Quarterly Report

March 31, 2023

according to Financial Supervisory Authority Regulation no 5/2018

THE FUTURE IS YOU

BRD

GROUPE SOCIETE GENERALE

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1. THE COMPANY AND ITS SHAREHOLDERS

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

BRD - Groupe Société Générale ("BRD" or "the Bank") was set up on December 1st, 1990 as an independent bank with the legal status of a joint-stock company and with the share capital mainly held by the Romanian State, by taking over the assets and liabilities of Banca de Investitii (the Investment Bank).

In March 1999, Société Générale ("SG") bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at March 31, 2023, SG was holding 60.17% of the share capital.

Starting 2001, BRD-Groupe Société Générale operates as an open joint-stock company, admitted to trading on a regulated market, according to the companies' legislation, banking legislation, capital market regulations, provisions of the Articles of Incorporation and other internal regulations.

BRD identification data are the following:

- **Head Office:** 1-7 Blvd. Ion Mihalache, sect. 1, Bucharest
- **Phone/Fax:** 021.3016100 / 021.3016800
- **Sole registration number with the Trade Registry:** 361579/10.12.1992
- **Fiscal Code:** RO 361579/10.12.1992
- **Order number with the Trade Registry:** J40-608-1991
- **Number and date of registration in the Credit Institutions Register:** RB - PJR - 40 – 007/18.02.1999
- **Share capital subscribed and paid:** 696,901,518 RON
- **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange Premium Tier
- **The main characteristics of securities issued by the company:** ordinary shares with a nominal value of 1 RON

EXTERNAL RATING

As at March 31, 2023, the Bank had the following ratings:

Fitch *(last rating update: March-2023*)*	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+

Moody's *(last rating update: September-2022**)*	Rating
Domestic Currency Short-Term Deposit	Prime-2
Domestic Currency Long-Term Deposit	Baa1
Foreign Currency Short-Term Deposit	Prime-2
Foreign Currency Long-Term Deposit	Baa1

** Fitch affirmed LT IDR at 'BBB+' and revised the outlook to stable from negative*

*** Moody's affirmed Bank's LT and ST foreign currency deposit rating to Baa1/Prime-2 in Oct. 2021 and revised the outlook to stable from negative. On the last update of credit analysis, as of Sep 2022 end, rating and outlook remained unchanged.*

BRD GROUP („GROUP") consolidates the following entities:

- BRD - Groupe Société Générale SA;
- BRD Sogelease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA.

SOCIÉTÉ GÉNÉRALE PROFILE

Société Générale was set up in 1864 as a banking company, registered in France. Its registered office is located on 29 Boulevard Haussmann, 75009, Paris, France, and its shares are listed on the Paris Stock Exchange.

Société Générale is one of the largest European financial services groups. Based on a diversified integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, and aims to be the trusted partner for its clients, committed to the positive transformations of the world.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 117,000 members of staff in 66 countries and supports on a daily basis 25 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- *French Retail Banking* which encompasses the Societe Generale, Crédit du Nord and Boursorama brands, each offering a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- *International Retail Banking, Insurance and Financial Services* with a presence in emerging economies and leading specialised businesses;
- *Global Banking and Investors Solutions,* which offers recognised expertise, key international locations and integrated solutions.

The latest credit ratings of Société Générale are available at
https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

SG has been present in Romania since 1980, being the only significant bank from Western Europe that was present in Romania during the communist era.

In 1999, it takes part in the process of privatization of Banca Romana pentru Dezvoltare and acquires 51% of the Bank’s share capital.

Starting with this period, BRD lined up its operational procedures and business practices to those of the parent company.

BRD is part of the international network of Société Générale, managed by the International Retail Banking and Financial Services division (IBFS) that aims to offer a broad range of products and services to individuals, professionals and corporates. International Retail Banking operations, Insurance and Financial Services are building their networks in Africa, Central and Eastern Europe. The specialized equipment finance and vehicle leasing and fleet management businesses are leaders in Europe and worldwide in their markets.

KEY FIGURES

	The Group	3 months to 31-Mar-2022	3 months to 31-Mar-2023	Change
Financial results	Net banking income (RONm)	810	935	+15.5%
	Operating expenses (RONm)	(460)	(508)	+10.5%
	Cost of risk (RONm)	(32)	(9)	-70.5%
	Net profit (RONm)	263	342	+30.0%
	Cost / income ratio	56.8%	54.3%	-2.5 pt
	ROE	11.9%	18.8%	+6.9 pt
	RON bn	**Mar-22**	**Mar-23**	**Change**
Loans and deposits	Total net loans (incl. leasing)	34.8	38.7	+11.2%
	Total deposits	53.3	55.6	+4.2%

	The Bank	3 months to 31-Mar-2022	3 months to 31-Mar-2023	Change
Financial results	Net banking income (RONm)	765	893	+16.7%
	Operating expenses (RONm)	(437)	(487)	+11.2%
	Cost of risk (RONm)	(31)	(7)	-77.3%
	Net profit (RONm)	246	333	+35.4%
	Cost / income ratio	57.2%	54.5%	-2.7 pt
	ROE	11.6%	18.4%	+6.9 pt
	RON bn	**Mar-22**	**Mar-23**	**Change**
Loans and deposits	Total net loans	32.8	36.4	+11.2%
	Total deposits	53.5	55.8	+4.3%
	RON m	**Mar-22**	**Mar-23**	**Change**
Capital adequacy	Own funds (RONm)	6,591	7,346	+11.5%
	RWA (RON bn)	30,709	33,559	+9.3%
	CAR*	21.5%	21.9%	+0.4 pt
Franchise	No of branches	499	451	(48)

** CAR for Mar-23 is preliminary. Own funds include the full 2022 year net profit. Starting 1st January 2023, OCI quick fix adjustment no longer applies.*

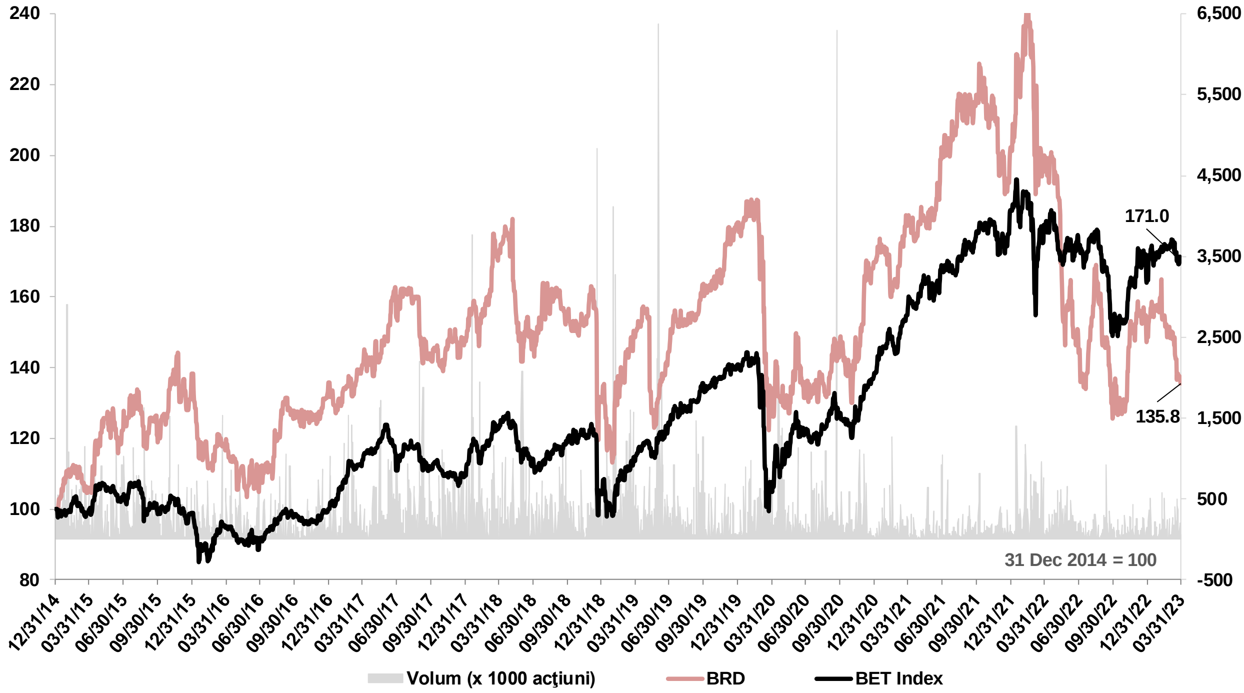
BRD SHARE

Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-XT, BET-XT-TR , BET-BK , BET-TR and ROTX indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Assembly of Shareholders („AGA"), while complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at March 31, 2023, was of RON 11.88 /share (RON 13.00 /share at December 31, 2022 and RON 17.48 /share at March 31, 2022). On the same date, the market capitalization was RON 8,279.19 million (RON 9,059.72 million at December 31, 2022 and RON 12,181.84 million at March 31, 2022).

During January – March 2023, neither the Bank, nor its subsidiaries bought back own shares.

Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – March 31, 2023



Source: Bloomberg

2. ECONOMIC AND BANKING ENVIRONMENT

In spite of the exceptionally strong challenges, economic growth remained robust, although nuanced across economic sectors. Romanian economy continued to accelerate in Q4 2022 (+4.5% y/y vs. +3.7% y/y in Q3' 2022, gross series), with +5.1% y/y increase in households consumption and +11.8% y/y growth of gross fixed capital formation. 2022 GDP growth reached +4.7% y/y (vs +5.8% y/y in 2021), repeatedly counting among best performing EU member states over past years. In comparison, GDP expanded by +3.5% both in the EU27 and in the Euro area.

In Q1'2023, private consumption was likely the main driver of annual GDP advance, with a positive, yet milder, contribution coming also from gross fixed capital formation (on account of construction). A key catalyst for the economic growth remain the funds allocated under National Recovery and Resilience Plan, although reduced (as confirmed in April, by EUR 2.1 bn, or 14.9% of the total) as a result of GDP performance exceeding the estimates used for the Plan, for the 2020-2021 period.

On 31st of January 2023, the European Commission approved, under EU State aid rules, a EUR 1.6 bn Romanian measure to set-up the Romanian Investment and Development Bank ('the Bank'). The Bank aims at supporting economic and social development, competitiveness, innovation and growth across Romania's economy. The Bank will be established as a fully State-owned entity, with the Ministry of Finance as its shareholder, and will act under the supervision of the National Bank of Romania. The aid will take the form of: (i) a capital injection of up to EUR 608 million, out of which EUR 10 million are estimated to be received in 2024 under the Recovery and Resilience Facility, (ii) a EUR 1.4 million grant, and (iii) State guarantees worth EUR 992 million.

In February 2023, the European Commission approved, under EU State aid rules, a EUR 259 million Romanian scheme, made available in part through the Recovery and Resilience Plan, to support investments in the production, assembly and recycling of batteries, of photovoltaic cells and of panels. The scheme aims at supporting Romania's regional development and fostering the EU's strategic objectives relating to the green transition. The measure aims to: (i) contribute to regional development by targeting sectors with growing demand, which will support the creation of new jobs that require a skilled workforce, as well as a more sustainable and competitive economy, and (ii) foster Romania's and the EU's green transition.

In February 2023, the Romanian Government, through the Ministry of Investment and European Projects, announced that in 2023 will continue to implement measures to support people in vulnerable categories, for which the total budget allocated will reach the threshold of EUR 1.8 bn.

Regarding inflation rate, its annual growth pace decelerated, printing at +14.5% in March 2023 compared to +16.4% in December 2022, given the energy price capping schemes and fuel price increase which crossed into negative territory (-2.8% y/y vs. +4.7% y/y in February 2023), while food prices and market services further accelerated. The inflation rate remains far from the upper bound of the NBR target range (2.5% ± 1 ppt).

The two main worldwide shocks, the COVID-19 outbreak and the war in Ukraine, and their overlapping consequences, as well as the difficult structural transformations they have sparked, aggravated existing policymakers' trade-offs, such as fighting inflation and ensuring economic recovery/employment. Following these events, in order to support the economy, NBR made extensive use of the policy toolkit to tame inflationary pressures, carefully calibrating the dosage in order to smoothen the macro-financial impact of the changing rate environment. Amid larger and lengthier inflation pressures from global cost shocks, amplified by geopolitical context, NBR performed ten monetary policy rate hikes, 575 bps in total, since the start of the tightening cycle in October 2021. The increase of 25 bps to 7%, in January 2023, in line with market expectations, indicated the end of the rate hiking cycle as was also suggested by the maintaining of the key rate level at 7%, at the subsequent meetings from February and April 2023.

In terms of banking activity, the annual growth rate of gross loans outstanding registered a milder deceleration in the first two months of the year compared to last quarter of 2022, reaching +11.8%* YoY at February 2023 end (vs. +11.9%* YoY at December 2022 end and +15.7%* at November 2022 end), primarily due to the slower decline of the local currency component and a relatively stable but still elevated pace of increase of FX component. Nevertheless, the lending was dynamic and presented a good performance, mostly by strong corporate financing (+19.8% YoY at February 2023 vs +18.8% YoY at December 2022 end) and, to a smaller degree, by households (+2.9% YoY at February 2023 vs +4.1% YoY at December 2022 end). The decelerating rate of growth of loans to individuals was visible for both housing (+3.5%* YoY at February 2023 end vs +5.4%* YoY at December 2022 end) and consumer loans (+1.9%* YoY at February 2023 end vs +2.0%* YoY at December 2022 end).

Deposits' growth rate increased compared to end of last year, reaching +10.5% at February 2023 end (+9.1 YoY at December 2022 end), mainly driven by RON denominated corporate deposits. Overall, individuals deposits were up +7.4%* YoY at February 2023 end vs +5.7%* YoY at December 2022 end and on corporate increased by +14%* YoY at February 2023 end vs +13%* YoY at 2022 end.

Regarding asset quality, the non-performing loans and coverage ratios place the Romanian banking sector into EBA defined low risk bucket (NPL <3%, coverage ratio > 55%), with NPL at 2.66% at February 2023 end (2.65% at December 2022 end) and NPL coverage ratio at 65.4% at December 2022 end (66.1% at 2021 end).

The Romanian banking system is well capitalized, as reflected by the capital adequacy ratio of 21.8% as of December 2022 end (23.3% as of December 2021 end), above EU average (19.4% at December 2022 end). As regards liquidity, the banking system has also a solid position, with a Liquidity Coverage Ratio of 209% as of December 2022 end (239% at December 2021 end), improving to 216% at February 2023 end, and remaining well above regulatory requirement (100%) and EU average (165% at December 2022 end).

** variation at constant FX rate*

3. COMMERCIAL ACTIVITY

As at March 31, 2023, the Bank had 451 branches (March 31, 2022: 499 branches, December 31, 2022: 460 branches), ensuring the distribution of its products and services throughout the whole country.

The equipment rate for individuals continued to increase, reaching 4.69 at March 31, 2023, compared to 4.59 at March 31, 2022 or 4.62 at December 31, 2022.

The digital adoption keeps growing, as reflected by the higher number of users of the mobile application, You BRD, which reached over 1.1 million as of March 31, 2023, up by 42% compared to the same period last year. In addition, more and more clients choose to open deposits or saving accounts directly from the mobile application, thus, 65% of deposits and 90% of saving accounts were opened directly in You BRD, during the analysed period.

During Q1 2023, BRD continued to further build on digital features by implementing in-app rating functionality, through which customers can give feedback about You BRD directly from the application. In addition, the Home screen of You BRD application was standardised and simplified offering customers an easier understanding of their financial situation.

BRD held a market share of 10.2% of total assets at December 31, 2022.

	Mar-22	Dec-22	Feb-23
TOTAL ASSETS	**11.1%**	**10.2%**	**n.a.**
LOANS	**9.7%**	**9.5%**	**9.7%**
Individuals	*13.6%*	*13.5%*	*13.6%*
Companies	*6.3%*	*6.5%*	*6.6%*
DEPOSITS	**10.3%**	**10.0%**	**10.0%**
Individuals	*11.0%*	*10.9%*	*10.7%*
Companies	*9.4%*	*9.0%*	*9.2%*

Note: Market shares according to Bank's internal calculations.

The structure of the customers' **net loans** at Group level evolved as follows:

RON bln	Mar-22	Dec-22	Mar-23	vs. Dec-22	vs. Mar-22
Retail	**22.8**	**23.4**	**23.5**	**0.5%**	**2.8%**
Individuals	22.1	22.5	22.6	0.5%	2.2%
Small business	0.7	0.9	0.9	-1.9%	19.8%
Non-retail	**10.6**	**12.9**	**13.7**	**6.1%**	**28.8%**
SMEs	3.5	4.8	4.6	-5.1%	30.4%
Large corporate	7.1	8.1	9.1	12.8%	28.0%
Total net loans	**33.5**	**36.3**	**37.2**	**2.5%**	**11.0%**
Financial lease receivables	1.3	1.4	1.5	4.5%	15.8%
Total net loans, including leasing	**34.8**	**37.7**	**38.7**	**2.5%**	**11.2%**

Net loans outstanding (including leasing) reached RON 38.7 bn, strongly increasing by 11.2% versus March 31, 2022 and moderately compared to year end (up by 2.5% vs December 31, 2022), sustained by an intense lending activity on corporate segment, while on retail segment, the dynamic was softer.

On retail segment, net loans outstanding was up 2.8% YoY, underpinned by both individuals and small business. Individuals' loan production reached near RON 1.6 bn in Q1 2023, slightly lower YoY, given the decrease in housing loans production amid the elevated borrowing costs and still uncertain environment, while consumer loans production was on an upward trend during the first three months of the year. Small business segment posted a strong growth of +19.8% YoY.

Lending activity to corporate segment delivered an impressive result (+28.8% YoY), building on an excellent momentum on both SME segment (+30.4% YoY) and large companies (+28.0% YoY).

BRD continues to be a reliable partner and engaged Bank in governmental programs dedicated to SMEs and MidCaps dealing with financial difficulties generated by the war in Ukraine, offering support to over 750 eligible SMEs. These programs bring important advantages for subscribers, namely the full subvention of the interest amount for a 12 month period and state guarantee for 90% of the loans value. The total value of new loans approved under IMM Invest Plus program reached RON 825 million in Q1 2023, increasing by +305% compared to Q1 2022.

Leasing activity marked a very robust performance posting an overall portfolio increase of +15.8% YoY.

The customers' deposits structure at Group level evolved as follows:

RON bln	Mar-22	Dec-22	Mar-23	vs. Dec-22	vs. Mar-22
Retail	**35.4**	**37.1**	**36.6**	**-1.2%**	**3.6%**
Individuals	29.4	31.0	31.0	-0.1%	5.3%
Small business	6.0	6.1	5.7	-7.0%	-4.9%
Non-retail	**18.0**	**19.6**	**18.9**	**-3.2%**	**5.4%**
SMEs	9.0	8.2	8.0	-1.8%	-11.5%
Large corporate	8.9	11.4	10.9	-4.2%	22.4%
Total deposits	**53.3**	**56.7**	**55.6**	**-1.9%**	**4.2%**

Deposits to customers reached RON 55.6 bn, higher by 4.2% on an annual basis, mainly as a result of higher inflows in term deposits from individuals and increase of RON denominated resources from large corporates, in a context of elevated and competitive remuneration rates. Compared to year end, deposits to customers decreased slightly mainly on lower deposits from small business and large corporates customers.

For the evolution of the main components of the net banking income please refer to "Financial results" section.

SUBSIDIARIES' ACTIVITY

BRD SOGELEASE IFN SA

As of March 31, 2023, net outstanding of leasing financing granted by BRD Sogelease increased by +15.8% year-on-year to RON 1,471 million. New leasing production increased to RON 284 million in 2023, +29% YoY. BRD Sogelease delivered consistent volumes in first quarter of 2023, maintaining the favorable dynamic of the previous year. Demand was driven by SMEs' and large corporates active in sectors as construction, logistics and transportation, agriculture, manufacturing and healthcare who appreciate financial leasing offered by BRD Group as an efficient and accessible financing solution.

BRD FINANCE IFN SA

At the end of March 2023, the value of the net loan portfolio was of RON 374 million vs. RON 484 million at March 2022 end, the new production continuing on a downward trend as a result of limiting the subscription of new products.The strategy was focused on efficient management of the existing portfolio, on the limitation of operating expenses and a stepwise reduction in cost of risk. Therefore, the pretax result was +25% vs last year despite the drop in NBI (-17% for the same period).

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian UCITS market, with a market share of 19.45%* and RON 3.4 billion assets under management at the end of March 2023. BRD Asset Management offers investment solutions to more than 124 thousand clients across its 12 investment funds. In 2022, 4 new funds have been lunched: BRD Orizont 2035, BRD Orizont 2045, BRD Oportunitati and BRD Euro Simplu. The first two, known as TDF's (target date funds), are a novelty on the local market.

** market share computation based on total open-end funds assets under management*

4. Financial Results and Ratios

Financial position analysis

The below financial position analysis is done based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended March 31, 2023 and the comparative periods.

Financial position – assets

Total assets decreased slightly versus March 31, 2022, both for the Group and the Bank (by 0.4% for the Group and by 0.8% for the Bank). Compared to 2022 end, total assets were lower by 1.4% for the Group and by 1.5% for the Bank.

The asset structure is presented below:

The Group

Assets (RONm)	**Mar-22**	**Dec-22**	**Mar-23**	**% total**	**vs. Dec-22**	**vs. Mar-22**
Cash and current accounts with Central Bank	8,461	7,625	7,455	10.2%	-2.2%	-11.9%
Loans and advances to credit institutions	7,719	7,221	5,867	8.1%	-18.7%	-24.0%
Net loans and advances to customers	33,480	36,288	37,179	51.0%	2.5%	11.0%
Financial lease receivables	1,270	1,407	1,471	2.0%	4.5%	15.8%
Other financial instruments	20,020	18,642	18,234	25.0%	-2.2%	-8.9%
Tangible and intangible assets	1,449	1,537	1,534	2.1%	-0.2%	5.9%
Other assets	732	1,121	1,098	1.5%	-2.1%	1.5x
Total assets	**73,131**	**73,842**	**72,839**	**100.0%**	**-1.4%**	**-0.4%**

The Bank

Assets (RONm)	**Mar-22**	**Dec-22**	**Mar-23**	**% total**	**vs. Dec-22**	**vs. Mar-22**
Cash and current accounts with Central Bank	8,461	7,625	7,455	10.6%	-2.2%	-11.9%
Loans and advances to credit institutions	7,702	7,205	5,851	8.3%	-18.8%	-24.0%
Net loans and advances to customers	32,762	35,542	36,439	51.7%	2.5%	11.2%
Other financial instruments	20,042	18,646	18,228	25.9%	-2.2%	-9.1%
Tangible and intangible assets	1,428	1,518	1,511	2.1%	-0.4%	5.8%
Other assets	618	987	988	1.4%	0.1%	1.6x
Total assets	**71,014**	**71,523**	**70,472**	**100.0%**	**-1.5%**	**-0.8%**

Loans and advances to customers

The net loans' outstanding amount to customers registered a strong performance year-on-year (Group: +11.2% YoY at March 2023 end, o/w leasing +15.8%; Bank: +11.2%) particularly driven by corporates, as detailed above in Chapter 3.

Cash, current accounts with the Central Bank and loans and advances to credit institutions

Cash and current accounts with the central bank and loans and advances to credit institutions decreased by -17.7% versus March 31, 2022 and by -10.3% versus December 2022 end, for both the Bank and the Group, with liquidity directed towards lending. These items represented approximately 18.3% of total assets for the Group and 18.9% for the Bank at end of March 2023.

The minimum compulsory reserve held with the National Bank of Romania accounted for 32% of this aggregate at March 31, 2023 (28% at December 2022 end) at Group level. It amounted to RON 4,271 million, up by 11.4% YoY and by 3.7% vs December 31, 2022, mainly linked to increasing customers deposits, on average outstanding, during the analysed period. The level of RON and FX minimum reserve requirements for liabilities with residual maturity of less than 2 years are at 8% and 5% respectively, unchanged from May 2015 for RON and from November 2020 for FX.

Other financial instruments

Other financial instruments include financial assets at fair value through other comprehensive income, treasury bills at amortised cost, financial assets at fair value through profit and loss, derivatives and other financial instruments held for trading, investments in associates and subsidiaries.

These items amounted to RON 18.2 bn at March 2023 end for both Group and Bank and represented 25% of Group assets and almost 26% of Bank assets. They decreased by almost 9.0% compared to

March 2022 end and by 2.2% versus December 2022 end, driven by the decrease in government bonds portfolio, partly on lowering market value in a context of surging yields, and lower derivatives and other financial instruments held for trading.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets increased by almost 5.9% compared to March 2022 end for both the Group and the Bank and accounted for 2.1% of the total assets with land and buildings representing the largest part of the item.

The total value of investments during the first 3 months of 2023 was RON 48 million for both the Group and the Bank, compared to RON 32 million in the same period in 2022 for both the Group and the Bank. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

THE GROUP

Liabilities and shareholders equity (RONm)	Mar-22	Dec-22	Mar-23	% total	vs. Dec-22	vs. Mar-22
Amounts owed to credit institutions	8,440	7,501	7,633	10.5%	1.8%	-9.6%
Amounts owed to customers	53,329	56,661	55,574	76.3%	-1.9%	4.2%
Other liabilities	3,568	2,720	2,023	2.8%	-25.6%	-43.3%
Shareholders equity	7,794	6,960	7,608	10.4%	9.3%	-2.4%
Total liabilities and shareholders equity	**73,131**	**73,842**	**72,839**	**100.0%**	**-1.4%**	**-0.4%**

THE BANK

Liabilities and shareholders equity (RONm)	Mar-22	Dec-22	Mar-23	% total	vs. Dec-22	vs. Mar-22
Amounts owed to credit institutions	6,639	5,443	5,568	7.9%	2.3%	-16.1%
Amounts owed to customers	53,489	56,916	55,793	79.2%	-2.0%	4.3%
Other liabilities	3,450	2,587	1,895	2.7%	-26.8%	-45.1%
Shareholders equity	7,436	6,577	7,216	10.2%	9.7%	-3.0%
Total liabilities and shareholders equity	**71,014**	**71,523**	**70,472**	**100.0%**	**-1.5%**	**-0.8%**

AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, further consolidated and diversified its already solid savings base. At March 2023 end, amounts owed to customers increased by near 4.2% for both the Group and the Bank and accounted for 76.3% of the total liabilities and shareholders' equity at Group level and for 79.2% at Bank level. The increase was mainly driven by significant corporate deposits advance on extensive deposit collection of large corporate customers while resources from retail were influenced by a tight liquidity and competitive context, however, still printing a growth of 3.6%.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions represent borrowings from the parent and International Financial Institutions and interbank deposits, and stood at 11.7% of the total liabilities for the Group and 8.8% for the Bank at March 31, 2023.

BRD Group's borrowings from Société Générale totalled RON 6.6 bn (10.1% of liabilities) at March 2023 end. Among these, are included 3 senior non-preferred loans in amount of EUR 720 million (EUR 450 million received in December 2021, EUR 150 million in June 2022, respectively EUR 120 million in December 2022, all with an initial term of 3 years and a call option at 2 years) and 2 subordinated loans in amount of EUR 250 million (EUR 100 million drawn in December 2021, respectively EUR 150 million in June 2022, both with an initial term of 10 years and a call option at 5 years).

SHAREHOLDERS' EQUITY

Shareholders' equity decreased by 2.4% for the Group and by 3.0% for the Bank compared to March 31, 2022, mainly on lower revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of rising interest rates, partially offset by Q1 2023 net profit.

The structure of the shareholders’ equity evolved as follows:

THE GROUP

Shareholders' equity (RONm)	**Mar-22**	**Dec-22**	**Mar-23**	**vs. Dec-22**	**vs. Mar-22**
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,050)	(2,054)	(1,748)	-14.9%	66.5%
Retained earnings and capital reserves	6,267	6,439	6,777	5.2%	8.1%
Non-controlling interest	61	59	64	8.3%	4.5%
Total shareholders' equity	**7,794**	**6,960**	**7,608**	**9.3%**	**-2.4%**

THE BANK

Shareholders' equity (RONm)	**Mar-22**	**Dec-22**	**Mar-23**	**vs. Dec-22**	**vs. Mar-22**
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,050)	(2,054)	(1,748)	-14.9%	66.5%
Retained earnings and capital reserves	5,971	6,116	6,448	5.4%	8.0%
Total shareholders' equity	**7,436**	**6,577**	**7,216**	**9.7%**	**-3.0%**

LIQUIDITY POSITION

Both the Bank and the Group maintained a balanced structure of resources and placements and a comfortable liquidity level over the analysed period.

The net loans to deposits ratio reached 65.3% at March 31, 2023 (from 62.4% at December 31, 2022 and 61.3% at March 31, 2022) for the Bank and 69.5% for the Group, including financial leasing receivables (66.5% at December 31, 2022 and 65.2% at March 31, 2022).

3M-2023 FINANCIAL RESULTS

The comparative income statement of the Group for the periods January – March 2023 and January – March 2022 is presented below:

RONm	Q1-2022	Q1-2023	23/'22
Net banking income	**810**	**935**	**15.5%**
- net interest income	556	671	20.6%
- net commissions	180	172	-4.3%
- other banking income	73	92	26.0%
Operating expenses	**(460)**	**(508)**	**10.5%**
- staff expenses	(205)	(224)	9.1%
- non-staff expenses	(255)	(284)	11.6%
Operating profit	**350**	**427**	**22.2%**
Net cost of risk	(32)	(9)	-70.5%
Gross result	318	418	31.5%
Net result	**263**	**342**	**30.0%**
Profit attributable to equity holders of the parent	260	337	29.7%

The comparative income statement of the Bank for the periods January – March 2023 and January – March 2022 is presented below:

RONm	Q1-2022	Q1-2023	23/'22
Net banking income	**765**	**893**	**16.7%**
- net interest income	523	638	22.1%
- net commissions	171	165	-3.7%
- other banking income	72	91	26.7%
Operating expenses	**(437)**	**(487)**	**11.2%**
- staff expenses	(193)	(212)	10.4%
- non-staff expenses	(245)	(274)	11.9%
Operating profit	**328**	**407**	**24.1%**
Net cost of risk	(31)	(7)	-77.3%
Gross result	297	400	34.7%
Net result	**246**	**333**	**35.4%**

BRD Group's revenues registered a strong increase in the first three months of the year, with net banking income higher by 15.5% versus the same period of 2022.

The evolution was primarily driven by the +20.6% increase in net interest income, building on both a favorable volume effect on both retail and corporate segments and higher rates (average ROBOR 3M at 7.10% in Q1 2023 versus 3.65% in Q1 2022), tempered by rising funding costs primarily associated with large corporates and individuals deposits.

Net fees and commissions stepped back by -4.3% YoY mainly influenced by lower services fees from cards activity, reduced cash transactions of individuals customers as compared to Q1 2022 pick induced by panic amid the Russia-Ukraine war and slight decrease in assets under management.

Other revenues categories increased by 26% YoY pushed by an intense trading activity.

The pressure of double digit inflation on operating expenses is high, but costs' increase was maintained below inflation level, amid a rigorous spending discipline. Overall operating expenses increased by +10.5% compared to Q1 2022. Staff expenses (+9.1% y/y) increased on the impact of price effect driven by increase of wages in a context of surging inflation and competitive labor market, and other benefits adjustments decided during Q2 2022 (mainly meal tickets). The evolution of other costs notably mirrors higher expenses on external services and increased IT&C related expenses supporting the execution of the digital roadmap. The cumulated contribution to Guarantee and Resolution Funds, booked in Q1 was 9.6% higher compared to Q1 2022 (RON 75.8 m vs RON 69.2 m in Q1 2022).

As a result of the above evolutions, the BRD Group cost/income ratio was reduced by 2.0 ppt (if we exclude the cumulated contributions to Guarantee and Resolution Funds), to 46.2% in the first quarter of 2023, on positive jaws effect.

BRD Group registered a solid operational performance, with gross operating income reaching RON 427 million in Q1 2023 (+22.2% YoY).

The quality of the loan portfolio is excellent, with NPL ratio* (non-performing loans, according to EBA definition) of 2.6% at March 2023 end, further improved from 2.7% at March 2022 end, and increased provision coverage (77.4% at Mar-23 end vs 76.5% at Mar-22 end, Bank level). The net cost of risk charge was reduced from RON 32m in Q1 2022 to RON 9m in Q1 2023 mainly reflecting a good recovery performance, offset by recurring charges from on balance portfolio.

As a result of all the above, BRD Group recorded in Q1 2023 a net profit of RON 342 million (+30.0% YoY, from RON 263 million in Q1 2022), a return on equity (ROE) of 18.8% (6.9 ppt higher compared to Q1 2022) and a return on assets (ROA) of 1.9% (0.4 ppt higher versus Q1 2022).

The Bank recorded similar trends, which led to a net result of RON 333 million versus RON 246 million in Q1 2022.

CAPITAL ADEQUACY (THE BANK)

Bank			*w/o OCI quick fix impact*	
RONm	**Mar-22**	**Dec-22**	**Dec-22**	**Mar-23**
Tier 1 capital	6,096	6,714	5,818	6,109
Tier 2 capital	495	1,237	1,237	1,237
TOTAL OWN FUNDS	**6,591**	**7,951**	**7,055**	**7,346**
Capital requirements	**2,457**	**2,551**	**2,586**	**2,685**
Credit risk (including counterparty risk)	28,196	29,150	29,577	30,685
Market risk	151	76	76	201
Operational risk	2,124	2,448	2,448	2,466
CVA risk	237	218	218	207
Total risk exposure amount	**30,709**	**31,892**	**32,320**	**33,559**
Regulatory CAR	**21.5%**	**24.9%**	**21.8%**	**21.9%**
Tier 1 ratio	**19.9%**	**21.1%**	**18.0%**	**18.2%**

** CAR for Mar-23 is preliminary*

At Bank level, the capital adequacy ratio reached 21.9%* at March 31, 2023, compared to 21.8% at December 31, 2022 (with own funds, including 2022 net result and the full impact of negative OCI reserve, namely without the OCI quick fix adjustment) and 21.5% at March 31, 2022.

BRD's regulatory own funds as at March 31, 2023 are formed of common equity capital (CET1) and Tier 2 instruments.

The year on year increase in own funds is mainly explained by the increase of Tier 2 capital, to RON 1,237 million at March 31, 2023 compared to RON 495 million on March 31, 2022, including the new subordinated loan concluded with the parent, in amount of EUR 150 million in June 2022. The evolution compared to year end (considering the full impact of negative OCI reserve), is driven by the lower negative revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of decreasing yields.

The annual and year to date increase of capital requirements was mainly driven by the credit risk component in the context of a dynamic lending activity.

The Tier 1 ratio was 18.2%* at March 31, 2023 compared to 18% at December 31, 2022 and 19.9% at March 31, 2022.

5. CONCLUSIONS

Romanian economy has gradually learned to adapt, cope and respond, becoming increasingly resilient. Subsequently, in spite of the exceptionally strong challenges, economic growth remained robust, although nuanced across economic sectors, with 2022 economic growth rate printing at 4.7% (vs. 5.8% in 2021), repeatedly counting among best performing EU member states over past quarters.

In Q1 2023, private consumption was likely the main driver of annual GDP advance, with a positive, yet milder, contribution coming also from gross fixed capital formation (on account of construction).The funds allocated under National Recovery and Resilience Plan are expected to be a key catalyst for the economic growth.

Over the first three months of 2023, in a still challenging macroeconomic context, BRD remained a close partner for its customers and the Romanian economy, as highlighted by the robust commercial performance across the board.

Lending activity remained dynamic over the 1st quarter of the year, with BRD Group net loans, including leasing, recording a strong growth. The financing volume of corporate segment was outstanding, with +29% growth in the stock of loans versus March 31, 2022, supported by IMM INVEST Plus program (four time higher amount granted in Q1 2023 YoY) and top corporate customers with which BRD has a long-standing relationship building on strong sectorial expertise and understanding of clients' needs and expectations. On retail, the lending activity was softer, in an overall slowing down market given the elevated borrowing costs and uncertain environment. Nevertheless, new loans granted in Q1 2023 amounted a high 1.6 bn RON. BRD is highly committed to finance the sustainability transition with a total volume of new sustainable financing reaching RON 1.16 bn in Q1 2023.

The digital adoption further increased, as reflected by the higher number of users of the mobile application, You BRD, reaching 1.16 million as of March 31, 2023, up by 42% compared to the same period of last year. Reflecting the continued relentless efforts to enhance our customers' digital journey, the mobile application is enriched continuously with new features, such as in-app rating facility and a simplified Home screen.

Building on a dynamic commercial momentum, BRD Group delivered over the first three months of the year a solid financial performance, with high growth of revenues while operating expenses evolution was contained below inflation level. The positive jaws effect translated into reduced cost to income ratio. These vigorous business results, complemented by a very limited cost of risk reflecting the high quality of assets, contributed to a strong increase of net result.

The interim financial report as at March 31, 2023 has not been audited.

Giovanni Luca SOMA

Chairman of the Board of Directors

François BLOCH

Chief Executive Officer

Etienne LOULERGUE

Deputy Chief Executive Officer