in amount of 393 (December 31, 2021: 1,833), provisions and risk and charges/litigations 106 (December 31, 2021: 572).

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

21. Provisions

The line Provisions includes provisions for financial guarantee and loan commitments and Other provisions.

Financial guarantees and loan commitments provisions movement

Group Unaudited (*)	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	3,374	3,132	3,371	9,877
New commitments originated or purchased	1,934	459	36	2,429
Commitments derecognised or transferred into assets	(169)	(183)	(12)	(364)
Net provision movement not resulting from changes in classification	(660)	(142)	(451)	(1,253)
Movements due to change in classification	(6)	5	118	117
Other adjustments	-	(1)	-	(1)
Provision as at 31 March 2022	4,473	3,270	3,062	10,805
	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	72,616	25,268	200,787	298,671
New commitments originated or purchased	17,789	6,184	127	24,100
Commitments derecognised or transferred into assets	(5,505)	(466)	(46,399)	(52,370)
Net provision movement not resulting from changes in classification	(6,971)	(4,977)	20,569	8,621
Movements due to change in classification	(342)	(217)	6,025	5,466
Other adjustments	7	9	478	494
Provision as at 31 March 2022	77,594	25,801	181,587	284,982
	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	75,990	28,400	204,159	308,549
New commitments originated or purchased	19,723	6,643	163	26,529
Commitments derecognised or transferred into assets	(5,674)	(649)	(46,411)	(52,734)
Net provision movement not resulting from changes in classification	(7,631)	(5,119)	20,118	7,368
Movements due to change in classification	(348)	(212)	6,143	5,583
Other adjustments	7	8	478	493
Provision as at 31 March 2022	82,067	29,071	184,650	295,788

The accompanying notes are an integral part of this financial statements
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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

21. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank Unaudited (*)	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	3,365	3,125	3,371	9,861
New commitments originated or purchased	1,929	434	36	2,399
Commitments derecognised or transferred into assets	(164)	(183)	(12)	(359)
Net provision movement not resulting from changes in classification	(659)	(141)	(451)	(1,251)
Movements due to change in classification	(6)	5	118	117
Other adjustments	(2)	-	-	(2)
Provision as at 31 March 2022	4,463	3,240	3,062	10,765
	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	72,589	24,749	212,015	309,353
New commitments originated or purchased	17,777	5,951	127	23,855
Commitments derecognised or transferred into assets	(5,494)	(266)	(46,399)	(52,159)
Net provision movement not resulting from changes in classification	(6,839)	(4,976)	20,569	8,754
Movements due to change in classification	(486)	(71)	6,025	5,468
Other adjustments	6	(4)	161	163
Provision as at 31 March 2022	77,553	25,383	192,498	295,434
	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	75,954	27,874	215,386	319,214
New commitments originated or purchased	19,706	6,385	163	26,254
Commitments derecognised or transferred into assets	(5,658)	(449)	(46,411)	(52,518)
Net provision movement not resulting from changes in classification	(7,498)	(5,117)	20,118	7,503
Movements due to change in classification	(492)	(66)	6,143	5,585
Other adjustments	4	(4)	161	161
Provision as at 31 March 2022	82,016	28,623	195,560	306,199

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

21. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Group	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	3,924	3,080	3,255	10,259
New commitments originated or purchased	8,116	1,226	335	9,677
Commitments derecognised or transferred into assets	(909)	(514)	(171)	(1,594)
Net provision movement not resulting from changes in classification	(6,969)	120	(4)	(6,853)
Movements due to change in classification	(793)	(781)	(45)	(1,619)
Other adjustments	5	1	1	7
Provision as at 31 December 2021	3,374	3,132	3,371	9,877
	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	32,754	52,854	272,841	358,449
New commitments originated or purchased	63,972	21,279	562	85,813
Commitments derecognised or transferred into assets	(18,583)	(9,421)	(13,271)	(41,275)
Net provision movement not resulting from changes in classification	(14,258)	(15,298)	(64,048)	(93,604)
Movements due to change in classification	8,447	(24,658)	941	(15,270)
Other adjustments	284	512	3,762	4,558
Provision as at 31 December 2021	72,616	25,268	200,787	298,671
	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	36,678	55,934	276,097	368,709
New commitments originated or purchased	72,088	22,505	897	95,490
Commitments derecognised or transferred into assets	(19,492)	(9,935)	(13,442)	(42,869)
Net provision movement not resulting from changes in classification	(21,227)	(15,178)	(64,052)	(100,457)
Movements due to change in classification	7,654	(25,439)	896	(16,889)
Other adjustments	289	513	3,763	4,565
Provision as at 31 December 2021	75,990	28,400	204,159	308,549

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

21. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	3,913	3,080	3,255	10,248
New commitments originated or purchased	8,109	1,217	335	9,661
Commitments derecognised or transferred into assets	(897)	(514)	(171)	(1,582)
Net provision movement not resulting from changes in classification	(6,968)	121	(4)	(6,851)
Movements due to change in classification	(793)	(781)	(45)	(1,619)
Other adjustments	1	2	1	4
Provision as at 31 December 2021	3,365	3,125	3,371	9,861
	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	32,727	52,784	285,417	370,928
New commitments originated or purchased	63,947	20,749	562	85,258
Commitments derecognised or transferred into assets	(18,556)	(9,285)	(13,271)	(41,112)
Net provision movement not resulting from changes in classification	(14,258)	(15,297)	(64,048)	(93,603)
Movements due to change in classification	8,447	(24,655)	941	(15,267)
Other adjustments	282	453	2,414	3,149
Provision as at 31 December 2021	72,589	24,749	212,015	309,353
	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2021	36,640	55,864	288,672	381,176
New commitments originated or purchased	72,056	21,966	897	94,919
Commitments derecognised or transferred into assets	(19,453)	(9,799)	(13,442)	(42,694)
Net provision movement not resulting from changes in classification	(21,226)	(15,176)	(64,052)	(100,454)
Movements due to change in classification	7,654	(25,436)	896	(16,886)
Other adjustments	283	455	2,415	3,153
Provision as at 31 December 2021	75,954	27,874	215,386	319,214

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

21. Provisions (continued)

The line Provisions includes also Other provisions representing provisions for litigation in amount of 17,318 as of March 31, 2022 (20,030 as of December 31, 2021) and provisions for risks related to banking activity in amount of 12,594 as of March 31, 2022 (12,594 as of December 31, 2021).

The movement in other provisions is as follows:

<u>Group</u>	<u>TOTAL</u>
Carrying value as of December 31, 2020	73,393
Additional expenses	14,164
Reversals of provisions	(8,877)
Usage	(4,043)
Carrying value as of December 31, 2021	74,637
Additional expenses	1,628
Reversals of provisions	(5,293)
Usage	(677)
Carrying value as of March 31, 2022 Unaudited	70,295
Bank	
Carrying value as of December 31, 2020	54,416
Additional expenses	13,562
Reversals of provisions	(8,410)
Usage	(4,037)
Carrying value as of December 31, 2021	55,531
Additional expenses	949
Reversals of provisions	(5,293)
Usage	(677)
Carrying value as of March 31, 2022 Unaudited	50,510

22. Other liabilities

	Group		Bank	
	Unaudited (*) March 31, 2022	December 31, 2021	Unaudited (*) March 31, 2022	December 31, 2021
Sundry creditors	212,938	205,589	140,026	136,574
Other payables to State budget	122,065	52,261	119,928	50,733
Deferred income	44,246	32,809	44,246	32,809
Payables to employees	101,195	143,776	87,019	124,445
Dividends payable	1,683,993	-	1,683,993	-
Creditors - Lease liabilities	385,963	392,275	372,190	377,699
Total	2,550,400	826,710	2,447,402	722,260

Sundry creditors are expected to be settled in no more than twelve months after the reporting period.

Payables to employees include, among other, gross bonuses, amounting 34,873 as of March 31, 2022 (December 31, 2021: 71,305) and post-employment benefits amounting 32,881 as of March 31, 2022 (December 31, 2021: 31,678).

Post-employment benefit plan

This is a defined benefit plan under which the amount of benefit that an employee is entitled to receive on retirement depends on years of service and salary. The plan covers substantially all the employees and the benefits are unfunded. A full actuarial valuation by a qualified independent actuary is carried out annually. During 2022, the movements in defined benefit obligation is generated by the service cost and benefits paid, resulting in a change of obligation carrying value: 32,881 as of March 31, 2022 from 31,678 as of December 31, 2021.

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

23. Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2021: 696,901). Included in the share capital there is an amount of 1,818,721 (2021: 1,818,721) representing hyperinflation restatement surplus.

Share capital as of March 31, 2022 represents 696,901,518 (2021: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2021: RON 1). During 2022 and 2021, the Bank did not buy back any of its own shares.

24. Interest and similar income

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest on loans	449,246	397,721	426,308	372,570
Interest on finance lease	14,273	13,130	-	-
Interest on deposit with banks	7,517	5,570	7,357	5,407
Interest on financial assets at FVOCI	132,939	124,424	132,938	124,424
Interest from hedging instruments	4,505	4,968	4,505	4,968
Total	608,480	545,813	571,108	507,369

The interest income on loans includes the accrued interest on net (after impairment allowance) impaired loans in amount of 12,806 for Group (2021: 15,679) and 12,075 for Bank (2021: 14,501).

25. Interest and similar expense

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest on term deposits	20,740	18,432	20,888	18,608
Interest on demand deposits	22,590	13,711	23,144	14,042
Interest on borrowings	7,830	5,919	3,356	6
Interest expense on lease liabilities	1,157	1,072	1,122	1,041
Total	52,317	39,134	48,510	33,697

26. Fees and commissions, net

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Services	141,585	141,585	142,527	140,259
Management fees	25,503	28,150	25,503	28,150
Packages	15,952	13,459	15,952	13,459
Transfers	18,983	18,919	18,983	18,919
OTC withdrawal	16,948	15,174	16,948	15,174
Cards	44,975	41,545	44,975	41,545
Brokerage and custody	12,068	13,731	12,069	13,731
Other	9,511	10,607	8,097	9,281
Loan activity	24,360	23,962	16,687	16,949
Off balance sheet	11,708	8,613	11,708	8,613
Total	180,008	174,160	170,922	165,821

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

27. Gain on derivative and other financial instruments held for trading and foreign exchange

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
FX position revaluation	4,373	(8,913)	4,373	(8,913)
FX Spot	58,443	41,089	58,050	40,752
Gain on instruments held for trading	9,142	13,503	9,142	13,503
Derivative financial instruments	5,812	17,725	5,812	17,726
Gain/ (loss) on interest rate derivatives	(795)	(44)	(795)	(44)
Gain/ (loss) on currency and interest swap	1,292	4,661	1,292	4,661
Gain on forward foreign exchange contracts	3,645	9,537	3,645	9,537
Gain on currency options	1,351	1,402	1,351	1,402
Gain/ (loss) on hedging	-	3,951	-	3,951
Other	319	(1,780)	319	(1,779)
Gain on derivative, other financial instruments held for trading and foreign exchange	77,770	63,404	77,377	63,067

28. Other income/expense from banking activities

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
Provision for litigations	2,712	(89)	2,712	(86)
Held for sale fixed assets expenses	(781)	(1,528)	-	(1,378)
Other income/(expenses)	217	1,196	(1,362)	(124)
Total income / (expense) from banking activity	2,148	(421)	1,350	(1,588)

For the Bank, other income includes income from banking activities offered to the clients and income from non-banking activities, such as income from rentals. The income from rental of investment properties, for the Bank, is 666 (2021: 183).

29. Contribution to Guarantee Scheme and Resolution Fund

According to the Romanian legislation (Law no. 311/2015 on Deposit Guarantee Schemes and the Bank Deposit Guarantee Fund), the deposits of individuals and certain entities, including small and medium enterprises and large companies are covered up to EUR 100,000 by the Bank Deposit Guarantee Fund (“Fund”).

Each credit institution participating to deposit guarantee scheme shall pay the annual contribution as determined and notified by the Fund. The amount of the contribution refers to the total covered deposits at the end of the previous year and reflects also the degree of risk associated to each credit institution in the scheme.

The degree of risk is determined based on the financial and prudential indicators reported by the credit institutions to the National Bank of Romania. For this purpose, the Bank Deposits Guarantee Fund uses a methodology approved by the National Bank of Romania considering also the guidelines issued by the European Banking Authority.

For the year 2022 the expense related to the Deposit Guarantee Fund amounts to 33,575 (2021: 11,547).

According to Law no. 312/2015 on recovery and resolution of credit institution and investment firms, each credit institution shall pay an annual contribution to Bank Resolution Fund as determined and notified by the National Bank of Romania.

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

29. Contribution to Guarantee Scheme and Resolution Fund (continued)

The National Bank of Romania as the local resolution authority establish the credit institutions annual contributions to Bank Resolution Fund, in compliance with Commission Delegated Regulation EU 2015/63, supplementing Directive 2014/59 of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements.

For the year 2022 the expense related to the Bank Resolution Fund was 35,690 (2021: 37,949).

Both contributions to the Bank Deposit Guarantee Fund and Bank Resolution Fund meet the criteria for recognition as taxes and accounted in accordance with IFRIC 21 “Levies” requirements. The liability is recognized at the date when the obligating event occurs and the contribution is recognized as an expense in full on 1st of January of the year in which the payment is made.

30. Personnel expenses

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Salaries	186,167	178,580	174,387	167,159
Social security	5,091	4,789	4,788	4,488
Bonuses	15,050	13,498	14,392	12,910
Post-employment benefits	1,274	1,241	1,274	1,241
Capitalisation of internal projects	(7,071)	(5,153)	(7,071)	(5,153)
Other	4,610	7,124	4,765	7,047
Total	205,122	200,079	192,535	187,692

In 2022, the expense related to the Bank defined benefit plan contribution was 667 (2021: 549).

31. Depreciation, amortisation and impairment on tangible and intangible assets

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Depreciation and impairment	45,616	46,345	43,955	44,465
Amortisation	11,179	17,799	11,077	17,468
Total	56,794	64,145	55,032	61,933

The difference as at March 31, 2022 between the amount presented in note 12 and the amount presented in note 31 represents depreciation of investment property in total amount of 121 (2021: 162).

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

32. Other operating expense

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
Administrative expenses	104,430	96,339	98,772	91,070
Publicity and sponsorships	3,860	3,524	3,815	3,468
Other expenses	20,426	18,671	18,158	16,516
Total	128,716	118,534	120,745	111,054

Administrative expenses include for the Bank maintenance expenses, various utilities such as energy and telecommunication, expenses related to short-term leases of 1,641 (March 31, 2021: 2,421) and to leases of low-value assets of 975 (March 31, 2021: 892).

33. Cost of risk

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
Net impairment allowance for loans	38,666	112,765	38,043	107,493
Net impairment allowance for sundry debtors	11,732	10,519	11,290	10,218
Net impairment allowance for finance lease	1,191	5,762	-	-
Income from recoveries of derecognized receivables & sales of bad debts	(50,636)	(25,847)	(49,342)	(25,539)
Write-offs	44,441	1,125	44,381	1,034
Financial guarantee and loan contracts provisions	(13,252)	(50,049)	(13,179)	(50,623)
Net impairment allowance for debt securities	(140)	119	(140)	119
Total	32,002	54,394	31,053	42,702

34. Cash and cash equivalents details

Cash and cash equivalents:

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, current accounts and short term placements at other banks. The amounts in transit in amount of 104,930 (December 31, 2021: 114,327) and loans to banks, with more than 90 days maturity from the date of acquisition in amount of 0 (December 31, 2021: 0) for the Bank and also the ones amounting 16,745 (December 31, 2021: 16,585) for the Group are excluded. The Group and Bank did not include in cash and cash equivalents the amounts representing minimum compulsory reserve held at National Bank of Romania.

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Cash in hand	3,330,538	1,894,448	3,330,537	1,894,415
Current accounts and deposits with banks	7,597,340	4,407,030	7,597,339	4,407,030
Total	10,927,877	6,301,478	10,927,876	6,301,445

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

34. Cash and cash equivalents details (continued)

Impairment and provisions adjustment for non-cash items:

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
Net impairment allowance for loans	38,666	112,765	38,043	107,493
Net impairment allowance for sundry debtors	11,732	10,519	11,290	10,218
Net impairment allowance for financial leases	1,191	5,762	-	-
Write-offs	44,441	1,125	44,381	1,034
Financial guarantee and loan contracts provisions	(13,252)	(50,049)	(13,179)	(50,623)
Net movement in other provisions	(4,342)	(757)	(5,021)	(758)
Net impairment allowance for debt securities	(140)	119	(140)	119
Total	78,296	79,484	75,374	67,483

35. Guarantees and other credit commitments

Guarantees and letters of credit

The Group and Bank issues guarantees and letters of credit for its customers. The primary purpose of letters of credit is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group and Bank will make payments in the event that a customer cannot meet its obligations (delivery of goods, documents submitting, etc.) to third parties with which it entered previously into a contractual relationship, carry a similar credit risk as loans once they are executed.

The market and credit risks on these financial instruments, as well as the operational risk are similar to those arising from granting of loans. In the event of a claim on the Group and Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Group and Bank.

Credit related commitments

Financing commitments represent unused amounts of approved credit facilities.

The Group and Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments does not necessarily represent future cash requirements, since many of these commitments will expire or be terminated without being funded.

	Group Unaudited (*)		Bank Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Letters of guarantee granted	6,020,650	5,427,857	6,022,952	5,441,448
Financing commitments granted	6,089,618	5,834,265	5,596,670	5,344,315
Total commitments granted	12,110,268	11,262,122	11,619,622	10,785,763
Uncommitted facilities granted	8,855,135	9,317,203	8,912,128	9,382,644
Letters of guarantee received	21,374,340	20,033,701	21,374,340	20,033,701
Total commitments received	21,374,340	20,033,701	21,374,340	20,033,701

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

36. Other commitments

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Tangible non-current assets	9,717	7,159	9,717	7,159
Intangible non-current assets	40,455	19,553	40,455	19,553
Commitments relating to short-term and low value leases	15,097	17,297	15,097	17,297
Total	65,269	44,009	65,269	44,009

The other commitments presented above include short term and low value leases, software maintenance contracts and other IT services.

As at March 31, 2022 and December 31, 2021 the future minimum lease payments regarding rents concluded by the Group and Bank as a lessee are:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Less than one year	8,431	9,033	8,431	9,033
Between one and five years	5,333	5,910	5,333	5,910
More than five years	132	55	132	55
Total	13,896	14,999	13,896	14,999

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

37. Related parties

The Group entered into related party transactions with its parent, other SG entities, subsidiaries, associates and joint venture and key management personnel. All related party transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties. The transactions/balances with subsidiaries were eliminated for consolidation purposes. The transactions/balances with related parties can be summarized as follows:

	Group							
	2022		2021		2022		2021	
	Parent	Other related parties	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Associates	Key management of the institution
Assets	1,713,330	52,682	20,203	9,231	87,078	36,250	9,671	8,920
Nostro accounts	23,719	37,124	-	-	14,158	23,812	-	-
Deposits	1,634,586	-	-	-	16,585	-	-	-
Loans	-	14,154	17,023	9,227	-	12,362	7,119	8,915
Derivative financial instruments	56,673	2	-	4	54,762	2	-	4
Other assets	(1,649)	1,401	3,181	0	1,573	73	2,551	1
Liabilities	5,514,323	152,321	70,496	20,001	4,328,132	93,454	92,845	15,505
Loro accounts	0	23,946	-	-	44	8,938	-	-
Deposits	77,460	88,074	56,531	20,001	-	83,792	78,609	15,505
Borrowings	3,742,341	-	-	-	3,737,904	-	-	-
Subordinated borrowings	494,885	-	-	-	495,022	-	-	-
Derivative financial instruments	148,335	2	-	-	62,415	2	-	-
Other liabilities	1,051,302	40,298	13,965	-	32,747	721	14,236	-
Commitments	7,197,298	213,344	69,779	1,044	7,896,555	181,197	79,232	971
Total commitments granted	164,648	71,466	14,143	612	120,406	71,018	18,138	537
Total commitments received	121,358	138,378	31,340	208	165,066	103,322	31,789	210
Uncommitted facilities granted	12,968	2,511	24,296	-	12,969	5,868	29,305	-
Notional amount of foreign exchange transactions	2,843,015	989	-	224	3,585,978	990	-	224
Notional amount of interest rate derivatives	4,055,309	-	-	-	4,012,136	-	-	-
Income statement	(97,604)	(582)	2,109	53	(40,170)	(1,188)	(397)	47
Interest and commission revenues	4,295	2,853	10,591	68	5,761	1,120	3,978	61
Interest and commission expense	(9,300)	(737)	(2,590)	(9)	(7,935)	(500)	(1,153)	(9)
Net (loss) on interest rate derivatives	(91,507)	-	-	(0)	(28,375)	-	-	0
Net gain on foreign exchange derivatives	8,208	-	-	-	1,599	-	-	-
Other income	253	(1)	19	-	167	(0)	19	-
Other expenses	(9,554)	(2,697)	(5,912)	(6)	(11,387)	(1,808)	(3,241)	(5)

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

37. Related parties (continued)

	Bank									
	2022					2021				
	Parent	Other related parties	Subsidiaries	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Subsidiaries	Associates	Key management of the institution
Assets	1,698,302	52,682	38,419	17,697	9,231	70,493	36,250	48,378	7,673	8,920
Nostro accounts	23,719	37,124	-	-	-	14,158	23,812	-	-	-
Loans	-	14,154	36,204	17,023	9,227	-	12,362	45,078	7,119	8,915
Derivative financial instruments	56,673	2	49	-	4	54,762	2	-	-	4
Other assets	68	1,401	2,166	675	0	1,573	73	3,300	553	1
Liabilities	3,995,859	152,265	160,787	69,770	20,001	2,813,630	93,425	235,571	92,012	15,505
Loro accounts	0	23,946	-	-	-	44	8,938	-	-	-
Deposits	77,460	88,074	160,068	56,531	20,001	-	83,792	234,828	78,609	15,505
Borrowings	2,226,220	-	-	-	-	2,226,835	-	-	-	-
Subordinated borrowings	494,885	-	-	-	-	495,022	-	-	-	-
Lease payable	-	-	571	-	-	-	-	613	-	-
Derivative financial instruments	148,335	2	-	-	-	62,415	2	-	-	-
Other liabilities	1,048,959	40,242	148	13,239	-	29,315	692	130	13,403	-
Commitments	7,197,298	213,344	111,893	69,779	1,044	7,896,555	181,197	91,131	79,232	971
Total commitments granted	164,648	71,466	30,168	14,143	612	120,406	71,018	25,691	18,138	537
Total commitments received	121,358	138,378	-	31,340	208	165,066	103,322	-	31,789	210
Uncommitted facilities granted	12,968	2,511	56,993	24,296	-	12,969	5,868	65,441	29,305	-
Notional amount of foreign exchange transactions	2,843,015	989	24,733	-	224	3,585,978	990	-	-	224
Notional amount of interest rate derivatives	4,055,309	-	-	-	-	4,012,136	-	-	-	-
Income statement	(92,786)	(567)	5,741	185	53	(34,699)	(1,272)	5,243	(2,885)	47
Interest and commission revenues	4,135	2,676	5,054	8,339	68	5,599	911	4,858	1,171	61
Interest and commission expense	(4,643)	(737)	(702)	(2,589)	(9)	(2,441)	(500)	(507)	(1,152)	(9)
Net (loss) on interest rate derivatives	(91,507)	-	-	-	(0)	(28,375)	-	-	-	0
Net gain on foreign exchange derivatives	8,208	-	28	-	-	1,599	-	32	-	-
Other income	253	(1)	(56)	-	-	167	(0)	(35)	-	-
Other expenses	(9,232)	(2,505)	1,417	(5,565)	(6)	(11,248)	(1,683)	895	(2,904)	(5)

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

37. Related parties (continued)

Other liabilities and other expenses include mainly corporate and technical assistance with Société Générale Paris.

The Bank has collateral received from SG Paris regarding derivative instruments in total amount of 2,114 at March 31, 2022 (December 31, 2021: 1,826).

As of March 31, 2022 the Board of Directors and Managing Committee members own 21,030 shares (2021: 21,730).

38. Contingencies

As of March 31, 2022 the Bank is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 141,011 (December 31, 2021: 689,921). The amounts disclosed represent the additional potential loss in the event of a negative court decision, the amounts not being provisioned. The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Group's overall financial position and performance. The Bank already booked a provision of 18,490 (December 31, 2021: 21,202) and the Group 38,274 (December 31, 2021: 40,308) in relation with the litigations.

39. Earnings per share

Basic earnings per share are calculated by dividing net profit/loss for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of March 31, 2022 and March 31, 2021 there were no dilutive equity instruments issued by the Group and Bank.

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2022	Three months ended March 31, 2021	Three months ended March 31, 2022	Three months ended March 31, 2021
Ordinary shares on market	696,901,518	696,901,518	696,901,518	696,901,518
Profit attributable to shareholders	269,651	220,230	255,292	218,118
Earnings per share (in RON)	0.3869	0.3160	0.3663	0.3130

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value

Determination of fair value and fair value hierarchy

To determine and disclose the fair value hierarchy of the financial instruments, the Group follows the three-level classification of the inputs to valuation techniques used to measure fair value:

- **Level 1: quoted (unadjusted) prices** in active markets for identical assets or liabilities;

Level 1 instruments contain the government bonds, priced directly by external counterparties on various dealing platforms (Bloomberg, Reuters etc.);

- **Level 2: other inputs** than those quoted prices included within Level 1, **that are observable** for that particular asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);

Level 2 instruments include in particular securities that cannot directly be quoted on the market (e.g. corporate bonds) and firm derivatives, with standard features and common maturities, whose value can be retrieved or derived from market data;

- **Level 3:** inputs that are not based on observable market data (**unobservable inputs**).

Level 3 instruments include options traded over-the-counter and other derivatives with specifically-tailored return profiles and/or maturities extended over the normal spectrum;

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value (continued)

	Group				Bank			
	March 31, 2022 Unaudited (*)				March 31, 2022 Unaudited (*)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>								
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	18,464	-	18,464	-	18,464	-	18,464
Currency swaps	-	10,970	-	10,970	-	10,970	-	10,970
Forward foreign exchange contracts	-	9,333	-	9,333	-	9,381	-	9,381
Options	-	-	47,165	47,165	-	-	47,165	47,165
	-	38,767	47,165	85,932	-	38,815	47,165	85,980
Financial assets at fair value through other comprehensive income	18,791,485	-	-	18,791,485	18,791,485	-	-	18,791,485
Equity investments (listed)	3,160	-	-	3,160	3,160	-	-	3,160
Equity investments (not listed)	-	-	4,049	4,049	-	-	4,049	4,049
Total	18,794,645	-	4,049	18,798,694	18,794,645	-	4,049	18,798,694
Other financial instruments held for trading	1,037,067	-	-	1,037,067	1,008,327	-	-	1,008,327
Total	19,831,712	38,767	51,214	19,921,693	19,802,972	38,815	51,214	19,893,001
<u>Assets for which fair value is disclosed</u>								
Cash in hand	3,330,538	-	-	3,330,538	3,330,537	-	-	3,330,537
Due from Central Bank	5,130,714	-	-	5,130,714	5,130,714	-	-	5,130,714
Due from banks	7,719,014	-	-	7,719,014	7,702,269	-	-	7,702,269
Loans and advances to customers	-	-	33,747,731	33,747,731	-	-	33,048,599	33,048,599
Financial lease receivables	-	-	1,218,449	1,218,449	-	-	-	-
Total	16,180,266	-	34,966,180	51,146,446	16,163,520	-	33,048,599	49,212,119

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value (continued)

	Group				Bank			
	March 31, 2022 Unaudited (*)				March 31, 2022 Unaudited (*)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value								
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	142,858	-	142,858	-	142,858	-	142,858
Currency swaps	-	7,980	-	7,980	-	7,980	-	7,980
Forward foreign exchange contracts	-	9,143	-	9,143	-	9,143	-	9,143
Options	-	-	47,278	47,278	-	-	47,278	47,278
Total	-	159,981	47,278	207,259	-	159,981	47,278	207,259
Other financial instruments held for trading	395,934	-	-	395,934	395,934	-	-	395,934
Total	395,934	159,981	47,278	603,193	395,934	159,981	47,278	603,193
Liabilities for which fair value is disclosed								
Due to banks	614,436	-	-	614,436	614,436	-	-	614,436
Due to customers	-	53,285,626	-	53,285,626	-	53,492,686	-	53,492,686
Borrowed funds	-	7,330,535	-	7,330,535	-	5,529,318	-	5,529,318
Subordinated debt	-	494,885	-	494,885	-	494,885	-	494,885
Total	614,436	61,111,046	-	61,725,482	614,436	59,516,889	-	60,131,325

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value (continued)

	Group				Bank			
	December 31, 2021				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	33,962	-	33,962	-	33,962	-	33,962
Currency swaps	-	8,386	-	8,386	-	8,386	-	8,386
Forward foreign exchange contracts	-	7,126	-	7,126	-	7,126	-	7,126
Options	-	-	35,214	35,214	-	-	35,214	35,214
	-	49,474	35,214	84,688	-	49,474	35,214	84,688
Financial assets at fair value through other comprehensive income	19,863,825	-	-	19,863,825	19,863,825	-	-	19,863,825
Equity investments (listed)	2,898	-	-	2,898	2,898	-	-	2,898
Equity investments (not listed)	-	-	4,049	4,049	-	-	4,049	4,049
Other securities quoted	-	-	-	-	-	-	-	-
Total	19,866,723	-	4,049	19,870,772	19,866,723	-	4,049	19,870,772
Other financial instruments held for trading	2,190,236	-	-	2,190,236	2,190,236	-	-	2,190,236
Total	22,056,959	49,474	39,263	22,145,696	22,056,959	49,474	39,263	22,145,696
Assets for which fair value is disclosed								
Cash in hand	1,894,448	-	-	1,894,448	1,894,415	-	-	1,894,415
Due from Central Bank	4,311,908	-	-	4,311,908	4,311,908	-	-	4,311,908
Due from banks	4,537,941	-	-	4,537,941	4,521,357	-	-	4,521,357
Loans and advances to customers	-	-	33,164,250	33,164,250	-	-	32,465,118	32,465,118
Financial lease receivables	-	-	1,218,394	1,218,394	-	-	-	-
Total	10,744,297	-	34,382,643	45,126,940	10,727,680	-	32,465,118	43,192,798

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value (continued)

	Group				Bank			
	December 31, 2021				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<u>Liabilities measured at fair value</u>								
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	48,399	-	48,399	-	48,399	-	48,399
Currency swaps	-	4,593	-	4,593	-	4,593	-	4,593
Forward foreign exchange contracts	-	6,056	-	6,056	-	6,056	-	6,056
Options	-	-	35,258	35,258	-	-	35,258	35,258
Total	-	59,048	35,258	94,306	-	59,048	35,258	94,306
Other financial instruments held for trading	404,345	-	-	404,345	404,345	-	-	404,345
Total	404,345	59,048	35,258	498,651	404,345	59,048	35,258	498,651
<u>Liabilities for which fair value is disclosed</u>								
Due to banks	156,810	-	-	156,810	156,810	-	-	156,810
Due to customers	-	52,685,690	-	52,685,690	-	52,920,005	-	52,920,005
Borrowed funds	-	4,056,470	-	4,056,470	-	2,230,572	-	2,230,572
Total	156,810	57,237,182	-	57,393,992	156,810	55,645,599	-	55,802,409

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BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value (continued)

Financial instruments measured at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Treasury notes are represented by treasury bills and bonds, and are classified as financial assets at fair value through other comprehensive income or financial instruments held for trading measured at fair value through profit and loss, being measured using a valuation technique based on market quotes published by Bloomberg or by Reuters (market approach).

Derivatives

The fair value of the derivatives is determined using valuation techniques commonly known on the market, such as discounted cash flows for swaps or Black-Sholes formula for options.

Firm derivatives – interest rate swaps, currency swaps and forward foreign exchange contracts, are the main derivative products measured using as valuation technique the income approach (discounting cash flows) and incorporating observable inputs from market (foreign exchange spot rate, forward rates, interest rate rates, futures), both directly observable ones (explicit parameters) and indirectly observable ones.

The directly observable parameters are variables that come directly from the market and are presumed to be easily available, accessible to each market participant. The main explicit parameters used in valuation of firm financial instruments are interbank fixing FX rates published by NBR, interbank swap points, interbank bid/ask interest rates, futures quotes on EUR and USD. Implicit parameters are variables obtained through standard intermediary calculation, using market prices for relevant financial instruments. The yield curves designated at the level of each product and currency are fed with explicit parameters according to the pre-set configuration, facilitating the computation of implicit parameters used in computing the fair value such as Zero-coupons, Discount Factors and Forward Interest Rates.

Conditional derivatives - FX options, interest rate options and equity options, are valued daily, using the mark-to-model approach. The model is calibrated to derive the value of the option based on the current market conditions (spot rates) and the future values presumed to be attained by the underlying (forward exchange rates, FRAs etc), integrating in the calculation the standard option-sensitivities (delta, gamma, vega, theta), along with information regarding the size of the positions and the liquidity of the instrument. The fair value is determined through SG's computation module, the values of the specific parameters being daily retrieved from the market and stored in the database, serving as direct input in the daily final formula or further used for the statistical calculation implied by the valuation process.

BRD manages the group of these financial assets and liabilities (options) on the basis of the entity's net exposure to a particular market risk (foreign exchange, interest rate, price risk) and, according to the trading book policy in place, BRD assumes no residual market risk induced by option-trading. Any bought option is perfectly matched on the same day with a sold option, identical in terms of option type, underlying, exercise prices, maturity. The perfect back-to-back system is subject to daily controls performed at back-office level, to ensure that no mismatch occurred and there is no residual open position on options. Therefore, the impact of a specific change on the estimated value on one non-observable parameter used on the valuation of an option classified/ accounted as financial asset is offset by same specific change on estimated value of the same non-observable parameter on the valuation of the mirror-replicated option classified/ accounted as financial liability.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value (continued)

Equities

These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the financial performance of the investee.

The fair value of equity instruments not listed classified as at fair value through profit and loss and consisting of ordinary shares of other entities is determined by using the net assets of the entities as at the end of the last closed reporting period. The entities net assets represent the best estimation of the current replacement cost that would be paid in order to replace the holding as it consists of the initial capital investment adjusted by the financial performance of the entity.

Fair value of financial assets and liabilities not carried at fair value

Financial assets

Deposits with banks, loans originated by the Group and leases are measured at amortized cost using the effective interest rate method less any impairment allowance.

For deposits with banks, amortized cost is estimated to approximate fair value due to their short-term nature, interest rates reflecting current market conditions and no significant transaction costs.

For loans and lease receivables the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and similar time horizons.

Financial liabilities

The amortized cost of deposits from banks is considered to approximate their respective fair values, since these items have predominantly short maturities, carry interest rates reflecting current market conditions and are settled without significant transaction costs.

For due to customers and borrowings amounts the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and customers and with similar time horizons.

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value (continued)

The following table presents the fair value and the carrying amount per type of financial instrument.

	Group				Bank			
	March 31, 2022 Unaudited (*)		December 31, 2021		March 31, 2022 Unaudited (*)		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash in hand	3,330,538	3,330,538	1,894,448	1,894,448	3,330,537	3,330,537	1,894,415	1,894,415
Due from Central Bank	5,130,714	5,130,714	4,311,908	4,311,908	5,130,714	5,130,714	4,311,908	4,311,908
Due from banks	7,719,014	7,719,014	4,537,941	4,537,941	7,702,269	7,702,269	4,521,357	4,521,357
Loans and advances to customers	33,479,971	33,747,731	32,913,875	33,164,250	32,762,269	33,048,599	32,183,856	32,465,118
Financial lease receivables	1,270,045	1,218,449	1,222,595	1,218,394	-	-	-	-
	50,930,282	51,146,446	44,880,767	45,126,940	48,925,789	49,212,119	42,911,536	43,192,798
Financial liabilities								
Due to banks	614,436	614,436	156,810	156,810	614,436	614,436	156,810	156,810
Due to customers	53,329,382	53,285,626	52,683,581	52,685,690	53,488,823	53,492,686	52,917,886	52,920,005
Borrowed funds	7,330,535	7,330,535	4,056,470	4,056,470	5,529,318	5,529,318	2,230,572	2,230,572
Subordinated debt	494,885	494,885	495,022	495,022	494,885	494,885	495,022	495,022
	61,769,238	61,725,482	57,391,883	57,393,992	60,127,462	60,131,325	55,800,290	55,802,409

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2022
(Amounts in thousands RON)

40. Fair value (continued)

The methods and significant assumptions applied in determining the fair value of the elements in the table above are listed below.

The fair value of fixed rate instruments is estimated by discounting the maturing cash flows with discount factors derived from the rates offered to similar clients, for similar products on similar maturities. The fair value of floating instruments is estimated by discounting from the next re-pricing date using as discount factors rates offered to similar clients, for similar products on similar time horizons.

Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of impairment is recognized separately by deducting the amount of the allowance for credit losses from both carrying and fair values.

For the purposes of the fair value disclosure, the interest accrued to date is included in the carrying value of the financial instruments.

The transfers between levels of fair value hierarchy are deemed to have occurred the date of the event or change in circumstances that caused the transfer, but not later than the end of the reporting period.

Movement in level 3:

Fair value of equity investments not listed is estimated based on net assets of the investments.

	Equity investments (not listed)	Options (A)	Options (L)
Closing balance as at December 31, 2020	37,121	13,273	13,357
Acquisitions	-	12,227	12,227
Sales	(35,434)	(34)	(34)
Reimbursements	-	(5,020)	(5,020)
Gain losses from change in fair value	1,373	14,768	14,728
Translation differences	989	-	-
Closing balance as at December 31, 2021	4,049	35,214	35,258
Acquisitions	-	4,777	4,777
Sales	-	(1,806)	(1,820)
Reimbursements	-	(1,729)	(1,729)
Gain losses from change in fair value	-	10,709	10,792
Closing balance as at March 31, 2022 Unaudited	4,049	47,165	47,278

41. Subsequent events

No subsequent event was identified after the reporting date.