

**REGULATORY DISCLOSURE REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

**BRD - GROUPE SOCIÉTÉ GÉNÉRALE**

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# 1 - Introduction

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## THE SCOPE OF THE REPORT

BRD – Groupe Société Générale Regulatory Disclosure Report aims to fulfil the disclosure requirements according to Part Eight of Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) No 2019/876 of the European Parliament as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (“CRR2”).

According to Article 4, point 146 of CRR2, BRD is a large institution, being identified as “other systemically important institution” (O-SII) by the National Bank of Romania starting 1st of January 2016.

Being a large subsidiary of an EU parent institution, according to Article 13 (1) of the CRR2, BRD shall disclose the information on own funds (art 437), capital requirements and risk-weighted exposure amounts (art 438), countercyclical capital buffer (art 440), credit risk (art 442), credit risk mitigation techniques (art 453), leverage ratio (art 451), remuneration policy (art 450) and liquidity requirements (art 451a). In addition, article 433a details the frequency of disclosure (quarterly, semi-annual or annual basis) for each disclosure requirement mentioned above, as applicable for BRD-GSG at sub-consolidated level.

The information disclosed throughout this report for the period ended 31<sup>st</sup> of March 2024 takes into account the evolutions stemming from the Commission Implementing Regulation (EU) No 2021/637 of 15 March 2021, laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

The formats of the tables have thus been adapted to the technical instructions issued by the European Banking Authority (notably EBA/ITS/2020/04).

For the full year end requirements please refer to the *Regulatory Transparency Report for the year ended 31 December 2023*.

## CONSOLIDATION PERIMETER

As BRD is parent credit institution in Romania and, at the same time, subsidiary of Société Générale, BRD Group consolidation perimeter for prudential purposes is defined in accordance with Regulation (EU) No 575/2013 (CRR), Part One, Title II, Chapter 2, Section 3.

The consolidated entities for prudential scope are identified based on the criteria as per Articles 4 (1) (3), (16) to (27), 18 and 19 of CRR. According to Article 4 of CRR, entities consolidated in the prudential reporting must have one of the following types of activity: credit institution, investment firm, ancillary services undertaking and/or other financial institution.

In contrast, in accordance with BRD Group’s IFRS financial statements, all entities controlled directly or indirectly (including non-financial entities, insurance companies, etc.) are fully consolidated. Additional exclusion of subsidiaries from prudential consolidation perimeter is based on criteria from Article 19 of CRR. Non-consolidated subsidiaries are included in the prudential consolidated statements based on equity method.

Based on the above, the application of CRR 2 requirements is at sub-consolidated level and for this purpose the prudential consolidation perimeter of BRD Group includes the parent company BRD - Groupe Société Générale S.A and two fully consolidated subsidiaries: BRD Sogelease IFN S.A. and BRD Finance IFN S.A.

Throughout this report, amounts are in RON thousand at March 31, 2024, unless otherwise stated.

## 2 - Capital requirements and own funds

### MINIMUM CAPITAL REQUIREMENTS

From a regulatory perspective, capital requirements cover:

- credit risk
- operational risk, foreign exchange risk and settlement risk
- position risk in trading book
- credit valuation adjustment risk for OTC derivative instruments.

The calculation of credit risk capital requirement takes into account the transactions' risk profile and is performed according to the standardized approach (CRR Part 3, Title 2, Chapter 2) using the Financial Collateral Comprehensive Method and information regarding credit assessments performed by external credit assessment institutions (ECAI). All CRR2 requirements have been implemented as of June 2021.

The capital requirement for general position risk is calculated using the Maturity-based method. Capital requirement for credit valuation adjustment is determined using the standardized method.

The capital requirement for operational risk is calculated according the CRR, Part 3, Title 2, Chapter 4, using advanced measurement approaches (AMA). BRD, as a member of the Société Générale Group, uses AMA to measure operational risk since 2008 based on the SG internal methodology and calculation. The allocation of operational risk capital requirements to the sub-consolidated entities is based on net banking income and history of operational risk losses.

An overview of total risk exposure amounts and own fund requirements corresponding to the RWAs for the different risk categories is presented in the table below.

**Table 1: EU OV1 - Overview of total risk exposure amounts**

	Total risk exposure amounts (TREA)		Total own funds requirements
	31.03.2024	31.12.2023	31.03.2024
1 <b>Credit risk (excluding CCR)</b>	<b>32,186,555</b>	<b>34,407,475</b>	<b>2,574,924</b>
2 Of which the standardised approach	32,186,555	34,407,475	2,574,924
3 Of which the Foundation IRB (F-IRB) approach	-	-	-
4 Of which slotting approach	-	-	-
EU 4a Of which equities under the simple riskweighted approach	-	-	-
5 Of which the Advanced IRB (A-IRB) approach	-	-	-
6 <b>Counterparty credit risk - CCR</b>	<b>412,473</b>	<b>335,903</b>	<b>32,998</b>
7 Of which the standardised approach	233,428	190,769	18,674
8 Of which internal model method (IMM)	-	-	-
EU 8a Of which exposures to a CCP	-	-	-
EU 8b Of which credit valuation adjustment - CVA	179,045	145,134	14,324
9 Of which other CCR	-	-	-
10 Not applicable	-	-	-
11 Not applicable	-	-	-
12 Not applicable	-	-	-
13 Not applicable	-	-	-
14 Not applicable	-	-	-
15 <b>Settlement risk</b>	-	-	-
16 <b>Securitisation exposures in the non-trading book (after the cap)</b>	<b>347,308</b>	-	<b>27,785</b>
17 Of which SEC-IRBA approach	-	-	-
18 Of which SEC-ERBA (including IAA)	-	-	-
19 Of which SEC-SA approach	-	-	-
EU 19a Of which 1250% / deduction	-	-	-
20 <b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>171,527</b>	<b>145,861</b>	<b>13,722</b>
21 Of which the standardised approach	171,527	145,861	13,722
22 Of which IMA	-	-	-
EU 22a <b>Large exposures</b>	-	-	-
23 <b>Operational risk</b>	<b>2,295,993</b>	<b>2,308,443</b>	<b>183,679</b>
EU 23a Of which basic indicator approach	-	-	-
EU 23b Of which standardised approach	-	-	-
EU 23c Of which advanced measurement approach	2,295,993	2,308,443	183,679
24 Amounts below the thresholds for deduction (subject to 250% risk weight)	986,871	1,025,916	-
25 Not applicable	-	-	-
26 Not applicable	-	-	-
27 Not applicable	-	-	-
28 Not applicable	-	-	-
29 <b>Total</b>	<b>35,413,856</b>	<b>37,197,682</b>	<b>2,833,109</b>

As at March 31, 2024, RWA (RON 35.4 billion compared to RON 37.2 billion as of December 31, 2023) were distributed as follows:

- ✓ credit and counterparty credit risks accounted for 92.1% of RWA
- ✓ market risk accounted for 0.5% of RWA
- ✓ securitisation exposures in the non-trading book (after the cap) accounted for 1% of RWA
- ✓ operational risk accounted for 6.5% of RWA

The own funds requirements as at March 31, 2024 decreased by near 5% compared to December 31, 2023, mainly driven by lower risk weighted exposure on corporates given the synthetic significant risk transfer (SRT) transaction closed in Q1 2024 with IFC (member of the World Bank Group), despite the increase of corporate portfolio.

The implementation of this innovative transaction was closed in Q1 2024. The transaction was structured on a reference portfolio of EUR 700 million, being representative of BRD core corporate activities with good diversification across industries and product types and brought RON 228 million in capital relief.

### 3 - Liquidity requirements

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BRD complies with the liquidity standards introduced by CRD IV, following the two liquidity ratios defined:

➤ short term - Liquidity Coverage Ratio (LCR)

The liquidity coverage ratio (LCR) refers to the proportion of high liquid assets held to ensure the ongoing ability to meet short-term obligations (30 days horizon).

➤ medium term - Net Stable Funding Ratio (NSFR)

Net Stable Funding ratio (NSFR) seeks to assess the proportion of Available Stable Funding ("ASF") via the liabilities over Required Stable Funding ("RSF") for the assets.

Their actual level is monitored in Assets and Liabilities Committee (ALCO) on a monthly basis.

LCR indicator remains well above the 100% minimum required. As at March 31, 2024 the LCR stands at 264% in terms of monthly averages over the previous twelve months preceding the end of the quarter. The value of LCR as at March 31, 2024 end recorded no significant evolution as compared to December 31, 2023 end, observing a slight increase of 6.5 p.p.(the same methodology of previous 12 months average being applied).

BRD's liquidity buffer consists of cash and government bonds. A fundamental line of the liquidity strategy consists in maintaining a significant portfolio of government bonds. These represent the core liquidity buffer and are the high quality liquid assets available on the Romanian market. The portfolio can be used for obtaining liquidity through participation at the regular open market operations of the central bank, through access to the Lombard refinancing facility, through sell/buy-back transactions in the interbank market, or through outright sale.

Having in view the evolution observed for the LCR in terms of monthly averages over the previous twelve months preceding the end of the first quarter of 2024, respectively the end of the first quarter of 2023, following conclusions are to be noted:

- LCR has decreased from 275% to 264%;
- High Quality Liquid Assets averages have observed an increase of 20%;
- Net Outflows Averages have observed an increase of 25%, having in view:
  - 6% increase in Outflows averages
  - 29% decrease in Inflows averages

**Table 2: EU LIQ1 - Quantitative information of LCR**

		Total unweighted value (average)				Total weighted value (average)			
		31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2024	31.12.2023	30.09.2023	30.06.2023
EU 1a	Quarter ending on	31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2024	31.12.2023	30.09.2023	30.06.2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					26,391,087	25,401,070	24,460,985	23,157,771
<b>CASH - OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	39,577,135	38,574,592	37,879,649	37,417,669	2,059,072	2,073,484	2,137,317	2,211,710
3	Stable deposits	23,374,936	23,470,750	23,853,744	24,229,893	1,168,747	1,173,538	1,192,687	1,211,495
4	Less stable deposits	16,202,199	15,103,842	14,025,905	13,187,776	890,325	899,946	944,630	1,000,216
5	Unsecured wholesale funding	20,358,998	20,011,171	19,485,345	18,959,162	10,266,601	10,033,463	9,678,569	9,263,516
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	20,358,998	20,011,171	19,485,345	18,959,162	10,266,601	10,033,463	9,678,569	9,263,516
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding	-	-	-	-	-	-	-	-
10	Additional requirements	6,993,941	6,842,105	6,660,753	6,525,265	628,867	601,136	571,207	528,431
11	Outflows related to derivative exposures and other collateral requirements	2,185.8	4,153.7	4,947.6	4,799.3	2,185.8	4,153.7	4,947.6	4,799.3
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	6,991,756	6,837,951	6,655,805	6,520,466	626,681	596,982	566,259	523,632
14	Other contractual funding obligations	34	18,311	83,366	83,828	34	18,311	83,366	83,828
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					12,954,573	12,726,394	12,470,459	12,087,485
<b>CASH - INFLOWS</b>									
17	Secured lending (e.g. reverse repos)	1,611,375	1,595,679	1,822,729	2,028,858	-	-	-	-
18	Inflows from fully performing exposures	2,767,714	2,744,035	2,849,118	3,413,486	2,514,388	2,462,040	2,623,398	3,196,301
19	Other cash inflows	434,358	390,276	314,259	278,883	434,358	390,276	314,259	278,883
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	4,813,447	4,729,989	4,986,106	5,721,226	2,948,746	2,852,316	2,937,656	3,475,184
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	4,813,447	4,729,989	4,986,106	5,721,226	2,948,746	2,852,316	2,937,656	3,475,184
<b>TOTAL ADJUSTED VALUE</b>									
EU-21	LIQUIDITY BUFFER					26,391,087	25,401,070	24,460,985	23,157,771
22	TOTAL NET CASH OUTFLOWS					10,005,827	9,874,077	9,532,803	8,612,302
23	LIQUIDITY COVERAGE RATIO					264%	257%	257%	269%