

FORECAST POLICY

1. Purpose and scope

BRD – Groupe Societe Generale’s policy for forecasts sets the general framework for projecting commercial and financial indicators over the short and medium term. The main objectives of this policy are to optimize decision-making and consequently, resource allocation, to maximize the net result, and to further enhance transparency towards investors, regarding the bank’s business prospects and expectations.

2. General information on forecasting process

BRD prepares detailed forecasts, used for the annual budget, internal capital adequacy assessment process and medium term Business and Risk Management Strategy. The forecasts are based on the latest actual results of the company, bank specific drivers, macroeconomic trends, and also take into account potential changes in the legislative framework and regulatory requirements.

3. Financial planning process

The annual planning and budgeting exercises, together with the yearly restatement of the Business and Risk Management Strategy, ensure that the business strategy of the bank is timely adapted to changes in macroeconomic conditions, and closely matches commercial trends, thus ensuring that planned results will be closely matched by actual performance.

The annual budget is comprised of estimates for the remainder of the current year, and budget projections for five additional years, fully reflecting the medium term strategic orientations of BRD.

The estimates for the remainder of the year are updated regularly, and any deviations from the approved budget are identified and analyzed, in an attempt to foresee the full-year potential deviations from the budgeted trajectory.

The budget projections are annual.

The budget process offers the bulk of input data for capital planning, which is an important part of the internal capital adequacy assessment process.

As part of the annual budget, BRD prepares the Commercial Budget, the Operating Expenses Budget, the Investment Budget and Risk Indicators. The Financial Controlling department coordinates

the budgeting process, in which are involved the business lines and all the bank's departments. The budget is prepared using guidance from the parent company on several key indicators with the aim to align with the group's strategic objectives and constraints.

The main steps of the budget preparation process are:

- ✓ Definition of key assumptions with input from business lines and the economic research team: macroeconomic scenario, key commercial ambitions, risk appetite level, operational efficiency and capital spending indicators
- ✓ Modelling the income statement and the balance sheet, taking into account liquidity and funding needs, solvency projections, and expected cost of risk
- ✓ Arbitration at local level: continued exchanges between the financial department and business lines, to enhance alignment with overall objectives of the bank.
- ✓ Continuous monitoring of the annual budget, with reviews and updates on forecasts, whenever it is deemed necessary.

4. Disclosures

BRD publishes annually a summary of the revenues and expenditures budget as part of the materials submitted for approval by the Annual Shareholders' Meeting.

It also includes statements on outlook in its quarterly reports, half-year report and annual report of the Board of Directors, which are published on the company's website.

The bank may also include forward looking statements in its quarterly presentation for analysts and investors, relating to the targets and strategies of BRD.